Starbucks

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**Introduction**

 Starbucks is one of the most popular coffee shop chains in the entire world. It was originally founded in 1971 in Seattle, Washington America. Over time Starbucks has seen great success and continues to grow worldwide. Looking at the stats of the famous coffee shop in 2019, the company is operating in around 300,000 locations. Starbucks is all about making it to the top by providing people with different varieties of coffee and snacks to munch on. All the focus of the company is on the quality of the products that they provide to the customers, in fact, consumer satisfaction is one of the main reasons the company skyrocketed since it started. The business’s mission statement; ***"To inspire and nurture the human spirit, one person, one cup and one neighborhood at a time"*** makes it evident that they are all about reaching the spirits of their customers. To reach the success Starbucks has achieved, they have paid great attention to their mission statement; ***“To establish Starbucks as the premier purveyor of the finest coffee in the world while maintaining our uncompromising principles while we grow”***. There are certain principles that the company follows in order to deliver to their maximum potential (Aiello & Dickinson, 2014). Further, with the help of this paper, a detailed discussion on the organization's existing performance management will be done along with recommendations that will help build employee engagement and retention besides improvement in the alignment of company goals.

**Discussion**

The strategy that is being followed by Starbucks is on the basis of the four pillars. The first building block is giving the customers a “third place” experience. So, the company is not just serving the customers coffee, different beverages and snacks but they are also claiming to be a getaway from work and home. Followed by the comfortable experience the company also believes that product differentiation is key to making a mark. Third, the company believes in expanding in newer markets while focusing on highly emerging economies (Aiello & Dickinson, 2014). Lastly, Starbucks has been working on the integration of technology for the improvement of operations and performance as well as adding to the many business processes and parts.

**Products and Services**

 When it comes to the services and products that Starbucks provide, they are top-notch. Their customer service is focused on satisfying the consumer by providing them with quality products and a great experience (Aiello & Dickinson, 2014). Starbucks is mainly popular for its coffee, but that is not the only product that they provide. Apart from a good cup of quality coffee, they also provide cold beverages, seasonal juices and many food items like muffins, sandwiches and cakes. They recently introduced the Tazo tea which caused quite the stir in the consumers.

**SWOT Analysis**

 Reflecting on the companies SWOT analysis, their ***strengths*** are mainly inclusive of being the world’s most valuable coffeehouse and largest coffee chain. The coffee brand is also unmatchable when it comes to brand equity due to having a high market share. One of the major strengths of the business is the profit that it earns each year and it keeps on rising with time (Geereddy, 2013). Starbuck provides its customers with quality products that have made a huge chunk of customers loyal to the brand. One of the best things about the company is that they not only focus on the consumers but treat their employees and management as their partners as well. The company puts in all the effort to provide its workers with a great working environment to keep them retained and satisfied. Lastly, Starbucks has one of the most efficient and strongest consumer journey maps at all the retailing branches.

 Now, that we have talked about the strengths it is time to reflect on the ***weaknesses*** of Starbucks as well. One of the most significant weakness of the company is the fact that their prices are very high, and they do not bring a change in the costs in regards to the market fluctuation (Geereddy, 2013). Further, being an American company they do not bring about any changes in the menu in light of the country they have expanded to. Their dealing with the suppliers of developing countries is not the best and they are highly dependent on the revenues from America’s markets and segments.

 Coming to the ***opportunities*** the company has many when it comes to expanding the business in other markets. They can also gain great profits by partnering up outside of the United States. The increase in the product line will bring in great opportunities for the company. One of the most significant opportunities for Starbucks is to make use of the existing market and expand its business to China. Lastly, they can benefit a great deal by expanding vertically towards their suppliers (Goetsch & Davis, 2014). Now, as far as the ***threats*** of Starbucks are concerned, they have been forced into closing a few outlets because of competitors being too near. Supply disruption can also take a toll on the operations of the company. Further, legal threats continue changes in the exchange rate and the increase in stronger competitors with low priced products is giving a major threat to the company.

