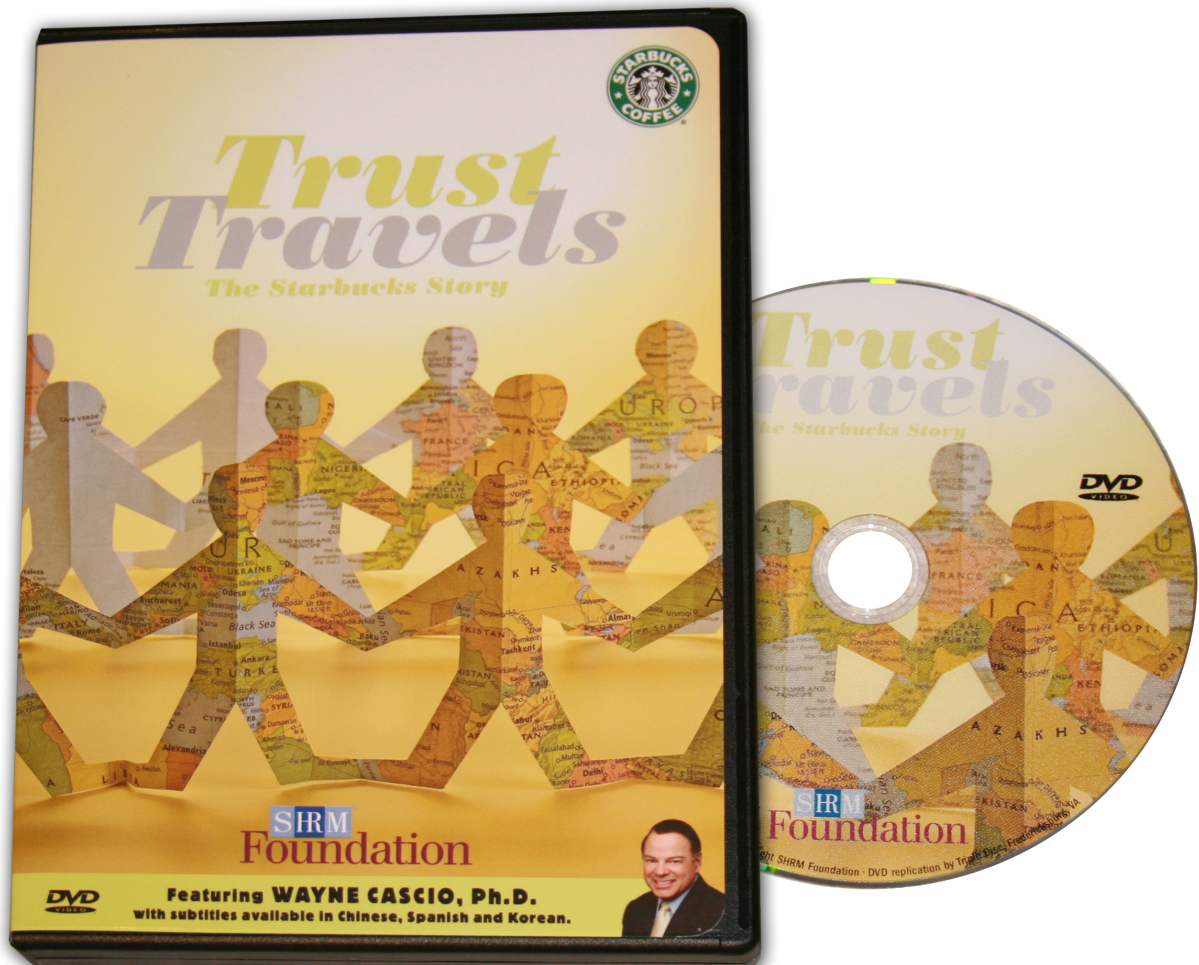


Discussion Guide



Trust Travels: The Starbucks Story

Presented by:

SRM
Foundation

Discussion Guide

Read This First!

Thank you for using the SHRM Foundation DVD, *Trust Travels: The Starbucks Story*. This document outlines the suggested use and explanation of the supplemental materials created for use with the video. Please read it carefully before proceeding.

Our goal is to provide you, the facilitator, with materials that will allow you to create a customized presentation and discussion. For this reason, we have included a Comprehensive Materials document, which includes all supplementary materials, as well as an Individual Materials folder, which contains each of the documents separately. In addition, discussion-question slides from the PowerPoint can be deleted to customize your presentation and discussion.

Suggested Program Agenda

1. Distribute the Discussion Questions to participants and suggest that they watch the DVD with the questions in mind.
2. Play the DVD.
3. Use the PowerPoint introductory slides (Slides 2 through 6) to discuss the DVD, the history of Starbucks and the 5 important lessons presented at the end of the DVD.
4. Distribute the Participant Worksheets to generate individual thought and discussion. (Alternatively, these worksheets can also be used to assign group activities and continue with Step 5 after the activity, or they can be used after Step 5 to assess participant understanding. Please see the Participant Worksheet section below for more information.)
5. Use the PowerPoint question slides (Slides 7 through 16) to discuss each individual primary discussion question. (The Question Guide provides the facilitator with all necessary information and answers to lead a comprehensive discussion.)
6. Distribute the Participant Worksheet Answer Keys to participants.

Supplemental Materials Descriptions

Starbucks Overview

The Starbucks Overview can be used as either a facilitator guide or a participant handout. It includes a general outline of important facts about the company, as well as a comprehensive overview of the role of trust at Starbucks.

20-Minute Video Synopsis

The Video Synopsis can be used as either a facilitator discussion guide or a participant handout. It presents a chronological summary of the important segments of the video, highlighting the speakers and critical points in each section.

SHRM and SHRM Foundation Overview

The SHRM Overview should be used as a participant handout. Divided into two sections, it gives a detailed description of both SHRM and the SHRM Foundation.

Human Resource Certification Institute (HRCI) Summary

The HRCI Summary should be used as a participant handout. It discusses the levels of professional HR certification available through the Institute, with brief descriptions of each.

Discussion Questions

Please consider the following questions as you watch the SHRM Foundation DVD, *Trust Travels: The Starbucks Story*. Your facilitator may ask you to answer these questions in discussion or activity format at the completion of the DVD.

How can companies build a relationship based on trust with their employees?

How does a company live by its guiding principles?

What does workforce diversity mean for an organization?

How does a company remain faithful to its mission?

With whom does the company interact through Corporate Social Responsibility?

How do companies create a “Top-100” environment?

What should companies know about trust?

How can health benefits contribute to build trust?

What is the role of HR in a business made of people?

Starbucks Overview

UNITED STATES STORES

50 states, plus the District of Columbia
Company-operated stores: 6,281
Licensed stores: 3,533

INTERNATIONAL STORES

39 countries outside the United States
Company-operated: 1,553 stores
Joint Venture and Licensed stores: 2,361

PRODUCTS

- Coffee (30 blends)
- Handcrafted Beverages (espresso beverages, teas)
- Merchandise (espresso machines, coffee brewers and grinders)
- Fresh Food (pastries, sandwiches, salads)
- Starbucks Entertainment (music, books, films)
- Global Consumer Products (bottled beverages, liqueurs, ice creams)
- Starbucks Card
- Brand Portfolio (Starbucks Entertainment, Tazo, Ethos Water, Seattle's Best Coffee)

HISTORY

The first Starbucks was opened in Seattle, WA, in 1971. Howard Schultz joined the company in 1982, eventually convincing the company to expand its bean business into a full-service coffee-and-espresso-drinks restaurant. Initially, the owners rejected the restaurant idea, believing that getting into the beverage business would distract the company from its primary focus (beans). In the 1980s Schultz started his own small coffee house, which was rebranded as Starbucks in 1987. At the time of its initial public offering in 1992, Starbucks had grown to 165 outlets.

2006 SALES: \$7.8 Billion

EMPLOYEES: 140,000

MISSION STATEMENT

To establish Starbucks as the premier purveyor of the finest coffee in the world while maintaining our uncompromising principles as we grow.

GUIDING PRINCIPLES

- Provide a great work environment and treat each other with respect and dignity.
- Embrace diversity as an essential component in the way we do business.
- Apply the highest standards of excellence to the purchasing, roasting and fresh delivery of our coffee.
- Develop enthusiastically satisfied customers all of the time.
- Contribute positively to our communities and our environment.
- Recognize that profitability is essential to our future success.

