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PRINCIPLE I

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## make it your own

*“This is the true joy of life, the being used up  
for a purpose recognized by yourself as a  
mighty one; being a force of nature instead of  
a feverish, selfish little clot of ailments  
and grievances, complaining that the world  
will not devote itself to making you happy.”*

—GEORGE BERNARD SHAW

## PRINCIPLE 1

### **Material Ownership versus Making It Your Own**

Business leaders today want their employees to be fully engaged in their work rather than simply going through the motions. Often employees do not see how their efforts help the organization succeed. Similarly, employees cannot see how the business's success relates to them. When this type of disconnect exists, it is usually because senior management has failed to demonstrate to staff members the constructive impact they have on those they serve.

Like most companies, Starbucks has wrestled with ways to invite its partners to fully engage their passions and talents every day in every interaction at work. Simultaneously, the leadership has to ensure that individual partners' differences are blended into a generally uniform experience for customers.

Finding a balance between these two important, yet sometimes divergent, leadership responsibilities can be awkward. Yet through its principle of Make It Your Own, Starbucks has succeeded in creating a unique model that encourages partners at all levels to pour their creative energy and dedication into everything they do.

No manager can tell employees how to bring out their individuality while functioning effectively in accordance with the business's priorities; no scripted customer service approach can make this happen. But leaders at Starbucks have provided a structure that allows partners to infuse themselves into their work, so that they can inspire customers in legendary ways. The leaders call this the "Five Ways of Being":

- Be welcoming
- Be genuine



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- Be considerate
- Be knowledgeable
- Be involved

To reinforce these concepts, Starbucks management developed a pamphlet that fits neatly into a partner's apron pocket and is appropriately referred to as the *Green Apron Book*. This book offers concrete ideas on how to personalize relationships with customers by giving to, connecting with, and elevating customer interactions.

In an article for Tom Brown's bankstocks.com, David M. Martin, chief training consultant of NCBS, an industry leader in retail banking solutions worldwide, states that the *Green Apron Book*, along with Starbucks Five Ways of Being, "truly encapsulates the core philosophies of Starbucks. Cover to cover, it may take five minutes to read . . . and that's if you pause to sip your coffee a few times. Think about it. In essence, the company is *marketing to its employees* how important the principles and philosophies contained in this book are."

David notes that Starbucks leadership has built an optimistic message into the book: "Instead of overwhelming folks with reams of minutiae and too-rigid instructions, it gives guiding principles of the environments they hope to create and legendary service they strive to provide." This is leadership at its best: simple instruction provided in an appealing way, with a spirit that offers hope.

Since you probably don't have a green apron, let alone a *Green Apron Book*, let's take a look at how Starbucks guides its staff members into making the Starbucks Experience uniquely their own.



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### Be Welcoming

While most individuals would not think of inviting guests into their home, only to ignore them, many business leaders fail to make their companies equally inviting. At Starbucks, “being welcoming” is an essential way to get the customer’s visit off to a positive start. It is also the foundation for producing a predictably warm and comfortable environment. It enables partners to forge a bond with customers so that infrequent visitors become regulars, many of whom end up customers for life.

Many important customer questions are answered in the first moments of a business interaction. Do the staff members care to get to know me? Do they remember me? Will they take care of my needs? Do I matter? Am I invisible?

Starbucks management recognizes that these are key concerns for every person with whom the company does business. The leadership emphasizes the creation of a welcoming experience precisely to let customers know that they are important. According to Starbucks International president Martin Coles, “People want to be recognized. They want to be celebrated in some way. They want to be made to feel as if they really do count for something. And they want a place where they can belong in the community that stands for something more than just an enterprise that makes money. The thing in our company and the thing that works universally is this whole notion of Third Place. It’s about the in-store experience—all of it.”

At its essence, Starbucks management defines *be welcoming* as “offering everyone a sense of belonging.” The leaders emphasize that partners can and should use their individual talents and knowledge to create a place where people feel that they are a priority and where their day can be brightened, at least for a moment. This experience is what most customers



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seek from Starbucks. Therefore, the leaders expect that customers will consistently be welcomed at all locations, with the partners fully engaged in making that happen. With this expectation in mind, the leaders encourage partners to use their own unique style to produce inviting encounters.

***What's in a Name?***

Welcoming people by name and remembering them from visit to visit is a small thing, but it counts. The great Dale Carnegie recognized this in his book *How to Win Friends and Influence People*. Carnegie remarked, "Remember that a person's name is to that person the sweetest and most important sound in any language." Carnegie even suggested that a person's name may be his or her most valuable possession.

Barista Joy Wilson shows what is possible when staff members put their own individual style into being welcoming, "I'm the drive-through queen at my store. I always set out to do the best job I possibly can. One of the ways I do that is I learn people's names and drinks and the name of their dog and where their kids go to school and whatever else I can find out about them."

Joy is serious about knowing customers' names. In fact, after work she enters information about her customers into a spreadsheet, which she later reviews. Starbucks leaders helped Joy appreciate the importance of being welcoming and praised her approach. They do not expect or encourage others to use Joy's method. Instead, the leaders provide partners with the freedom to find what works best for them, their customers, and their stores. And it's through leadership's guidance, encouragement, and acceptance of their uniqueness that partners generate new ways to excel.



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### ***Acknowledging Uniqueness***

When someone actually notices us, as Joy notices her customers, it's almost shocking, particularly if we haven't visited that business in a while. In today's frantic world, most of us expect to just blend in with the crowd. Unfortunately, as much as each of us may want to stand out, we often fear that we are just another member of the herd.

Starbucks leadership understands that customers long to have their uniqueness recognized. Therefore, these leaders impart the importance of treating people in a way that leaves everyone feeling unique and special—whether they are customers, clients, or staff members. Paul Ark in Bangkok provides a perfect example of how a Starbucks partner made him feel truly important. A self-proclaimed “sucker” for Frappuccino® blended beverage with raspberry syrup, Paul hadn't been to the Chidlom Starbucks in almost two months, but as he was standing behind two other customers in line to order, one of the baristas looked over and said, “Grande Vanilla Crème Frappuccino® with raspberry syrup, right?”

Paul was shocked, but the experience made a deep impression on him. As he notes, “Most companies chant ‘customer service’ like some mantra, as if printing it enough times in their corporate glossies means they are actually paying more than lip service to the concept. But here is a Joe Schmo line worker at Starbucks defining what customer service means in real terms to real customers: building a one-on-one rapport in order to remember a customer's needs and preferences and creating a smooth and efficient in-store experience.”

Successful business leaders emphasize, train, and encourage a respect for the discretion and uniqueness of their staff. At Starbucks, that discretion comes in the form of giving



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priority to being welcoming, demonstrating generally what being welcoming looks like, refreshing that image, and then letting people make that concept their own as they bring it into the lives of those they serve.

#### **Create Your Own Experience**

- Is your business giving your customers those memorable welcomes?
- How can you help your team members bring their unique brand of welcoming to your business?
- Look around. Whom can you welcome today?

#### **Be Genuine**

Starbucks leadership helps partners embrace the idea of being genuine and the importance of that idea to the Starbucks Experience. The concept of what it takes to be genuine is fairly straightforward, but profound. At Starbucks, being genuine means to “connect, discover, and respond.” Focusing on these three elements in each customer interaction forms a quality relationship. By contrast, how many of us have been served by people who gave the impression that they couldn’t have cared less?

Customers aren’t looking for best friends; they just want a positive connection, and they want their needs to matter. They resent being treated as if they were just wallets with humans attached. In order for a connection to occur, a person has to feel heard. Genuineness requires listening through both verbal and nonverbal channels.



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It is through this listening that baristas like Angela anticipate the needs of their customers. Angela recalls, “It was Saturday, and this poor woman who was just an emotional wreck came through. It was her first visit. Our menu can be a little intimidating, so she stared and then ordered just a plain coffee. When we asked her if she was sure she didn’t want to try something else, she explained that she was confused and overwhelmed, and she looked like she was about to cry. In the meantime, we had someone make a Toffee Nut Latte, because who doesn’t like that? We said, forget the plain coffee; we made you this Toffee Nut Latte—on the house today for you to try. She was thrilled! She drove off, and we didn’t think much of it other than that we were happy to have made her happy.”

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But the story gets better, as Angela explains. “A couple of days later, we got flowers sent to our store thanking us for ‘saving her life.’ Her letter explained that she had been having a really, really bad day. After she had visited our store, she had a piece of joy in her and was able to take care of her problems and even help someone else to feel better. She is now one of our regulars.”

Angela and her colleagues took the initiative to create an experience for a customer that was well beyond anything that the customer could have expressed. That’s being genuine and making the business your own.

### ***Expectations and Service: Connect***

Legendary service comes from a genuine desire and effort to exceed what the customer expects. Repeatedly, customers have shared experiences of Starbucks partners doing the extraordinary—making a connection well beyond some formulaic greeting. Take Lydia Moore from Oakland, Califor-

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nia, for example. Lydia met the love of her life in Starbucks. While that meeting alone created a special connection to the coffee shop for Lydia, partners strengthened that connection in genuine ways.

Lydia reports that she felt the staff cared about her, and so she kept them posted on the development of her relationship and her engagement. Lydia says, “When we went back and told the two clerks at Starbucks, they were so excited! They put our picture up on the board, and we were like celebrities at that store.”

