



AN EXECUTIVE SUMMARY OF

ONWARD

By Howard Schultz

Who is Howard Schultz

Howard Schultz, born on July 19, 1953 in New York, serves as the executive chairman at Starbucks. He also owned Seattle SuperSonics and co-founded Maveron, which operated as an investment group. Schultz was ranked as the 595th wealthiest individual in the US with his net worth exceeding \$2.9 billion in 2016. He's very famous as the owner of Starbucks, but not many are aware of his struggles to keep the company afloat during one of the most crucial periods of American history. Read on to know more about Starbucks and how the company bounced back without any compromises in this book: **Onward: How Starbucks Fought for Its Life Without Losing Its Soul.**

Preston and Stig's General Thoughts on the Book



Chapter 1: A beverage of truth

In 2008, Schultz decided to shut down all the seven thousand Starbucks stores operating in the US because he believed that they needed to hone their craft and serve the most perfect, delicious shot of espresso. It was evident that they would be laughed at as it indicated that they were admitting that they weren't good at their jobs, but Schultz went ahead although he was aware that they would lose a lot of money because he believed that their core values that aspired to build warm relationships between people would help them succeed.

Chapter 2: A love story

Schultz began working as the head of the marketing division at Starbucks, but the way he perceived the experience of enjoying a steaming hot cup of coffee changed when he went to Milan, Italy. Milan had many baristas that catered to customers, and Schultz was so enthralled by his experience that he tried to persuade his bosses to begin selling beverages; however, they weren't interested and Schultz quit the company to found his own retail barista named Il Giornale.

Chapter 3: Surfacing

As Schultz grew up in family where his father struggled to meet ends and was still ill-treated by his employers, his dream was to build a company that respected all the employees. He dedicated all his time into making Starbucks a company that not only valued its customers but also the employees who were referred to as partners. But, even after Starbucks began performing well, Schultz felt he needed something more challenging and became the chairman after giving away his position as the ceo (Starbucks uses only lower case for its designations).



Chapter 4: Nothing is confidential

Schultz placed a great deal of trust on his company and partners, so it was understandable for him to feel betrayed when he realized that a memo he had sent airing his opinions on the company's performance was leaked. Pretty soon, Starbucks became the talk of the town even as confusion seeped into the minds of people working in the company. The company was doing well, so they couldn't comprehend why Schultz differed. As chaos ensued everywhere, Schultz realized that nothing was confidential anymore, and instead of chasing the person who leaked the information, he put his efforts into building a better company.

Chapter 5: Magic

Schultz strongly believed that his customers deserved a great experience while they sipped their coffees. Everything including the aroma of the coffee contributed to the rich magic, but as the company expanded in several countries rapidly, and with pressure from Wall Street, Schultz felt the magic disappearing right before his eyes and it was then that he realized that he had to return as the ceo.

Chapter 6: Loyalty

Starbucks was performing exceptionally well when it came to profitability but Schultz couldn't shake off the feeling that their core values were compromised in various areas. Instead of wooing the customers, the partners were more interested in expanding and pleasing Wall Street. He returned as the ceo only because he couldn't watch his beloved company fail.

Chapter 7: Believe

As Schultz had feared, the numbers began to fall, and although data suggested that the average spending of consumers had reached new lows, he couldn't help feeling devastated. He was reclaiming his position as a leader but it was at a time when the company was falling apart at its seams. He decided that a transformation was the only way they could save themselves, and although he wasn't very confident about how the partners would react, the only thing that prodded him to keep going was his unshakeable belief in the company's values and commitment.

Chapter 8: A Reservoir of Trust

When Schultz announced his decision to return as the ceo replacing Jim Donald during a hush-hush meeting, his partners were understandably stunned. With no time to prepare, they had no other option other than complying. Schultz wasn't looking for their approval, but what he wanted was for them to believe in the company's values as much as he did.

Chapter 9: A New Way to See

As soon as Schultz became the ceo, speculations floated around the media. The company stock also rose by eight percent as people anticipated a great future for Starbucks. Apart from making a few important changes in the business, Schultz had the responsibility of striking a delicate balance between innovation and tradition.