Video Overview

Narrated and presented by Wayne F. Cascio, Ph.D., the SHRM Foundation's fifth video examines the importance of trust in the workplace. Filmed on location at Starbucks Coffee, Seattle, WA headquarters, and featuring interviews with Starbucks officers, managers and employees, this film presents several compelling reasons for incorporating trust into the fabric of a company.

20-Minute Video Synopsis

THE IMPORTANCE OF TRUST

Wayne Cascio

Wayne describes the importance of trust in an organization and how it affects employees, customers, sustainability and profitability.

A BUSINESS OF PEOPLE

Jim Donald, Gerry Lopez, Ken Lombard

1:10 – Business is about people, partner-customer service relations

1:30 – Global Consumer Product Division

2:00 – Diversification

Starbucks executives discuss conducting business with employees and vendors through well defined, fair partnerships that seek to provide maximum benefits to all parties. They then describe the different lines of business that Starbucks is involved in and how it stays true to its principles.

DESCRIPTION OF STARBUCKS' BUSINESS

Paula Boggs, Chet Kuchinad, Dave Pace, Jim Alling

2:29 – Description of Starbucks business

3:20 – Store partner, headquarters support center, spirit of service

After a brief description of the operations, the executives talk about the history and rationale for referring to their employees as partners.

MISSION AND GUIDING PRINCIPLES

Dave Pace, Gerry Lopez, Jim Alling, Dorothy Kim, Ken Lombard, Paula Boggs

4:11 – Mission and guiding principles

5:22 – Diversity as a way to do business

6:46 – Starbucks performance

7:20 – Mission review/partner survey

Starbucks' actions are deeply rooted in its mission that provides guidance to partners and management for everyday operations, planning and goal setting. Diversity is an integral part of the way Starbucks does business, and it is reflected in the organization at all levels. Graphics illustrate the performance of Starbucks compared to major financial indexes (S&P 500 and NASDAQ). Starbucks uses partner mission review to evaluate how management's decisions conform to the expectations of the partners.

20-Minute Video Synopsis (Continued)

CORPORATE SOCIAL RESPONSIBILITY

*Dave Pace, Gerry Lopez, Dorothy Kim,
Ken Lombard, Paula Boggs*

- 7:55 – Corporate Social Responsibility
- 9:25 – Partners' local involvement
- 9:50 – Legal services for the poor

For Starbucks, Corporate Social Responsibility means establishing a fair relationship with its customers, the communities in which it operates and its vendors. For example, initiatives like CAFÉ Practices (Coffee and Farmer Equity) work to ensure profitability for farmers who are suppliers to Starbucks. The company provides legal assistance as a pro-bono service to individuals in the communities in which it operates. Providing pro-bono services is a requirement of all members of the legal staff.

WORKING ENVIRONMENT AND TRUST

Jim Donald, Martin Coles, Paula Boggs, Dave Pace, Jim Alling, Dorothy Kim

- 10:30 – Top-100 environment (being accessible, SB Mexico, UK)
- 11:25 – Creating and maintaining trust
- 12:38 – Why people join Starbucks

Jim Donald illustrates how Starbucks has been able to create a top-100 work environment and how his management style contributes to the environment of trust. The executives discuss the fragility and necessity of a trusting environment. Finally, they present the reasons people join Starbucks.

HEALTH BENEFITS AND THE RELATIONSHIP WITH PARTNERS

Dave Pace, Chet Kuchinad, Martin Coles, Dave Pace

- 13:24 – The importance of health benefits
- 14:40 – Relationship with partners and value

Dave Pace explains how Howard Schultz's childhood experience contributed to the company's emphasis on the importance of health benefits. The executives talk about the value of health care around the world, where most countries provide national health care. The executives explain how critical health insurance is to maintaining long-term relationship with partners.

THE ROLE OF HR

Jim Donald, Jim Alling

- 15:11 – The importance of the HR department
- 16:08 – What makes a great HR professional

Jim Donald explains why HR is important to a company and the services it must provide to the organization. According to Jim Alling, HR needs to be flexible and adapt to the needs of the line manager. Donald explains that a great HR professional must be approachable and accessible.

ADVICE FOR SMALL COMPANIES

Dave Pace

- 16:28 – Advice for small companies

Dave Pace provides advice for small companies—including defining and communicating principles, challenging those principles and making sure behaviors are consistent with one's principles.

Society for Human Resource Management (SHRM)

The Society for Human Resource Management (SHRM) is the world's largest association devoted to human resource management. Representing more than 225,000 individual members, the Society's mission is to serve the needs of HR professionals by providing the most essential and comprehensive resources available.

As an influential voice, the Society's mission is also to advance the human resource profession by giving HR professionals tools to be business leaders, such as executive education programming with prestigious business school partners, SHRM Academy courses in business education, the SHRM Foundation video series, Quarterly Research reports, the HR Competency Toolkit, International Certification and much more. The Society also works to build recognition in the business community about the role HR plays in organizational success.

SHRM serves the profession by providing HR professionals with ready access to the latest information and trends through SHRM Online Web casts and content, *HR Magazine*, SHRM white papers, research surveys and the SHRM Knowledge Center, which received more than 125,000 calls last year.

Founded in 1948, SHRM currently has more than 575 affiliated chapters in the United States and members in more than 125 countries. For more information, visit SHRM Online at www.shrm.org.

SHRM Foundation

The SHRM Foundation is the 501(c)(3) nonprofit organizational affiliate of the Society for Human Resource Management. Since 1966, the SHRM Foundation has focused on HR as a strategic business leader. It advances the profession and increases the effectiveness of HR professionals through research, education, innovation and research-based knowledge.

The Foundation funds strategic research in all areas of HR management. Research grants for up to \$200,000 are available; for instructions, go to the SHRM Foundation Web site (www.shrm.org/foundation).

The SHRM Foundation Board of Directors reviews proposals three times each year. Numerous research projects are currently underway. More than 85 percent of Foundation research projects completed since 1998 have resulted in a published article, book or major conference presentation.

In addition, the Foundation funds the dissemination of research-based knowledge through its Effective Practice Guidelines Series DVDs and innovative educational initiatives such as the SHRM Masters Series, Thought Leaders Retreat and scholarship programs.

The SHRM Foundation is governed by a volunteer Board of Directors, comprised of distinguished HR academic and practice leaders. Contributions to the SHRM Foundation are tax deductible. For more information, please visit the SHRM Foundation Web site (www.shrm.org/foundation).

QUESTION GUIDE

Trust is the foundation for an effective relationship with employees. Companies that build trust with their employees can benefit from a dedicated and passionate workforce and increase their value. Starbucks is an important example of a company that has built its success on its people as well as on its products.

Some additional questions to discuss:

How does Starbucks create trust with its employees?

At Starbucks all the employees are considered “partners” and those at corporate headquarters consider themselves a “support center” for the organization.

How can companies provide support to their employees?

Understanding the needs of employees at all levels of the organization is fundamental in order to provide effective support. Management needs to act based on this understanding and obtain constant feedback from employees.

How can small firms extend ownership to their employees?

Small firms can extend ownership by establishing a performance appraisal system that is based on measures connected with organizational results and that ties employees’ behavior to effects on the company’s bottom line.

How can companies share success with their employees?

Participants should discuss their personal experiences with initiatives aimed at sharing corporate success within the organization.

How can companies build a relationship based on trust with their employees?

Provide support

To build a supportive environment means providing employees with better tools, counseling and advice in order to let them improve their performance. The support a company gives to its employees is translated into better service to the customer.

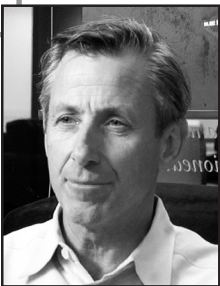
Share success

A company is successful if all members of the organization perform at their best; tangible rewards and praise for success should not stop at the top-management level but should be shared with all employees.

Extend ownership

If employees become owners of the company, their involvement will increase and they will develop a deeper sense of commitment to their job.

According to the Experts...



Jim Donald
President & CEO

“The way we talk about the partner is probably embedded more in all of our strategic discussions and P&L conversations than in any other company I worked for...”

