

# The Starbucks Union Boom: How a Pro-Worker Employer Became a Union Target





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# Company Overview

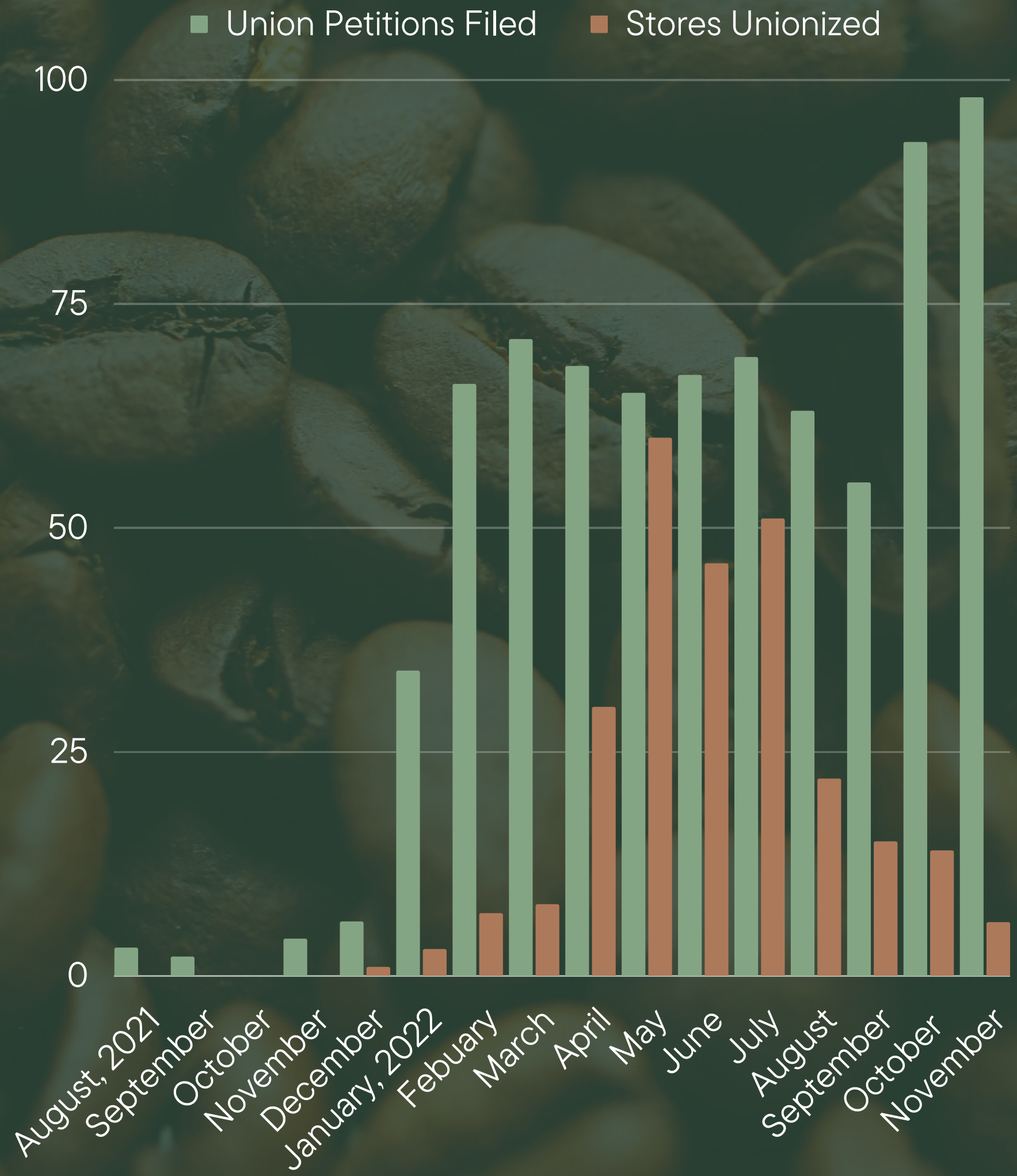


- Starbucks is a Seattle-based coffee company founded in 1971.
- Sells an average of 4 million cups of coffee every day.
- Starbucks offers highly competitive wages and benefits:
  - health coverage
  - tuition assistance
  - paid time off (PTO)
  - retirement plans.
- Starbucks dominates the industry on several fronts.

# Unionization

- Known as "Starbucks Workers United," individual stores around the US began unionizing in 2021
- The Starbucks Partners were advocating for better scheduling, more workplace respect, dress code improvements, seniority, and more
- there have been a series of strikes since the beginning of unionization, with one as recent as last month





# Messaging & Tactics



- Press Releases
- Avoidance of social media acknowledgement
- Shift in social media tone - more recognition of partners; storytelling
- Diversity & Inclusion webpage

# Factors



 **INFLATION**

 **THE UNION BOOM**

 **OTHER  
UNIONIZATION  
EFFORTS**

 **COVID-19**

# Business Impact



## Financial overview Quarter 4, Fiscal Year 2021:

- The North America segment's net revenues increased by 37% from Q4 FY20 to Q4 FY21, reaching \$5.8 billion.
- Operating margin increased to 21.8% from 12.0% the year before.

