

What does an excellent cup of coffee require? What Starbucks CEO Howard Schultz asserts is that the success behind his coffee deli is the result of incredibly great standards of their products and work atmosphere that constantly remain unchanged.

The account of Starbucks demonstrates that the accomplishment of a company hinges on the uniqueness of what they offer, and that trust, brand renovation, and firm principles are crucial to maintaining a company's development.

## Chapter 1 - Flourishing of companies depends on marketing something unique.

When you start talking about Starbucks with others, it is highly likely that all the participants in the conversation will be cognizant of the topic. It is within our knowledge that Starbucks has become a thriving company, however, do you ever think about the way Starbucks acquired this success?

The mysterious thing that led to Starbucks' flourishing is, according to Howard Schultz, is not mysterious actually. It is very easy and clear to understand: Starbucks has become successful thanks to the company's authenticity, which they managed to accomplish through the sale of solely the best quality coffee.

In 1981, Starbucks was no more than a tiny retail shop. The store sold only dark-roasted Italian form coffee, which we can see everywhere nowadays, however, was something very new at the time. Through roasting the coffee dark, the coffee gets stronger, acquires a better aroma, and gives the same flavor as original Italian coffee.

It was unacceptable for Starbucks to get lower standard beans and Starbucks built a reputation for itself for its highest-quality, dark-roasted savor profile that the people who established it loved so much. Thanks to those first business choices, Starbucks created an irrefutable sense of originality for itself from the onset.

Starbucks has continued to stick to its original coffee profile, from difficult times to today. In 1994, coffee costs soared to a record-breaking high on the global market and coffee prices increased from \$0.80 to \$2.74 in several days, following a frost that devastated most of Brazil's coffee farms.

At the time of this crisis, many shareholders backed the buying of more affordable beans, not to cause the cost of a cup of joe to get higher. However, Starbucks never wanted to reduce its standards and persevered in selling the best quality coffee Starbucks could, rather than decreasing other expenses to compensate for the more expensive cost of beans. After the revival of the global coffee market, Starbucks now gained a much more solid client base since its standards continued to be constantly great.

## Chapter 2 - If you own a firm, you need to be headstrong to achieve what you want.

As you've seen in the preceding chapter, Starbucks sticks to business methods that never reduce the quality. Then what can we deduce from this about its founder's character? Perhaps, you would define Howard Schultz as obstinate. Actually, that attribute is responsible for making Howard join Starbucks at the beginning.

Once he savored the perfect coffee at its shop in 1981, Schultz understood he craved to be head of marketing in the Starbucks retail stores. This attracted the actual founder Jerry Baldwin's attention. However, his shareholders believed Schultz had too countless novel thoughts and was too enthusiastic to make a transformation. Thus, Baldwin rebuffed to employ Schultz.

Initially, this upset Schultz a lot. However, since he was very resolute to be part of Starbucks, Schultz telephoned Baldwin the next day to tell him that not hiring himself was a grave blunder. Then, upon thinking about it for a whole day, Baldwin, yielding to Schultz's determination, decided to hire Schultz.

Starbucks' first hesitation to employ him wasn't the sole impediment. After some while, he decided to break away from Starbucks because of disputes about company growth and initiated a coffee store belonging to him, whose name was Il Giornale. Having accumulated enough money to open his coffee shop for a year, he tried to talk about his ideas to 242 accredited investors. Out of 242 investors, only 25 of them decided to invest in his coffee shop.

Confronted with a rebuff, he became more headstrong. He resumed getting something from investors until it became ultimately possible to open Il Giornale. And, his coffee store ultimately thrived so much that he purchased Starbucks and turned it into a business worth of billion dollars!

There are two things this teaches us: (1) There will constantly be impediments in business; (2) A resolute mindset is essential to surmounting those impediments. However, in order to attain success, there is still a long way to go! Continue reading.

## Chapter 3 - It's essential to create trust with your workers.

You've learned that being headstrong is useful if you have to cope with those at the top of the food chain. However, though with each person is important for your company, you should concentrate on something utterly different: establish a bond based on trust with your workers.

The Starbucks administration has made a great effort to encourage that trust to develop. This trust manifests itself in Starbucks' motto: "Treat people like family and they will be loyal

and give their all.” The employees of the company get a perfect benefits package and there are stock options – Bean Stock – for even those who work part-time. Thus, employees become partners, more than mere workers. Starbucks supports these workers to talk about their views at the quarterly Open Forums, which presents worthy feedback.

Consequently, there is a perfect relationship based on trust between administration and workers. The company's employees are actually so much satisfied working there that the workers have repudiated to be represented by unions from 1992 onward, delivering this announcement: “You trusted us, and now we trust you.”

It sounds logical that when your workers put confidence in you, it's more possible for them to continue working for you longer. However, could you think it is possible to enhance your client bond through this way as well?

To illustrate, Starbucks has less turnover frequency than other relative retail stores – up to 65%, in contrast to 400% annually. Less turnover indicates the company doesn't waste much time and money on showing novel employees how to do stuff.

