

Special Report: 7 BUSINESS GROWTH LESSONS from Starbucks

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I really believe that if you want to succeed, you should learn from successful people. And you should learn from people who achieved their success in a way, and by a method that you agree with.

That is why I think that you'll find this analysis of Starbucks Coffee company to be valuable. Because Starbucks, according to it's chairman, Howard Schultz, is a company that has become successful because it takes care of its own people. It has placed employee satisfaction, and community service and customer satisfaction above profits.

(FYI, this report is based upon the show American Made on CNBC which aired April 20th, 2006.)

STARBUCKS STATISTICS:

Currently in 37 countries and operating more than 11,000 stores, Starbucks employees more than 100,000 people and has an annual gross revenue of over 6 billion dollars. They serve over 40 millions customers a week. The company opens 5 new stores a day. Since they went public in 1992, they've had an annual growth rate of 28%. And in the last 14 years their stock has increased over 7000%. (A \$10,000 investment in 1992 would now be worth \$650,000.)

So they're big. The questions for us entrepreneurs are "How did they get that way, and can we apply any lessons to our own little businesses?" I believe there are seven great lessons here for us all.

HOWARD SCHULZ'S EARLY YEARS

Howard grew up in a poor, working class family in Brooklyn, NY. His father transported cloth diapers (in the days before disposables) for a living. Then one day, his father fell and was injured. He couldn't work anymore. So, he was fired from the company. They had no health insurance and no worker's compensation. He saw his father's losing struggle for money and self-esteem. And he realized, as he grew up, that he was a "poor kid."

This early struggle acted like a driving force to propel him out of poverty to success. It was an emotional push that impacted his goals and business philosophy. It wasn't just Success pulling him, it was failure and poverty pushing him emotionally. He said, "I did not want to stay in the projects of Brooklyn. I didn't want to end up like my father."

Lesson 1: You need an emotional force

What is pushing you? Do you have an emotional force that is propelling you forward? Maybe thinking about what you don't want to be anymore can help to drive you to success.

HE HAD A DREAM

He went to the original Starbucks Coffee company and convinced them to hire him as their marketing director. The original Starbucks didn't serve coffee, they only sold it. When Howard was in Italy he realized that coffee was a cultural experience that drew people together. And so, he tried to convince the owners that they were missing out on a huge opportunity by not serving coffee. But they wouldn't do it. So he quit the company...

Then he came back to the company later with investors and bought it. But it wasn't an instant success. During the early growth years, he went one year without a salary. And his father-in-law had a heart to heart discussion with him once and asked him when he was going to quit and get a real job. But he stuck with it.

When asked "Why coffee?", Howard responds that it could have been a number of things. But the important thing is that he had to select a business for which he had "an emotional connection to" and "unbridled enthusiasm".

"You can't fake this," said Howard, "Any business leader or organization can't build greatness if you are not obsessed with what you're doing, passionately."

Lesson 2: Focus! Passion! You've got to have "unbridled enthusiasm!"

Do you really like what you're doing? Are you doing what you've always wanted? Or, are you stuck in a rut? Have you been doing the same things in the same way for so long that you've lost your enthusiasm?

PUTTING YOURSELF IN THE PATH OF SUCCESS

He also said that his success isn't due to him. "I'm not smarter than everyone else. I don't even have a business degree." He credits his success with will power. "The difference between winning and losing, or success and failure, is the grey area of perseverance and just will."

"This can happen to you," he says. "You must put yourself in a position to win. You have to find something that people want to buy or gravitate toward." He also said "If someone goes out of business, it's not because we're putting them out of business. It's because those people are not satisfying their customers."

Lesson 3: We have got to give the customer what they want.

Research and watch the trends. Adjust your show to fit the culture. If you've got what people want, they'll pay for it. Starbucks high-priced coffee is proof.

MagicBase is one of those products that I wish I had 15 years ago. It has literally changed the way that I do business. Joe Romano
[Find out why HUNDREDS of performers in 10 countries are using this program at <http://www.MagicBase.biz/>]

TARGET EXTREME GOALS

And they have extreme goals. Currently they are opening about 5 stores every day. Most of the newer stores are being opened overseas. They are now expanding into China. They want to grow from their 11,000 stores to 30,000.