ADDITIONAL RESOURCES

“Do they trust you?” - Eric Krell
www.shrm.org/hrmagazine/articles/0606/0606cover.asp

Building & Sustaining a Culture of Trust: The Starbucks Story
www.shrm.org/foundation/tlr/Pace_Presentation.ppt

QUESTION GUIDE

Guiding principles are the building blocks of organizational culture, but after they have been defined and shared with all the employees, a company needs to live by these principles and make them part of every decision-making process.

Some additional questions to discuss:

How does Starbucks view its guiding principles?

They are viewed as a “magnetic north,” a source of guidance that indicates the best approach for the strategic decisions that shape the future of the company.

Who should define the guiding principles of an organization?

Defining the guiding principles of an organization is not a democratic process. The people who have the best understanding of the company should define what the company really stands for and what it would like to be.

What are the challenges that small firms face when defining their guiding principles?

Small firms, especially start-ups, might be tempted to define broad and general guiding principles that reflect the ambitions but not the true identity of the organization. Time spent on defining the guiding principles should be seen as an investment that will improve the company’s ability to differentiate itself from competitors.

How do companies generally communicate their guiding principles?

Participants should discuss if and how their organizations communicate their guiding principles internally and externally.

How does a company live by its guiding principles?

Use them as a point of reference

Guiding principles should be understood and accepted throughout the organization and should be taken into consideration whenever different courses of action are considered so that cultural integrity is preserved and reinforced.

Make decisions based on them

Taking into consideration the guiding principles is not enough; companies need to take action based on them. In specific circumstances the guiding principles might even go against and override other business-related criteria when making strategic decisions.

Embed them in interactions with customers and employees

In order to live by its guiding principles, an organization needs to transmit them to its employees, its customers and other stakeholders, not only through written documents but especially through daily interactions that demonstrate commitment to them.



Gerardo Lopez
SVP, Global Consumer Products

According to the Experts...

“At the highest levels of this company we talk about [the guiding principles] all the time. We try to make decisions based on them.” Jim Alling: “When we veer off course, we say ‘Wait a minute, where’s our magnetic north?’ It is our mission statement and guiding principles—and we find our way back to them.”

ADDITIONAL RESOURCES

Focusing on Organizational Values Through Corporate Social Responsibility:
HR’s Leadership Role
www.shrm.org/research/competitive/values.asp

QUESTION GUIDE

Workforce diversity is becoming an attribute of a growing number of organizations; it can be a source of advantage if companies understand what it means and how it can increase their value.

Some additional questions to discuss:

Where does diversity fit into Starbucks' strategy?

At the core; in fact, "Embrace diversity as an essential component in the way we do business" is one of Starbucks' guiding principles.

How should companies manage diversity?

Diversity should be taken into consideration as a source of opportunity in all the processes that deal with human resources. Exposing employees to a diverse environment can increase their knowledge and make them more adaptive to a changing environment.

How can small firms leverage a diverse workforce?

In small organizations it's important that members of minority groups be encouraged to express their points of view on critical issues and contribute actively in the decision-making processes.

Is diversity generally viewed as an issue or as an opportunity?

Participants should discuss whether diversity is an issue or an opportunity in their work environments.

What does workforce diversity mean for an organization?

Diverse leadership

Diversity at all levels of an organization implies that corporate leadership becomes plural and can reflect different cultures that need to be integrated organically to express the mission and the core values of the company.

Different styles

Diversity means that different perspectives on the same issue can increase creativity and enable a company to identify new opportunities and new solutions. In this sense, diversity becomes an asset that can improve a company's ability to react to changes in the environment and to provide better products and services to its customers.

Impact on value

Diversity, if managed proactively, can have a strong impact on the bottom line and increase the economic value of a company by making it unique in its approach to doing business.



Dorothy Kim
EVP, Supply Chain Operations

According to the Experts...

"Diversity is one of our guiding principles, and it is how we do business: Everything from how we hire partners to how we actually try to build that diversity at the leadership level, in mid-management and all the way into our organization. Diversity is not only defined by what you can see visually, how people look, but also by how people work, their behaviors, their styles, experiences they bring, and how that all comes together to bring out the best in everybody."

ADDITIONAL RESOURCES

Maintaining the Momentum of Your Diversity Efforts
www.shrm.org/chapters/resources/06LCH/Velasquez.ppt

QUESTION GUIDE

The corporate mission defines the enduring character of an organization: what the company really stands for. In today's fast-paced and turbulent environment, it is easy for companies to be distracted from their missions and pursue short-term goals that contrast with the mission. Therefore, it is important that leaders steer their organizations so that they remain faithful to their long-term purposes.

Some additional questions to discuss:

How does Starbucks audit management's decisions?

Starbucks conducts a periodic mission-review partner survey through which all the partners can express their opinions about how the company is remaining faithful to its mission.

How might a company prepare for and conduct employee audits that are designed to aid management's decisions?

First, companies should be transparent in communicating management's decisions to all the levels of the organization; then they should implement a communication channel that can quickly collect feedback and produce summary reports about the outcome of the survey.

How does mission review differ in large versus small organizations?

Small organizations should take advantage of their size and create an open environment that stimulates frequent informal feedback to the top.

Do companies collect and analyze employees' feedback about strategic decisions?

Participants should discuss the degree to which their companies involve employees in a review of management's decisions and if management actually uses the feedback it collects.

How does a company remain faithful to its mission?

Audit management decisions

Management's decisions and actions should not be seen as absolute and necessarily perfect. They should instead be audited by the organization in order to evaluate their compliance with the corporate mission.

Survey employees

The best auditors for management's decisions are the employees, especially those who interact with customers and other stakeholders and can address the extent to which the results of management's decisions are aligned with the corporate mission or if they send a different message to the outside.

Act based on frontline feedback

Frontline employees' feedback should always produce a critical review of what has been done, and clear steps need to be taken and communicated when mistakes are corrected. This approach requires an open and honest involvement of all the management.



Gerardo Lopez
SVP, Global Consumer Products

According to the Experts...

"Mission review is taken very seriously, and it affects the way we run the company, it affects the decisions we make... I've never seen another company that endeavored to not only ask but to actually do something with what employees tell the executives."

QUESTION GUIDE

Every corporation is part of, and influences in many ways, its social environment. In order to be successful, an organization needs to accept the social responsibility it has toward its stakeholders. It then needs to go beyond a logic based on profit and adopt an approach that links value growth to the establishment of fair and supportive relationships with the social environment.

Some additional questions to discuss:

What is C.A.F.E.?

C.A.F.E., Coffee and Farmer Equity, is a set of coffee-buying guidelines. These guidelines were designed to ensure the sustainable supply of high-quality coffee, achieve economic accountability, promote social responsibility within the coffee-supply chain and protect the environment.

Where should CSR initiatives start from?

Corporate Social Responsibility starts by considering all stakeholders that are affected by the company, its business and its operations. Top management should assess the most relevant areas of social impact on the stakeholders and ensure that corporate activities that address these areas are inspired by socially acceptable principles.

How can small organizations implement CSR?

Small organizations often lack the resources that larger companies have to invest in social responsibility initiatives, but nonetheless, they can be effective if they make sure that every member of the organization shares the corporate social responsibility principles and never fails to take them into consideration when evaluating alternatives that can affect the company's social environment.

Do companies collect and analyze shareholders' feedback about strategic decisions?

Participants should discuss how their companies interact with their shareholders and if they evaluate their actions from a social perspective.

With whom does the company interact through Corporate Social Responsibility?

Customers

Products and services are the most important form of communication with customers. Everything that goes into the products and services a company sells speaks to its social responsibility. Assuring quality in terms of safety and value and meeting or exceeding customer expectations is the best way to display a company's commitment to CSR.

Suppliers

Establishing a fair relationship with suppliers, especially those in developing countries, is a signal that a company is willing to invest in a socially sustainable business model that is not based on the exploitation of local and global suppliers that have low bargaining power.

Communities

Companies need to be aware of the impact they have on the communities in which they operate and sell their products. Support to local communities can create an environment that is more receptive to the company and can improve sales as well as the overall business environment.



Gerardo Lopez
SVP, Global Consumer Products

According to the Experts...

"We feel that we do CSR not because it has some bottom line benefits—those are nice—but simply, frankly, because it's the right thing to do."

