

## INNOVATE

# 12 Hot Business Lessons From Starbucks CEO Howard Schultz

Here's what you can learn from America's fastest-growing coffee brand. 

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Getty Images

In 1971, a coffeehouse opened in Seattle's historic Pike Place Market.

Named after Captain Ahab's first mate in *Moby-Dick*, this little coffeehouse has become the largest coffeehouse in the world.

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With more than 21,000 stores in 65 countries, Starbucks is one of the fastest-growing companies in America. The company skyrocketed from 425 stores in 1994 to 19,767 by 2013. And there's no reason to believe it has any plans of slowing down. So how exactly did the brand experience such phenomenal growth?

**Here are 12 of the most important lessons we can learn from Starbucks and its fearless leader, Howard Schultz.**

## 1. Have a Mission

Starbucks has one simple mission: *To inspire and nurture the human spirit—one person, one cup, and one neighborhood at a time.*

That mission statement has served the company for more than four decades, because Starbucks is more than just a coffeehouse. It's become an escape for anyone needing a break from the daily grind. It's become a centralized meeting location for friends to catch up and business people to have meetings.

Starbucks wanted to provide people—no matter their age, profession, or location—with a unique experience: the coffeehouse as a place to relax, work, and socialize.

## 2. Ask Your Customers Questions

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is a simple and effective technique when it comes to customer service—and one that **Search engines** should utilize.

When you know what your customers are looking for, you can assist them with making a final decision.

### 3. Know Your Customers and Employees

Speaking of knowing your customers, if you're a regular at Starbucks, then you are aware that your favorite barista knows your name and order. This little personal touch is important, because giving customers a memorable, personal experience is one of the most important triggers that can be used to make them happy.

Also, know your employees. You never know what they can bring to the table. The signature Frappuccino, for example, was invented by a Starbucks line employee named Dina Champion.

### 4. Be Innovative

Starbucks does its best to remain true to its roots, but the company is also extremely innovative. For example, realizing that customers wanted to spend more time at its locations, Starbucks began offering free Wi-Fi in 2010.

Realizing that customers wanted its products at home, Starbucks has embraced instant coffee with the Via instant-coffee brand and single-serve brewing

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pay for products with an iPhone app and was one of the first companies to go

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So keep in mind that while it's important to stay true to your roots, it's also important to be adaptable and welcome change.

## 5. Take Responsibility

Has your order ever been wrong at Starbucks? If so, what happened? You received your correct order without any question. Employees are trained to deliver the best experience possible for their customers—every time. That means taking responsibility for any slip-ups.

We all make mistakes. What makes the difference, however, is owning up to those mistakes and addressing them in a professional and timely manner.

## 6. Go Against the Grain

You've probably noticed there's a Starbucks on just about every corner. Starbucks has done this intentionally, through clustering. Instead of focusing on traffic patterns, the location of competition, or even demographics, Starbucks blankets entire areas. While there were fears that this would lead to self-cannibalization, this unorthodox move has helped the company dominate the market by blocking out the competition.

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company.

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## 7. Embrace Social Media

Most of us are aware that social media has a big role to play in the promotion and marketing of a company, but how can you perfect your social media presence? Starbucks has used Instagram to tell its brand story. The image-based social network has been used by the company not only to showcase products, but also to capture the brand's message of passion by sharing images of customers enjoying life or creating clever images.

Having a presence on social media is vital, but the most important thing is finding the right platform for your brand and making sure to engage with your audience.

## 8. Everything Matters

Sweat the small stuff. Pay attention to every detail. Why? Because everything matters.

When accountants informed the company that it could save money by switching from two-ply to one-ply toilet paper, the idea was rejected.

Starbucks felt that having one-ply toilet paper wouldn't jibe with the brand's image as "affordable luxury" and make a \$4 cup of coffee hard to justify.

**2020**  
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Over the years Starbucks has entered a number of partnerships to help expand its business. For example, the company partnered with Barnes & Noble in 1993 to serve its products at the bookstores nationwide. What goes better with a book than a cup of good coffee?

A more recent partnership has been forged with Apple. Since 2006 Starbucks and Apple have worked together to provide customers with a "coffeehouse experience." This partnership allowed people to purchase songs on iTunes that they heard in Starbucks.

The company also works with a number of organizations that help serve and advance communities. These include the American Red Cross, Global Green USA, and Save the Children.

Whether you team up with complementary businesses or nonprofits, doing so is a great way to introduce your brand to new markets effectively and quickly.

## 10. Be Consistent

Consistency is one of the best ways to create loyal customers. If you deliver top-notch customer service and quality products or services, people will always expect that from your company. Starbucks has done an excellent job of offering customers consistent products and services. If you walk into a Starbucks to order a mocha latte, you can expect exactly the same product in New York City as in Seattle.

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## 11. Fit In With the Region



While having a consistent product is important, Starbucks also does a great job of fitting in with the local environment. This means that while you can expect the same latte from coast to coast, each location will vary depending on the region. For example, a Starbucks at Disney California Adventure looks completely different from one in San Francisco or Philadelphia. As Mark Tewart points out, Starbucks gives the impression that it's more of a local or regional brand than a national brand—which meshes perfectly with the brand's mission statement.

## 12. Have the Right Leaders

It's hard to believe now, but back in 2007 Starbucks was in trouble. As chairman, Howard Schultz noted then that the company had lost its way. "The pursuit of profit became our reason for being, and that's not the reason that Starbucks is in business. We're in the business of exceeding the expectations of our customers."

So what did Schultz do? He took 10,000 managers to New Orleans for a four-day conference to help inspire and challenge employees. The result? All 10,000 left the conference on "a tidal wave of energy." By 2013, Starbucks was reporting record profits.

Having the right leader(s) to rally the troops is another proven tactic in every

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