Lydia invited the partners to her wedding, and they, in turn, donated coffee for her special event. Unfortunately, in the first year of their marriage, Lydia’s husband was diagnosed with cancer. Starbucks again served as an important connection: “While he was in treatment, in and out of the hospital, there were only two things he wanted—his Grande Drip and his Hazelnut Sticky Bun.” Lydia’s husband died just after their first anniversary. Lydia recalls, “When he passed away, I was devastated. Amazingly, the clerks from Starbucks came to the funeral, and you could see that they were genuinely affected by the loss.”

Who wants to get connected and have to feel the roller coaster of emotions that comes with that? In many businesses, connections never happen. It’s simply a matter of transactions. Then again, what’s the value to customers if a service business offers only bland, sterile service? And why would employees want to participate in such empty exchanges? Ultimately, by connecting on a personal level, both customers and employees find enhanced meaning in ordinary moments.

When it comes to the ability of human contact to enhance a product, Howard Schultz, in an interview with *Know*<sup>™</sup>, put it this way:



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*We are not in the coffee business serving people, but in the people business serving coffee. The equity of the Starbucks brand is the humanity and intimacy of what goes on in the communities. . . . We continually are reminded of the powerful need and desire for human contact and for community, which is a new, powerful force in determining consumer choices. . . . The Starbucks environment has become as important as the coffee itself.*

True leaders, in other words, show staff that their individual uniqueness gives them a special way to connect with others.

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### **Discover**

While listening is critical to creating a connection, business success requires the discovery of each customer's needs and individual situation. In a strange way, the customer relationship begins the same way a romantic relationship does—by seeking an understanding of another person's wants and desires. Sadly, many relationships (both customer and romantic) come to an end simply because one or both parties stop their process of discovery.

While customer service isn't about romance, Starbucks understands that discovery is essential to developing a unique and genuine bond. It is through inquiry that we find out the special qualities of all customers and sometimes help them gain an awareness of needs that even *they* didn't know they had.

Susan, a barista in Ohio, comments, "We get people who come into my Starbucks store to browse our merchandise. I love selling coffee machines because I know I can get behind

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our product. I've learned everything I can about all our machines, and I pair people up with the right one. I use the 'connect, discover, respond' model. I typically ask, 'Are you brewing it just for yourself? Because then a French Press might be great. If you need to brew 12 cups of coffee at once, then we've got our Starbucks Barista Aroma Grande™.' It's amazing how appreciative people are when you help them get their needs met."

**Respond**

While a lot of businesses actually do connect with their customers and discover those customers' needs, they don't always act on what they learn. They are long on interest and short on effort to address the customer's actual need. Customers feel betrayed when they are lured into believing that their input matters, only to find out that their preferences are ignored. Starbucks partners are trained not just to listen to their customers, but to take action immediately based on what they hear, and to learn from these experiences for future customer interactions.

Betty Doria from Middle Island, New York, reinforces this concept. Betty and her husband were traveling through Tennessee when they "made a wrong turn and accidentally found a Starbucks. There was a sign in the store for coffee with malt. Real malt! I got so excited because I hadn't seen anything like that since I was a kid in Brooklyn. I got to talking with the manager and started to tell her about how they made real malteds back then." However, says Betty, the manager "made my coffee with malt, and it wasn't that great." But instead of ignoring the customer's dissatisfaction, this manager listened to Betty and worked with her to make the drink



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to Betty's taste. Listening followed by action—those were the essential ingredients for the success of Betty's experience and the experiences of all customers and staff alike.

Connect, discover, and respond. Each of us can incorporate those elements into our relationships—with peers, supervisors, subordinates, and customers.

### Create Your Own Experience

- What are you doing to encourage the discovery of the unique needs of those whom you and your colleagues serve?
- What can you do to invest more of yourself and to get others to invest more of themselves in the process of interpersonal connection and discovery?
- Are you taking action and following through on those discoveries?

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### Be Considerate

Starbucks leadership challenges partners to be considerate of needs on a global level, and staff members consistently deliver on this challenge. By making consideration their own, Starbucks partners look beyond their own needs and consider the needs of others. In this context, “others” includes a large cast of characters: customers, potential customers, critics, coworkers, other shareholders, managers, support staff, farmers, those who pick the coffee beans, vendors, and even the environment. In essence, “others” equals the entire universe of people and things that Starbucks and its products affect.

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For Starbucks, at the corporate level, “being considerate” means exploring the long-term well-being of partners and those individuals whose lives the partners touch, all the while being mindful of the earth’s ability to sustain the demands that Starbucks places on it. Specifically, it means things like Starbucks exploration of alternative and renewable energy options.

As a meaningful first step, Starbucks leadership is replacing 5 percent of the energy used in its U.S. company-operated stores with wind energy. It is also reducing carbon dioxide emissions by 2 percent. These actions are occurring despite the fact that wind energy now costs about double what coal energy does. Through these choices, Starbucks management proves that thoughtfulness isn’t an immediate way to raise profits, but rather a long-term means for survival and prosperity.

The company demonstrates being globally considerate in many ways. As part of the acquisition of Ethos Water, Starbucks leaders set a goal of providing \$10 million to water projects in developing countries over the next five years. Ethos was founded in 2002 on the premise that the sale of bottled water could help ensure clean water supplies for children around the world. Every time Starbucks sells a bottle of Ethos™ water, it supplies 5 cents for worldwide water projects. The list of Starbucks social considerations, taken at the corporate level, is daunting and includes everything from building schools and health clinics to supporting coffee farms and ensuring quality conditions for migrant coffee pickers.

Not only does the *be considerate* approach strengthen the environment and the company’s suppliers, but it has a profound effect by showing all partners what can be accomplished through a farsighted, other-oriented approach.



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At the store level, partners are constantly finding ways to be considerate in terms of local environmental and social issues. Stefanie Harms explains how thoughtfulness can be directed toward the community: “It was National Tree Day in Australia, and a bunch of partners from Victoria gave up their time to meet at Burnley Park to plant trees with other volunteers. For me, it was a fun day on which I got to observe the spirit and camaraderie that exists among Starbucks partners. To my left, there were partners up to their elbows in mud, planting trees and chatting with families from the area, and to my right, there were Rohan and Celeste handing out free drip coffee to volunteers on a break, chatting proudly about the Fair Trade Certified™ Timor Lorosae coffee samples.” Stefanie and her teammates demonstrate what can be accomplished both personally and socially when leaders encourage their staff members to make environmental and community service their own.

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### ***Looking Within***

A sense of community—and respect for one another—is increasingly rare in the modern workplace. Coworkers frequently treat one another far worse than they do customers. Considerate actions taken by leadership can serve to encourage thoughtful and respectful behavior among staff members.

When thoughtfulness becomes a part of a company’s culture, amazing acts of selflessness occur, and the lives of all are enriched. For example, Mary Champaine was a manager at a Starbucks Urban Coffee Opportunity store, a store run through a joint venture partnership with Johnson Development Corporation as a vehicle for economic development in financially challenged neighborhoods.

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Mary had gone through more than her own share of personal adversity. Her son was killed in a violent crime, and her husband died of cancer. Also, before going to work for Starbucks, she had lost her previous job at a company that had gone bankrupt. However, despite all this personal turmoil, Mary had a remarkable commitment to her Starbucks team and her store. During a bus strike in Los Angeles, she was known to pick up staff members and bring them to work. In the spirit of being welcoming and being genuine, her pickup service extended to regular customers as well.

Having noticed that the California lottery jackpot had swelled to \$87 million, Mary talked to her staff about buying tickets and collected \$1 from each employee except two who weren't working. According to an article in the Associated Press, Mary conveyed, "I just went down in my purse and I found enough change to include everybody. We are a team here."

Incredibly, Mary won the jackpot. She had the legal right under California law to claim all \$87 million for herself. But, to the surprise of almost everyone except Mary, she decided to share her winnings equally! In an interview aired on CNN, Mary reflected: "We here at Starbucks work as a team, and we support one another. And if I would have taken all the money, then I wouldn't have been part of the team, and everything that I've been working for would be nothing."

Most acts of consideration at work don't have such extraordinary endings, but they certainly can when leadership places a priority on consideration and when leaders encourage staff members to put their own twist on the concept. It is in this leadership environment that the ordinary often is transformed into the extraordinary.



**PRINCIPLE 1****Create Your Own Experience**

- What partnerships can be forged that will sustain you, your business, your community, and even the environment—now and well into the future?
- Whose needs can you and your company consider?
- How can you invest more of yourself and encourage your teammates to increase their investment to be more considerate?

**Be Knowledgeable**

When Starbucks leaders ask partners to “be knowledgeable,” they are encouraging employees to “love what they do and share it with others.” In the information age, no matter what we do for a living, we add value to our efforts when we gain work-related knowledge. More important, as we become more informed, our value to the business, our self-confidence, and the real impact we have on others all increase.

Not only do Starbucks managers encourage partners to enhance their expertise in the areas of coffee and customer service, but the leadership also offers formal training opportunities and incentives for acquiring that knowledge. In addition, Starbucks executives understand something that few business leaders do: sharing knowledge with customers makes for more sophisticated consumers. As a result, these customers develop a passion for your products and services and are eager to explore the subtle nuances of what your business offers.

Today, in what has been aptly called a knowledge and service economy, each of us adds value to our business by enhanc-



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ing the customer's experience. In return, customers offer our business their loyalty and come to see us as trusted advisors rather than just transaction handlers.