ADDITIONAL RESOURCES

Providing Corporate Social Responsibility Advice Is Opportunity for Consultants
www.shrm.org/consultants/news_published/xms_00001.asp

QUESTION GUIDE

The ability to create an outstanding working environment can be a source of sustainable competitive advantage when companies need to attract the best talents and can improve their performance by decreasing turnover and increasing the satisfaction employees derive from their jobs.

Some additional questions to discuss:

Why do people join Starbucks?

Because it is a work environment in which they believe they can express their best qualities and make a difference.

What kinds of benefits improve the work environment?

The work environment can be improved if companies provide their employees with non-monetary benefits that increase their job satisfaction. Such benefits can include, for example, a more flexible work schedule, training opportunities or involvement in social activities.

What role does the working environment play in a small organization?

For small companies, having a particularly attractive working environment is a factor that can be helpful when recruiting since they might not be able to pay salaries that are competitive with those of large corporations.

How is your company trying to improve its working environment?

Participants should discuss what their companies are doing to improve the work environment and the degree to which these initiatives are successful.

How do companies create a "Top-100" environment?

Putting people first

The most important prerequisite for creating a great workplace is to realize that employees are the ultimate drivers of wealth creation. Improvements in the work environment create more passion and commitment in the workforce and eventually reach the customers in the form of better products and services.

Accessible top management

Top management needs to be supportive and provide timely answers and advice to all employees. At the same time, top management needs to appreciate and analyze the feedback that comes from all members of the organization and act upon it.

Homogeneous environment across all levels of the organization

An organization needs to be homogeneous across all the hierarchical levels in order for a positive culture to develop and the work environment to improve. Fragmentation and strong status differentiation send negative signals to employees and hamper the effects of other initiatives aimed at improving the work environment.



Jim Donald
President & CEO

According to the Experts...

“Creating an environment that is a top 100 is an environment that is at all levels of the organization. We think and talk about our business as being a people business first and a coffee business second.”

ADDITIONAL RESOURCES

Facing Diversity
www.shrm.org/diversity/R18DIV.pdf

QUESTION GUIDE

Trust is a concept that companies should incorporate in all their relationships with stakeholders. But building, preserving and maintaining trust is a process that needs to be managed. Otherwise, trust will be disrupted easily.

Some additional questions to discuss:

Where is Starbucks' attention to trust reflected?

In its great work environment, in the "Starbucks experience" that characterizes customer service and in the fair relationship with suppliers.

What is the price that companies pay when trust is broken?

The price to be paid when trust is broken can have a great impact on companies' bottom lines. Relationships with customers can deteriorate and sales decrease, or loyal suppliers and partners can turn to competitors if they believe a company is trying to take advantage of them. In general, public opinion can make it difficult for companies to do business if they disregard trust.

How can trust help small businesses grow?

Small companies can build a reputation on trust and win customers away from bigger companies when they demonstrate their strong commitment to the establishment of mutually beneficial relationship.

Do employees trust their companies?

Participants should discuss how much they believe they can trust the companies they work for or what these companies have done to establish trust in the relationship with their employees.

What should companies know about trust?

Trust is earned

A handshake doesn't build trust. It takes commitment and attention to all the interactions with the other party to build trust and to show that the organization wants an honest and mutually beneficial relationship with its stakeholders.

Trust is fragile

Even a single action or a wrong word can break trust; for these reasons all members of the organization should be aware that what they do or say when interacting with a stakeholder can have serious consequences for the company.

Trust needs to be nurtured

Once trust is built, it requires continuous reinforcement through different types of initiatives that are consistent with each other.



Wayne Cascio, Ph.D.
Professor, University of Colorado, Denver

According to the Experts...

"Trust is the foundation of exceptional performance, for it underlies risk-taking, accountability, service, creativity, customer loyalty and a sustainable competitive edge through people."

ADDITIONAL RESOURCES

Research Shows 5 Ways To Gain Trust of Subordinates
www.shrm.org/hrnews_published/archives/CMS_021152.asp

QUESTION GUIDE

Health benefits are often a key component of a compensation plan; they are usually seen as a cost, but they can be, as in the case of Starbucks, a fundamental part of the corporate culture and a way to differentiate from other employers. Ultimately, health benefits can be instrumental in establishing trust with employees.

Some additional questions to discuss:

What is Starbucks' policy regarding health care benefits?

Starbucks provides health care benefits to all employees who work at least 20 hours per week, thus extending health coverage to almost its entire workforce.

How can companies justify their health care benefits expenses?

Especially for large organizations, generous health care benefits may translate into higher productivity and lower turnover, two factors that directly affect costs associated with the workforce and profitability. Nonetheless, companies need to actively manage their health benefits programs so that costs do not grow out of control.

How can small companies limit their health benefits costs?

They can band together with other companies to form a "purchasing coalition" to negotiate better rates with insurers. Coalitions have become key cost-control devices for small businesses, and about 75 such coalitions exist today, according to the National Business Coalition on Health.

What policies are generally adopted by companies with regard to health benefits?

Participants should discuss their companies' policies about health benefits.

How can health benefits contribute to build trust?

They safeguard employees' well-being

The well-being of its workforce is of paramount importance for a company. A healthy workforce translates into more productivity and reduces costs associated with the replacement of sick employees. From the employee's point of view, it provides peace of mind and eliminates worries that can decrease commitment to the job.

They create engagement

Extensive health benefits demonstrate that a company cares about one of the most important needs of its workforce and can build an emotional link between the company and the employees that generates trust and creates a more engaging work environment.

They are valuable for the employee, for the company and for the community

Health care benefits are valuable for both parties and demonstrate a tangible effort toward improving the standard of living of the communities in which the company operates. Health care benefits are part of a socially responsible corporate culture.



Dave Pace
EVP, Partner Resources

According to the Experts...

"Health care has always been an important part of who we are as a company, and it stems from Howard's [Schultz] experience as a child. When his father was injured in a work-related accident and didn't have health insurance, he saw the effect of that on his family. So it was his commitment to create a company that would not leave anyone behind."

ADDITIONAL RESOURCES

Employer-Provided Health Benefits Rank Higher Than Cash
www.shrm.org/rewards/library_published/benefits/nonIC/CMS_018957.asp

QUESTION GUIDE

Starbucks is a business made of people, and its management believes that human resources plays a strategic role in this type of organization. The increasing complexity and relevance of all the processes that deal with human resources indicate that companies should consider how a more effective approach to human resource management can increase their success.

Some additional questions to discuss:

What is HR's role at Starbucks?

HR provides to line management the expertise and the knowledge required when dealing with employees, but its approach is not invasive: the final decision is always left to the line manager.

How should HR approach a diverse and global workforce?

HR should pay attention to differences within the workforce and adopt a flexible approach so that each individual can maximize his or her potential and the organization as a whole can become more effective.

How can small companies effectively manage human resources?

Very few small businesses can afford to employ a full-time human resources manager. But employment issues are too important to leave to chance. Putting a senior manager in charge to ensure HR activities are covered highlights the importance of human resources to the rest of the organization and creates a people-oriented culture.

What are the biggest challenges for HR?

Participants should discuss the challenges that HR faces in today's global and highly integrated context.

What is the role of HR in a business made of people?

Provide strategic input

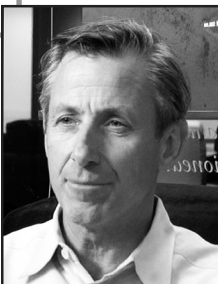
HR should have "a seat at the table" when strategic decisions are made. Having such a perspective ensures that a company understands how to define a strategy that leverages its workforce and stimulates the growth of its human capital.

Assist the organization's line managers

HR should be motivated by a spirit of service and support other functions in the pursuit of their goals.

Promote organizational culture

Because HR manages the processes that relate to the acquisition, development and retention of the human capital of a company, it is in the best position to communicate, through all these interactions, the mission and the core values of the organization.



Jim Donald
President & CEO

According to the Experts...

"The HR department has to have a seat at the table. They have to set the groundwork and the infrastructure for all things, whether it's reviews, compensation, staffing, hiring... but at Starbucks, it is even more critical because our culture is the people."

ADDITIONAL RESOURCES

Focusing on Organizational Values Through Corporate Social Responsibility: HR's Role
www.shrm.org/research/competitive/values.asp

When The CHRO Wears the Chief Ethics Officer Hat
www.shrm.org/hrresources/whitepapers_published/CMS_021937.asp

PARTICIPANT WORKSHEET

How can companies build a relationship based on trust with their employees?