Chapter 10: Playing to Win

Ever since he was a kid, Schultz played hard to win, rather than just playing to prevent losses. Later, as the ceo of Starbucks, he continued the same and stressed on the importance of producing the best Arabica coffee that simply beat other products in the market. In fact, apart from developing balanced blends that were customized according to the customers, the standard of the coffee was so high that only three percent of the world's best Arabica beans made it into Starbucks stores.



Chapter 11: Elevating the core

Starbucks continued to expand, but a recession broke their stride. Even their same-store sales that measured the retail growth dropped to a meager one percent adding salt to their wounds. Indeed, the situation was daunting, but with other companies including Citigroup and Home Depot buckling under the pressure, it was evident that the consumer was facing a tough recession. Amidst the chaos, Schultz decided to discontinue breakfast sandwiches and announced that they would no longer post their comps numbers although he was aware that his moves could irk the consumers and investors.

Chapter 12: Get in the mud

When Schultz realized that the company wasn't delivering the way he had imagined, he began to focus more on minute details. Right from ensuring that he communicated with all the partners, he encouraged open forums that allowed others to ask questions. Anybody could send emails to him and it was clear that he wasn't scared to get his hands dirty.

Chapter 13: A reason to exist

Almost a year after the fiasco of the leaked statements passed by and Starbucks began to examine the reasons for their failure to generate good comps. Right from the Transformation Agenda to the connections of people working in Starbucks, Schultz was determined to embrace a change that would completely alter the way they operated.

Chapter 14: Benevolence

Emotions don't offer returns on investments and businessmen shy away from them, but Starbucks believes the most in human connection. Apart from indulging in charity by providing clean water to many unfortunate people, they also offer health-care insurance to their part-time partners. In addition, they partnered with Conservative International to protect precious forests that housed endangered plant and animal species.

Chapter 15: Beyond the status quo

With other companies giving more importance to their online traffic, Schultz was convinced that Starbucks also needed to draw more traffic through their site. After several days of brainstorming, they appointed fifty partners to moderate their open forums so that they could connect to the consumers directly.

Chapter 16: Bold moves

Schultz unveiled the Mastrena - a machine that produced freshly ground coffee for each and every cup - in front of all his shareholders at a time when the stocks had plummeted by almost forty four percent! Apart from improving the quality of the coffee, Schultz was more concerned about selling products that were grown ethically and responsibly. He also introduced a Rewards Program for their core customers thereby highlighting the fact that the company valued their customers above anything else.

Chapter 17: Whirlwind

By 2008, Starbucks entered a critical juncture and although Schultz was optimistic about their new expansions, the numbers that were slipping into negatives were enough to make him lose sleep. At this point, the company drew a lot of flak since many critics felt that Starbucks was into too many things instead of focusing on their main product, but the company continued with its efforts under Schultz's guidance.



Chapter 18: A lethal combination

Schultz and other partners discovered more problems emerging in the company. Although the partners managed the stores well, they were losing out on revenues and other opportunities to continue the business. Food wastage was another concern they couldn't brush off. Additionally, they weren't technologically advanced and this led to severe communication issues within the company.

Chapter 19: Reverence

When Schultz took a good look at the troubles plaguing them, he decided that it was best to close a few stores; however, he was shocked when he realized that at least six hundred stores were to be axed to maintain a smooth flow. To make it worse, twelve thousand partners were let go, and although it was a forced decision owing to their financial woes, it was a distressing time for the company.

Chapter 20: No silver bullets

Schultz believed that he could solve all the problems and decided to launch Sorbetto - a delicious blended drink that promised great returns - in the US; however, as the days for the launch drew nearer, it quickly became a nightmare. Not only had they not unaccounted the value of the weakening dollar against the Euro as they shipped all the ingredients from Italy, but they were also forced to buy thousands of machines that made the drink. Ultimately, Schultz was disappointed because he was betting on Sorbetto, but it had to be abandoned to cut losses.

Chapter 21: I know this to be true

Schultz apologised to his partners during an open conference as he felt that he had let them down. After doing everything possible to reduce losses, they were forced to let more partners go, but it was done only after offering them free email accounts and severance packages. They were also allowed to use any benefits that were offered to other partners of the company. It indicated an unsure future to the ones who left, but the ones who remained behind weren't happy about how their company was falling apart around them.