***Formal Training***

At Starbucks, all partners are encouraged to develop a knowledge of coffee that can lead to personal insights for customers. For example, partners use their knowledge to help customers appreciate how fresh, high-quality coffee provides a rich taste profile through the aromatic gases that the coffee releases. This knowledge acquisition is fostered by the leadership through initiatives such as the "coffee passport" program, where new partners are given a 104-page booklet that they complete within their first 90 days of employment.

The booklet includes a map of coffee-growing regions, information on coffee farming and roasting, coffee-tasting terms, the fundamentals of brewing coffee, a complementary flavors chart, and a list of Starbucks coffee offerings. Partners are expected to not only use the passport as a reference, but complete verified tastings of all Starbucks core coffees twice a year. Additionally, Starbucks partners are given a pound of coffee each week at no charge to ensure that they are continuing to develop their knowledge of and refined taste for Starbucks products.

As they develop, baristas are encouraged to explore the possibility of becoming "Coffee Masters," a designation reserved for Starbucks partners who have a passion to become true coffee experts. To achieve that designation and don a black apron, a barista must complete a significant number of hours of paid training, pass a series of content-based tests with high proficiency, and lead a number of coffee tastings.



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Normally, this training occurs over a period of about three months and involves presenting seminars and topical sessions.

While it makes sense for customer-facing partners like baristas to get this education, Starbucks leadership is encouraging this certification throughout the organization. As a result, it is not unusual to see Coffee Master seminars being given in the marketing and legal departments—or just about any other department or area within the Starbucks organization, including support staff.

Training is an expensive proposition, and therefore it is usually one of the first budget items that gets cut when a company needs to boost its bottom line. In light of that reality, one might wonder why Starbucks spends so much on training, even though it is almost impossible to measure the actual financial impact of that training.

The answer lies in the adage “Knowledge is power.” The more an employee knows about a product—its origins, its properties—the greater the difference that employee can make in a customer’s life. No matter what the product or

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### Create Your Own Experience

- How is your organization ensuring that all staff members take advantage of their opportunity to improve the company by improving their core competencies and advanced information base?
- How committed are you to sharing your knowledge in order to generate passion and awareness in your colleagues and customers?
- How can you add value to yourself and your organization?

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service, customers rely on knowledgeable people to help them, and they remember those people and businesses when they have additional needs. While difficult to measure, the power of knowledge makes training a well-placed investment for Starbucks and its customers.

### **Be Involved**

From the perspective of Starbucks leadership, *being involved* means active participation “in the store, in the company, and in the community.” In today’s lightning-paced world, businesses have dismal futures when their employees try to get away with doing the bare minimum. Successful businesses thrive on the sweat and tears of colleagues who know how to grasp the right opportunities. Leaders encourage employees to go beyond just doing their day-to-day job, and instead invest attentive, creative, and passionate energy.

By being attentive, front-line partners observe the evolving wants and needs of the customers. This, in turn, encourages a “yes, I will” attitude—where breakthrough products and service are created. Sadly, many people are either afraid or unwilling to fully immerse themselves in the possibilities that surround them at work—or, for that matter, in life. They do what is expected, and that’s all.

The leadership of a business can also suffer from a “do the minimum” mentality. Some view the company as an island unto itself, separate from the community and society as a whole. Starbucks and many other businesses understand that an organization, no matter how large or how small, can become an asset to the community it serves.

Starbucks leaders capture the passion and vitality of their people by encouraging the 100,000-plus partners to take an



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active role at the store, business, and community levels. Howard Schultz sees the link between involvement and entrepreneurship by noting in an interview with *Know*<sup>™</sup>, “People want to be part of something bigger than themselves. They want to be part of something that touches their hearts.”

### ***Involvement in the Store***

One of the best ways to become involved is to look around your office or store—much like a crime scene investigator—for clues on how to make the customer experiences and the business better. One group of baristas at a California Starbucks did this and noticed that there were a significant number of deaf customers visiting regularly. The baristas then elected to take signing lessons on their own time to communicate with those customers more effectively.

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As a result of these efforts, Starbucks reputation in the deaf community spread well beyond that California location. In fact, Starbucks is now a prominent meeting location for deaf patrons in the United States and Canada and is cited on [www.deafcoffee.com](http://www.deafcoffee.com), an Internet site with information on how to join or start a coffee club for deaf patrons. These clubs serve deaf customers who want to meet, chat, and drink coffee together at Starbucks and other supportive meeting areas.

### ***In-Store Improvements***

Because management encourages Starbucks partners to be involved in the company, partners often look at how they can improve the manner in which customer needs are served. Partner Rick Mace, who worked at the original Starbucks

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store in Seattle, reported that the staff members noticed they were having problems processing customer orders after the Pike Place Market store was renovated.

Rick suggested that when the store was redesigned, “it created a change in the flow, and there were so many people in this store that you couldn’t hear when the register partners called the drink orders to the bar. Between the register partner’s mouth and the barista’s ear at the bar were two espresso grinders that were constantly humming and whirring. So the partners got together and developed a system where they could get the cups already marked at the registers and then advance them to the bar.”

By being open to innovation, the team came up with a very successful system that not only allowed better customer service, but also made the workplace more fun for the partners. Rick explains, “Rather than walking about 25 or 26 feet down to the end of a counter, partners decided to throw the cups with the customer’s name and drink noted on them from the register to the espresso bar.”

This simple change not only evoked a spirit of fun, increased the speed of service, and created an engaging visual, but also tied in nicely with the antics of a neighboring business, the Pike Place Fish Market, which was famed for its employees throwing fish from the fish display to the register.

***Involvement in the Business***

Starbucks management makes a point of listening and responding to the ideas and suggestions of partners. The result of this interest is that partners frequently take responsibility for suggesting and championing new product ideas based on the input they get from customers. By involving



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themselves in product development and expansion of services, partners take a proactive approach to the future of the business. Rather than waiting for cues from the home office, everyone at Starbucks is charged with searching for new and better ideas for meeting and exceeding customer needs.

This phenomenon of partners suggesting innovative Starbucks products occurs in all parts of the globe. Dai Ichikawa, team manager for Beverages and Whole Bean in Tokyo, Japan, tells of a former store manager (and current Coffee Heritage team manager), Hiromitsu Hatta, who wondered if “jelly cubes,” a popular dessert in that country, could be added to a Frappuccino® blended beverage. Dai says, “I was a district manager at the time when Hiromitsu was playing around with a coffee gelatin product in the back room of his store. He showed it to me, and we decided to try it the next summer. It was a success, and we rolled it out throughout Japan.”

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When Coffee Jelly Frappuccino® blended beverage made its appearance in all of Japan’s Starbucks, it was labor-intensive. As Dai indicates, “Initially we made the jelly cubes in the store. We brewed the coffee, cut the coffee jelly into cubes, and added it to the bottom of a Coffee Frappuccino® blended beverage. As time went on, we found an easier way to make this summer treat.” It required a lot of work for Hiromitsu to go to a local store, buy gelatin, and play with formulas in his Starbucks store. But as Hiromitsu simply explains, “It was the right thing to do. This is my company.”

Additionally, when asked why he decided to share his idea with his district manager, Hiromitsu noted, “Because I knew he would listen and determine it was good for our customers.” Leadership has created the expectation that partners are to be involved in improving Starbucks and has gone

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the extra step of creating a culture in which partners expect to be heard when they offer ideas.

Most business advances simply come from a persistent focus on ways to make the customer's life easier. Dina Champion, a Los Angeles district manager (who is credited in part with the creation of Starbucks Frappuccino® blended beverage), highlights drive-throughs in the category of customer convenience: "At Starbucks, these came about absolutely from our people listening to the desire of customers. People, particularly women, kept telling our baristas that it would be nice if they could drive through and get their coffee. In my area we have a higher percentage of women in our customer base; many of the people we serve are between their mid-twenties and their late thirties. A lot of those women have children. Getting out of your car with two kids in a car seat to run in and get a cup of coffee can become a chore. Ultimately, by listening to our customers, we recognized the convenience of drive-throughs, and in turn that listening has had a huge impact on the business."

***Be Involved in the Community***

Community involvement can take many forms, from creating a community meeting place, to supporting community events, to staff volunteering in community-related activities. Starbucks leadership encourages and supports engagement in all of these areas. Starbucks store manager Nerieda Hernandez shares a simple way in which Starbucks partners offered their talents and their business's space to the community.

"We had an open-mike night," explains Nerieda. "Some of our partners performed, and community members performed. It started out small as we posted a bulletin board

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inside our store. It became a huge event. The open-mike night was so successful that customers were requesting it more often than once a month. It was diverse and great fun for all ages. Of course, we'd offer food and beverage samples."

Other Starbucks partners find and address community-based needs through their stores. This brings with it heartfelt appreciation from the community. Robin Jones, who worked in a technology training center in Columbus, Ohio, saw the positive impact of the Starbucks partners on a group of people with whom she was involved.

As Robin reflects, "We offered free training to the unemployed and underemployed members of the community. Because we were located in the heart of downtown, many of our students were homeless. Many of them had had nothing to eat prior to coming to class. Some would come and stay all day, just to get the food Starbucks partners donated."

Lauren Moore, director of Community Relations and Giving, shares, "What we bring is the power of our people and our product and our brand to make a significant impact. And so the programs that we're looking for with our people are ones where they have volunteer opportunities; they can get actively involved."

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### Create Your Own Experience

- Who can benefit from the opportunity to partner with you for the good of the community or for mutual business benefits?
- What opportunities have you missed in your workplace?
- Where can you dive in with your passion and involvement?