Participant's Name _____

Follow the facilitator's instructions to complete this worksheet. Comprehensive answers will incorporate information from the video, personal experience and classroom discussions.

How does Starbucks create trust with its employees?

How can companies provide support to their employees?

How can small firms extend ownership to their employees?

How can companies share success with their employees?

PARTICIPANT WORKSHEET

How does a company live by its guiding principles?

Participant's Name _____

Follow the facilitator's instructions to complete this worksheet. Comprehensive answers will incorporate information from the video, personal experience and classroom discussions.

How does Starbucks view its guiding principles?

Who should define the guiding principles of an organization?

What are the challenges that small firms face when defining their guiding principles?

How do companies generally communicate their guiding principles?

PARTICIPANT WORKSHEET

What does workforce diversity mean for an organization?

Participant's Name _____

Follow the facilitator's instructions to complete this worksheet. Comprehensive answers will incorporate information from the video, personal experience and classroom discussions.

Where does diversity fit into Starbucks' strategy?

How should companies manage diversity?

How can small firms leverage a diverse workforce?

Is diversity generally viewed as an issue or as an opportunity?

PARTICIPANT WORKSHEET

How does a company remain faithful to its mission?

Participant's Name _____

Follow the facilitator's instructions to complete this worksheet. Comprehensive answers will incorporate information from the video, personal experience and classroom discussions.

How does Starbucks audit management's decisions?

How might a company prepare for and conduct employee audits that are designed to aid management's decisions?

How does mission review differ in large versus small organizations?

Do companies collect and analyze employees' feedback about strategic decisions?

PARTICIPANT WORKSHEET

With whom does the company interact through Corporate Social Responsibility?

Participant's Name _____

Follow the facilitator's instructions to complete this worksheet. Comprehensive answers will incorporate information from the video, personal experience and classroom discussions.

What is C.A.F.E.?

Where should Corporate Social Responsibility initiatives start from?

How can small organizations implement Corporate Social Responsibility?

Do companies collect and analyze shareholders' feedback about strategic decisions?

PARTICIPANT WORKSHEET

How do companies create a "Top-100" environment?

Participant's Name _____

Follow the facilitator's instructions to complete this worksheet. Comprehensive answers will incorporate information from the video, personal experience and classroom discussions.

Why do people join Starbucks?

What kinds of benefits improve the work environment?

What role does the working environment play in a small organization?

How is your company trying to improve its working environment?

PARTICIPANT WORKSHEET

What should companies know about trust?

Participant's Name _____

Follow the facilitator's instructions to complete this worksheet. Comprehensive answers will incorporate information from the video, personal experience and classroom discussions.

Where is Starbucks' attention to trust reflected?

What is the price that companies pay when trust is broken?

How can trust help small businesses grow?

Do employees trust their companies?

PARTICIPANT WORKSHEET

How can health benefits contribute to build trust?

Participant's Name _____

Follow the facilitator's instructions to complete this worksheet. Comprehensive answers will incorporate information from the video, personal experience and classroom discussions.

What is Starbucks' policy regarding health care benefits?

How can companies justify their health care benefits expenses?

How can small companies limit their health benefits costs?

What policies are generally adopted by companies with regard to health benefits?

PARTICIPANT WORKSHEET

What is the role of HR in a business made of people?

Participant's Name _____

Follow the facilitator's instructions to complete this worksheet. Comprehensive answers will incorporate information from the video, personal experience and classroom discussions.

What is HR's role at Starbucks?

How should HR approach a diverse and global workforce?

How can trust help small businesses grow?

What are the biggest challenges for HR?

PARTICIPANT ANSWER KEY

How can companies build a relationship based on trust with their employees?

The following answers are key points in the primary and secondary discussion questions. Use this guide to check the answers on your Participant Worksheet.

Trust is the foundation for an effective relationship with employees. Companies that build trust with their employees can benefit from a dedicated and passionate workforce and increase their value. Starbucks is an important example of a company that has built its success on its people as well as on its products.

Provide support

To build a supportive environment means providing employees with better tools, counseling and advice in order to let them improve their performance. The support a company gives to its employees is translated into better service to the customer.

Share success

A company is successful if all members of the organization perform at their best; tangible rewards and praise for success should not stop at the top-management level but should be shared with all employees.

Extend ownership

If employees become owners of the company, their involvement will increase and they will develop a deeper sense of commitment to their job.

How does Starbucks create trust with its employees?

At Starbucks all the employees are considered “partners” and those at corporate headquarters consider themselves a “support center” for the organization.

How can companies provide support to their employees?

Understanding the needs of employees at all levels of the organization is fundamental in order to provide effective support. Management needs to act based on this understanding and obtain constant feedback from employees.

How can small firms extend ownership to their employees?

Small firms can extend ownership by establishing a performance appraisal system that is based on measures connected with organizational results and that ties employees’ behavior to effects on the company’s bottom line.

How can companies share success with their employees?

Participants should discuss their personal experiences with initiatives aimed at sharing corporate success within the organization.

PARTICIPANT ANSWER KEY

How does a company live by its guiding principles?

The following answers are key points in the primary and secondary discussion questions. Use this guide to check the answers on your Participant Worksheet.

Guiding principles are the building blocks of organizational culture, but after they have been defined and shared with all the employees, a company needs to live by these principles and make them part of every decision-making process.

Use them as a point of reference

Guiding principles should be understood and accepted throughout the organization and should be taken into consideration whenever different courses of action are considered so that cultural integrity is preserved and reinforced.

Make decisions based on them

Taking into consideration the guiding principles is not enough; companies need to take action based on them. In specific circumstances the guiding principles might even go against and override other business-related criteria when making strategic decisions.

Embed them in interactions with customers and employees

In order to live by its guiding principles, an organization needs to transmit them to its employees, its customers and other stakeholders, not only through written documents but especially through daily interactions that demonstrate commitment to them.

How does Starbucks view its guiding principles?

They are viewed as a “magnetic north,” a source of guidance that indicates the best approach for the strategic decisions that shape the future of the company.

Who should define the guiding principles of an organization?

Defining the guiding principles of an organization is not a democratic process. The people who have the best understanding of the company should define what the company really stands for and what it would like to be.

What are the challenges that small firms face when defining their guiding principles?

Small firms, especially start-ups, might be tempted to define broad and general guiding principles that reflect the ambitions but not the true identity of the organization. Time spent on defining the guiding principles should be seen as an investment that will improve the company’s ability to differentiate itself from competitors.

How do companies generally communicate their guiding principles?

Participants should discuss if and how their organizations communicate their guiding principles internally and externally.

PARTICIPANT ANSWER KEY

What does workforce diversity mean for an organization?

The following answers are key points in the primary and secondary discussion questions. Use this guide to check the answers on your Participant Worksheet.

Workforce diversity is becoming an attribute of a growing number of organizations; it can be a source of advantage if companies understand what it means and how it can increase their value.

Diverse leadership

Diversity at all levels of an organization implies that corporate leadership becomes plural and can reflect different cultures that need to be integrated organically to express the mission and the core values of the company.

Different styles

Diversity means that different perspectives on the same issue can increase creativity and enable a company to identify new opportunities and new solutions. In this sense, diversity becomes an asset that can improve a company's ability to react to changes in the environment and to provide better products and services to its customers.

Impact on value

Diversity, if managed proactively, can have a strong impact on the bottom line and increase the economic value of a company by making it unique in its approach to doing business.

Where does diversity fit into Starbucks' strategy?

At the core; in fact, "Embrace diversity as an essential component in the way we do business" is one of Starbucks' guiding principles.

How should companies manage diversity?

Diversity should be taken into consideration as a source of opportunity in all the processes that deal with human resources. Exposing employees to a diverse environment can increase their knowledge and make them more adaptive to a changing environment.

How can small firms leverage a diverse workforce?

In small organizations it's important that members of minority groups be encouraged to express their points of view on critical issues and contribute actively in the decision-making processes.

Is diversity generally viewed as an issue or as an opportunity?

Participants should discuss whether diversity is an issue or an opportunity in their work environments.

PARTICIPANT ANSWER KEY

How does a company remain faithful to its mission?

The following answers are key points in the primary and secondary discussion questions. Use this guide to check the answers on your Participant Worksheet.