## Financial Overview Quarter 4, Fiscal Year 2022:

- Operating income declined from Q4 of FY21 to Q4 of FY22, from \$1.3 billion to \$1.1 billion.
- Operating margin decreased to 18.6% from 21.8% the year before



# Page Principles



1. Tell the truth.
2. Prove it with action.
3. Listen to stakeholders.
4. Manage for tomorrow.
5. Conduct public relations as if the whole enterprise depends on it.
6. Realize an enterprise's true character is expressed by its people.
7. Remain calm, patient and good-humored.

# Page Principles Applied:



## 1. Tell the truth.

Starbucks aimed to be transparent while also balancing legal and PR concerns. They were upfront about their need for change in areas of their company culture, and publicly announced changes and steps taken to further the goals of the union. They published press releases periodically including updates and updated sections of their website as well. Starbucks balanced what could have been a major PR crisis for the company with genuine motivation for change and an intention with sharing those changes with their stakeholders.

# Page Principles Applied:



## 2. Prove it with action.

Starbucks made efforts to show how much they care about the concerns and wellness of their employees through action often. Alongside the One Starbucks campaign, leadership began making regular visits to Starbucks branches to help clean (Starbucks Workers United via Twitter, 2021) and meet with branch employees and management. This proved that management and leadership were willing to be there and help out, as they promised through the One Starbucks campaign.

# Page Principles Applied:



## 3. Listen to stakeholders.

Starbucks listened to one of their main stakeholders - their partners - in their reconfiguring of their PR strategy and company initiatives. It was clear that after the unionization process began, Starbucks heard their employees' concerns and worked to spotlight their partners as the core of Starbucks culture, paying special attention to larger concerns and announcing initiatives to address them.

# Page Principles Applied:



## 4. Manage for tomorrow.

Starbucks made an effort to look to future and create long-lasting changes to better address employee concerns and create strong relationships with partners. Instead of attempting to cover up the stories about unionization within the company or crush the efforts, Starbucks made a positive move to reaffirm their commitment to being available for Starbucks partners to address concerns and make Starbucks a positive workplace. Short-term solutions like trying to cover up the stories or crush unionizing inevitably creates a poor image for the company when that information becomes public. Starbucks' efforts being overwhelmingly positive and working from the inside will ultimately lead Starbucks to success because this campaign has been permanently implemented into the company values.

# Page Principles Applied:



## 5. Conduct public relations as if the whole enterprise depends on it.

In their PR strategy it was evident that legal professionals and wider company experts had been involved in the PR messaging. As mentioned in the paper, Starbucks refrained from using the word “union” or naming the unionization movement directly, rather, focused their PR strategy and initiative development on addressing the issues mentioned. Further, Starbucks took this as an opportunity to update their company messaging and culture, catering to their employees’ needs, and involved the greater company beyond simply the baristas and store partners.

# Page Principles Applied:



6. Realize an enterprise's true character is expressed by its people.

This campaign was centered around addressing employee concerns and wellness. Starbucks knew that if employees weren't feeling happy or fulfilled within the company, the company would suffer consequences and lose a crucial connection between partners (baristas) and leadership.

# Page Principles Applied:



## 7. Remain calm, patient and good-humored.

Instead of reacting in an explosive or negative manner, Starbucks remained calm and reacted quickly with a well thought-out campaign to support employees, rather than silence employees, the story, or their efforts.

Starbucks insisted on supporting employees to reaffirm their mission to be available to employees. Starbucks also made an effort to fix relations with employees from the inside instead of starting a smear campaign in the media or anything similar.



# Discussion Questions



- When and where were Starbucks founded?
- Does Starbucks have franchises or are all branches corporate?
  - How does this business structure affect how Starbucks interacts with its employees?
- Starbucks has its own independent union (Starbucks Workers United)...
  - Does this make it more or less appealing to Starbucks workers to join? Explain your position.
  - In your opinion, does an independent union have more or less power? Explain your position.
- Why did the union movement slow down?
- What are some key differences between the Amazon union movement and the Starbucks union movement?
- What could Starbucks have done better?

# Class Activity



- Class will be divided into two groups (side A and side B).
- Both sides will take 10-20 minutes to research what a union is and what their purpose is.
- Side A will argue from the stance: "Unions are a positive."
- Side B will argue from the stance: "Unions are a negative."
- Both sides A and B will present their findings to the class for no longer than 5 minutes each!