Chapter 22: Truth in crisis

By September 2008, the market entered an even more frightening period with Wall Street falling by 500 points. Other companies including Lehman Brothers struggled to stay afloat as consumers no longer had money to spend. Starbucks continued to face problems ranging from shortage of goods to miscommunication, and this prodded them to cut their costs even more with an unprecedented urgency.

Chapter 23: A galvanising moment

Although many people felt that it wasn't necessary to host a \$30 million annual conference, Schultz felt that it was necessary to reinstate faith in their partners. It was a tough decision but Schultz knew that all the transformation and layoffs would mean nothing if the partners didn't adhere to the company's core values.

Chapter 24: Nimble

Since Starbucks had rarely advertised on television, it seemed like a great idea to run an ad that urged voters to cast their votes for the presidential elections. Starbucks also offered free coffee to customers who voted, and although they faced a few minor setbacks, the ad was a major success that lifted the partners' spirits a great deal.

Chapter 25: Plan B

As the recession continued and the company struggled with its low comps, the board of directors insisted that they take a close look at their operational costs and minimize the expenses as much as possible. It was tough, especially



Click on your phone type to get the podcast

after they had let go many of their partners; however, they still managed to cut down costs in several areas by optimizing time and labor efficiently.

Chapter 26: Stay the course

After months of bad performance, it was time to face Wall Street. Schultz felt the pressure more than ever since the company's CFO quit suddenly to join another organization. Schultz was very frustrated with everything happening around him; however, he and the other members of the team delivered impassioned speeches that highlighted how they were in the perfect position to rebound and take the bull by its horns.

Chapter 27: Innovate

Starbucks stopped expanding as it focused more on improving the products it currently had. Perhaps, it was the fear of failing, but Schultz knew that failure led to better and greater things and thus, he decided to explore the possibilities of launching an instant coffee powder in the market.

Chapter 28: Conviction

Starbucks had never ventured into the instant coffee powder category, and it was generally not held in high standards in the industry. However, Schultz decided to go ahead with the launch against the suggestions of many people. He wanted to recreate an old battered product into a fresh, new game changer and he believed that VIA - the instant coffee powder - was the key to set things straight.

Chapter 29: Connecting Dots

The American economy struggled to get back on its feet and the situation worsened by 2009. Starbucks continued to cut back on expenditure, but their presence in social media bolstered their spirits tremendously. The open forum discussions proved to be a blessing as it gave them the opportunity to directly address their customers' woes.

Chapter 30: Balance

After an impressive meeting with Aldo Lorenzi, a merchant in Italy, Schultz realized that it was best to improve their existing stores rather than launching new ones. Each of the 16,000 stores had a story and Schultz encouraged the design team to make the stores more warm and inviting to the customers. Right from the aroma to the soft hues and burlap sacks adorning the walls, Starbucks stood apart so much from its competition that other businesses replicated them and learned from their shortcomings.

Chapter 31: Conscience

Starbucks had proven time and again that they valued ethics and human connections above anything else. Right from paying premium price to poor farmers toiling hard for some of the best coffee beans in the world to offering various incentives to ensure that the farmer was compensated well, they demonstrated how connections were essential. Growing coffee is a time-consuming art and Starbucks understood this and extended its support by offering loans every year to farmers who couldn't afford basic privileges.

Chapter 32: Winning

After two years of giving everything they had, Starbucks could finally breathe a sigh of relief as their profits picked up again. Compared to the \$7 million they had lost a year earlier, the profits jumped by a whopping 20% within a short period of time. Naysayers never believed in the company's mission, but Starbucks had yet again made it clear that they were there to win.



Click on your phone type to get the podcast

Chapter 33: Nǐ Hǎo

Schultz was relieved that although Starbucks wasn't making record profits, they had survived the long ordeal. Anxious to kick-start their future, he travelled to China and witnessed the Starbucks spirit in even his Chinese counterparts. The main purpose of leadership is to instill confidence in people and even after such a turbulent period, Schultz had managed to inspire others even when they were worlds apart from each other

READ REVIEWS FOR
ONWARD
ON AMAZON

Free SIGN-UP FOR OUR MAILING LIST OF
EXECUTIVE SUMMARIES

www.TheInvestorsPodcast.com/email-list/