

Starbucks Coffee Company Crisis Communication Plan

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Starbucks Background/Objectives

Starbucks' story began in 1971 when it started as a roaster and retailer of the whole bean and ground coffee and tea and spices in a single store in Seattle's Pike Place Market. Since then, Starbucks has grown as a company and now has a total of 17,651 stores throughout all 50 states and 43 different countries. In 1991, Starbucks became the first privately owned company to offer stock option program to include part time employees. In 1994, the company opened its first drive thru store. In 2006, the first paper cup using post-recycled material was introduced. The company launched Starbucks Via coffee in 2009 and in 2011, the company celebrated its 40th anniversary with an updated brand identity.

Starbucks' mission is to inspire and nurture the human spirit one person, one cup, and one neighborhood at a time. The company has several impact objectives for non-crisis campaigns. These objectives are to:

- Seek to offer customers high-quality products
- Continue to find new ways to provide wholesome food and beverage selections for customers
- Dedicated to become a place that accommodates customers nutrition and taste
- Be innovative in how they think about communities
- Work with farmers
- Work towards becoming a "green" and environmentally friendly company

Starbucks also has a set of objectives for crisis campaigns. These objectives are:

- To re-ignite the Starbucks experience through driving improvement and change in all areas that "touch the customer"

- To build for the long term
 - to realign our organization and streamline the management of the organization to support customer focused initiatives
 - to accelerate our success story and growth even further

The Crisis Team members are the CEO, CFO (chief financial officer), PR professional, the company lawyer and health inspector. The leaders of the Starbucks Company are

- Howard Schultz-Chairman, president and CEO
- Troy Alstead-CFO
- Cliff Burrows-President, Americas
- Vivek Varma-Executive Vice President, Public Affairs
- John Culver-President, Starbucks Coffee China and Asia Pacific
- Michelle Gass-President, Starbucks Europe, Middle East and Africa
- Blair Taylor-Chief community officer

Starbucks Contact Information

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Customer Relations team

1-800-23-LATTE

www.starbucks.com/customer

Howard Schultz

Chairman, President and CEO

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Phone: 206 318 7100

Email: press@starbucks.com

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Email: EMEAcommunications@starbucks.com

Greater China Inquiries

Phone: +86 21 2412 5802

Email: gc.communications@starbucks.cn

Crisis Risk Assessment

The top five potential crises for Starbucks, in order of likelihood of occurrence, are contamination of products, information being spread about Starbucks that calls for some type of action (whistleblower), hazards to employees, showing support or a lack of support for a controversial issue and facing litigation or getting sued by an employee or customer. The top five crises, ranked in order of magnitude of threat to the company are: whistleblower, support/lack of support for a controversial issue, contamination of products, facing litigation/getting sued and hazards to employees.

Each of these five potential crises poses potential risk to the Starbucks Company. If an employee is harmed while at work, other employees could start to feel unsafe in the work environment and may no longer want to work for the company. If there is a whistleblower or talk of support, or lack of support, of a controversial issue, rumors could begin to spread about Starbucks. If rumors begin to spread, this could lead to increased attention and Starbucks may be viewed in an unfavorable light and could begin to lose customers. If the products become contaminated, dissatisfaction among customers could spread. If customers begin getting sick from the contamination, they may begin to distrust the brand and switch to competitors' products.

Of these five, the risks that are most severe and most likely would be the whistleblower, support or lack of support of a controversial issue and contamination of products. If a product becomes contaminated, the main risk is clearly the quality of the product and the fact that it could be making consumers sick. The next risk is the affect that has on the consumers' attitudes toward the brand-will they continue to trust products in the future or will they switch to a competitor? If Starbucks supports a controversial issue that consumers don't agree with, some customers may not feel comfortable continuing to give Starbucks their business. Starbucks' reputation could be damaged among consumers with different ideals and beliefs. These would be most severe because all situations could damage Starbucks' reputation to its publics and could cause the company to lose business.

