

# Can Corporations Influence Social Change?

*An analysis of Starbucks' attempt to bring awareness to racial issues through Race Together*





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# Background

- Founded in 1971
- Sold to Howard Schultz in 1987
- Schultz instills vision of transforming the coffee culture
- Starbucks goes global in 2000
- Competition causes turmoil
- The return of Starbucks' Coffee King





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# A Global Enterprise



# Starbucks Mission & Values

Mission: *To inspire and nurture the human spirit – one person, one cup and one neighborhood at a time*

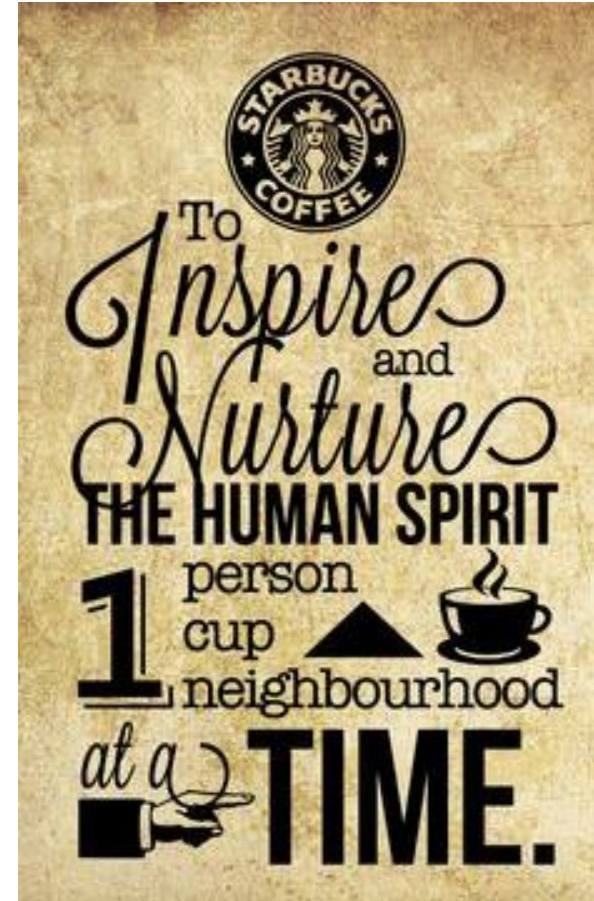
- Creating a culture of warmth and belonging, where everyone is welcome
- Acting with courage, challenging the status quo and finding new ways to grow our company and each other
- Being present, connecting with transparency, dignity and respect
- Delivering our very best in all we do, holding ourselves accountable for results



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# Corporate Character & Reputation

- Fifth on the Fortune list of World's Most Admired Companies for 2015, First within its industry
- Social Responsibility is listed as a key attribute to Starbucks reputation
- Fourth in the RepTrak 'governance' division, which assesses stakeholder perceptions of a company as ethical, fair and transparent
- 31st on Harris Poll Reputation Quotient



Rank	5
Prev Rank	5
Industry	Food Services
Industry Rank	1
Prev Industry Rank	1
Overall Score	7.7
HQ Country	USA
Website	<a href="http://www.starbucks.com">http://www.starbucks.com</a>



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# Corporate Social Responsibility

