

Crisis communication plan



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Crisis Communication Plan FOR STARBUCKS Submitted By: Janset Bat? bay
Submitted To: Joe Goldiamond Date: 15. Nov. 2011 In today's skeptical world, where critics, media and public are cynical about companies, their operations and how authentic they are in being socially responsible, it is almost impossible for organizations to create a 100% good image. In more than half of all the television programs, it is easy to come across with negative portraits of business people.

This reality has confirmed the importance of effective communications in the company in every situation it may encounter throughout its existence: non-crisis, pre-crisis and crisis situations. Effective communications during crisis situations require more delicacy in handling problems and delivering key messages. Therefore, companies must adopt crisis communication plans. Crisis communication skills require careful strategic decision making in handling the crisis environment and the ability to lower the negative impact of crisis on companies by following effective plans.

Today, because of advancements in technology and the effect of media, any corporate crisis is instantly covered by world media, internet and bloggers which have immense effects on the company. They document and critique about every move the company makes. For those companies that do not have crisis communication plans, they are left in ruins after the crisis hits them. (Argenti, 2009) Like many successful companies, Starbucks also has the responsibility of being aware of potential crisis that might hurt the company's reputation or operations.

Starbucks must effectively communicate to such threats by following an effective crisis communication plan. Among many potential problems that could turn into crisis situations for Starbucks, it's important to consider the company's ongoing problem with Ethiopia. First we should look at its history with Ethiopia, the recent developments and how the current situation with Ethiopia may result in a crisis if not dealt with delicately. Starbucks had a long-lasting dispute with Ethiopia for more than five years. In the beginning, Starbucks hesitated in recognizing Ethiopia's specialty coffees; Harar, Sidamo and Yirgacheffe.

Ethiopia had tried to reach Starbucks about supporting the country's efforts to return more of the price of its coffees in world markets to the farmers who produce them, by seeking trademark rights for these specialty coffees.

Despite Starbucks's commitment to helping farmers in Ethiopia, the company continually rejected Ethiopia's requests to resolve the trademark issue, and refused to sign a royalty-free licensing agreement that would recognize Ethiopia's right to control how its own coffee names are used. In 2005, OXFAM launched a campaign to encourage Starbucks to sign a licensing agreement with Ethiopia.

The agreement would make sure that Ethiopia had ownership over its specialty coffee names. During this period, Starbucks was receiving many complaints from consumers and concerned people and the tension was growing. (OXFAM International, 2006) Starbucks refrained from signing the agreement for a long period of time. For Ethiopia, protecting the value of its coffee was important to the country's economy. Almost 15 million Ethiopians

earn their living through coffee farming, and the commodity accounts for 40 to 60 percent of the country's exports. (Spiegel Online International, 2006).

Therefore it was obvious that when Starbucks would sign the agreement with Ethiopia, there would be a significant change in Ethiopia's economy. The conflict between Starbucks and Ethiopia created anger and confusion among Ethiopian farmers and organizations that supported them, like OXFAM. They believed that Starbucks was a socially responsible company but its actions were proving otherwise. Therefore, Starbucks was becoming hypocritical by not applying one of the company's principles: "Contribute positively to our communities and our environment." (Starbucks and Conservation International, 2004) This dispute ended in June, 2007.

Starbucks and Ethiopia signed an agreement that ended their trademark dispute and brought them together in partnership to help Ethiopian coffee farmers. This way, Starbucks was back in alignment with its principles and continued contributing positively to its communities in which this case was the Ethiopian community. OXFAM was content about the agreement that had the potential to give farmers a fairer share of the profits for their world-renowned coffee brands, Sidamo, Harar and Yirgacheffe and as a result; it ended the campaign against Starbucks. (OXFAM International, 2007). As conflict resolution, many positive initiatives were taken by Starbucks to contribute to Ethiopia's economy and the well-being of its farmers. The company bought its aprons from textile factories in Ethiopia, opened a Farmer Support Center in Addis Ababa, and promoted the coffee brands in its stores. Starbucks also donated 500, 000 dollars to CARE "to help fund a

three-year program that will improve economic and educational prospects for more than 6, 000 people in rural Ethiopia’s coffee growing regions”.

Unfortunately, despite Starbucks signing the agreement and taking initiative to contribute to Ethiopia’s economy, the conflict between Starbucks and Ethiopia continued. Now, three years later, most of Starbucks stores do not carry the disputed Ethiopian coffee brands, the Farmer Support Center has not materialized and the trademark project is stalled. Many other positive initiatives like the ones mentioned above resulted being useless as it did not create any tangible results for Ethiopian farmers. The saga of Starbucks-Ethiopia Affair, 2010) Workers that pick high quality coffee beans still get half a dollar a day, farmers have replaced many coffee fields with illegal but better selling narcotic crops like Chat, the region in Ethiopia that supplies Starbucks coffee still faces intense famine and Ethiopia is becoming more and more dependent on emergency aid than ever before. (BlackGold, 2006) Given the history of Starbucks-Ethiopia conflict and having not created good results for Ethiopia’s economy and farmers; Ethiopia recently has suspended the agreement with Starbucks. Expatica, 2011) Ethiopians are upset about Starbucks’s inefficiency in their commitment to help Ethiopia’s economy and farmers. Much has been done, but results have not created any positive improvements. The current situation shows that Starbucks has failed in helping one of its most strategic coffee production areas by first creating aggressive history in letting the country recognize its specialty brands and later failing at creating effective solutions for Ethiopian farmers and economy. Now, this situation is a threat to Starbucks’s authenticity in being socially responsible.