Target Audiences/Publics

Starbucks has both internal and external publics. Internal publics include baristas, servers, managers, VP's, officers, growers/suppliers, distributors and janitors. External publics include coffee drinkers, community members, media outlets, competitors, local and national government, non-coffee drinkers, environmentalists, investors and partners. Coffee drinkers are the most evident target public as it is their support that drives business. Along with coffee drinkers are the non-coffee drinkers that come in for tea, frappuccinos, pastries, other drinks and breakfast or lunch items. The coffee drinkers and non-coffee drinkers are the company's source of profit and influential voice on the success of the company. The baristas, mangers and servers are important target publics because they are the corporate representatives and the primary source of customer contact for Starbucks.

The growers and suppliers are important to Starbucks because they produce the product that creates and maintains the success of the company. Investors are important target publics because they're the ones that provide financial stability for Starbucks. Partner organizations allow Starbucks to be able to market to a wider consumer audience and thus prove to be an important target public. The local and national government are important because both control health and safety standards of Starbucks and control product trade laws. The community as a whole is an important target public for Starbucks because it will determine how welcome the business is in the given area and the company relies on the community's support and business. Competitors are a key target public because they potentially draw consumers away from Starbucks so it's important for the company to be aware of what competitors have to offer and remain on an even playing field. The media is also an important target public for Starbucks because it serves as a powerful voice to mass markets and audiences and can create a positive or negative image for the company.

Media Relations

As Starbucks is a large company with several locations spread across all 50 states of the U.S. and 43 other countries, we've considered large scale news outlets but we have also considered local outlets. As our specific crisis management team is stationed here in Wisconsin, we have provided more local outlets. The media outlets we considered were local and major newspapers and news stations.

Daily Union

28 Milwaukee Ave. W.
Fort Atkinson, WI, 53538
Phone: (920) 563-5553

Wisconsin State Journal

1901 Fish Hatchery Road
Madison, WI 53713
Phone: 608-252-6200

Local Media

WLUK-Fox 11 920-490-1407

Associated Press

430 W. 33rd Street

New York, NY 10001

Phone: 212-621-1500

(press release to info@ap.org)

Thomson Reuters

3 Times Square

New York, NY 10036

Phone: 646-223-4000

The New York Times

620 Eighth Avenue

New York, NY 10018

Phone: (212) 556-1234

Los Angeles Times

202 W. 1st St.

Los Angeles, CA 90012

Phone: (213) 237-5000

Chicago Tribune

435 N. Michigan Ave.

Chicago, IL 60611

Phone: (800) 874-2863

Action Steps

Different crises will require different action steps and each member of the Crisis Team will perform differently depending on the situation. Although each crisis will require different action steps, there is a general sequence of events for each one. The first action step is to assess the situation. Starbucks' Crisis Team must critically evaluate the damage the crisis has caused to the life, health and/or reputation of employees, customers, investors and all others affected. Next,

the Crisis Team must determine the immediate actions to take that are appropriate to handle the given situation. The Crisis Team must make sure to keep all members of the team informed, as well as keeping the public honestly informed. The last step is to address the public and receive any help needed in solving the problem at hand.

For the majority of crises, the CEO, Howard Schultz, and the PR professional will be the key decision makers. However, depending on the crisis at hand, the decision makers will vary in each situation. Further on in this crisis communication plan, our top five crises are discussed in more detail as well as the decision makers and action steps for each one.

Logistics

The Crisis Communication Centered is located at Starbucks Corporate office & Headquarters. Our team has come up with three alternate locations in Whitewater, District of Columbia, and Chicago, Il.

Location 1: Starbucks Corporate Office & Headquarters

2401 Utah Ave. South Seattle WA 98134

Phone: (206) 447-1575

Location 2: 809 W Starin Road

UW-Whitewater Hyland Hall

Whitewater, Wi 53190

Available equipment and resources:

Computers

Wireless internet

Whiteboards

Access to audio/visual equipment

Phones

Crises Simulation

This next portion of the plan goes into detail in regards to the five potential crises mentioned previously.

Crisis #1- Illness and Contamination regarding Food or Product

With 48 million people getting sick yearly due to food contamination there are more chances for Starbucks to undergo a product or food contamination crisis. These situations are considered a crisis for product and food contamination and need to take immediate attention. If it causes public harm, if it causes public fear or loss of company loyalty within the customer, if it disrupts long term damage to cleanliness of products, if it causes business to not run properly, and if situation needs to get new equipment or system in order for it to run safely and efficiently.