**Performance Management System**

When it comes to the performance management system of Starbucks, they are putting a great deal of effort into it. The policies and the practices that have been adopted by the company are quite efficient and strong. As mentioned above, here at Starbucks the management and the employees are treated like they are partners and they serve as a crucial asset to the company. The investments that are made by Starbucks to pool in the best talent is quite significant and shows how much effort they put in trying to make a mark. They believe in the fact that a productive employee will help the company grow and become more successful (Goetsch & Davis, 2014). The policies and practices that they utilize for performance management are done via the human resource department. The HR management strategies are used by the company to bring a significant difference when it comes to the performance of the employees.

Starbucks, in general, has a very unique spiritual culture that was created by Mr Schultz who believes in a transformational leadership style. He was in believe of the fact that the performance of an organization can change if the leader of the organization can alter the commodity into culture (Goetsch & Davis, 2014). That can only be managed if there is a strong belief in the people and more ethical culture is created. There is no doubt in the fact that the power and strength of the people can change a product and even the smallest of firms into a multinational phenomenon. Critically analyzing the various theories in a company’s behavior module not only aids in understanding an organization but also gives the basics on how to improve them in different setups and environments. Majority of the companies of today are trying to bring an increase in the performance of the organization by the integration of technology. However, Starbucks has a very different and organic approach when it comes to increasing performance and solving the problems of the organization.

The development and acquisition of a more aligned and comprehensive performance management system of Starbucks are one of the major reasons behind its success. The management of the company always believed in the fact that a more flexible performance management system is the way to go. It will be in accordance with the needs of all the stakeholders like the employees and customers being one of the main partners. The main idea is to align the performance management system with the vision and mission of the company (Kirkpatrick, 2019). The company believes that total quality management is one of the most substantial factors of the performance management system that helps the business meet its short as well as long-term goals. The main idea is to trigger the growth and successful functioning of the business so the objectives can be met and the quality keeps on improving constantly.

 To make sure that there is an appropriate development of the performance management system, Starbucks makes use of the available techniques and tool to set the team performance objectives. Motivation is deemed as one of the most important things to increase the productivity of the employees that will further enhance the performance of the company in the long-run. Further, at a very early stage, the company introduced relation marketing which helped them achieve great heights of success. The company has always believed in achieving team performance targets which lead to attaining the company's main objective (Kirkpatrick, 2019). Using transformational leadership really helped the company take a turn for the better when it comes to performance.

The culture of Starbucks helped elevate the performance management system. The culture at Starbucks, in general, is very rich. The product quality is always kept to the highest and the firm has worked around it to get a competitive edge on other companies because of it. The company is focusing on the performance management system to make sure that the customers are supplied with the highest quality products efficiently and effectively (Kirkpatrick, 2019). Lastly, it is safe to say that the company is working around in every way possible to reach the status that they are at today and have the performance management system that keeps things running smooth. However, a suggestion for Starbucks would be to develop a marketing department, doing so will help the business flourish on a more rapid rate.

**Enhancing employee Engagement and Retention**

When a person is working in a company as big as Starbucks, there are times when they cannot do self-evaluation on how well they are performing and what changes their efforts have brought to the business. One of the best ways to pull that off is a ***performance appraisal*** as it helps make an evaluation of how well an employee is doing. It is simple, convenient yet a very effective performance management system to check the potential of the employees. Majority of the employees and the managers are not fond of the performance appraisal but it is essential for the workplace (Otley, 1999). Performance appraisals are mainly used in human resource planning to make a decision about the terminations and the forecasting of careers. There is no doubt in the fact that the companies which do not have strong performance appraisals suffer really badly in the long-run. These appraisals play an essential role when deciding the promotions, compensations and the training decisions of a business.

The performance appraisal mainly consists of two stages; the first part is to determine job performance while the second is to share feedback with the employees. When it comes to Starbucks, they use something which is known as the customer comment card, which plays a great role in measuring how well an employee is performing. A customer comment card is inclusive of various questions that help the customer tell how the employee who dealt with them was and how well was the service and product quality (Otley, 1999). This gives an overview of the experience that the customer had and at the end of the day every organization is all about the satisfaction of the client. If the customer leaves satisfied, automatically the company will know that the employee is doing a good job. In general, the customers are not aware of the employees so there is no chance of a biased review. In many of the Starbucks branches, for instance; Jakarta, the manager of the outlet gives the employees a bonus if they get a 70 or higher score in the customer review. This is a great tactic as it helps in motivating the employees in performing even better (Nijssen & Paauwe, 2012). As far as the managers and retail employees are concerned, they keep each other under observation so they can measure if the performance is good or not.

