

Unleashing Partner Capability to Thrive

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*Starbucks Mission:
To inspire and nurture the human spirit – one person,
one cup, and one neighborhood at a time.*

THE STARBUCKS “TYPICAL” STORE



- Average Sales - \$1M
- 14 partner staff
- In total Starbucks serves 50 million customers each week worldwide
- Troy, Store Manager – at this store about 1 year
- District Manager, Poly, oversees 12 stores

STARBUCKS BACKGROUND

CHICAGO SUN-TIMES
suntimes.com

The bucks stop here? Coffee chain is reeling after record losses while analysts try to figure out what's next
November 2008

Starbucks cutting more jobs, closing stores; Turnaround effort takes on McDonald's, adding value breakfast meals
January 2009

USA
TODAY

Starbucks to cut more jobs, cafes; 6,700 workers to go; 300 stores to close; Profit dropped 69% in first quarter
January 2009

The Seattle Times

Recession Forces Starbucks to Think Lean

msn

August 2009

STARBUCKS HAD SOME INTERESTING CHALLENGES TO OVERCOME

Typical Challenges

- May not think about details of work method
- May not have work method teaching process
- Engaging employees in improvement process
- Traditional batch thinking with command & control management system

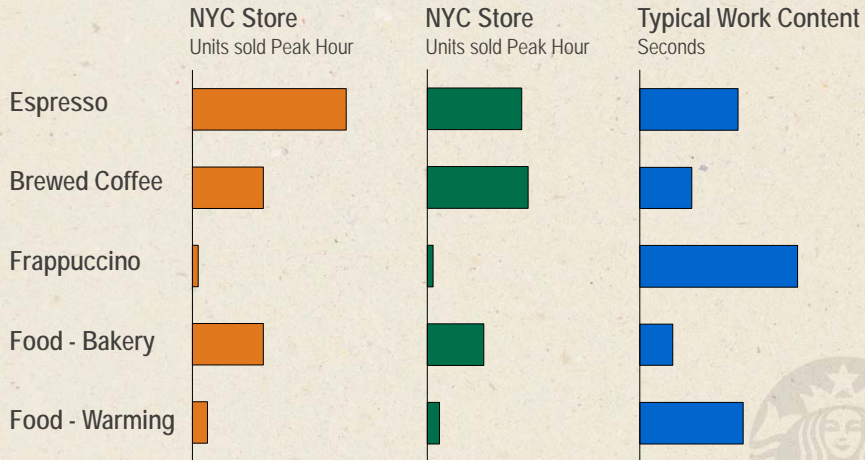
Starbucks Challenges

- 17,000+ unique stores situations globally with more than 200,000 Partners
- Customer value created by providing great experiences
- Unmet demand at peak
- Work method not part of historic culture
- Problem solving not a core capability

STORES ARE SNOWFLAKES

EACH ONE IS DIFFERENT (BY DESIGN)

The Tale of Two Stores – Same transactional level per hour



BUILDING A FOUNDATION WITH STARBUCKS "BETTER WAYS"

Deployment Principles

- Engage people at all levels
- Provide an improved starting place
- Build problem solving capability
- Encourage store-level problem solving activity

Sustainment, System of Work, Problem Solving

- Sustain introduced routines and improve
- Develop and introduce Problem Solving curriculum
- Develop / experiment with complete work system and way to introduce / teach it

FY11

Beverage Routines, Leadership, Problem Solving

- Starbucks Teaching Model
- Frappuccino Routine
- Espresso Bar Routine (single piece steaming)
- Problem Solving - Station setup, adjusting for demand changes
- Leading Change – use and apply Change Management principles

FY10

Problem Solving, Lean Immersion, Better Ways

- Problem Solving - Reduce Brewed Coffee waste by half
- Leader Lean Immersions – key concepts, Better Ways, problem solving
 - Pastry Case – Reduced motion
 - Brewed Coffee Availability – All 3 coffee types available always
 - Cash Handling – Reduced motion

FY09

Lean Store Transformation Experimentation

- 4 Stores across 4 districts
- Developed and tested "curriculum"
- Learned about store problems, partner adoption, etc.