However, it assists the firm in a more individual fashion, too. Most frequent clients can anticipate the employees to know and welcome them with, “Same as usual?” This intimacy provides the clients with a powerful bond to the Starbucks company, a bond that makes them return to Starbucks. As it's evident, for Starbucks, trust is a precious asset.

## Chapter 4 - Apart from firm principles, a good company has to adhere to them at all costs.

Most people have those people around them that look like altering their principles on impulse, following the most recent crazes and trends. When these are the people whom we just know, this sort of behavior is bearable, however, what would you feel were your business to transform its main values hebdomadal? People who work for you and who buy from your shop wouldn't tolerate this much longer, which explains the reason behind the vitality of a company to stick to its principles.

You've learned in the previous chapters that the main principle of Starbucks is authenticity. Thus, taking this value earnestly has occasionally involved rejecting client demands.

To illustrate, after flavored coffee beans were out, most clients wanted to get these types of coffee they could get from other coffee delis. But, Starbucks continues rejecting to use them, since it's unwilling to defile its best-quality coffee beans with flavoring substances.

It really underpins Starbucks' stance in which Starbucks' worker would grind another business' beans for you, however, it couldn't grind flavored coffee beans in its own grinders since there might be chemicals that remain inside the grinder and blend into the other coffee.

Therefore, principles matter at Starbucks so much that from time to time, it becomes imperative to have long debates on topics that initially appear downright unimportant. After Starbucks started to get client demands for low-fat milk, there were heated debates. This time too, originality pushes Starbucks' visions, and the shareholders broadly believed that it was only possible for a Caffe Latte to be original when it is made with whole fat milk.

However, as opposed to this, one other fundamental principle at Starbucks and in any other reasonable company is to meet the clients' requests. Thus, there was a quandary. Since they didn't want to undermine their principle, Starbucks carried out comprehensive experiments on low-fat products so as to guarantee that the original flavor could still be preserved.

The low-fat Caffe Latte became available solely after they were certain its flavor was as delicious as their genuine full fat Caffe Latte. For those not especially interested in coffee, this might look like much trouble for such trivial matters.

However, it is hard not to commend how Starbucks fervidly supported its principle while the business developed and transformed. And, as you're going to discover in the subsequent chapter, Starbucks underwent many transformations in stores.

## Chapter 5 - It yields good benefits if you make investments more above the curve.

People are aware that it's a smart move to be careful with our money, be frugal, and just waste it on the things you can buy. However, if you're running a company, this good advice changes to the opposite since it usually is crucial to venture out. Frankly, when you desire to be thriving, you need to take some risk and make investments.

Starbucks' awe-inspiring and fast development couldn't have become probable unless Starbucks had begun "making investments above the curve," indicating they made investments in themselves even prior to the arising of the need for it.

In the present day, Starbucks owns 21,000 stores. However, even at the time of owning just 20, Schultz was aware that he desired to get Starbucks larger. Shortly after, Schultz figured out that the one area that required most help was infrastructure.

Having devised plans to expand to 300 stores soon and to maintain roasting its beans, Starbucks had to get roasting plants that could function as it wanted them to do. Their present roasting facilities at the time were far from being able to carry out this task. Thus, they had to have a new facility constructed.

Starbucks had to lure a high-performing management crew as well, a crew that had by then been employees for big corporations, who would possess a talent to manage rapid development. Furthermore, it had to get a complex computer program, which they would arrange to tackle Starbucks' thousands of sales in lots of stores.

Collectively, these transformations needed huge and precarious investment. Most investors were worried after losses that occurred from 1987 to 1989 and tried to push the company to alter strategies. However, it began to be clear that the losses followed from the investment that hadn't yet yielded its profit, and that the stores were actually making profits. Thus, once more, Schultz adopted his stubborn attitude, and the investments yielded good results in time. When it was 1990, Starbucks had been operating at profit and owned a solid basis for more development.

Starbucks wasn't the only company to go through early losses. Many businesses experience challenging times when they're in their early stages. However, should you lose money due to making investments above the growth curve, then your business will certainly prosper and grow further in the future. That strategy goes for not only business plans but also for people, which you'll learn in the next chapter.

## Chapter 6 - Make investments in those cleverer compared to you and allow them to undertake their job.

You have to accept this truth: it's impossible to carry out everything on our own. Yet, those who are in upper positions usually feel imperiled by their best workers, instead of benefitting from their abilities as an asset. Schultz, however, was intelligent to let people who are proficient in their particular fields do their job.

To illustrate, after facing the hurdle of building sales computer software for lots of stores, Schultz employed a programmer who developed the McDonald's sales program. After developing a program for a business that was a lot more prominent than Starbucks, the programmer was apt for the job.

Rather than checking in on her in each stair of the ladder, Schultz put his confidence in her, gave her a fresh start, and allowed her to build a sales program for Starbucks. Starbucks continues to benefit from the same program globally in the present day.

This is an example of simply how much putting faith in your expert workers who are more knowledgeable about their expertise matters; Well, this is what they are proficient at. In 1989, Starbucks hired a novel administrator Howard Behar. Behar started to quickly transform the corporate culture and honestly show he wasn't in favor of most tactics – not much different than Schultz in his initial times at Starbucks!