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It doesn't matter what your business is; people want to make a difference. When leaders encourage involvement and the sharing of ideas that affect both the business and the community, the staff is given opportunities to be more engaged and effective.

### **Make It Your Own: Five Ways of Being as a Legacy**

The Five Ways of Being and the *Green Apron Book* reflect the core values of Starbucks. In many companies, these values would only be hanging on a plaque at the corporate office. At Starbucks, however, they come to life. They have been fully embraced by the leadership team and are well integrated into the Starbucks culture. Starbucks management understands the importance of leading by example. This can be seen in the very top leadership of the company.

At a retirement party for Orin Smith, outgoing president and CEO, held at the Starbucks Support Center, Jim Donald, his replacement, spoke of Orin: "If you look at all the attributes: be genuine, be welcoming, be considerate, be knowledgeable, be involved . . . that really *is* Orin Smith, in every way, in every corner, in every country in which we operate. The biggest thing we can do for Orin is to continue to build on his legacy, to make sure that the Five Ways of Being are alive and well in this building, and that they're alive and well as you go out into stores—whether it's your neighborhood, it's in the United States, Canada, or any other country where we operate. That's the biggest tribute that we can give Orin. We must continue to ramp this up."

Starbucks leadership does ramp up the Make It Your Own concept at all levels of the organization. This concept is



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infused into the Starbucks Experience and into employee empowerment as well. Others have already taken notice of the power of the Starbucks Five Ways of Being. Dr. Theresa (Terri) Stahlman, regional superintendent of the Duval County Public Schools, in Jacksonville, Florida, notes, “We basically took the *Green Apron Book* and aligned it exactly with what we do in the business of education. The Starbucks Ways of Being are great tools for helping our school leaders frame ways to be more effective with all they serve.”

They have Made It Their Own at Starbucks and in the Duval County School District. Now, how can the Five Ways of Being work in your company?



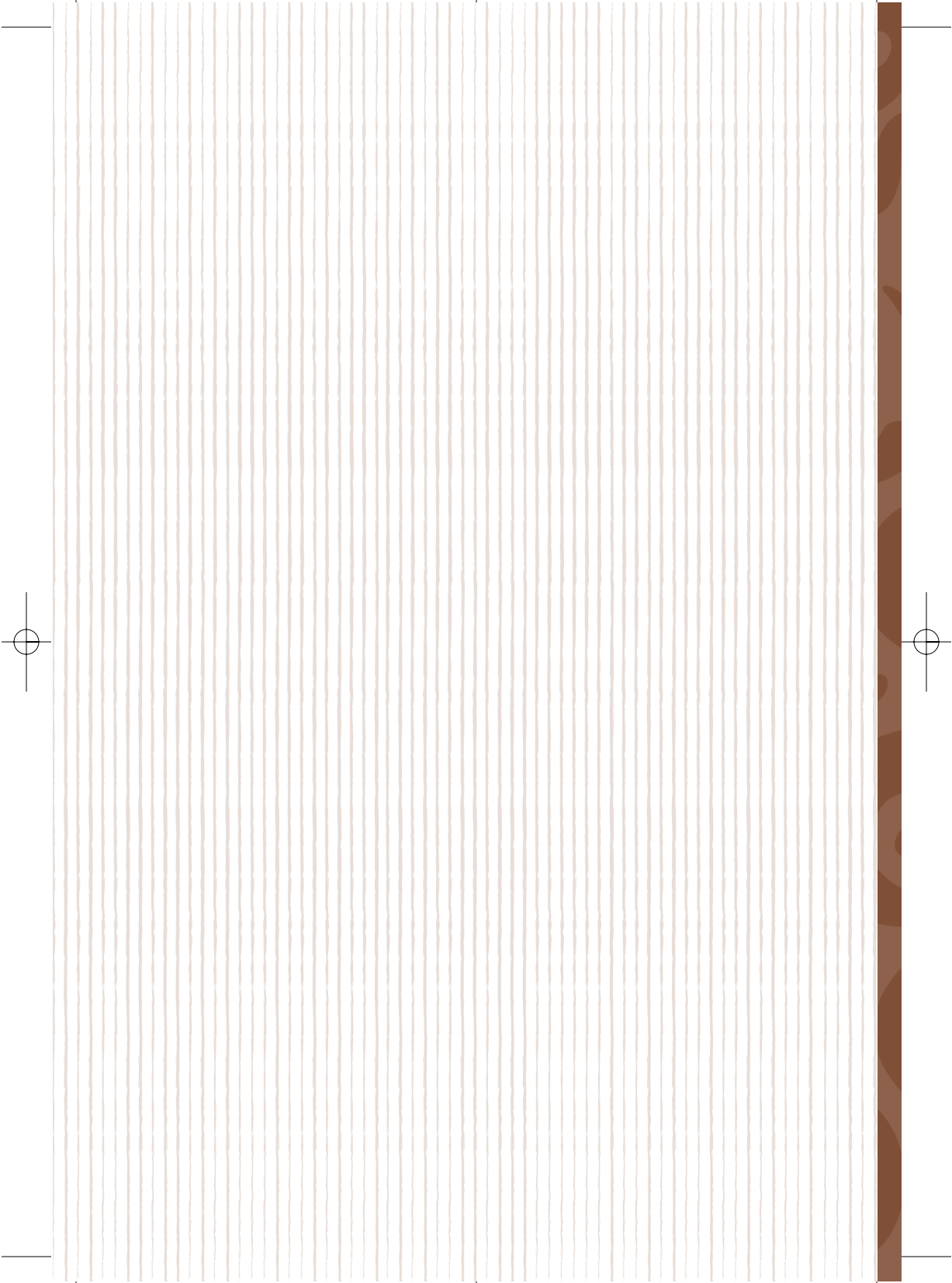
*Make It Your Own*

### Ideas to Sip On

Companies benefit when all employees understand business priorities and look for ways to bring their individual creativity and passion to meet those objectives.

- By being welcoming, Starbucks forges a bond that invites customers back to visit again and again.
- To be genuine means to connect, discover, and respond.
- Listening is just one part of creating a connection with customers. Businesses also need to discover each customer's needs and unique situation and then find ways to meet those needs.
- Being considerate is less about being polite and more about being mindful of the needs of others while creating win/win situations. It should empower you to act in ways that consider the needs of others.
- Be knowledgeable, love what you do, and share your knowledge with others.
- In a knowledge and service economy, we add value to a business by enhancing the customer's experience.
- Be involved—in your store or office, in the company at large, and in your community.





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## everything matters

*“Too often we underestimate the power of  
a touch, a smile, a kind word, a listening ear,  
an honest compliment, or the smallest act  
of caring, all of which have the potential  
to turn a life around.”*

—LEO BUSCAGLIA

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Howard Schultz is fond of saying that “retail is detail.” In reality—although this lacks the rhyming charm of Howard’s quote—*all* business is detail. When details are overlooked or missed, even the most patient of customers can be frustrated, and costly errors can occur. Unfortunately, only a small percentage of unhappy customers bring their complaints directly to management. They simply go elsewhere, spending their hard-earned dollars at competitors’ stores and sharing their grievances with scores of family members, friends, and acquaintances.

Starbucks leaders understand that their successful ship can go down if they fail to take care of both the “below-deck” (unseen aspects) and “above-deck” (customer-facing) components of the customer experience. As unfair as it may seem, in the world of business Everything Matters. The moment you think something doesn’t matter . . . be ready to start bailing.

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### **Attention to Detail Occurs by Design, Not by Default**

Starbucks success, in part, is linked to the amazing ability of partners to zero in on the minute details that matter greatly to customers. In a nutshell, Starbucks leadership appreciates diverse concerns such as the importance of the physical environment, the quality of the product, the need to set priorities for the workforce, the importance of the company’s reputation in the larger world, and even the playfulness of the culture. A great cup of coffee is only part of the Starbucks success equation.

Jim Donald, Starbucks president and CEO, put it well when he suggested, “We can’t let the coffee down. Day in and day out, we have to consistently execute on the details.” That

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execution requires diligent attention to everything that goes into the customer's visit. Much of that focus can be found in the physical environment that sets the stage for the Starbucks Experience. For this reason, every aspect of the business that touches the coffee—creating a third place, ensuring the highest level of product quality, excelling at customer service, and building a rewarding culture—must reflect the highest standards possible.

### **Everything Matters: Creating an Environment for the Starbucks Experience**

Starbucks management understands that a competitive advantage occurs when everyone in a company appreciates that nothing is trivial and that customers notice everything. As a result, Starbucks leaders have taken great pains to execute their strategy precisely—right down to the last coffee bean. Perhaps as important, leadership has worked tirelessly to perfect every aspect of the store design, making sure to balance functionality with a warm and friendly ambience.

As an article by the Corporate Design Foundation, a non-profit education and research organization dedicated to improving the effectiveness of businesses, states,

*The Starbucks sensation is driven not just by the quality of its products but by the entire atmosphere surrounding the purchase of coffee: the openness of its store space, . . . interesting menu boards, the shape of its counter, . . . the cleanliness of the floorboards. . . . What Starbucks recognized long before its imitators was that the art of retailing coffee went way beyond prod-*



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*uct. The details of the total experience mattered. . . . Every particular—from napkins to coffee bags, store-fronts to window seats, annual reports to mail order catalogs, tabletops to thermal carafes—seems to reflect . . . the authentic and organic roots of Starbucks.*

Top management at Starbucks appreciated from the outset that the atmosphere of the company's shops would be a key driver of success. Starting in 1991, Starbucks assembled an in-house group of architects and designers to work to ensure that each store would convey a consistent image and character. At the same time, these designers were encouraged to experiment with a broad range of store formats, from flagship stores in brisk traffic areas and highly visible locations to kiosks in supermarkets and building lobbies. To take design up yet another level, Starbucks assembled a "stores of the future" project team to create a vision of the next generation of Starbucks stores. Starbucks leadership not only focuses on today's details, but strives to anticipate the detailed needs of the future.