 When all of these steps are taken, it is time for the company to provide the employee with feedback, and training as a reward if they have been performing well. The feedback that is given is ***360-degree*** feedback which means that the response that has been given is based on the opinions and observation of the higher level as well as the lower-level management. This way of evaluation does not work in all companies, especially when the feedback is coming from the subordinates (Nijssen & Paauwe, 2012). However, at Starbucks, the 360-degree feedback works really well because at every booth there are usually only nine employees that are working and the opinions that they give help them improve their performance to the maximum. The reward that is given after positive feedback is called a compensation if there is involvement of cash. An example of such a reward is ***“Employee of the Month”*** and the employee who wins this title is given a bonus.

At Starbucks, the employees are given something which is called the ***budget.*** A budget is basically the target and the amount of money that they make at the end of each shift, and if they have made enough sales to reach the targets there will not be any deductions made in their pay. Having said that, if their sales are higher than the intended target, that extra money is given to them as a bonus and they call it an ***incentive.***

 So, it is clear that the company is working well when it comes to enhancing the engagement and retention of the employees. Having said that there are certain areas that can use a little improvement. The company’s organic approach towards everything is quite understandable but there are certain areas where they can benefit even more if they take a new approach. The appraisal methods that they use might be good but they are outdated and at times can even offend the employees and management. This fact can impact the retention and engagement of the employees (Nijssen & Paauwe, 2012). Further, if they help the employee plan their future and provide them with development opportunities that can make a big difference. Since Starbucks is a coffee shop so the employees that are working in-house at times can feel that they will not be achieving much growth. So, the majority of the employees that work at Starbucks are usually college students who need money to cover their expenses. The company needs to bring in some novelty by offering something that will be eye-catching for mature employees. As mentioned above the development of the marketing department will help the employees see growth and a ladder to climb on. It is true, at times motivation, bonuses and incentives are not enough, so development, opportunities and growth on a higher scale are essential.

**Recommendations for improving alignment with organizational goals**

There is no doubt in the fact that for every organization to prosper and grow, they first need to align what they are doing and representing with the mission of the organization. One of the biggest challenges that a company can face is when the product, service and representation of the business in contradicting with the main goal and mission of the company (Chua & Banerjee, 2013). For Starbucks, it is their mission and goal to provide their customers with a third environment which feels like a gateway from the worries of the home and serve them with a high-quality product, which is their coffee. In order to do so, the first thing that a company needs to do is echo the essence of that goal to its employees. The employee is the person who is facing the customer, so how they treat the client is what will help the organization get more aligned with their main goal.

The goal of Starbucks is to create a customer-centric environment, they do so by creating a friendly setting with the customers and above all reflect being truthful to that by also treating the employees well. The idea is to have a pleasant engagement with the employees that will help them feel comfortable and happy (Chua & Banerjee, 2013). Lately, everyone is all about the safety of the environment, it will be a good recommendation if the company further focuses on educating their customers that the product that they provide is made in a safe manner without disrupting the natural environment. This might not seem like a step that can bring about a significant change but given the contemporary world, it is. Further, one of the best change that they can bring about to align themselves with the company goal is to stick to retaining the quality of their products Starbucks is all about giving the people the best coffee experience. Schultz always claimed that we do not want to give our customers water down experience, the client will get what they came for.

 Further, employees are the assets of the company and they need to be given the training in light of the organization’s mission and goal so they can give that experience to the customers that the firm promises (Rothaermel, 2013). Another important factor that can help reflect the goal of Starbucks even overseas is the fact that they become more inclusive and culturally diverse with their menu. Taking the same exact potent and high-quality coffee and giving it a familiar twist for the locals will help resonate to the target market that the company is customer-centric across borders as well.

Lastly, the operations of the company need to function top-notch if the company wants to stay aligned with their goals. Motivating the employees is not enough, they need to be trained and made familiar with what the mission of the organization is. This will also help the employees to form a greater connection with the company and they will feel like an important part of it (Rothaermel, 2013). To keep in check that Starbucks is well aligned with its goals the company also needs to make sure that the performance management system is in the light of the goal and mission that they communicate. It is a given that if a company wants its goal to be the main focus, the employees and customers are the keys to achieve that.

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