Community



Ethical Sourcing



Environment



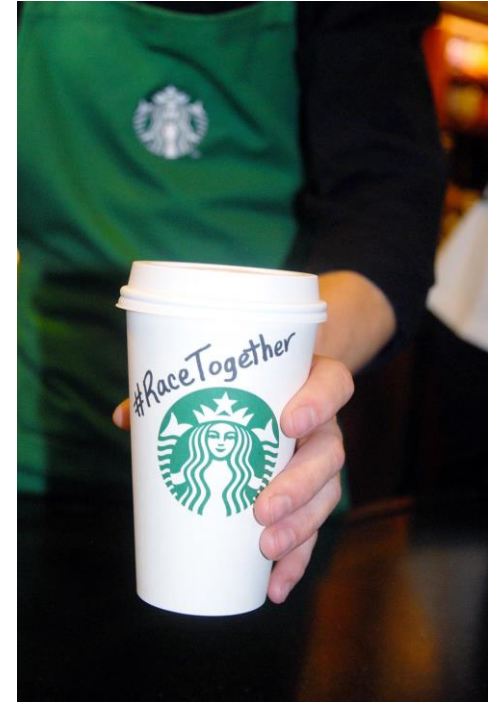


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# Race Together

- Race Together Initiative brought to the public on March 15, 2015



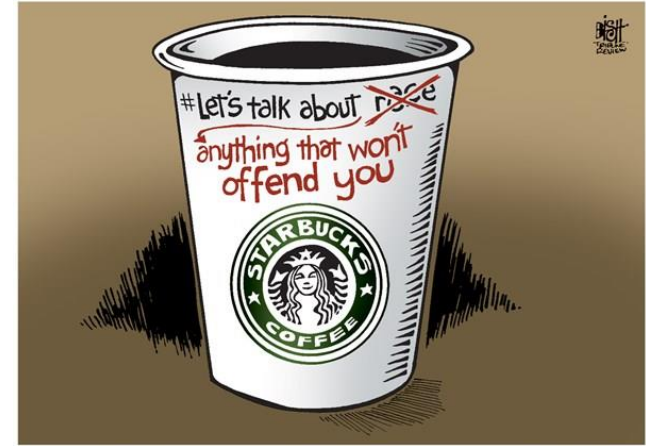


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# Public Response








# #RaceTogether Trends on Social Media

 □\_□   
@Mikelsaac Follow

yesterday: talk about Love at McDonalds  
today: talk about race at starbucks  
tmrw: psychoanalysis from guy who makes blizzards at dairy queen

10:45 PM - 16 Mar 2015

← ↻ 40 ❤️ 62

 **Venus Envy**  
@levijkm Follow

Would #Starbucks lower their prices in order to offset the emotional cost of discussing #RaceTogether with a clueless Barista?

8:14 AM - 17 Mar 2015

← ↻ 4 ❤️ 8

 **April**  
@ReignOfApril Follow

Not sure what @Starbucks was thinking. I don't have time to explain 400 years of oppression to you & still make my train.  
#RaceTogether

6:59 AM - 17 Mar 2015

← ↻ 647 ❤️ 667

 **Jamil Smith**   
@JamilSmith Follow

The only folks happy about Starbucks baristas discussing race with customers are the suits who run it. Feel-good liberalism at its worst.

11:14 PM - 16 Mar 2015

370 RETWEETS 354 FAVORITES

← ↻ ★



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# Media Response

- The media was equally critical of the roll out of Race Together, but had mixed feelings about whether or not it could succeed

Why Starbucks is getting burned with its 'Race Together' campaign

## STARBUCKS, #RACETOGETHER, AND HOW COMPANIES DO GOOD THE RIGHT WAY

ComPost

**Starbucks CEO has a terrible idea to fix race relations**

IDEAS RACE

**Starbucks 'Race Together' Initiative Is Brilliant**

ComPost

**Starbucks CEO has a terrible idea to fix race relations**

**THE WALL STREET JOURNAL.** Thomas Cauley - WSJ+

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GM and Ford UAW Members Ratify Labor Pact

Low Crude Prices Catch Up With U.S. Oil Patch

More to Have Software

**BUSINESS**

**Why Starbucks Takes On Social Issues**

Despite backlash, CEO vows to continue some aspects of company's race relations campaign

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Starbucks CEO Howard Schultz vows to continue tackling social issues, despite mixed results. WSJ's Jason Dean reports. Photo: AP



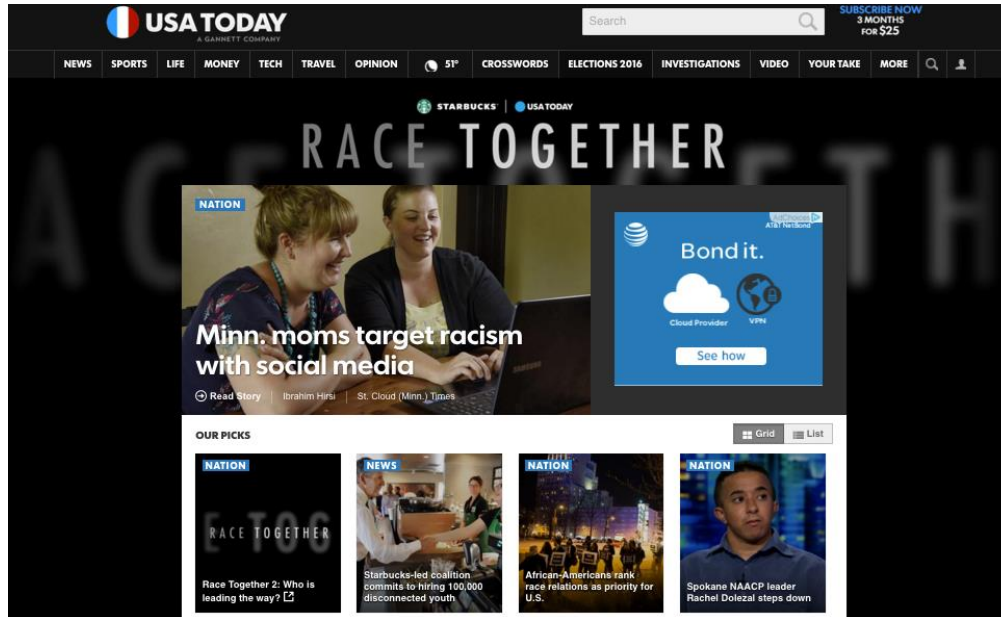
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# Commitment to Societal Change

- In the wake of public backlash, Starbucks doubled down and committed to its mission, paving a way for corporate social activism
- [Howard Schultz defended the initiative](#)