Members of the design team have been required to start their careers at Starbucks by working behind the counters. Knowing how store design interfaces with the needs of customers and baristas allows these partners to develop workspaces that are both aesthetic and functional. Few Fortune 500 companies go to such lengths to make sure that key visionaries and planners are so in touch with the needs of customers. When such an effort occurs, it pays off both for the business and for its customers. For example, in the French Les Capucines store, design team members decided to invest in preserving an elegant nineteenth-century ceiling with its painted frescoes, gold beading, crystal chandeliers, and mar-



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ble pillars. Although the ceiling was not protected by local planning codes, Starbucks leadership understood the importance of incorporating that unique, historic charm into its Parisian Starbucks Experience.

In order to maintain this special connection with customers, leadership at Starbucks is continuously searching for new ways to improve all aspects of the store environment. Starbucks started playing music in its stores simply to set a comfortable atmosphere. The former store manager and current programming manager in Starbucks Hear Music division, Timothy Jones, was encouraged to take music to a higher level. Rather than simply being in the background, music emerged as an important detail in creating a truly unique Starbucks Experience.

Timothy, who had previously owned a record store, was given the latitude to use his music background to actively explore ways to enhance the customers' time in a Starbucks store. Timothy enthusiastically explained: "With the blessing of management, I started programming the playlists for our in-store music. The idea was that customized selections could provide a unique, warm, consistent enrichment to the customer experience. I think leadership realized that people come in for coffee, but we can give them more while they're there. If we can entertain them and send them out with an idea, a tool, something to discover, then we're a bigger stop than just a cup of coffee." That is the essence of great business leadership—finding ways to deliver existing products and services in ways that make the brand more significant to the customer. In Timothy's words, we must make the experience "a bigger stop."

To create this bigger stop, Timothy explains how Starbucks managers start with an unwavering commitment to the



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details of the customer experience. As it relates to packaging Starbucks music offerings, he suggests, “We care about the little things. When we decided to give customers a chance to bring Starbucks music home by selling compilation CDs, we packaged the CDs in digi-packs. A digi-pack is where a CD is wrapped in attractive cardboard rather than in a jewel case to give the CD a soft feel. We made sure that there was a lot of artwork and that the offering was beautiful. Digi fits with Starbucks; the jewel case just didn’t feel like us. The cardboard, the recycled paper—that was Starbucks.”

Details matter, right down to the choice of the materials that wrap CDs. Not only must the details be right, but the *blending* of those details must be carefully crafted to make sure that every aspect of the experience comes together to create the Starbucks identity.

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The Starbucks brand is more than just an appealing presentation of goods. New products must be offered for sale in a way that fits with what customers have come to know and expect from the company. As Timothy explains, “We don’t want our partners doing suggestive selling of the music, since that is more likely to annoy customers than please them. We don’t want to hear, ‘Would you like to get one of our CDs today with that latte?’ That’s not the third place, that’s not the coffeehouse, that’s not the Starbucks Experience. Yes, we have merchandise, but it needs to fit into the environment. The Dean Martin CD needs to be inviting, but consistent with the rest of the customer experience, and it’s all the better if you see it while ‘That’s Amore’ plays overhead.”

Managers have to constantly put themselves in the shoes of their customers, seeing everything from the other side of the counter. This perspective has helped make Starbucks the valued brand it is today. Through leadership’s vigilance,

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details come together to make an indelible mark on the millions who enter Starbucks stores every day. These leaders know that even if they have executed consistently for a significant period of time, they will ultimately be judged on their ability to bring the details together now and in the future. Small missteps often dramatically tarnish great brands.

While the first principle in the Starbucks Experience looks at the way partners are encouraged to “be,” the Everything Matters principle reflects the importance of solid processes and procedures in daily operations. This operational focus ensures consistency for customer visits across Starbucks stores.

Creating the ideal environment depends on disciplined quality control safeguards that give structure to the customer experience. Barista Meredith Kotas explains how Starbucks guarantees that customers receive consistent quality from store to store: “We have a basic line of deployment that we all understand, where person A is on the register, person B stays on the bar, and person C is floating around making drinks if there’s a long line. That’s standard at every Starbucks store. We also have checklists. They include all the things that just have to happen, like cleaning the counters, making sure all the prep is stocked, sanitizing the tongs, and making sure the pastry plates are always clean. My manager has instilled the importance of this into us, and we don’t have to even look at the list. Our brewed coffees, in theory, would be good for about five hours in the container in which they’re made. But we brew a new container every hour to ensure that they’re very fresh, very hot. It’s the freshest coffee you’ll get.”

If you think customers don’t pay attention when a detail is out of alignment, think again. In support of this point, Meredith relates a specific customer’s reaction: “One time a barista wasn’t paying attention to the timer. He had failed to



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brew coffee within the hour and served a cup that had been brewed an hour and 10 minutes earlier. The customer, who was a regular, immediately noticed a difference. People who are real coffee connoisseurs appreciate our focus on the little things.” Commitment to detail is critical in all businesses. If you ignore the smaller things that are important to those you serve, you’ll fail to create the experience they crave. This inattention will be a surefire way to drive those customers straight to your competitors.

Starbucks leadership has found that implementing strict quality control measures frees partners to look for new ways to deliver extraordinary experiences. Meredith shares: “I particularly like the requirement that one of the store partners

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### Create Your Own Experience

- How do you and your business attend to the details that affect the experience you wish to create?
- Where can you execute more consistently on details, so that people will talk about being a shareholder in your company?
- When has your customer experience been compromised by missed details, even when the product you received was a quality one?
- What can you do to put yourself more directly into the experience of your customer?
- What quality control safeguards can you employ to assist your team in attending to important details that are frequently missed?

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check the café every 10 minutes. It gives us a chance to get out from behind the counter to make sure everything is clean and orderly, and we become more involved with our customers. I was doing this when a customer dropped a doppio espresso. I picked it up and said, ‘Let me make you a new one.’ He responded, ‘No need to bother. I was almost done.’ I commented, ‘It’s not a bother, so I’m going to make you a fresh beverage on the house.’ As I came back with his replacement drink, the man was amazed. Then he said, ‘It’s behavior like this that caused me to buy Starbucks stock.’” At Starbucks, the Everything Matters approach not only results in powerful emotional connections with customers, but even encourages customers to share in the success of the business.

### **Details Converge into a “Felt Sense” about the Business**

Often we can’t specifically describe what causes us to feel a certain way, but we know our “global emotional reaction.” Psychologist Dr. Eugene Gendlin coined the term *felt sense* in his best-selling book *Experiencing and the Creation of Meaning* to describe these general emotional responses. A felt sense ultimately is the result of a myriad of tiny details that lurk somewhere below our conscious awareness. For example, without conjuring up specifics, the term *ice cream* is likely to bring about a very different felt sense from the word *vinegar*.

When it comes to Starbucks, large and diverse groups of people—partners and customers alike—often have a common and shared felt sense about the brand and the stores. Consistently, people experience Starbucks as warm, comfortable, and pleasurable. Most of these individuals probably don’t spend a lot of time thinking about what contributes to their



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“gut reaction,” but others clearly track the details that generate their positive emotional responses.

A barista from Columbus, Ohio, puts it this way: “We pay attention to that atmosphere. We are vigilant about the music in the background, pleasant colors, comfortable furniture, and the right amount of lighting. I make sure the tables are clean and the carpet is not littered with crumbs, except for major eating incidents here and there, mostly involving children and pastries. I do my part to keep it warm and inviting. I want my Starbucks store to be open and airy for our customers. I want the details to reach out and say ‘Come in and stay awhile.’”

Customers value the detailed attention given to a business’s ambience. For customer Beth Jones, Starbucks produces a felt sense that is almost like a minivacation. “One of the things I love most about Starbucks is the relaxed atmosphere. Nobody tells you to leave or gives you a dirty look if you’ve been there over a half hour, unlike a certain donut haven I know. It’s a great place to go to talk with that special someone, catch up with an old friend, or escape after a stressful day at work. You can’t go to Disney World every day, unfortunately, so Starbucks is my affordable luxury.”

Whether it is this sense of affordable luxury or some other emotional response, the individuality of customers draws them to specific aspects of a business’s environment. Customer Leslie Alter reports that she particularly enjoys the way Starbucks offers her a positive change in atmosphere. “It’s not quiet at Starbucks, and that’s why I come here. If I wanted quiet, I’d sit in my apartment. I like the music, and I like the noise, and I like the atmosphere—the people talking, the pumping of the machines, the choice of songs they play. I even notice subtle differences between stores.”