The corporate mission defines the enduring character of an organization: what the company really stands for. In today's fast-paced and turbulent environment, it is easy for companies to be distracted from their missions and pursue short-term goals that contrast with the mission. Therefore, it is important that leaders steer their organizations so that they remain faithful to their long-term purposes.

Audit management decisions

Management's decisions and actions should not be seen as absolute and necessarily perfect. They should instead be audited by the organization in order to evaluate their compliance with the corporate mission.

Survey employees

The best auditors for management's decisions are the employees, especially those who interact with customers and other stakeholders and can address the extent to which the results of management's decisions are aligned with the corporate mission or if they send a different message to the outside.

Act based on frontline feedback

Frontline employees' feedback should always produce a critical review of what has been done, and clear steps need to be taken and communicated when mistakes are corrected. This approach requires an open and honest involvement of all the management.

How does Starbucks audit management's decisions?

Starbucks conducts a periodic mission-review partner survey through which all the partners can express their opinions about how the company is remaining faithful to its mission.

How might a company prepare for and conduct employee audits that are designed to aid management's decisions?

First, companies should be transparent in communicating management's decisions to all the levels of the organization; then they should implement a communication channel that can quickly collect feedback and produce summary reports about the outcome of the survey.

How does mission review differ in large versus small organizations?

Small organizations should take advantage of their size and create an open environment that stimulates frequent informal feedback to the top.

Do companies collect and analyze employees' feedback about strategic decisions?

Participants should discuss the degree to which their companies involve employees in a review of management's decisions and if management actually uses the feedback it collects.

PARTICIPANT ANSWER KEY

With whom does the company interact through Corporate Social Responsibility?

The following answers are key points in the primary and secondary discussion questions. Use this guide to check the answers on your Participant Worksheet.

Every corporation is part of, and influences in many ways, its social environment. Some organizations define success to include social responsibility toward their stakeholders. They then move beyond a logic based on profit and adopt an approach that links value growth to the establishment of fair and supportive relationships with the social environment.

Customers

Products and services are the most important form of communication with customers. Everything that goes into the products and services a company sells speaks to its social responsibility. Assuring quality in terms of safety and value and meeting or exceeding customer expectations is the best way to display a company's commitment to CSR.

Suppliers

Establishing a fair relationship with suppliers, especially those in developing countries, is a signal that a company is willing to invest in a socially sustainable business model that is not based on the exploitation of local and global suppliers that have low bargaining power.

Communities

Companies need to be aware of the impact they have on the communities in which they operate and sell their products. Support to local communities can create an environment that is more receptive to the company and can improve sales as well as the overall business environment.

What is C.A.F.E.?

C.A.F.E., Coffee and Farmer Equity, is a set of coffee-buying guidelines. These guidelines were designed to ensure the sustainable supply of high-quality coffee, achieve economic accountability, promote social responsibility within the coffee-supply chain and protect the environment.

Where should Corporate Social Responsibility initiatives start from?

Corporate Social Responsibility starts from the consideration of all the stakeholders that are affected by the company, its business and its operations. Top management should assess the most relevant areas of social impact on the stakeholders and ensure that corporate activities that regard these areas are inspired by socially acceptable principles.

How can small organizations implement Corporate Social Responsibility?

Small organizations often lack the resources that larger companies have to invest in social responsibility initiatives, but nonetheless, they can be effective if they make sure that every member of the organization shares the corporate social responsibility principles and never fails to take them into consideration when evaluating alternatives that can affect the company's social environment.

Do companies collect and analyze shareholders' feedback about strategic decisions?

Participants should discuss how their companies interact with their shareholders and if they evaluate their actions from a social perspective.

PARTICIPANT ANSWER KEY

How do companies create a "Top-100" environment?

The following answers are key points in the primary and secondary discussion questions. Use this guide to check the answers on your Participant Worksheet.

The ability to create an outstanding working environment can be a source of sustainable competitive advantage when companies need to attract the best talents and can improve their performance by decreasing turnover and increasing the satisfaction employees derive from their jobs.

Putting people first

The most important prerequisite for creating a great workplace is to realize that employees are the ultimate drivers of wealth creation. Improvements in the work environment create more passion and commitment in the workforce and eventually reach the customers in the form of better products and services.

Accessible top management

Top management needs to be supportive and provide timely answers and advice to all employees. At the same time, top management needs to appreciate and analyze the feedback that comes from all members of the organization and act upon it.

Homogeneous environment across all levels of the organization

An organization needs to be homogeneous across all the hierarchical levels in order for a positive culture to develop and the work environment to improve. Fragmentation and strong status differentiation send negative signals to employees and hamper the effects of other initiatives aimed at improving the work environment.

Why do people join Starbucks?

Because it is a work environment in which they believe they can express their best qualities and make a difference.

What kinds of benefits improve the work environment?

The work environment can be improved if companies provide their employees with non-monetary benefits that increase their job satisfaction. Such benefits can include, for example, a more flexible work schedule, training opportunities or involvement in social activities.

What role does the working environment play in a small organization?

For small companies, having a particularly attractive working environment is a factor that can be helpful when recruiting since they might not be able to pay salaries that are competitive with those of large corporations.

How is your company trying to improve its working environment?

Participants should discuss what their companies are doing to improve the work environment and the degree to which these initiatives are successful.

PARTICIPANT ANSWER KEY

What should companies know about trust?

The following answers are key points in the primary and secondary discussion questions. Use this guide to check the answers on your Participant Worksheet.

Trust is a concept that companies should incorporate in all their relationships with stakeholders. But building, preserving and maintaining trust is a process that needs to be managed. Otherwise, trust will be disrupted easily.

Trust is earned

A handshake doesn't build trust. It takes commitment and attention to all the interactions with the other party to build trust and to show that the organization wants an honest and mutually beneficial relationship with its stakeholders.

Trust is fragile

Even a single action or a wrong word can break trust; for these reasons all members of the organization should be aware that what they do or say when interacting with a stakeholder can have serious consequences for the company.

Trust needs to be nurtured

Once trust is built, it requires continuous reinforcement through different types of initiatives that are consistent with each other.

Where is Starbucks' attention to trust reflected?

In its great work environment, in the "Starbucks experience" that characterizes customer service and in the fair relationship with suppliers.

What is the price that companies pay when trust is broken?

The price to be paid when trust is broken can have a great impact on companies' bottom lines. Relationships with customers can deteriorate and sales decrease, or loyal suppliers and partners can turn to competitors if they believe a company is trying to take advantage of them. In general, public opinion can make it difficult for companies to do business if they disregard trust.

How can trust help small businesses grow?

Small companies can build a reputation on trust and win customers away from bigger companies when they demonstrate their strong commitment to the establishment of mutually beneficial relationship.

Do employees trust their companies?

Participants should discuss how much they believe they can trust the companies they work for or what these companies have done to establish trust in the relationship with their employees.

PARTICIPANT ANSWER KEY

How can health benefits contribute to build trust?

The following answers are key points in the primary and secondary discussion questions. Use this guide to check the answers on your Participant Worksheet.

Health benefits are often a key component of a compensation plan; they are usually seen as a cost, but they can be, as in the case of Starbucks, a fundamental part of the corporate culture and a way to differentiate from other employers. Ultimately, health benefits can be instrumental in establishing trust with employees.

They safeguard employees' well-being

The well-being of its workforce is of paramount importance for a company. A healthy workforce translates into more productivity and reduces costs associated with the replacement of sick employees. From the employee's point of view it provides peace of mind and eliminates worries that can decrease commitment to the job.

They create engagement

Extensive health benefits demonstrate that a company cares about one of the most important needs of its workforce and can build an emotional link between the company and the employees that generates trust and creates a more engaging work environment.

They are valuable for the employee, for the company and for the community

Health care benefits are valuable for both parties and demonstrate a tangible effort toward improving the standard of living of the communities in which the company operates. Health care benefits are part of a socially responsible corporate culture.

What is Starbucks' policy regarding health care benefits?

Starbucks provides health care benefits to all employees who work at least 20 hours per week, thus extending health coverage to almost its entire workforce.

How can companies justify their health care benefits expenses?

Especially for large organizations, generous health care benefits may translate into higher productivity and lower turnover, two factors that directly affect costs associated with the workforce and profitability. Nonetheless, companies need to actively manage their health benefits programs so that costs do not grow out of control.