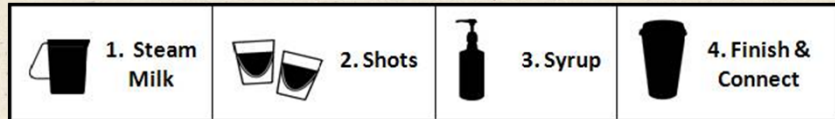
FY08

Key Concepts

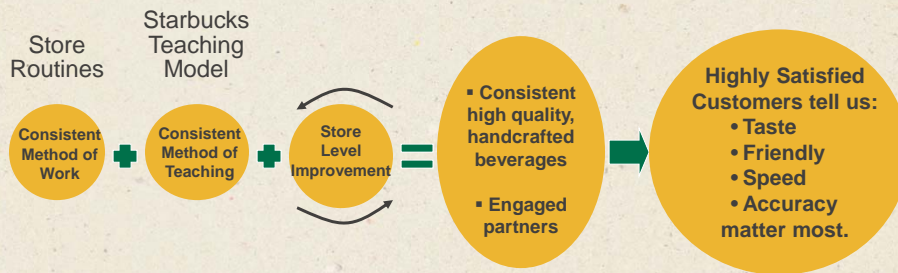
- Go See
- Motion ≠ Work
- Routines
- Balance the Work
- Online vs Offline



BEVERAGE ROUTINE

AN EXAMPLE



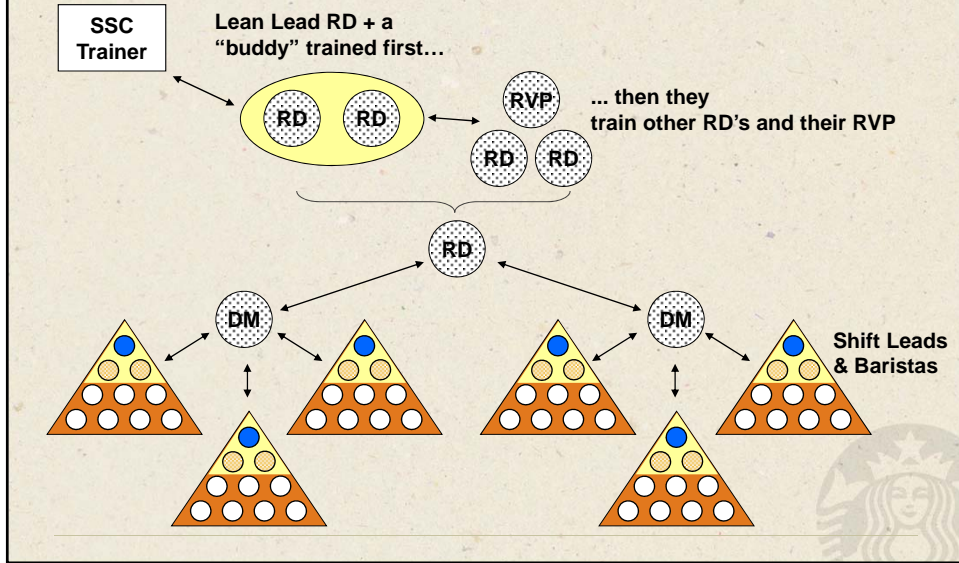
INTRODUCING BEVERAGE ROUTINE



Major Steps	Key Points	Reasons Why
1. Steam milk. 	<ul style="list-style-type: none"> Follow Milk Steaming Repeatable Routine. 	<ul style="list-style-type: none"> Ensures quality steamed milk
2. Queue shots. 	<ul style="list-style-type: none"> Press appropriate shot button. Capture shots (including tail) in: <ul style="list-style-type: none"> cup for hot beverages shot glasses for iced beverages and Caramel Macchiatos 	<ul style="list-style-type: none"> Ensures flavor Captures crema in cup Creates beverage according to standard