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Those differences that Leslie is referring to reflect a choice made by Starbucks leadership to consciously meld consistent environmental features in its store designs with community-based nuances. As noted in the book *Strategic Management: Concepts and Cases*,

*Starbucks management looked upon each store as a billboard for the company and as a contributor to building the company's brand and image. Each detail was scrutinized to enhance the mood and ambience of the store, to make sure everything signaled "best of class" and that it reflected the personality of the community and the neighborhood. The thesis was "Everything matters." The company went to great lengths to make sure the store fixtures, the merchandise displays, the colors, the artwork, the banners, the music, and the aromas all blended to create a consistent, inviting, stimulating environment that evoked the romance of coffee, that signaled the company's passion for coffee, and that rewarded customers with ceremony, stories, and surprise. Starbucks was recognized for its sensitivity to neighborhood conservation with the Scenic America's award for excellent design and "sensitive reuse of spaces within cities."*

Just to show the importance of the environment, customer Devin Page suggests, "Starbucks could very well operate without even selling coffee. They could charge an entrance fee and offer nothing else but a room and mellow Bob Marley music softly playing in the background, and people would still come. Starbucks recognizes the niche they fill." Even when customers don't consciously track the details, those details—whether managed well or overlooked—often result



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in the lingering impression that customers have of a company. Great leaders look for ways to maximize the felt sense that their business generates. In order to do this, these leaders help their people execute on the minute but significant details that positively affect the way they are viewed.

### Never Cut Corners on Quality

From the perspective of Starbucks management, few things affect the reputation of a business more than a resounding Everything Matters approach to quality. While managers in some businesses think that they can cut corners without compromising their company's brand or reputation, particularly in unseen (below-deck) areas, they are mistaken.

To put it simply, the vast majority of shortcuts backfire. This is illustrated by the story of a wealthy man who asked a builder to spare no expense in creating his mansion. Since the man was out of the country while the home was being constructed, the builder decided that he could make the infrastructure out of inferior material and cover it up with superior finish work. The builder could then overcharge the man based on the home's appearance. When the owner returned to the country, he was so taken by the beauty of the home that he told the builder, "This is simply too nice a house for me. Here, you take the keys."

There is no hidden inferior material at Starbucks. On the contrary, Starbucks epitomizes a company that has achieved amazing success by not compromising on quality. Management at Starbucks takes pride in the quality of the products the company serves, instilling a passion for excellence by centrally placing the demand for quality in the company's mission statement. That statement asserts that Starbucks partners



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will “apply the highest standards of excellence to the purchasing, roasting and fresh delivery of our coffee.”

To that end, Starbucks leaders do what is necessary to meet or exceed their quality standards, even when this means abandoning the “old way” of doing things. The leaders are constantly researching and developing technologies and systems to improve the consistency of the company’s roasting process and the freshness of the coffee. This commitment to innovation in the service of product quality has had a significant impact on the ability of Starbucks coffee to reach a broader customer base and expand into national and international markets.

Many of these innovations have been achieved by dedicated partners at the Starbucks roasting plant in Kent, Washington. Tom Walters, the communications coordinator of this original roasting plant, says, “Since I started here in 1982, freshness is all Starbucks has done. We were selling specialty coffee back at a time when specialty coffee had a 1 percent market share. More people owned airplanes than espresso machines. Until 1987, wholesale coffee went out to restaurants in five-pound paper lunch bags and had a seven-day shelf life. Starbucks was a pretty small company. My job was to drive the 1968 Ford Econoline van and deliver the paper bags to restaurants in downtown Seattle. When I did my deliveries, I went through their coffee. It was in our contract with the restaurants that any coffee over seven days old would be taken back by us, and we’d receive no reimbursement. Starbucks wanted to keep restaurants from serving our coffee when it was stale.” Tom adds that if it hadn’t been for a commitment to quality and attention to the “little things,” Starbucks would never have made it out of Seattle.

Not only did Starbucks leadership demonstrate an unconventional preoccupation with quality, but it was willing to



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pay the financial price for that commitment. From the standpoint of product excellence, Tom, who has worked as a roaster in the Kent plant, shares, “What defines coffee as fresh is that it actively gives off 3 to 20 times its volume in aromatic gas. It was expensive for us to keep those aromatic gases available until the coffee was brewed. In order to do so, 10 percent of our product was returned to our plant.”

While many companies would have balked at that return rate and decided to throw in the towel, Starbucks knew that there had to be a better way to secure freshness. “The company and its collective quality and manufacturing teams worked to develop packaging that enabled us to keep the coffee fresh, not for seven days, but for up to six weeks,” continues Tom, “and that let us expand throughout the Northwest. Starbucks leadership would never have tried that expansion if the coffee could not get to its location and be ground and brewed fresh.”

Thanks to this passion for quality and commitment to innovation, Starbucks management was able to reduce the amount of coffee the company scrapped and ultimately made sure Starbucks coffee could be delivered fresh anywhere in the world. At times, Starbucks leaders had to push suppliers of their packaging material to go beyond current technology. This led to innovations in the small things like improved packaging materials and a 7-cent valve that lets gases out of the bag but does not allow air to enter, which would make the coffee stale.

Rich Soderberg, senior vice president of Manufacturing, notes, “This journey from seven days of freshness took us many years and numerous innovations. We had to sever relationships with suppliers who were unable to innovate in a way that delivered the freshness we demanded. Each step of



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the way we needed to know that we would have the freshest coffee in the market.” This detailed focus on innovation was painstaking. Rich suggests, “It happened through very planned and very conservative methodologies, and above all, it required our partners’ dedication to making sure that our packages were made right at the factory and that our quality control people secured the freshness we needed. We could never have become the company we are today if our coffee had only a seven-day shelf life.” From Rich’s perspective, “Our success in part begins with a willingness to challenge conventional thinking while paying attention to details that allow us to innovate. This approach offers the competitive advantage that we enjoy.”

Details matter, from 7-cent valves to passionate and innovative partners at the manufacturing level. By focusing on quality, innovation, and the smallest aspects of business, Starbucks is an example of how an enduring brand emerges, not only through management at the macro level (strategic), but through management at the micro level (operational) as well. While great leaders spend most of their time looking at big-picture, strategic opportunities, they cannot overlook the systems and training necessary to ensure the quality of every aspect of the company’s products, services, and processes.

Sometimes details need to be managed well beyond the confines of the business itself. Long before customers take their first sip of Breakfast Blend at their neighborhood Starbucks, the staff in the Starbucks Coffee Department has gone to great lengths behind the scenes, looking for and developing quality coffee in the various countries of origin. Coffee quality begins with the relationships that Starbucks partners forge with coffee farmers so that the growers bring the highest-quality coffee to Starbucks coffee purchasers. With-



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out high-grade coffee beans, Starbucks is incapable of bringing high-quality coffee to the cups of its customers. According to Dub Hay, senior vice president of Coffee and Global Procurement,

*It is a very detailed process that we consistently go through. When we go to origin countries, we don't buy coffee on farms. When we go to farms, we are there to look at their trees. We may taste coffee at the farm, but we never buy it there; we only buy it once we are able to take coffee back into conditions that we can control, and that are always the same. We can examine it, sample it, resample it, and compare it with other coffees we think are interesting.*

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In addition to the coffee itself, many seemingly unrelated details are considered, all of which contribute to the coffee's current and future quality. It is not enough for experts in the Coffee Department to find a great-tasting coffee at a specific farm. They have to know that high-quality coffee will be available from that farm well into the future and that the business practices of the supplier will fit with Starbucks values. While many business leaders may convince themselves that they are not responsible for the actions of their suppliers, Starbucks leadership sees this distinction as very shortsighted.

As Dub explains, "The quality of the coffee is not enough. We want to know about the quality of the people with whom we do business. We want to know about their integrity and their commitment to future excellence. To that end, we look for the health of the farms. We pay attention to how the farmers treat the environment. We look at how they treat the social conditions on the farm. What's the altitude? What's the

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variety? Is it shade grown? What's the yield per hectare (a unit of measurement equivalent to approximately two and one-half acres)? What are the farmers like? Are there buffer zones between fields and streams? Is there a mill there? What are they doing with the wastewater? How much water are they generating that needs to be processed? Does the coffee move through, or are there hang-ups that can create problems with quality? We want to know how transparent people are in terms of sharing money all the way down to the coffee picker. All of this is considered before we buy our crop, because anyone can buy coffee; it is *how* we buy coffee that makes Starbucks special."

For Dub Hay and other Starbucks leaders, quality lives not only in the coffee they can buy today, but in the relationships they forge for the future. It is through these relationships that Starbucks can work with farmers to continually improve product quality. Rather than making impulsive business decisions that address only short-term business needs, Starbucks leadership is willing to forgo stopgap measures in favor of longer-term relationship-based solutions.

In essence, the Starbucks management approach teaches that quality business relationships are essential to long-term growth and survival. Being vigilant and careful about those with whom you associate ultimately protects your business and your brand. Looking into the details of how potential business partners conduct themselves safeguards you against developing relationships that will fail in the future. Starbucks coffee buyers say "no" to coffee farmers who don't fit with the values and quality priorities that Starbucks demands over the long term. While some relationship details can be overlooked in the short term, stockholders, partners, and future generations of customers will be adversely affected if sus-



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tainability, social factors, and enduring strategic partnership arrangements are not properly addressed up front.

### **Prioritizing Objectives and Keeping Them in Front of Your People**

While the details discussed thus far—environmental factors and product quality—may be on the radar screens of many business leaders, other critical business issues are frequently overlooked. As suggested in Principle 1 in the discussion of the importance of being knowledgeable, training programs are often expendable. When the economy turns bad or business hits a rough patch, training and education budgets suffer. This short-term financial fix often compromises the long-term health of the company. For Starbucks leadership, however, educational programs are a critical detail in the future of the business.