Initially, Behar's being a manager was uneasy for several other Starbucks managers. However, those who were smart among them managed to get used to it and value his critique for its useful purpose. Thanks to him, Starbucks transformed from a product-focused business to a business whose focus became people.

It was Behar who played a role in the creation of the Open Forums, which provided Starbucks' workers with the chance to present their feedback. Had he been turned down due

to other managers who thought he was endangering their positions, those managers couldn't have gotten the opportunity to take advantage of his excellent novel thoughts, which rendered Starbucks a thriving business as we know in the present day.

Being able to accept novel ideas isn't only essential inside a business; occasionally, these novel ideas can be found in other places, which ignites unprecedented cooperations. In the following chapter, you'll see the way Starbucks made cooperation reach its best level!

## Chapter 7 - Cooperation with people has the capacity to reinvigorate your company, or even transform what you offer for sale.

Should you desire to make your company successful, the classic "if it ain't broke, don't fix it" saying isn't going to be useful. Brand revitalization, however, will increase your accomplishment; the important thing is to transform things prior to their becoming out of date.

Starbucks was able to implement brand renewal to something as old and conventional as coffee. Furthermore, Starbucks implemented revitalization at a scientific level. Biomedical scientist Don Valencia started conducting tests with coffee in 1988. His experiments made him create a coffee extract, which he later perfected until there was no way of identifying it from original, freshly-brewed coffee.

He got this plan to the Starbucks shop nearby, whose bosses were dazzled by his idea, which also fascinated those upper in the Starbucks hierarchy. Starbucks integrated the coffee extract to its organization, and Valencia's discovery rendered it feasible to produce products like coffee-flavored ice cream and bottled drinks that could be drunk at any time. They got the opportunity to sell what they offer in supermarkets, which increased Starbucks' fame to a more extensive market.

One other strategy to build brand revitalization in your business is through cooperation with a different business on a mutual venture. In 1994, Starbucks started collaborating with Pepsi to spread cold coffee beverages, rendering it likely to sell Starbucks in areas in which Starbucks couldn't open a store.

However, this cooperation didn't come about easily. Initially, there was a drastic discrepancy between Starbucks and Pepsi: Starbucks was a small company where employees worked on multiple jobs simultaneously, however, Pepsi workers were accustomed to concentrating on one project at a time.

However, rather than leaving one other in a difficult position, Pepsi and Starbucks preferred to regard these variations as interconnected, and from a good perspective. They started to find answers that would yield benefits to both of them. Doing this, they managed to place the

bottled Frappuccino on the shelves of markets, which was much known at the time and stores were at the time making huge sales shortly after its release.

Possessing the boldness to collaborate in order to revitalize your product can be quite advantageous and make you enter into a global market. However, with the company growing further, it shouldn't steer away from the spirit that played a role in its establishment– the values that led to its accomplishment. Starbucks makes efforts to stick to its founding culture alive, which you're going to learn more about in the following chapter.

## Chapter 8 - A business needs to adhere to its values and guarantee its workers are content to work there.

It's a well-known tale for huge corporations to compromise their principles so that they maintain their position as the leaders of the market, however, this is not what Starbucks did. Rather, Starbucks decided to remain friendly with its workers – which is a difficult thing considering there are approximately 25,000 of them!

Through giving them Bean Stock (stock options) Starbucks creates a spirit of partnership among its workers. The company usually pays above the standards of the sector - aside from other benefits like health coverage for workers and their spouses. Schultz himself interacts with every store through email and voicemail, and every area organizes quarterly gatherings for managers in order to connect management to the base.

A questionnaire carried out in 1996 disclosed that corporate culture was outstanding: almost nine-tenth of workers were happy to be part of Starbucks and the same number of people felt even pride to be employed at Starbucks!

Apart from endeavoring to care for its workers, Starbucks makes efforts to adhere to environmental principles. To illustrate, its one-use paper cups constitute a huge environmental problem. Those paper cups create an improper quantity of waste. In addition, it is occasionally required to have two cups for hot drinks.

Though single-use cups are still an essential element in the sector, Starbucks created cup sleeves, making second cups for hot drinks redundant. The material used for sleeves are half of the material used for a cup and help people's hands against burns due to the heat, which is why second cups are needed. Furthermore, the stores put cups that can be reutilized on the sale to promote less waste. In addition, the company organizes Green Sweeps, where workers collect garbage where they live.

All huge businesses can be confronted with dropping the small business culture from where it originated, however, as in the example of Starbucks, you can still make your company, authenticity, and workers stronger - and ensure client loyalty.

# Pour Your Heart Into It: How Starbucks Built a Company One Cup at a Time by Howard Schultz, Dori Jones Yang

## Book Review

Should you desire to attain the success level of Starbucks, offer your clients something original, whose principals they can put their faith in! Should you desire your company to develop as Starbucks did, create new methods to revitalize your company and build a place where workers are taken care of.

Being headstrong is important!

If you face any problem with a task such as finding investment for what you plan to do, remember only 25 out of 242 investors accepted to invest in Starbucks for his coffee store business. Should you whole-heartedly crave for something, the resolution is the important thing to be successful in it.

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