Target Audiences

- General public
- Employees
- Higher position Employee's
- Company Lawyer
- Health Inspector

As the general public would be a target audience for this situation because they are the ones who will determine how they feel about the company after the crisis had occurred. This will determine how the crisis was handled due to how loyal Starbucks customers are. The employees would be a target audience because they are going to be the face of the crisis and be dealing with it first hand with customers. The employees need to be told all information and have a complete understanding of the crisis to reduce the risk of releasing any false information to the public.

This task will rely heavily on the CEO to communicate with all parts of the company in an efficient way. The CEO will need to be able to be open to answer any questions and clarify the situation to the employees and have them know what this crisis means for the company and how

it will effect them. As a CFO they will need to find out how the products/food got contaminated and if the company needs new equipment or repairs to fix the crisis. The important part will be to figure out how costly this crisis was. The PR officer will need to send out press releases to all major news outlets, to reduce any false or confusing information. The PR officer will also have to get a complete list of the states and stores that the contaminated products/food already arrived at, and let the public within this surrounding area aware. As the company lawyer they will need to be in contact with the people who have been at risk with the contamination to reduce and legal obligations that the public and Starbucks would run into. A health inspector has a very important role in a contamination crisis, in reducing such crisis or handling one. They will need to determine how much product has been contaminated and what has contaminated it. They will need to find out how this happened and what they could do in the future to reduce this. They will need to find out if the product can be stopped from reaching a customer and putting their health at risk.

Action Steps

1. Have Public Relation officer contact major media sources
2. Send out a press release and set up a conference for Q and A
3. Have CFO and CEO available, with records of all food and beverages
4. Have CEO inform people of the crisis (externally and internally)
5. Have lawyer deal with legal obligations and contact all individuals who have been in contact with the contamination. Have complete records of a previous case, and records of individuals and their symptoms/what they ate
6. Follow up with the general public on how crisis was overcome and what actions the company took to overcome it

Crisis #2- Whistleblower

A crisis within the Starbucks organization arose when the media caught wind of some faulty information. An unnamed member of the organization talked to media and linked the company with some illegal off-shore bank accounts being personally used by the CEO of the company. These bank accounts have been getting money funneled in illegally for quite some time claimed the informant and have been used for personal use only.

Target Audiences

- General public
- Workers
- The VP's and other higher positioned people

The target audience includes multiple groups. One group would be the general public that are Starbucks drinkers. They would be important to target because they are our main customers and we don't want to lose them over false information. Another target audience would be the workers of Starbucks. It would be essential to address them because the workers should not feel their hard work has been going to a personal bank account of the CEO rather than the entire organization. Finally, it would be vital for the CEO to acknowledge his board members and higher positioned members of the organization because they as well would feel cheated if they found out this account is real.

Media Relations

As the CEO I would have my PR professional contact major newspapers such as the LA Times and New York Times immediately after knowing the story came about. I would contact someone within the financial section of the papers.

New York Times: Susanne Craig would be an ideal contact because she has been reporting on world financials for 15 years with multiple newspapers.

Action Steps

7. Have PR professional contact multiple media outlets
8. Hold a press conference for news stations
9. Have CFO provide records of annual sales and spending for Starbucks
 - a. Have information for the last 10 years
10. Make a Youtube video that reassures the public this is fake information
11. Have the corporate lawyer contact news media to try and figure out who was the whistleblower
 - a. If they can find out the information we would sue them in legal court for false allegations about the company

Logistics

The equipment needed to complete all the action steps would be very little. The most important piece would be the journalist and news casters to provide ample air time or column space within their newspaper articles. The resources need would be the PR professional's connections with media outlets including; journalists, broadcasters, news stations, and social media.

Crisis #3- Hazards to employees (machine malfunctions, fire and injuries)

In the event of a crisis that relates to hazards to employees such as machine malfunction, fires, or injuries, the responsibility of the Chief Financial Officer is to develop the financial well-being of the organization or business. Another key responsibility of the CFO is to use the necessary marketing skills to develop a growth plan for the business to make sure they are financially stable.

