

Starbucks Corporation: Case Study on Motivation

The history of Starbucks:

Starbucks began by three friends, Jerry Baldwin, Zev Siegl, and Gordon Bowker, who knew each other at the University of Seattle, in 1971. A sales representative, Howard Schultz, decided to be a part of Starbucks, as director of marketing and retail sales, after he realized the atmosphere and environment of the company. In 1985 Howard Schultz chose to establish a new coffee shop, named Il Giornale, in Seattle. After the next two years, due to the successful strategy of Schultz, the original three owners of Starbucks decided to sell their corporation to Schultz. Then Schultz gathered other investors and changed the name of Il Giornale to Starbucks. He sought to pursue his dream to make everyone taste his coffee, so he focused on the rate of expanding. At that time, he thought that the most efficient way to grow the amount of branches was to set up new stores in other places. In 1987, Starbucks had the first overseas store in Japan. Until the end of 2002, Starbucks has developed from 17 stores to 5,688 spreading over 30; it has grown over 300 times in these ten years! In Fortune magazine, Starbucks was ranked the 11th best company to work for in 2005 in the USA and then rose up in 2006 to 29th. In 2007, it was ranked as the 16th best. In the same year, Starbucks was also voted as one of the top ten UK workplaces by the Financial Times.

Motivation:

Motivation is a vital factor for business in the production process. Labourers are not machines, and can not always do the same task with equal passion. The chief executive officer of Starbucks corporation, Howard Schultz, considers that the reason for success in Starbucks is not coffee but employees. He firmly believes that the spirit of Starbucks is employees and feels honoured about the value of Starbucks employees. Starbucks offers an interactive structure that makes personnel throw themselves into their job.

1) **Equal treatment:** The managers in Starbucks treat each employee equally and all of the staff are called 'partners', even the supervisors of each branch. In order to narrow the gap between managers and employees, they also cwork with the basic level staff in the front line. Due to this, they can maintain a good management system and create a much closer and more familiar atmosphere than other places. Not only do employees enjoy their job but customers are also affected by their enthusiasm.

2) **Listen to employees:** Starbucks has a wellorganized communication channel for employees. It places great importance on labour. For example, managers plan the working hours per workers and arrange the schedule of time off, according to the workers' wants in order to meet their requirements. There are interviews weekly to see what employees' needs are. The partners have the right to figure out what is the best policy for them, and the directors show a respect for each suggestion. Starbucks even wants every employee to join in making and developing plans, then work together in achieving their goals. As a result, the policies and principles are communicated between all staff, and there is no limitation in employees' personal opinions.

3) **Good welfare measures:** All employees, including informal personnel, are offered a great deal of welfare policies, for instance, commodities discounts for employees, medical insurance (including

health, vision and dental) and vacations. Moreover, the partners who work over 20 hours a week are entitled to benefits.

Starbucks also thinks that debt financing is not the best choice, thus it chooses to allocate stock dividends to all employees with a free script issue. By this policy, the employees can get benefits from the dividends of the company. Because of this, they have the same goal; in other words, they are motivated to increase the sales to earn more profits. To Starbucks, the employees are the most important asset.

Teamwork:

1) **The strategies to keep good relationships:** Starbucks establishes a well developed system to keep good relationships between managers and employees. As mentioned, they use the title “partner” regardless of the level of the worker, which narrows the gap of bureaucracy. Furthermore, they cwork in the first line to eliminate the distance between different statuses. Thirdly, the numbers of employees are usually from three to six. Such a small size helps staff get to know each other easily and deeply. Suggestions and complaints made by employees are treated of equal importance. In the same way, they have a right to participate in the process of revising company policies. In that case, each staff member thinks that they also play an important role in company operating, and they jointly work out the direction of Starbucks. All this gives employees respect and a sense of participation.

2) **A goal of public welfare:** Starbucks contributes part of its profits to public service. As a consequence staff have an idea that what they do for Starbucks is for society as well. With regard to goals, Starbucks set a challenging and specific goal, and it allows all partners to decide the direction.

Questions

1) *Starbucks’ employees can be seen as a formal team as opposed to an informal team. Differentiate between ‘formal’ and ‘informal’ teams.*

2) *The employees of Starbucks retail shops clearly work together well as a team. What are the characteristics of teams that have ‘gelled’ together.*

3) *“... the numbers of employees are usually from three to six.”*

a. Why is the size of team an important factor?

b. What are the benefits to Starbucks of having small teams of staff in each branch

4) *How does Starbucks manage to keep good relationships between their managers and employees?*

5) *The staff at Starbucks are empowered and motivated employees. What are the principles that Starbucks implement in motivating their employees.*