INVESTING IN CAPABILITY

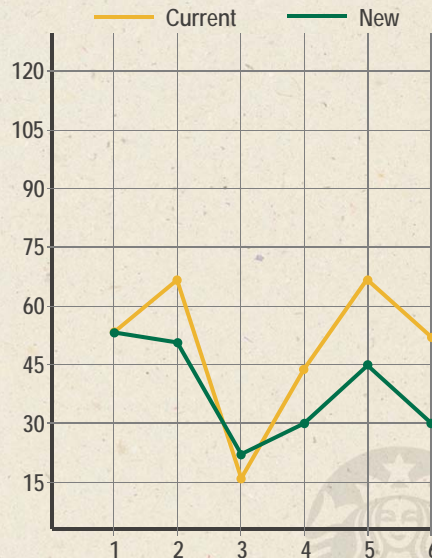
BEVERAGE ROUTINE DEPLOYMENT



EXPERIENCE-BASED CHANGE

Barista: Shannon

Record Beverage Production Pace			
	Beverage Number	Time on Hand-off	Production Pace (sec)
Current Process	1. Grande Vanilla Latte	0:54	54
	2. Grande Mocha	2:00	66
	3. Triple Tall Americano	2:16	16
	4. Grande Latte	3:00	44
	5. Iced Grande Skinny Vanilla Latte	4:06	66
	6. Grande Caramel Macchiato	4:56	50
New Routine Process	1. Grande Vanilla Latte	0:54	54
	2. Grande Mocha	1:46	50
	3. Triple Tall Americano	2:07	21
	4. Grande Latte	2:37	30
	5. Iced Grande Skinny Vanilla Latte	3:22	45
	6. Grande Caramel Macchiato	3:52	30



LEO BURNETT BAR IMPROVEMENT AN EXAMPLE

The Problem: Excess, unnecessary motion for bar partner between espresso bar and back counter



Countermeasures Deployed by team:

1. Convert cold-water dispenser into pitcher rinser unit
2. Create ice bins at espresso bar

Results:

Reduce unnecessary motion by over 90% allowing bar partner to stay planted

Customer: Enable faster service and more customers to be served

Partner: Less walking creates less stress

Business: reversed trend of negative transaction comps to positive while comparable stores experiencing negative comps

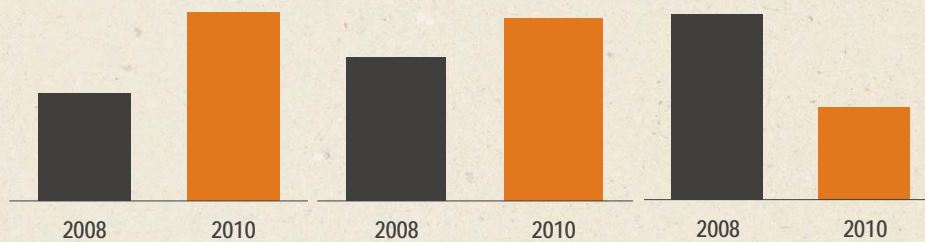


RESULTS TO DATE

Overall Customer Satisfaction

Productivity

Coffee Waste



Partner View Survey – Spring 2010

- Of 12 changes rolled out in our stores, Lean was one of the most positively rated changes by all store partner levels
- Majority of partners at all levels agreed they feel encouraged to try/suggest better ways



KEY LEARNINGS TO DATE

- Experienced-based learning is the most effective way to shift thinking and create engagement
- Enabling Partners to improve their work is the highest form of respect
- Waste exists everywhere – you just have to learn how to see it
- Focus on “technical” and “social” together
- It’s a journey, not a sprint



Questions & Answers

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