

Case Study: Howard Schultz: The King of Coffee Who Transformed Starbucks

This case study focuses on a performance goal, as Howard Schultz's mission was to transform Starbucks into a global brand while achieving tangible business outcomes such as increased profitability, market expansion, and customer loyalty.

Was it Learning Goal or Performance Goal in terms of Book Author?

Howard Schultz's transformation of Starbucks was driven by a performance goal, focusing on measurable outcomes like expansion, profitability, and customer experience. His vision was to turn Starbucks into a global brand, with specific targets in growth, financial success, and creating a premium coffeehouse experience, aligning with Locke and Latham's performance goal framework.

BRIDGE Methodology Analysis: Howard Schultz and Starbucks

1

Brainstorming:

- Schultz was inspired by Italian coffeehouses and their social coffee culture during a trip to Italy in 1983.
- He envisioned bringing this experience to the U.S. by offering not just coffee beans but a café experience where people could gather.
- He strategically adapted this concept for the American market, blending Italian traditions with U.S. consumer behavior, which became the foundation of Starbucks' transformation.

2

Relationships:

- Schultz initially faced resistance from Starbucks' founders, who didn't align with his vision. However, he built strong relationships with investors, raising \$3.8 million to buy the company.
- Internally, he fostered a positive work environment by introducing stock options and healthcare for employees, promoting loyalty and dedication among his team.
- His ability to connect with both his employees and customers created a supportive culture that played a vital role in Starbucks' growth.

3

Investments

- Schultz made significant financial investments, including raising \$3.8 million to acquire Starbucks and taking personal financial risks to expand the business.
- He invested in employee benefits, which were uncommon in the retail industry at the time, improving engagement and reducing turnover.
- Schultz also prioritized store expansion, customer experience, and digital innovation, which contributed to the company's long-term success and global presence.

4

Decision-Making:

- Schultz made a pivotal decision to shift Starbucks from a coffee bean retailer to a café experience, marking a significant transformation of the business.
- He made the bold choice to acquire Starbucks when the founders opposed his vision and later made difficult decisions like closing 600 stores during the 2008 recession to preserve the brand's image.
- Schultz's focus on ethical sourcing and sustainability further enhanced Starbucks' reputation, making it a socially responsible and premium brand.

5**Good Grit:**

- Schultz displayed perseverance and resilience in overcoming challenges, including raising capital and gaining control of Starbucks, despite initial setbacks.
- His grit was evident when he guided Starbucks through the economic downturn in 2008, making tough decisions to close stores while maintaining brand integrity.
- Schultz's passion for his vision fueled his persistence, even during challenging times, helping Starbucks navigate through competitive and economic obstacles.

6**Excellence:**

- Schultz maintained a strong commitment to quality in Starbucks' products and customer service, ensuring consistency across all stores.
- He promoted employee engagement by offering benefits and stock options, which fostered a culture of excellence and loyalty.
- Schultz pursued innovation through product offerings, loyalty programs, and digital advancements, maintaining Starbucks' competitive edge while consistently delivering a premium experience to customers worldwide.

Summary:

Howard Schultz's leadership transformed Starbucks into one of the most successful and recognizable brands in the world. His vision of creating a unique coffeehouse experience, combined with his strategic investments, strong relationships, and resilience, allowed him to navigate challenges and steer Starbucks through periods of growth and adversity. Schultz's commitment to excellence, both in product quality and customer experience, solidified Starbucks' place as a global coffee powerhouse. His story exemplifies the power of visionary leadership and the importance of persistence in achieving big goals.