Target Publics for this crisis:

- Employees: primary concern because they are the ones involved
- Starbucks upper management: Being responsible for the specific location and being responsible for their employees working
- Starbucks CEO: being in charge of all the Starbucks locations staff
- Customers: being aware of what is going on in the locations as well as being updated on safety precautions
- Starbucks lawyer: to protect the employees as well as the company

Media Relations

As the CFO, I would work with the CEO of Starbucks as well as the PR professional to send out any necessary press or news releases that needed to go out. In the case of employee injuries or machinery malfunctions, news releases would go out throughout the companys different locations and branches as well to any supplier that was involved in a case of machinery malfunction. Necessary releases would go out to machine suppliers and necessary recalls if that's an issue as well. Most importantly, I would take on a more managerial role and as long as

the financial state of the company is steady, I can help out more with the upper management team.

Action Steps

1. Have the CEO and other upper management tend to any injured employee and compensate them accordingly. Such as workman compensation or any other financial need during a time of crisis.
2. Have the PR professional send out any news or press releases to the appropriate media outlets if necessary.
3. The CEO and President of the company should get in contact with the injured or employees involved in the situation and reach out to them. They should handle the situation before any legal actions are taken.

Crisis #4- Showing support/non-support for controversial issue

A crisis occurs within the Starbucks organization when it comes to the public's attention that the company has been donating money to several anti-gay organizations and some upper management employees have been making anti-gay comments. It has come to the public's attention that throughout the past couple years, Starbucks has donated millions of dollars to a select view companies that openly do not support same sex marriage. The upper management employee has been quoted saying that the company values the traditional, biblical definition of the family unit.

Target Audiences

- General public
- LBGT (Lesbian, Gay, Bisexual and Transgender) community
- Employees
- Partners/investors

In this specific crisis, there are several target audiences. The first would be the general public that which includes all Starbucks drinkers. While this statement may not directly affect them, all customers will have an opinion on this controversial issue and feel strongly about it. The second target audience would be individuals of the LMGT community who this issue directly affects and targets. Another target public would be the Starbucks employees. It's important to address the employees and remind them that while it's obvious that all people are welcome to their own opinions and beliefs, but speaking publicly about them reflects back on the whole company. Finally, it's important that Starbucks' partners and investors are addressed in this issue. Companies that are partnered with Starbucks through promotions or distribution of products may

no longer feel comfortable being affiliated with a company that doesn't support the gay community.

Media Relations

As the PR professional, I would release a statement made by the CEO on the Starbucks website, Facebook and Twitter. This statement made by the CEO should be something along the lines of: "We are deeply sorry if any comments made or company affiliations have offended anyone. As a company, Starbucks respects and supports people from all walks of life. Personal values and beliefs held by individual employees do not mirror those of our company. In regards to the organization's we've donated to: we've had long standing relationships with these organizations but their views in no way shape or affect our company beliefs and values. " Along with the CEO's statement being released on the company's website, Facebook and Twitter, I (as the PR professional) would send out press releases to all major newspapers. These press releases would provide information about all of the good things Starbucks is currently doing within the community. The press releases would contain information about what charities we've donated money to, our push towards being environmentally friendly, and affiliations with companies that support gay marriage. Hopefully these press releases would turn into feature articles focused on the positive aspects of our company. Possible contacts would be ABC news, CBS news, NBC news, the New York Times and the LA Times.

Action Steps

1. CEO releases statement
2. PR professional posts statement to the company's website, Facebook and Twitter

3. CFO gathers all financial information regarding the charities and other good causes Starbucks as donated to along with a list of organization's that support gay marriage that we've given money to
4. PR professional gives press release to all major newspapers and newscasters containing the information gathered by the CFO in order to have feature articles published and news stories run
5. CEO and PR professional plan "Starbucks appreciation day": a promotion run at all locations offering a percentage off customers' total orders or a free drink to celebrate the company, bring customers back in, and get the focus off of the negative social issue at hand
6. Inform the company lawyer of the issue and have her prepared in case any customers or equal rights groups attempt to sue the company for any reason related to this issue

Logistics

The equipment needed to complete the actions steps would be very little. The most important would be a computer needed to access the social media sites and the company website to release the CEO's statement. The other equipment would be the journalists writing the articles and the column space needed to do so. The PR professional's relationships with journalists and newscasters would also be important.