If Starbucks does not deal with the situation delicately, the conflict is a threat to become a real crisis situation. First, it's important to assess the ongoing situation to see whether it is a problem, an issue or a crisis situation. Since the situation between Starbucks and Ethiopia has been unpleasant for a long time, the phase of which it was “ a problem” has evolved. Now, evidently, it is “ an issue”; which means it is a shared concern between Starbucks, Ethiopia and other stakeholders like OXFAM. The situation is an unresolved problem that at the moment is impacting on Starbucks's reputation of being socially responsible. Goldiamond. J, 2011) If the “ issue” remains unsolved, then it can potentially turn into a crisis because it is attacking Starbucks's image of being a socially responsible company that in reality has genuine sensitivity towards problems that are strategic to its operations. The company will consider an important aspect of crisis communications which is crisis prevention to handle this issue. Starbucks will apply a “ vulnerability audit” to determine how serious the issue may get and how Starbucks can prevent the issue from becoming a real crisis situation.

The vulnerability audit will be executed by a carefully selected crisis communications team. The company will follow these steps: 1. Collecting data from people in key information flow positions. During this stage, Starbucks's crisis communications team will have many interviews with employees that worked in areas from where the problem emerged. – The team will interview employees in the Farmer Support Center in Addis Ababa to learn about their comments on the issue and what possibly might have went wrong when doing right was intended.

The question “ Why hasn’t the center materialized? ” will be asked as the most important question. Asking for useful insights and recommendations for efficiency will also be among main questions in these interviews. – Interviews will be carried out with employees in CARE. The team will ask them how Starbucks’s donation of 500, 000 dollars did not contribute to Ethiopian farmers and why significant changes were not seen. Solutions offered by CARE will be taken into consideration. – The team will interview employees in Starbucks stores about how the promotion of Ethiopian coffee was done.

They will ask why Starbucks stores haven’t promoted Ethiopian coffee enough and what might have went wrong. – The team will interview people dealing with the trademark project. Questions like, “ What was the reason the project was stalled? ” And “ How could have Starbucks become more effective in the project? ” will be asked. – The team will interview everyone in Starbucks’s Corporate Social Responsibility team and ask about their actions regarding Ethiopia. Possible intercultural conflicts between Starbucks and Ethiopia will be examined during these interviews as well.

Cultural conflicts are inevitable in an international company like Starbucks. Therefore taking a closer look at this will help in conflict resolution.

(Trompenaars. F, Turner. H. C, 2011) These interviews will be conducted on confidential basis. Confidentiality is very important to achieve 100% openness from interviewees. The gathered information will be used for conflict resolution only. 2. Looking for operational and communications weaknesses which could cause or cause a crisis. Starbucks might be facing inefficiency in communicating with Ethiopia. A senior communication manager or officer may be causing the present conflict.

Therefore, intense research among employees that have had roles in relationships with Ethiopia will be conducted. This research will include all levels of positions in the company, from superior positions to less important positions including investigating actions of the EMEA region director and Carole Pucik, the senior communications official for EMEA. Maybe the problem could also be a technical problem and not only human-related. All communication tools used for communicating with Ethiopia will be carefully examined to scan errors. 3. Anticipating actual crisis scenarios.

Predicting the worse case scenarios is an effective way to expect the unexpected. The crisis communications team will predict what “ might happen” by brainstorming scenarios. This step is important because preventive measures can be taken when Starbucks knows the possible future scenarios. 4. Reporting results After accumulating all findings from research, the team will come up with recommendations for system revisions and a list of scenarios most likely to happen. If there have been technical errors that have contributed to the problem, those will be reported as well.

The management team will come together and brainstorm over the given scenarios and come up with effective solutions to prevent them. They will also brainstorm over choosing the most appropriate response strategy to the crisis scenarios. In a crisis situation, Starbucks will choose to apply an “ accommodative strategy. ” (Goldiamond. J, 2011) Starbucks will present a sensitive approach to Ethiopia’s situation and provide apologies if the issue really becomes a crisis. The result of the brainstorming will produce “ key messages” the company would like to deliver to its affected stakeholders. Bernstein Crisis Communication INC, 1996) The main key messages will be: “

Starbucks will contribute to Ethiopian farmers and eradicate poverty by fighting stronger and more effectively with provided solutions. ” “ Starbucks is ready to do what’s necessary for Ethiopia “ Detecting a spokesperson that will deliver the “ key messages” to media during crisis is very strategic to do in crisis prevention plans. There should be one key spokesperson and two other alternatives just in case. The designated spokespeople should have media training regularly throughout the year.