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Starbucks management is constantly enhancing and perfecting training resources, not only at the product knowledge and operational levels, but also in areas that help partners take ownership in the business. When it comes to keeping the Principle 1, “Make It Your Own,” behaviors alive and dynamic, shift supervisors, store managers, and other managers participate in a process called *exploring customer stories*. At the store level, partners are offered excerpts taken from real customer comments and are then asked to identify behaviors from the *Green Apron Book* that they would choose if they were in that situation.

A partner might receive the following customer statement: “My wife and I decided to buy a Starbucks Card (\$50) for our good friend as a birthday gift last week. When we arrived in your store, I carefully told the cashier that I needed to

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purchase a card with \$50 for our friend. Because she was joking with others and did not pay attention to our request, she added only \$15 on the card without confirming it with us. . . . Twenty minutes later we gave the card to our friend and told him that there was \$50 on it. You can imagine how embarrassed we were when our friend finally told us that there was only \$15 on the card. Therefore, we went back to the store to reload the \$35 on the card for my friend. It wasted our time to take care of it, and we were upset.”

Managers are then asked to reflect on the customer’s experience, with questions such as

- Name three behaviors that detracted from legendary service.
- What *Green Apron Book* behaviors could have made this situation a positive experience for the customer?
- How would you coach the partner in this situation?

Rather than responding to hypothetical customer experiences, managers are given the opportunity to anticipate situations that their staff will encounter, based on positive and negative real-world customer transactions. The training also reinforces for management the corporate priorities outlined in the Five Ways of Being. In addition, this approach helps leaders teach their partners by encouraging them to coach their teams to greater competence in delivering legendary service.

Similarly, Starbucks partners, at the barista level, have access to something called *Conversations and Connections*, a tool used to facilitate discussion and regular storytelling about behaviors, actions, and language consistent with the Five Ways of Being. *Conversations and Connections* is provided so that in-store partners can read, analyze, and discuss



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customer stories. It gives partners additional opportunities to relate actual situations to the behaviors and actions encouraged in the *Green Apron Book*.

Each week, *Conversations and Connections* centers on a particular Way of Being. On a *be knowledgeable* theme week, the following customer story was provided:

*I just wanted to thank Ashley for being so kind and helpful. I had a question about one of your beverages and she took the time and care to explain the product and then took time to create a sample. I really appreciate her thoughtfulness.*

Store #76304, Target #1834, Pomona, CA

After reading the example, partners are given a quick review of how Ashley made a difference for the comment writer:

- She learned how to describe coffee. This customer said Ashley was able to explain the product that she had a question about.
- She shared her coffee knowledge, passion, and excitement through a tasting and made a sample of the product she was describing for the customer.

These brief examples help partners identify with the customer experience and reinforce the guiding principles that are most valued in the Starbucks culture. According to Jennifer Ames-Kerremann, director of Customer Service Operations/Customer Care, the *Conversations and Connections* tool has a variety of benefits for Starbucks. “When we ask new partners about this approach, they tell us it helped them rapidly become a part of their team. They feel confident more



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quickly because they can anticipate customer experiences and learn from positive and negative scenarios. They experience accelerated learning. More seasoned partners feel the scenarios acknowledge their efforts with customers. They appreciate that the company as a whole is giving attention to what they do by sharing their stories. When a positive story is presented, we list the store number at the bottom so everybody knows who did something right. The stories then serve as a form of recognition as well.”

Ultimately, any business leader can look for ways to use customer or client feedback as a learning tool. Such training not only shows employees how to excel at their jobs, but also motivates them, keeps them engaged, and builds team spirit.

Starbucks managers have seen benefits from other training initiatives as well. In addition to providing straightforward customer feedback to partners, Starbucks leaders create playful ways to emphasize problem solving consistent with the Five Ways of Being. Specifically, they have developed a training game called *Starbucks Experience from the Inside Out*. The goal of the game is to secure a human connection with the customer. To do this, the partner tries to understand more than just the customer’s external presentation and attempts to understand the customer’s internal experience.

The game uses dice, game cards, and a game tablet and starts with a role-playing exercise between two partners, one who plays the barista and another who plays the customer. In the game, the designated customer reads context information that is written on the outside of a game card. It may say something like, “I’m shopping for whole bean coffee, and I stop and smile at the barista.” Then the “customer” rolls the dice to determine what’s happening in the store, how many people are in line, the time of day, and other factors that



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set the stage for everyone to appreciate what's happening in the scenario.

Before the interaction between the person playing the customer and the person playing the partner begins, the customer alone reads the inside of the card, which explains the internal experience she is to act out. The customer may use body language or words to communicate her internal experience, but she cannot actually say what she is feeling. The partner attempts to handle the situation empathetically and gets feedback from the customer, and from observers, on how well he connected with the *Green Apron* behaviors. At this point, the designated customer reveals what was actually happening on the inside, for her.

In the game, each round is “won” if the customer feels that the partner connected with what was most important to her at the time of her visit and if a memorable experience was created. An example of a game card is as follows:

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*Visual cues from the customer*

You are humming holiday tunes  
and seem to be cheerful, but are visibly in a hurry.

*What is going on for the customer on the inside?*

You couldn't resist stopping for a beverage, but you only have 20 minutes before you're supposed to be back to work for the holiday potluck. You haven't picked anything up yet for the party and still have to stop at the grocery store.

When this game was introduced as a training tool, Starbucks leadership presented it strategically, one group at a time. Jennifer Ames-Kerreman explains, “We first debuted the game for management teams. They played it by picking somebody

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to be the partner and somebody to be the customer. Other managers served as observers. The game has become popular among many of those managers, and some are finding new ways to make it applicable in broader training settings.”

Clearly, Starbucks philosophy is that training doesn't need to be boring, conventional, or mundane. In addition to playing the game with in-store partners, Starbucks leadership has added a twist to the game by having managers not only watch the interaction in the role play, but then solicit feedback from the person role-playing the customer. The manager then uses that customer feedback in a coaching session with the partner who offered the service. This allows the manager to rehearse ways to most effectively transfer the subjective experience of the customer into constructive training for the partner. In a playful way, the game offers training opportunities that challenge baristas and managers to anticipate customer situations, demonstrate sensitivity, use sound judgment, and enhance their problem-solving abilities. The results are amazing, as playful means lead to such important ends.

**Creating a Playful Corporate Culture**

Board games for training! That's just another example of how everything matters in a dynamic corporate culture. Starbucks leadership understands that playful and positive work environments produce vital and engaged staff members. Regional director Carla Archambault shares the importance of being connected, being happy, and having fun in the store, which in turn feeds energy into the customer experience.

“When I'm out in stores in my district,” says Carla, “I get a chance to see a lot of different partners. I try to set a playful and fun tone as I clean the toilets and scrub the drains and

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do all the things they do every day. If I can make a difference for them while I am there and do so in a fun way, they can come in the next day and give that type of service to our customers.” In a sense, it is just as important to create an experience for employees as it is for employees to create an experience for customers. Facilitating a playful workplace keeps work teams engaged and motivated to do their best.

In addition to demonstrating playfulness by leadership example, Starbucks managers motivate partners simply by taking the time to recognize the partners’ accomplishments. Sadly, this critical detail is often missed by business leaders. Starbucks management encourages and nurtures a playful, positive culture by opening up formal and spontaneous avenues to acknowledge and praise the company’s people. District manager Amy Tingler reports, “One of the things we do with our partners is recognize great *Green Apron Book*–type interactions they have with customers and with one another. We celebrate those in front of the other partners during monthly meetings. For us, playful recognition is offered not just in terms of customer service, but also in how our people treat one another, in and outside the store.”

Amy observed and acknowledged “a partner who, while working in the store, looked out the window and saw a regular customer standing by her car, visibly upset. That partner went out and asked the customer if everything was okay, and she told him she had locked her keys in her car. The partner went back into the store, grabbed a cordless phone and a phone book and made the woman her usual beverage. Going back outside, he told her he hoped things would get better and gave her the drink, phone, and phone book to make needed calls. She hadn’t even entered the store, but he noticed her need. He took the initiative to go outside, wel-



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come her, and genuinely respond to her plight. On an ensuing day, I went into his store early in the morning, wrote out a recognition card, explained the story to his colleagues, and thanked him in front of his team. It was a great way for all of us to start the day.”

The culture of recognition at Starbucks doesn’t take place only at the store manager and district manager levels. President and CEO Jim Donald starts each day making recognition calls to partners in stores throughout the world. While visiting the Starbucks Support Center, I observed the chairman of the board, Howard Schultz, casually and unobtrusively walk up to a partner’s desk expressly to thank him for his effort on a project.

When the CEO and the chairman of the board value and practice appreciation, a culture typically develops in which people catch one another doing things right, thereby reinforcing desired behaviors and celebrating excellence. When a commitment to recognition is combined with a playful leadership spirit, employees tend to be engaged and happy. In turn, that satisfaction produces untold benefits in the development of positive interactions for coworkers and customers. Through those types of interactions, customer loyalty increases, and ultimately sales rise—a welcome outcome for any company. While some business executives don’t appreciate the true impact of creating a positive culture, Starbucks success alone should be proof that where there is detailed attention to recognition, training, and play, there is profit.

**All That and So Much More**

What’s left for Starbucks management to worry about, once they have attended to the details of the in-store environment,

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product quality, ongoing training, and the creation of a playful culture? The answer, as you might have guessed, is “everything.” Many managers don’t track details other than those that affect the quality of their product or service and their company’s physical environment. But Starbucks leaders extend the Everything Matters orientation well beyond local and regional considerations. They apply their detail-oriented approach to worldwide environmental and social issues, even when a great percentage of their customer base may not realize that they are behaving with a global mind-set. So why would they be so broadly focused? In short, it’s because superior corporate leadership demands tireless excellence and a broad scope.