Crisis #5- Legal Issues- Being sued, facing litigation

Lawyer: [Lucy Lee Helm](#), executive vice president, general counsel & secretary

Office: Seattle, Washington

Responsibilities: Policy Governance; Department Operations

A crisis Starbucks could face is the possibility of being sued or facing litigation. These possibilities include individuals suing for cup/lid product malfunction, employees suing for gender inequality or breach of contract, or another company suing for copyright. Being sued can have a number of effects including a financial downturn if the opposing party wins the case, a negative image, an absence of people in management or a change that has to be made to the company's structure as a result of the case's outcome.

Target publics for this crisis situation include:

- The opposing party
- Customers
- Starbucks' lawyer
- Media Outlets
- Starbucks CEO
- Starbucks CFO
- Starbucks PR professional
- Starbucks employees

Media Outlet Contacts:

This site (<http://archive.mrc.org/MediaAddresses/mediaaddresses.asp>) has contact information including address, phone number, email and website for the major national and regional news organizations including The Boston Globe, Newsweek, Chicago Tribune, Denver Post, LA Times, The Milwaukee Journal Sentinel, NY Times, etc.

Action Steps

A strategy to avoid legal issues in the first place is to uphold a vigilant customer service

department and keep all lines of communication strong with publics. Lawsuits may arise anyway, and once the company becomes aware of a lawsuit, a meeting should be scheduled with the Starbucks CEO, CFO, lawyer and top vice presidents at the headquarters in Seattle. It will be the responsibility of the lawyer to schedule this meeting once she has consulted with the necessary members of the legal counsel to gather all case information and analyses to share with the other managers. At the meeting, the lawyer should brief the managers on the case to make sure everyone has a clear understanding. The team should decide whether to proceed with the hearing or try to make a deal with the party to avoid going to court. Starbucks' lawyer should have the No. 1 say in making the initial decision to avoid court or proceed because the lawyer will have the best insight in whether the case is winnable or not. If the group decides to avoid going to court, the CFO's opinion should carry the heaviest weight, because that person will know what is within the company's limitations and what's needed to rebound from the loss. The CEO and PR professional should both provide valuable input throughout the entire process, keeping in mind the company's image and the overall well-being of the company. The CEO has final veto power if he or she goes against the suggestions of the lawyer, CFO or PR professional. No matter what decision is made in deciding to go to court or not, the PR professional should schedule a news conference with all major news organizations so the CEO can issue a statement. The PR professional should write a speech for the CEO, which would be started as a draft in the meeting. The PR professional should also send out press releases providing enough information to keep all publics informed of the situation in an attempt to avoid rumors. If the lawsuit derives from an internal public dispute, the PR professional should begin a internal public campaign that addresses the issue at hand. An external ad campaign plan to help restore the company's image should be the final step after the case is finished. The CEO should remain informed and be able

to appear at news conferences and ad campaigns for the duration of the crisis. If a substantial amount of money is involved in the case, the CFO needs to make sure money is in the right place to keep the business running efficiently.

If the company ends up going to court, the vice presidents will take over the responsibilities of each person who has to be present in the court room. Each manager should have a manual to make sure the VPs know what their duties are during the time period.

Once things go back to normal, changes should be considered regarding the customer service department and human resources/internal public relations to strengthen lines of communication and avoid future problems. Satisfaction surveys, monthly feedback meetings, and audits and analyses can be conducted.

The equipment and resources needed in this crisis include media outlet contacts, all items needed to set up a news conference (microphone, podium, chairs, speakers), marketing company contacts to set up for the ad campaign and access to a headquarters conference room.

Evaluation Plan

In order to understand how well the company did in carrying out these crises and for us to know what to change or keep the same, we must test the effect the crisis plans had on our intended target audiences. In order to evaluate our performance, the CFO and sales team can analyze Starbucks' financial standings and see if there was a loss in profit or business following each crisis. As a company, we can also reach out to publics through surveys and ask what their previous opinion was of Starbucks prior to the crisis and what it is now. Taking the feedback from those surveys, we can tweak each crisis communication plan to make each one more effective and efficient.

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