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# Business Impact

- Despite the criticism, Starbucks' stock price increased by 20% since 2014
- The company saw a 4% jump in April 2015, reaching a record high for its fiscal second quarter
- Safest thing for the bottom line is to remain silent, but Starbucks commits to using its scale for good





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# “Growing the beans”





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# Business Performance

- Starbucks Rewards loyalty program (2009)
- Starbucks Digital Network (2010)
- Launch of Create Jobs for U.S.A (2011)
- Acquisition of La Boulange® Bakery (2012)
- Launch of Starbucks' College Achievement Plan (2014)

Retrieved from: NASDAQ (2015)





# Current Financial State

Retrieved from: NASDAQ (2015)

## Race Together Campaign (2015)

“These financial and stock market gains do not seem to have come at the expense of other stakeholders. Starbucks has maintained a strong reputation.” –Corey duBrowa (Ragas & Culp, 2014).

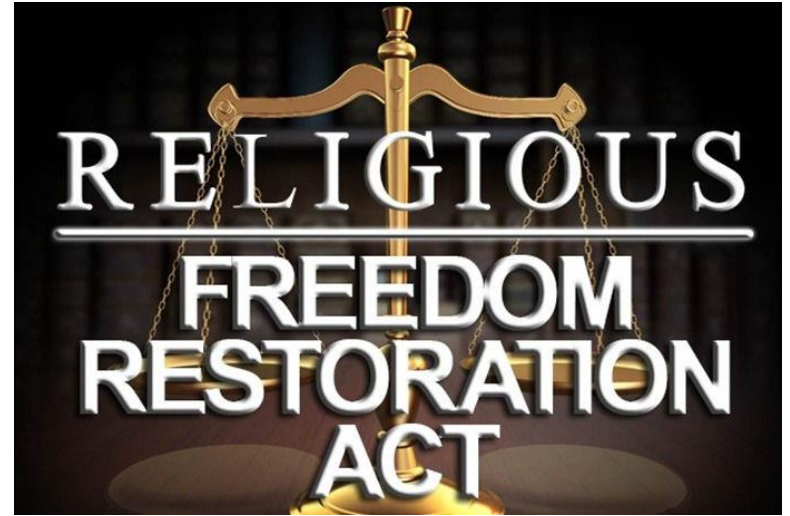


Starbucks's was up 2.06% today, trading at \$61.80

Currency in Millions of US Dollars	As of:	Sep 30 2012 Reclassified	Sep 29 2013 Reclassified	Sep 28 2014	Sep 27 2015 Press Release	4 Year Trend
Revenues		13,276.8	14,866.8	16,447.8	19,162.7	▢▢▢▢
<b>TOTAL REVENUES</b>		<b>13,276.8</b>	<b>14,866.8</b>	<b>16,447.8</b>	<b>19,162.7</b>	▢▢▢▢
Cost Of Goods Sold		9,731.4	10,668.4	11,497.0	13,198.6	▢▢▢▢
<b>GROSS PROFIT</b>		<b>3,545.4</b>	<b>4,198.4</b>	<b>4,950.8</b>	<b>5,964.1</b>	▢▢▢▢

Retrieved from: Bloomberg Business (2015)

# Success Story for Corporate Social Activism







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# Page Principles

*"It's simple: when we do the right thing for our partners and the people they serve - we do the right thing for our business" –Starbucks*

## **Realize a company's true character is expressed by its people**

- Starbucks mission and values are centered around working with its partners to create positive change, Race Together grew out of successful forums held for Starbucks partners
- Starbucks listens to its partners and invests in their success

## **Manage for tomorrow**

- Starbucks mission is to inspire and nurture the human spirit and this mission guides its decisions
- The well-being of its communities will always be a top priority for Starbucks and the company always attempts to generate goodwill as it plans for the future



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# Page Principles

## Prove it with Action

- If Starbucks had started the Race Together Initiative and backed down in the face of public scrutiny, the campaign would have been a complete failure.
- Instead, Starbucks stuck to its corporate values and outlined actionable ways it would address race relations in the U.S.

## Conduct public relations as if the whole company depends on it

- Although the roll out of the Race Together initiative was not well received, the underlying goal was to connect and unite the public through open discussions and a main goal of the initiative was to have a positive effect on the public



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# Page Principles

## Tell the Truth

- Howard Schultz openly admitted writing on the cups was a “tactical error” but remained loyal to the overall plan despite the criticism

## Remain calm, patient and good-humored

- Starbucks did not get defensive of its campaign, instead it followed through on what it set out to do. Schultz was good-humored in the wake of the backlash, but informed the media he would not back down



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# Questions

- Should corporations have an opinion on sensitive societal issues?
- How did Howard Schultz's involvement in Race Together impact the results of the initiative?
- What is the value of CEO and corporate activism to a company?
- Can corporations drive social change?
- Will Race Together pave the way for more companies to address social issues? Or will it discourage companies?