That excellence is reflected in the development of the Starbucks paper cup sleeve. In August 1996, Starbucks and the Alliance for Environmental Innovation entered into a partnership to reduce the environmental impact of serving coffee in the retail stores. At the time, many coffee drinkers required double (i.e., nested) cups to make their hot beverage easier to carry. In order to address environmental goals and maintain the customers’ comfort, an arduous process was initiated to come up with a workable alternative.

Market research was conducted to look at the environmental impact of double-cupping. Two years of exploration was devoted to developing a quality hot cup that would allow for single-cupping, and the process resulted in an interim solution—a corrugated paper cup sleeve that Starbucks developed. Other, more permanent solutions were attempted, and focus groups were brought in to analyze various options.

After considerable time and expense, the Starbucks Coffee Company/Alliance for Environmental Innovation Joint Task Force ultimately concluded in April 2000, “After more than



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two years of testing and developing prototypes of this cup, the data did not clearly indicate that the final version would meet all the criteria and could be brought to market within a reasonable time and cost. In addition, Starbucks customers had become accustomed to using a single paper cup with a corrugated paper sleeve.”

All that extra effort was expended for a cup that will never reach the hand of a customer. Ouch! So, the single cup and sleeve remain, despite all attempts to produce a solo cup that could stand up to the heat. But even then, Starbucks management did not lose sight of its environmental objectives; it continued to champion improvements, such as changing the paper content of the cups to include 10 percent recycled materials. That attention to often unseen details led Starbucks to be the first company to achieve a cup that addressed environmental concerns.

So why do Starbucks managers care about research on paper cups? What’s in it for them? The answer is amazingly simple: the Starbucks brand, and every company’s brand, is nothing more than the sum total of the individual actions its people take. While some efforts may seem more publicly important than others, all actions (even the below-deck ones) are critical. In fact, companies that take a leadership position on environmental and social issues increasingly find that people are taking notice.

Customers like Lynn in Belleville, Michigan, gravitated to Starbucks exclusively because of its attention to detail on broader social concerns. “I don’t drink coffee, so I never thought much about Starbucks. However, I heard they had an environmental mission statement that suggested that they were committed to environmental leadership in every aspect of their business.”



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Lynn continues, “I decided to read about their business practices and even talked to a partner who was amazingly passionate about social issues. All of this got me fired up, and I started volunteering at a store selling only Fair Trade items. Coincidentally, my volunteer location is across the street from a Starbucks store. So every week when I go to my volunteer activity, I stop by Starbucks. I drink their tea because I like what the company stands for.”

For Lynn and many other customers like her, the attention that Starbucks leadership gives to broad social issues gives the company a great advantage over its competitors. Most business leaders can strengthen the emotional connections between their company and their customers by listening to the community issues that are of greatest concern to those customers. By exploring what customers value and striving to have a positive effect in those areas of interest, Starbucks leadership has struck a strong emotional chord with the company’s rapidly growing and strongly loyal customer base.

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### **Everyone Matters—Uniqueness of Customers and Employees**

Many customers are attentive to the smallest details, and at times business executives have to marvel at what catches the consumer’s eye. Often customers are so discerning that no amount of money spent on advertising and marketing will make up for failed execution on the little things. Smoke, mirrors, and dazzle can fool some of the people some of the time, but an Everything Matters approach to some of the most mundane details wins customer loyalty and gets noticed in the strangest ways.

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Customer Mara Siegler illustrates how the smallest and seemingly most basic details matter. “There are several problems particular to New York,” she says, but “perhaps the gravest and most physically unbearable is the shortage of public restrooms. No matter where I find myself in the city, there is sure to be a Starbucks within a five-block radius. And to their credit, Starbucks bathrooms are usually clean. Business analysts, marketing gurus, and competing businesses can study the rise of this conglomerate all they want and give a billion reasons for its success. But trust me, no matter what the music, the flavor of the day, or the wireless availability, Starbucks success is all thanks to the free and clean toilets.” Customers notice the little things—even the cleanliness of the bathrooms. It’s important, therefore, for every business to ask its customers for feedback on the details that matter most to them. Often the answers to such questions give leadership the opportunity to master details of which they would otherwise have been unaware.

Not only must leaders be given the task of exploring the details that matter most to customers, but they must also explore what matters to their staff. If leaders understand what matters to employees, it is easier to excite and motivate those employees to give consistent effort—even in the less enjoyable aspects of their jobs. Barista Bernadette Harris confesses, “I didn’t like making Frappuccinos®. I wasn’t always happy to leave my line of hot drinks to make a drink that took twice as long! One customer helped me gain a different view of the blended beverages. This woman would come in every evening and order a mocha Frappuccino® blended beverage. She was always in a hurry, and we would barely converse. One evening she came in and mentioned that her husband was in the car. Then she thanked us for always deliv-



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ering the drink in such a nice way and said that though she personally never drank Starbucks, it was the only thing her husband could stomach after his chemotherapy.”

The trick for management, therefore, is to get employees to see the bigger picture and understand that small components of their day-to-day tasks can actually have a transformational impact on customers and the people with whom they work, not to mention on the company’s overall mission and reputation.

When staff members execute details consistently, they are often rewarded by unexpected appreciation from customers. Regional director Carla Archambault tells about a barista, Susan, who was moving to another store. “As is often the case with our partners,” explains Carla, “Susan was getting flowers from customers on her last day. While working at that store, Susan had made a commitment to try to get a particular customer, who could best be described as a grumpy guy, to smile. It might seem like a little thing, but to Susan it was important. Susan said, ‘I don’t know what’s going on in this man’s life, but I’m going to make him happy.’ And so she would always connect and have a smile on her face, but he never smiled or showed any joy in response to her efforts.”

“On the day Susan was leaving,” continued Carla, “that man overheard that it was her last day. He came back before her shift was over and brought her a card. The words in the card were powerful; they read, ‘I just want you to know how much it’s meant for me to come into your store every day. I want you to know that I came in here specifically to see your smile and that you made a difference in my life.’” Susan took the time to do the little things necessary to demonstrate that this challenging customer mattered to her.



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Susan's behavior is consistent with a resounding leadership message that is prevalent at Starbucks, namely, that not only does everything matter, but "everyone matters" as well. Accordingly, partners are reminded to master the details necessary to live the Five Ways of Being. This effort ensures that everyone, not just the highest-paying or most loyal customers, knows that he or she matters from the moment he or she arrives at a Starbucks store.

Former store manager and current Starbucks licensed store operations specialist Kimberly Kelly shows the impact this everything-and-everyone-matters approach can have. "There was a wonderful regular customer," says Kimberly, "in her seventies, named Irene, who had been a teacher and a principal. She and her husband visited daily—coming to Starbucks was an event for them. The husband always had on a sport jacket, she was dressed very elegantly, and they would order the same thing: a tall coffee and an extra cup so they could split it. They'd also order one muffin and two forks and a knife to share that as well. The couple would take their coffee and their muffin, and they would go slowly over to their table and spend maybe an hour or so visiting with each other and enjoying their time together."

Kimberly said the couple stopped coming into Starbucks, and she worried about them. One day she ran into Irene at a bank, and Irene shared that her husband had died of a sudden heart attack. Kimberly encouraged Irene to join her back at Starbucks after she finished her banking. Kimberly continued, "Irene came to my store, and when she approached the counter, she stood there and said, 'Kimberly, I just don't know what to order because we always shared items.' I simply said, 'You know what, I'm going to share that cup of coffee and that muffin with you today.' We sat down and talked



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for about 30 minutes. She told me about how she missed her husband and how hard it was for her to move on. A few days later, Irene came back to my store. She was dressed in a beautiful outfit. She said, ‘I’m ready to do this by myself now.’ Irene asked if she could order a smaller cup of coffee. She took the muffin, one fork this time, and the knife. She split the muffin and told me, ‘I guess I’ll just have to make it last for two days.’”

So is it the coffee, the music, the couches, the relaxed pace, the smiles, or the free bathrooms? At Starbucks, it’s attention to the details of everything—because everything matters. The details that are important to customers are as varied as the customers a business serves. But one thing is incontrovertible: when a company helps its people bring pride, excellence, and playfulness to every aspect of their jobs, those workers literally have the chance to change the lives of those around them.

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### Create Your Own Experience

- What should matter to you that may have been overlooked?
- What details could you attend to that probably matter to your colleagues and your business’s customers?
- What small stuff needs your attention?
- Have you asked your customers what details matter to them?
- What can you do to help drive an everything-and-everyone-matters approach in your workplace?
- Whose life can you change?

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### Ideas to Sip On

**R**etail is detail. For that matter, all business is detail.

- Missed details produce dissatisfied customers who go elsewhere.
- A small detail is sometimes the difference between success and failure. Something as simple as a 7-cent valve helped Starbucks become a publicly traded company.
- Important details live in both that which is seen and that which is unseen by the customer.
- There really is no way to hide poor quality.
- Store environment, product quality, training, the development of a playful culture, and a social conscience all matter.
- Details affect the emotional connection (the “felt sense”) that others have with you.
- Ask customers what details they notice about your business.
- Acknowledge, celebrate, and play!
- Not only does everything matter; everyone matters as well.