At one time, Starbucks was opening so many stores inside of other retail outlets, that Jay Leno joked that Starbucks had recently opened a new Starbucks inside of another Starbucks!

Lesson 4: We must have a definiteness of purpose.

We have to know where we want to go. Where do you want to go? Do you have a written 5 year plan?

CORE VALUES MADE THE DIFFERENCE

But what sets Starbucks apart from any other coffee company, besides size?

The company mantra is “Try and exceed the expectations of the customer.” “But”, he says, “You can’t do that until you exceed the expectations of your own people.”

Schultz looks back at his Father’s own history for a lesson on how to treat employees. Starbucks was the first national company to offer Medical Insurance and Stock Options to every employee, including part-timers! And, at the time that they offered these benefits to all of their employees the company was still losing money. This didn’t sit well with the shareholders. But he wanted to offer value for his employees. “Share success with everyone. People can’t be left behind, like my father was,” he said.

“The company must always ask ‘what’s the right thing to do?’”

This attitude has resulted in his employees becoming his best advertising. He said that the company spends less on marketing than it does on training. Most of the marketing was done almost internally. “The emotional connection and trust that we have with our people is what has propelled success.” He also said that the company spends more for medical insurance than it does for coffee. As a result, it’s the employees that make the company. They make the “Starbuck’s Experience.”

“We’re not in the coffee business,” he said, “we’re in the people business.”

He also said that some consumers will choose to purchase from a company that they believe in, not just because of price or marketing. Starbucks has gained that loyalty by giving back to the community. So, even though, in many markets, Starbucks is the most expensive coffee, they still thrive. The culture and values of the company are what give them their competitive edge.

According to Starbucks, price is secondary. They wanted to create a company with soul.

Lesson 5: Your core values should include serving people.

You may not have any employees, but is there still a lesson here for you?

I think it is that you can have a profitable business with core values that really seek to serve others. Putting people first shouldn't just be a motto, it should be the central core of your business.

Practical applications: Do you offer a money-back guarantee on your shows or products? Isn't that putting people before profits? Do you ever donate your services for a good cause?

Are you really concerned about customer satisfaction? Does it bother you if you do a less-than-stellar performance? And I don't just mean does it bother you for your own sake, but does it bother you that a customer might be dissatisfied?

What are you doing to try to establish customer loyalty?

BRANDING: MAKING YOUR MARK IN A MARKET

Us performers can also learn something about branding from Starbucks. Howard Schultz said that before Starbucks, there wasn't really a gourmet coffee market in the U.S. They are credited with starting the coffee craze.

His goal has been to make Starbucks the "third place" that people hang out at, besides work and home. And he said that the Starbucks brand has been developed less by advertising and more by the experience itself.

Lesson 6: Establish your brand.

What about you? What are you doing to establish your brand? Starbucks has taught us that we don't really have to spend huge amounts of money to brand ourselves. Maybe if we offer our customers (our audiences) a unique experience in our shows, that we can create ownership of a market niche. Is your show unique? Are you doing anything original?

THE FUTURE OF STARBUCKS

Now that they're a huge company, they are expanding into other related businesses. They are now selling music and related merchandise in their stores. Also, since they offer WiFi access in most of their stores, they now possess one of the largest "WiFi footprints" in the world. And they may be creating their own WiFi channel.

Howard Schultz says that the reason that they can be building and growing their business so quickly now, is because they have spent lots of time working on the foundation.

Lesson 7: Build your foundation.

Focus on your foundation; your driving motivations; your passions; your customer's felt needs; your goals; your core values; your brand. Build the foundation, and the growth will be easier, and other opportunities will result from your growth.

FINAL WORDS FROM HOWARD SCHULTZ:

“Success is best when it’s shared.”

“The entrepreneurial spirit and the American Dream are alive.”

“You can’t achieve your dream unless you really dream big. Dream Big!”

Wild Hand is an eye-popping, “Wild Card” type of trick that is performed entirely in the hands. No sleight of hand. See the video at BobMillerMagic.biz

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