

Organizational Design

Team 13 Executive Summary

Established in 1971, Starbucks Corporation is known as one of the world's most renowned coffeehouses. It offers a comprehensive drinks and food menu that caters to customers in more than 70 countries worldwide. Starbucks' great dedication to "coffee knowledge, product expertise and customer service" allows it to become a leader in the coffee retail industry.

The primary goals of the project are to analyze Starbucks' success factors and propose recommendations to enhance Starbucks' future growth. In order to achieve these goals, the team chose to focus on Starbucks' corporate culture, organizational structure, business strategy, strategic interorganizational relationships and external environment.

Led by Howard Schultz, Starbucks strives for a relationship-driven culture because it highly values its employees. This inclusive culture in turn enhances the corporation's business operations. Starbucks also places a great emphasis on customers by adopting a matrix organizational structure that segregates their corporation by function, geographical location, and product division. The adoption of this type of organizational structure allows Starbucks to not only maintain a certain degree of uniformity and standard across its stores worldwide, but also simultaneously adapt to the unique geographic needs.

Starbucks creates the 'Starbucks Experience' to differentiate itself from its competitors. Within this 'Starbucks Experience', customers are served with the best quality beans, employees are trained to provide the best customer service and stores are designed to establish a sense of connection with customers. To further increase its presence, Starbucks formed interorganizational relationships with Sazaby League and Tingyi to penetrate into the Japanese and Chinese markets, respectively. It also created partnerships with PepsiCo to distribute Starbucks' ready-to-drink coffee using PepsiCo's distribution capability and with Barnes and Noble to sell Starbucks' products within its bookstores.

Apart from competition, there are significant external environment factors that influence Starbucks' way of executing its business. Shifting consumer trends, technological advances for mobile purchases, international governmental laws and regulations are a few examples of external influences that Starbucks must take into consideration.

Overall, Starbucks' success is accredited to its prime store locations, great store management, inclusive work culture, premium quality of goods and services and brand recognition. However, Starbucks still has room for growth. Starbucks should consider Schultz's succession plan, international market expansion, additional promotions and the introduction of new products to further enhance corporate development.