This will help them to be ready for giving speech to media and handling stressful interviews. (MeriTalk, 2008) These trainings will be given by experienced media experts. When a crisis occurs, Starbucks acknowledges that immediate communication is important to control the crisis situation. Therefore, having the spokesperson ready for quick response is vital. To deliver “ key messages” effectively to the right audience, the analysis of key stakeholders is necessary. The position-Importance Matrix will be used to carefully list relevant stakeholders. Goldiamond. J, 2011) 1. Problematic stakeholders: Activists and other NGO’s fighting against hunger are problematic stakeholders as they may try to make noise by blaming Starbucks for not “ helping” Ethiopia against famine and farmers to have decent income. 2. Antagonistic stakeholders: The antagonistic stakeholders in this issue would be Ethiopian farmers, Ethiopian government and OXFAM. They are the ones that are likely to make a negative impact on the company because they are the source of the problem that has become now an issue.

Ethiopia has suspended the agreement and OXFAM had in the past organized a campaign against Starbucks to sign the agreement. Therefore, these stakeholders should be taken care of delicately. 3. Low Priority stakeholders:

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Previous organizations Starbucks has worked with like Conservation International that relates to the company's CSR activities and organizations Starbucks has done business with, like Pepsi are determined as low priority stakeholders. They support Starbucks but they are irrelevant to this issue and are only slightly affected. . Supporter stakeholders: Starbucks employees and customers are important supporter stakeholders as they will be the company's supporters in dealing with the issue. Max Havelaar foundation is also a key supporter stakeholder that has to be informed continuously. The director, Peter D'Angremond has already been approached with this issue during his visit in Costa Rica and has received questions related to Starbucks's authenticity in selling only Fair Trade coffee given the current problematic relationship of Starbucks and Ethiopia.

CARE is an important supporter group that has received donations from Starbucks to benefit Ethiopia. Informing them and being transparent to them as much as possible will create trust and collaboration in dealing with a possible crisis situation. Starbucks's key messages will be delivered to relevant stakeholders; but first the company must choose a response strategy to the issue. Starbucks has always chosen to cooperate with and contribute to the society. Therefore, since at the moment the situation is not a crisis but an issue, the company will apply a "bridging strategy" to carefully blow off steam. Goldiamond. J, 2011) Obviously, Ethiopia expects tangible positive results for its coffee farmers and economy. They want to see that Starbucks cares about their well-being. After problems in achieving positive results are detected; necessary solutions will be implemented to eradicate poverty, provide enough income for coffee farmers and make an

impact on Ethiopia's economy. Starbucks will maintain a positive reaction to the ongoing Ethiopian issue by taking the bull by its horns and doing what's necessary.

Starbucks shall not put business interests as priority while dealing with this issue. Applying a crisis prevention plan will be effective in taking measures against the issue becoming a crisis; but at the same time the communications team must be sure to know how to effectively communicate continuously with its stakeholders and update them with new information related to the issue. Considering the digital world in handling pre-crisis and crisis phases is not a choice but an obligation to effectively communicate in our world today.

The most effective means for a company to communicate with important stakeholders in this issue is through the company web site. Continuous flow of information about how Starbucks is dealing with the situation is vital to keep control. Another important digital strategy in dealing with pre-crisis and crisis situations would be for the crisis communications team to take steps in influencing the information most easily found and accessed by stakeholders. They can do this by having more press releases and social media releases.

Constant developments about how Starbucks is effectively dealing with the issue via press and media releases will be vital in reducing negative impact. The team will also use paid search to keep control of what information is being exposed in the internet. Starbucks can effectively manipulate findings on internet by using paid search that are related to the issue and can ensure that stakeholders see more positive developments in how Starbucks is

handling the issue. To further maximize benefit from using paid search, Starbucks must also learn where related stakeholders communicate digitally with each other. Argenti and Barnes, 2009) When Starbucks was just a national American company before 1996, dealing with crisis situations required less energy and the company did not have too much at stake. In 1996, the company opened its first new international store in Tokyo, Japan and since then it's growing worldwide. Now with thousands of stores opened around the world spread out in all continents, Starbucks carries the responsibility and burden of handling international stakeholders. Along with this international growth, the internet took off during the late 1990s and created more opportunities for growth as well as more problems.

Now all international companies including Starbucks must be careful in handling disputes before they go online and affect many important stakeholders. Crisis communications have taken a whole new way of dealing with crisis situations in international companies in our dangerous yet opportunistic digital world. Therefore, Starbucks shall take these realities into concern and adopt an effective crisis communication plan to fight against potential crisis situations. (Argenti, 2009) REFERENCES 1. Argenti, A. P (2009). Corporate Communications. New York, NY: McGraw-Hill. 2. OXFAM International (2006).

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