

# Onward PDF (Limited Copy)

Howard Schultz



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## **Onward Summary**

Reviving a Brand: Leadership, Values, and Resilience in Crisis

Written by New York Central Park Page Turners Books Club

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## About the book

In "Onward," Howard Schultz shares his journey back to Starbucks as CEO in 2008, eight years after he had stepped away from daily operations. During his absence, the company faced significant challenges, veering away from its foundational values amid one of the most difficult economic climates in recent history. Schultz recognized that to revive Starbucks, he needed to restore both its financial health and its core ethos, which emphasized a commitment to people, community, and ethical business practices.

As he delved into the intricacies of leading a company in crisis, Schultz encountered numerous conflicts and obstacles. He grappled with the disconnect between Starbucks' brand image and the experiences of both customers and employees. Encouraging a culture of openness and accountability, he focused on redefining his leadership style to foster a more inclusive environment. This involved listening to feedback from baristas and customers alike, ultimately leading to strategies that prioritized not just profit but also the well-being of stakeholders.

Throughout "Onward," Schultz emphasizes the importance of resilience and hope in the face of adversity. His narrative illustrates that by returning to its roots, Starbucks not only recovered financially but also emerged as a more humane and socially responsible entity. The book serves as an inspirational testament to the power of ethical leadership and the enduring value of a

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strong corporate mission. Through Schultz's eyes, readers understand that revitalizing a brand goes beyond economics; it is about nourishing its soul and purpose, reigniting the passion that originally fueled its growth.

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## About the author

Howard Schultz, born on July 19, 1953, is a notable figure in the business world, recognized primarily for his transformative leadership at Starbucks, where he served as CEO and chairman. After graduating with a degree in Communication from Northern Michigan University, Schultz embarked on a career that would ultimately redefine the coffeehouse experience globally. His commitment to creating a unique customer-centered culture set the foundation for Starbucks' remarkable growth and reputation.

In 1997, Schultz co-authored "Pour Your Heart Into It: How Starbucks Built a Company One Cup at a Time" with Dori Jones Yang. This book chronicles the journey of Starbucks from a small coffee bean retailer into a global coffee empire. Through personal anecdotes and business insights, Schultz illustrates how passion, dedication, and a focus on quality became the pillars of Starbucks' success.

Following a challenging period during the economic downturn, Schultz released "Onward: How Starbucks Fought for Its Life Without Losing Its Soul" in 2011, co-authored with Joanne Gordon. This book delves into the strategies Schultz employed to rejuvenate the brand while staying true to its core values. It narrates the difficult decisions made to preserve Starbucks' identity amidst financial struggle, showcasing how the company managed to innovate and reconnect with its mission of community and service.

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Through these works, Schultz not only reflects on his experiences at Starbucks but also emphasizes the importance of maintaining a company's core values in the face of adversity, ultimately providing valuable lessons in leadership and resilience that resonate far beyond the coffee industry.

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# Chapter1 Summary: A Beverage of Truth

## Chapter 1 Summary: A Beverage of Truth

In February 2008, Starbucks, under the leadership of CEO Howard Schultz, made the bold decision to close all its U.S. stores for a day to retrain baristas, focusing on perfecting the art of espresso. This move was prompted by a noticeable decline in the quality of their beverages, which Schultz believed threatened the company's core mission: to inspire the human spirit through coffee. He felt a deep emotional connection to Starbucks and its foundational values, emphasizing that quality should triumph over quantity.

During the retraining, baristas were shown a film detailing the intricate process of crafting exceptional espresso, highlighting the importance of skill and care in every cup served. Schultz encouraged the baristas to reject any espresso that did not meet their high standards, reinforcing the company's commitment to craftsmanship. Although the decision to close stores could have led to financial drawbacks and negative media coverage, the retraining resulted in improved coffee quality scores, ultimately reaffirming Starbucks' dedication to its core values.

As Schultz reflected on the company's evolution, he acknowledged the challenges stemming from rapid expansion and a drift from the original

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mission that had defined Starbucks. He reiterated the significance of personal connections and the necessity of treating all business interactions with respect and dignity. This day of closure became a transformative moment for Starbucks, signaling a renewed commitment to quality and an authentic brand experience amidst future challenges.

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## Chapter2 Summary: Confidence

### A Reservoir of Trust

On the morning of January 7, 2008, Howard Schultz returned to the original Starbucks location in Seattle, confronted with the weight of the company's legacy amid significant challenges. Acknowledging the existing skepticism among partners and customers, Schultz focused on the necessity of rebuilding trust and fostering creative boldness within the organization. He gathered his senior leadership team, urgently emphasizing the importance of a unified commitment to Starbucks' mission, especially following his surprise return as CEO and Jim Donald's exit.