How can small companies limit their health benefits costs?

They can band together with other companies to form a "purchasing coalition" to negotiate better rates with insurers. Coalitions have become key cost-control devices for small businesses, and about 75 such coalitions exist today, according to the National Business Coalition on Health.

What policies are generally adopted by companies with regard to health benefits?

Participants should discuss their companies' policies about health benefits.

PARTICIPANT ANSWER KEY

What is the role of HR in a business made of people?

The following answers are key points in the primary and secondary discussion questions. Use this guide to check the answers on your Participant Worksheet.

Starbucks is a business made of people and its management believes that human resources plays a strategic role in this type of organization. The increasing complexity and relevance of all the processes that deal with human resources indicate that companies should consider how a more effective approach to human resource management can increase their success.

Provide strategic input

HR should have “a seat at the table” when strategic decisions are made. Having such a perspective ensures that a company understands how to define a strategy that leverages its workforce and stimulates the growth of its human capital.

Assist the organization’s line managers

HR should be motivated by a spirit of service and support other functions in the pursuit of their goals.

Promote organizational culture

Because HR manages the processes that relate to the acquisition, development and retention of the human capital of a company, it is in the best position to communicate, through all these interactions, the mission and the core values of the organization.

What is HR’s role at Starbucks?

HR provides to line management the expertise and the knowledge required when dealing with employees, but its approach is not invasive: the final decision is always left to the line manager.

How should HR approach a diverse and global workforce?

HR should pay attention to differences within the workforce and adopt a flexible approach so that each individual can maximize his or her potential and the organization as a whole can become more effective.

How can small companies effectively manage human resources?

Very few small businesses can afford to employ a full-time human resources manager. But employment issues are too important to leave to chance. Putting a senior manager in charge to ensure HR activities are covered highlights the importance of human resources to the rest of the organization and creates a people-oriented culture.

What are the biggest challenges for HR?

Participants should discuss the challenges that HR faces in today’s global and highly integrated context.

EXECUTIVE PROFILE

Jim Donald
President & CEO



Internally, he likes to call himself Chief Coffee Master as opposed to CEO of Starbucks. Coffee Master is an internal program at Starbucks that assesses the knowledge and skill in the art of identifying, appreciating, brewing and enjoying the finest coffee in the world.

Jim Donald joined Starbucks Coffee Company in October 2002 as president, North America, working closely with retired CEO Orin Smith and chairman Howard Schultz. In this position, Donald was responsible for the overall management, business development and operations at Starbucks in all North American markets. During this period, the company experienced record financial performance, attributable largely to its success in North America. On October 12, 2004, Donald was promoted to president and chief executive officer effective March 31, 2005.

Donald began his career in 1971 as a trainee with Publix Super Markets, Inc. Joining Albertson's in 1976, he quickly rose through its managerial ranks in its Florida, Alabama and Texas divisions and was head of Albertson's operations in Phoenix, Arizona.

Handpicked by Sam Walton in 1991 to build a major presence in the supermarket business for Wal-Mart, Donald was a key executive in Wal-Mart's development and expansion of the Wal-Mart Super Center, supervising all merchandising, distribution, store design and real estate operations.

Donald served as president and manager of Safeway's 130-store Eastern Division from 1994 through 1996. He was responsible for a \$2.5 billion business with 10,000 employees and 130 stores and two distribution centers. With a clear vision and inspiring front-line leadership, he was able to reverse a four-year trend in declining same-store sales.

Donald joined Pathmark Stores, Inc. in 1996 as chairman, president and CEO. Pathmark, a \$4.6 billion, 143-unit regional supermarket chain, is located in New York, New Jersey and Philadelphia metropolitan areas.

EXECUTIVE PROFILE

Jim Alling
President
Starbucks Coffee U.S.



Jim Alling joined Starbucks in September 1997 as senior vice president, Grocery, and became senior vice president, Specialty Sales and Marketing, in December 1998. In August 1999, Alling was named senior vice president, Business Alliances, where he helped build the business unit by developing numerous agreements with leaders in the foodservice, grocery and travel industries. Alling was named senior vice president, North America Retail, in May 2001. He was moved into the position of senior vice president, Marketing, in June 2003 and promoted to executive vice president, Business and Operations, U.S., in November 2003. He was promoted to his current position on October 12, 2004. The business unit has more than 80,000 partners (i.e., employees), with annual sales exceeding \$5 billion, derived primarily from its 6,300+ retail stores.

Alling joined Starbucks after a lengthy career with Nestlé USA. At Nestlé, Alling was vice president and general manager of several divisions, including ground coffee.

Alling is a graduate of DePauw University, with a bachelor's degree in economics and Spanish and a master's degree in international management from the American Graduate School of International Management. Outside work, Alling's greatest interests are his wife, Annette, and three sons (Zach, Brett and Nick). Jim is an avid runner and coaches his sons' soccer teams. Alling also serves on the board of directors for Jumpstart, a Boston-based nonprofit that organizes college students who help prepare pre-school children for school through literacy development. With programs in 18 states, Jumpstart is one of Starbucks' national nonprofit partners.

EXECUTIVE PROFILE

Paula Boggs
EVP, General Counsel
and Secretary



Paula Boggs joined Starbucks Coffee Company as executive vice president, general counsel and secretary in September 2002. In this position, Boggs leads the Law & Corporate Affairs department and is responsible for overseeing all facets of the company's legal matters, including real estate, employment, compliance, litigation, corporate and securities, international, intellectual property, and commercial.

Prior to Starbucks, Boggs served as Dell Computer Corporation's vice president, Legal, for Products, Operations and Information Technology Systems since 1997. As such, she also supported the Audit Committee of Dell's board of directors.

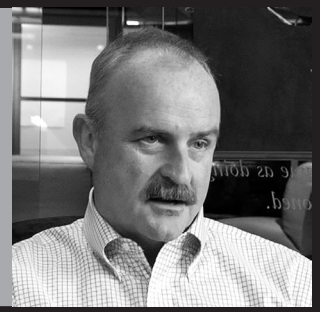
Prior to joining Dell, Boggs was a partner at Preston Gates & Ellis in Seattle, one of the premier, full-service law firms in the country recognized for its expertise in technology, intellectual property and complex business transaction issues, as well as governmental and public policy work. During her tenure with the firm, Boggs was a trial lawyer specializing in corporate civil litigation.

From 1988 to 1994, Boggs served as assistant United States attorney in the Western District of Washington State. She was responsible for prosecuting fraud and regulatory crimes before trial and appellate courts. Boggs is a former United States Army officer and has worked as a staff attorney for the White House.

Boggs is an active volunteer in both legal and civic organizations. She serves as a Washington State Delegate to the ABA's House of Delegates, as chair of the Audit and Insurance Committee of The Johns Hopkins University Board of Trustees, as president of the Board of LAW Fund, as a member of the KEXP advisory board and on the boards of the Seattle Art Museum, Premera Blue Cross (Chair, Investments Committee) and Starbucks Foundation (Secretary). Her past activities include serving as chair, ABA Standing Committee on Constitution & Bylaws, and adjunct professor at University of Washington School of Law. Boggs has served on the criminal justice act panel of the U.S. District Court, Western District of Washington (Seattle) and as vice chair of the Washington State Equal Justice Coalition (Legal Services). She is the recipient of the Corporate Legal Times and Lexis Nexis 2003 Distinguished Legal Service Award. Boggs and Starbucks were awarded the Washington State Bar Association's 2005 "Excellence in Diversity" Award at its annual meeting. She is also the recipient of the ABA 2006 Spirit of Excellence Award and the 2006 Sargent Shriver Award for Equal Justice. Most recently Boggs received the Urban League Spirit Award, an award given annually to an individual, organization or corporation that encourages and fosters diversity and inclusion. Boggs received her bachelor of arts degree in international studies from The Johns Hopkins University in 1981 and her juris doctor from the University of California at Berkeley School of Law, where she was named the "1998 Recent Alumna of the Year" in recognition of her professional and civic contributions.

EXECUTIVE PROFILE

Martin Coles President, Starbucks Coffee International



In April of 2004 Martin Coles joined Starbucks as president, Starbucks Coffee International. Coles leads teams responsible for the overall management, business development and operations of Starbucks in all international markets.

