

Isenberg Innovation Consultants

<u>Team Member Name</u>	<u>Year</u>	<u>Major</u>
Fiana Herscovici	2024	Operations & Information Management
Paulette Palomares	2024	Marketing
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Advisor(s): Professor Jennifer Merton

Topic: A Specialty Roast: Brewing a New Approach for Starbucks & Unions

Audience: Board of Directors and Executive Suite of Starbucks

Executive Summary

In past decades, job satisfaction only required steady work for consistent pay. Today, Gen Zer's are demanding authenticity in every aspect of their lives, from the brands they use to the work they do. For corporations, this means living out mission and vision statements to support a future workforce demanding transparency. Starbucks has historically been ahead of this scrutiny by being a first mover when it comes to providing benefits to its employees. In fact, Starbucks has gone as far as to define its employees as partners, recognizing that those pouring the coffee are also the ones who should benefit from the profits.

However, as social media continues to seed the latest trends for consumers, Starbucks baristas have been asked to make drinks beyond the traditional menu. These "TikTok drinks" have led to increased revenue for the company, but taxing shifts for baristas, causing cafes across the United States to act against the coffee giant, claiming that the pay and benefits being offered are not equivalent to the work they are putting in for these new, complicated orders. Mix in the increased cost of living and the rising price of consumer goods, and Starbucks is now holding a piping hot ethical case for employee unionization. Starbucks' mission to provide a flourishing workplace for its "partners" versus the actions the company has taken to close stores and hire legal counsel to quiet unionization efforts has cast Starbucks in a hypocritical light questioning the authenticity of their claim to create a culture of belonging.

Starbucks has delivered value to shareholders and employees alike. For the company to continue its success in delivering value, the Isenberg Innovation Consultants recommend that Starbucks honor authenticity by re-affirming the company's commitment to a culture of belonging. At present, Starbucks has hired a new CEO and a new General Counsel. They also are conducting a 3rd party review of their response to unionization. To continue these efforts, Starbucks can recognize rather than dismiss the efforts of employees to unionize, while fostering respect and engaging employees through listening sessions and other feedback options that can provide partners with direct channels to the Starbucks changemakers and leadership. In the long-term, Starbucks can live their mission to inspire and nurture the human spirit by embracing their partners and continuing to find ways to put profits back into the pockets of their workforce through pay increases. We will end our recommendation section with an easily implementable idea focused on the problematic Tik Tok drinks, allowing Starbucks to take that first step on the journey back to the culture of belonging.