Shultz recognized the increasing pressure from competitors, particularly McDonald's, and mandated a strengthening of Starbucks' brand through quality coffee and a memorable customer experience. He outlined a strategic plan centered on three essential components: enhancing store performance, rekindling emotional connections with customers, and implementing long-term structural changes. Throughout this period of turbulence, he understood that communication, trust, and passion for the brand would be critical in navigating a path to recovery.

### A New Way to See

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Having embraced his role, Schultz organized a brainstorming retreat to explore innovative ideas for Starbucks' future. The discussions drew inspiration from iconic cultural figures like The Beatles, highlighting how brands can evolve while remaining true to their core values. Schultz and his team concluded that Starbucks needed to cultivate a deeper emotional engagement with customers, staying true to its commitment to quality and ethical practices.

Recognizing the importance of tangible actions, he insisted that decisions should not only prioritize coffee excellence but also enrich customer experiences. Schultz encouraged partners to immerse themselves in the daily operations, promoting a hands-on approach. As the company faced an economic downturn, he underscored the necessity of valuing and engaging partners—key components in advancing the brand. The cultivation of joy and connection became central to Starbucks' identity and future vision.

## **Playing to Win**

The introduction of Pike Place Roast marked a significant reaffirmation of Starbucks' commitment to quality. Schultz embodied a spirit of boldness and playfulness as he taste-tested new brews, signifying a shift from fear to

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progression. This focus on enhancing the core coffee product distinguished Starbucks from competitors who were encroaching on its market.

## **Elevating the Core**

As troubleshooting commenced in the quest for organizational restoration, Schultz faced management effectiveness challenges, particularly under economic pressure. Recognizing the need for courageous operational decisions, he prioritized partner training and emotional engagement, which became foundational elements in Starbucks' strategic recalibration.

## **Benevolence and Emotional Connection**

Through extensive initiatives, Starbucks partners showcased their benevolence, forging deep connections with customers. Schultz leveraged these narratives to emphasize the company's social and ethical responsibilities, integrating them into everyday operations to reinforce community bonds.

## **Bold Moves**

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During the March 2008 annual shareholders meeting, Schultz unveiled critical initiatives focused on transformation and shared a revitalized mission statement that celebrated human connection and teamwork among partners. He stressed that each customer interaction contributed to a larger tapestry of community involvement, seeking to restore faith in Starbucks' potential and relevance.

Through effective communication and clear action items, Schultz aimed to revitalize belief in the company's mission. He synchronized the voices of partners with the overarching mission, signaling readiness to confront economic challenges while staying true to core values. The message was clear: a renewed focus on innovation, quality, and humanity would be essential in reclaiming Starbucks' greatness.

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# Chapter3 Summary: Pain

## Chapter 17: Whirlwind

In early 2008, Starbucks found itself embroiled in chaos, grappling with economic pressures and navigating critical decision-making that often relied on instinct rather than data. This tumultuous period raised concerns over the company's ability to meet evolving customer expectations.

To reinvigorate the brand, Howard Schultz embarked on a trip to Italy, drawn by reports of a captivating Italian beverage that had the potential to resonate in the U.S. market. After personally sampling the drink, Schultz was inspired to expedite its introduction as "Sorbetto," with plans to launch it in over 300 stores across California.

However, the rollout of this and other new initiatives met with mixed reactions. While Starbucks sought to innovate by introducing products like Pike Place Roast and creating an online community for customer feedback, the company's earnings reports presented alarming declines. Public and media skepticism regarding the effectiveness of Starbucks' strategies heightened fears about the company's future.

An internal review of store operations uncovered inefficiencies and a lack of

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managerial support, resulting in wasted resources and poor customer service experiences. Recognizing these challenges, Schultz stressed the need for improved technology and operational discipline.

As financial losses mounted, the company made the difficult decision to close approximately 200 underperforming stores, a move that sparked ethical debates and internal dissent. Schultz noted that these closures marked a significant shift from Starbucks' previously aggressive growth trajectory.

Amidst the economic turbulence, layoffs became an unfortunate necessity. Schultz expressed his regret and acknowledged the discomfort of making tough decisions that affected employees, yet he emphasized the importance of these steps for the company's sustainable future. New leadership was introduced to help refocus and revitalize Starbucks during this challenging phase.

Despite the backlash stemming from store closures, the emotional response from the community underscored the deep connection customers had with the Starbucks brand. Schultz reflected on the importance of maintaining the company's mission of fostering human connection. Moving forward, he prioritized strengthening operational integrity while nurturing customer relationships.

In conclusion, the chapter highlights that Starbucks' path forward would not

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be defined by a single miraculous solution, but rather through a collective effort to rectify operational inefficiencies, reconnect with customers, and uphold core values amidst significant transformations.