Coles brings a wealth of international retail experience to Starbucks, having worked for several leading multinational corporations known for creating global brand awareness.

Prior to this position, he served as executive vice president of Global Operating Units for Reebok. During his eight-year tenure at Nike, Inc., Coles held several executive-level general management, sales and operations positions for Nike, Inc.'s global and European operations. During his tenure, he achieved extraordinary results while building Nike's reputation as a preeminent brand leader in Europe.

Coles has had tremendous success increasing global sales and maintaining a prolonged pattern of growth in many different roles throughout his career.

His broad experience also includes executive positions such as senior vice president, International Operations, for Gateway, Inc.; president and chief executive officer for Letsbuyit.com (London); and vice president, Operations for PepsiCo, Inc.'s U.S. Bottling operations. He spent the first 10 years of his career in various management roles at Procter & Gamble.

Born in Wales, Coles became an American citizen in 1980. He holds a bachelor of science in biochemistry from the University of Wales. He is married and has four children.

EXECUTIVE PROFILE

Dorothy Kim EVP, Supply Chain Operations



As executive vice president of Supply Chain Operations, Dorothy Kim has global responsibility for the overall strategic business management of Starbucks manufacturing, engineering, purchasing, distribution, planning, transportation, supply chain integrated systems, inventory management and worldwide sourcing of coffee.

Kim gained four years of retail planning and operations experience prior to transitioning to Supply Chain Operations in 1999. Before her current role, Kim was the senior vice president of Global Logistics and Procurement and previous to that the vice president of Supply Chain Finance and Systems. She was instrumental in leading the development of Starbucks SCO Systems Vision and Master Project Plan.

Starting in the aerospace industry, Kim rotated through multiple supply-chain functions at Boeing, Honeywell and Heath Tecna, with the major focus of reducing supply-chain costs. Before joining Starbucks, she served as the general manager at Yun's Company, a local general contractor, where she increased revenue by 100% and made all programs profitable within a two-year period.

Kim received both her bachelor's and master's degrees in business administration from the University of Washington.

EXECUTIVE PROFILE

Chet Kuchinad
SVP, Total Pay



Chet Kuchinad, senior vice president, Total Pay, is responsible for the development and execution of global compensation, benefits and recognition strategies.

Chet has more than 20 years of experience in human resources. This includes experience with consulting firms like Wyatt and Towers Perrin, as well as global brands like McDonalds and Nike.

Chet's experience covers all aspects of global total compensation—design, funding and delivery of base pay, variable pay, equity compensation, executive compensation and benefits. He has traveled extensively in Europe, Asia, Latin America over the last 15 years during his tenure at Towers Perrin, McDonalds and Nike. In addition, at Nike, Chet was the HR director for Asia Pacific, responsible for developing HR strategies for a \$1.1 billion growth business.

Chet has an MS in statistics from Marquette University, Milwaukee, Wisconsin, and a BS in statistics and economics from Bombay University.

EXECUTIVE PROFILE

Ken Lombard President, Starbucks Entertainment



Kenneth (Ken) Lombard joined Starbucks in the position of president, Starbucks Entertainment, where he provides the vision and strategy for Starbucks' entertainment initiatives. In just three years with the company, Lombard has presided over an astonishing slate of achievements in music, film and literature, fulfilling the Starbucks mission of becoming the "third place," as well as establishing the brand as an innovative channel for the promotion and distribution of entertainment.

Under Lombard's leadership, Starbucks has enjoyed remarkable success across every entertainment platform. In music, unit CD sales in company-owned Starbucks increased more than 200 percent during the first two years of Lombard's tenure. In March 2007, Lombard led the charge for Starbucks, innovative partnership with Concord Music Group in the formation of Hear Music, a new music label that will work directly with artists, both emerging and established, to create a more energized music-buying environment and help connect artists with the widest possible audience. Lombard was instrumental in landing Paul McCartney as the first artist to appear on the Hear Music label.

Lombard spearheaded the national launch of the Starbucks Hear Music™ Coffeehouses, featuring the Hear Music™ media bars, which allow customers to easily sample and burn songs to CDs. In 2004, Lombard helped launch the Starbucks Hear Music™ Channel 75 on XM Satellite Radio.

In film, Lombard led the Starbucks partnership with Lionsgate to market and distribute "Akeelah and the Bee." In literature, Lombard championed Starbucks first foray into book sales by offering Mitch Albom's national best-seller *For One More Day* to customers at Starbucks locations across the United States. That success was followed with its second offering, *A Long Way Gone*, by first-time author Ishmael Beah, a book that achieved both critical and commercial success, selling more than 80,000 copies at Starbucks locations alone.

With Lombard at its helm, Starbucks Entertainment partnered with Apple to offer the Starbucks Hear Music catalog on the iTunes store via a separate Starbucks Entertainment page within iTunes. This innovative alliance marked the first time Apple allowed editorial guidance and content developed by a partner outside of Apple to appear within the iTunes store. Prior to joining Starbucks, Lombard served as president of Johnson Development Corporation (JDC) from its inception in 1992. As president, Lombard helped the company fulfill its mission to become one of the nation's foremost urban development companies by bringing entertainment complexes, coffeehouses, restaurants and retail centers to underserved communities while providing jobs for local residents and employing local minority contractors and service vendors. In this role, Lombard became intimately familiar with Starbucks through Urban Coffee Opportunities, LLC (UCO), a partnership formed in February 1998, between JDC and Starbucks to develop Starbucks retail stores. Currently, there are more than 100 UCO stores across the United States in locations including Los Angeles, New York, Seattle, Chicago, Detroit, Atlanta, San Diego and Washington, D.C. Lombard holds a bachelor's degree in communications from the University of Washington.

EXECUTIVE PROFILE

Gerry Lopez SVP & President, Global Consumer Products



Gerardo “Gerry” Lopez is the senior vice president and president, Global Consumer Products. In this role, Lopez leads the strategy to support Starbucks growth and expansion of consumer product offerings worldwide. Lopez reports to Jim Donald, president and CEO.

Lopez has extensive global consumer products industry experience along with his wealth of domestic and international experience. In his previous role, Lopez served as the president of Handleman Entertainment Resources, which provides category management and distribution services for prerecorded music in Wal-Mart, Best Buy and other large retailers. His broad experience includes executive positions as president, International Division, for International Home Foods; corporate vice president, Sales and Distribution, for Grupo Industrial Maseca (Mission Foods); area vice president, Frito Lay; and senior-level marketing positions at PepsiCo, Inc. and Procter & Gamble.

Lopez holds a bachelor of science degree in business administration from George Washington University and a master of business administration from Harvard University. In his spare time, Lopez enjoys golfing and sailing with his wife and their two sons.

EXECUTIVE PROFILE

Dave Pace
EVP, Partner Resources



Dave Pace joined Starbucks Coffee Company in July 2002 as executive vice president of Partner Resources, responsible for the company's overall partner (employee) and organizational strategies.

From 1981 to 1999, Pace held a wide variety of positions with PepsiCo Inc. and subsequently with the spun-off Tricon Global Restaurants (now YUM! Brands Inc.). From 1995 to 1999, Pace served as senior vice president of human resources for Tricon Restaurants International, which employed more than 300,000 people in 92 countries. In addition, Pace held overseas executive assignments in Cyprus for the Middle East/Africa region of Pepsi-Cola International and in London for its European operations.

Between 1999 and 2000, Pace served as the chief human resources officer for HomeGrocer.com, a Seattle-based internet start-up specializing in the online sale and delivery of groceries to the home. Prior to joining Starbucks, Pace held the position of executive vice president for i2 Technologies, the Dallas-based software firm providing industry-leading solutions in supply-chain and supplier-relationship management.

Pace currently serves in board positions with the Starbucks Foundation, the Human Resource Policy Association, the Cornell University Center for Advanced Human Resources Studies (CAHRS), the University of Southern California's Center for Effective Organizations (CEO) and AmericaSCORES, a national nonprofit organization that serves at-risk children through after-school programs that combine soccer and poetry to improve the health and literacy of America's youth. In 2005, Pace was inducted as a Fellow in the National Academy of Human Resources. He has previously served in board positions with both the Taco Bell and i2 Foundations and was chairman of the Board of Governors of the United Hockey League, a minor league professional organization, from 1998 through 2002.

Pace received his bachelor of science degree in industrial and labor relations from Cornell University in 1981.