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# Chapter4: Hope

## Truth in Crisis

The financial turmoil that began on September 15, 2008, marked a pivotal moment in the global economy, particularly highlighted by Lehman Brothers' dramatic bankruptcy and the resultant chaos affecting other major financial entities such as Merrill Lynch and AIG. This severe economic downturn reached far beyond Wall Street, impacting everyday businesses, including the beloved coffee chain, Starbucks. The interconnectedness of financial systems became glaringly apparent as consumer spending plummeted, leading to profound challenges for the company.

As the crisis unfolded, Starbucks grappled with significant operational hurdles, particularly within its supply chain, which resulted in frequent stock shortages that frustrated customers. The declining customer footfall amplified previous issues, making it imperative for Starbucks to implement stringent cost-cutting measures to sustain its operations amidst the financial storm.

Internally, communications revealed the urgency of addressing logistic failures that contributed to the shortages. The intertwining complexities of the company's operations meant that inefficiencies were not just due to

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external pressures but also stemmed from weaknesses in leadership within the supply chain team. This insight illuminated the need for comprehensive reforms to streamline processes and enhance performance.

Recognizing the severity of these challenges, Howard Schultz, the then-CEO of Starbucks, appointed Peter Gibbons to spearhead a transformative overhaul of the supply chain. This initiative focused on several critical areas including service efficiency, cost management, and improved employee training, all aimed at fortifying the company against the ongoing crisis.

During a visit to a Starbucks location in Los Angeles, Schultz was reminded of the deep emotional connection customers had with the brand. This insight emphasized that Starbucks was more than just a coffee provider; it was a community hub, vital to the lives of many patrons, a realization that would guide the company's recovery approach.

Amidst these challenges, Schultz decided to host a pivotal leadership conference in New Orleans despite initial skepticism. This gathering aimed to inspire company partners and managers, instilling a focus on Starbucks' core values and its commitment to community service. The conference proved to be transformative, as many partners engaged in volunteer efforts to help rebuild the struggling city, fostering a renewed camaraderie among employees and reinforcing their shared dedication to Starbucks' mission.

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In response to the crisis, Schultz prioritized transparent communication with both employees and shareholders about the company's direction. This openness aimed to align stakeholders on the necessary steps toward recovery, which included the implementation of extensive cost-cutting measures endorsed by the leadership team. These strategies were intended to

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## Chapter5 Summary: Courage

### ### Chapter 5 Summary: Foundations of Starbucks

In 1971, Starbucks opened its inaugural store at Pike Place Market in Seattle, marking the beginning of a coffee legacy deeply rooted in ethical sourcing and community engagement. The company's long-lasting relationships with coffee farmers, including those in Rwanda since 2004, exemplify its commitment to uplifting communities and promoting sustainable practices.

Starbucks has always placed a premium on high-quality coffee, which serves as a cornerstone of its brand identity. This commitment was dramatically illustrated in February 2008 when the company closed all 7,100 U.S. stores for three hours to retrain baristas on espresso preparation, reflecting its dedication to delivering a superior coffee experience to customers.

The essence of Starbucks lies in its ability to create personal connections with customers, which is a vital aspect of its heritage. By sourcing coffee from thousands of farmers worldwide and adhering to high ethical standards, the company aims to improve the quality of life for these growers while ensuring the quality of its products.

With around 60 million weekly visitors across 54 countries, Starbucks offers

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a distinctive coffeehouse experience that incorporates local cultures while staying committed to sustainability. Each outlet is designed to embody the “third place” philosophy, serving as a social hub beyond home and work.

In a pivotal moment during a 2008 leadership conference attended by nearly 10,000 partners, CEO Howard Schultz emphasized the importance of personal responsibility and transformative leadership to navigate the economic challenges faced by the brand. This engagement fostered a culture of accountability and passion among employees.

Upon his return as CEO, Schultz sought to reignite Starbucks' entrepreneurial spirit by fostering innovation in product development and customer experiences. Notable initiatives included the launch of Starbucks Reserve coffees and enhanced digital engagement through platforms like My Starbucks Rewards and the Starbucks Digital Network.

Internationally, Starbucks has thrived, particularly in China, where demand for its offerings continues to surge. Schultz's visit to China underscored the company's commitment to its partners and its strategy to innovate around local tastes, ensuring that Starbucks remains relevant globally.

Throughout the chapter, Schultz reflects on the delicate balance between growth and values, emphasizing the importance of profitability alongside social responsibility. As Starbucks evolves, nurturing an open

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communication culture and supportive workplace remains essential.

In summary, this chapter encapsulates Schultz's vision of Starbucks as a global brand devoted to ethical practices, community connection, and exceptional customer experience. Grounded in the enduring story of coffee, the company's rich heritage serves as a continual source of inspiration and guidance for its future.

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