



Starbucks Coffee Company

Crisis Case - Part I

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Cases in Media Management

August 1, 2009

**Crisis Management Team:
PuRr-Luscious Ladies**

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Karen Sobiesczyk**



Proposed Crisis Management Plan



Table of Contents - Part I

| | |
|--|-----------|
| Purpose of Crisis Plan..... | 4 |
| Overview of Starbucks. | 5 |
| Acknowledgement Forms | 10 |
| Crisis Rehearsal Dates | 11 |
| Crisis Risk Assessment..... | 13 |
| Overview -Crisis Vulnerabilities | |
| Potential Crisis Impact Chart | |
| Incident Report Forms..... | 19 |
| Proprietary Information..... | 23 |
| Media Press Kit..... | 24 |
| Communication Strategy Worksheet..... | 26 |
| Stakeholder Contact Information..... | 28 |
| Business Continuity Plan..... | 32 |
| Crisis Control Center Information..... | 33 |
| Post Crisis Evaluation Forms..... | 34 |
| Crisis Rehearsal Review Forms..... | 37 |
| Crisis Activation Information | 42 |
| Crisis Team Contact Information..... | 43 |
| Part II | 46 |



Purpose of Starbucks Crisis Management Plan

The purpose of the Starbucks Crisis Management Plan is to provide clear and concise guidance to our partners and organization, in the event of a crisis, to respond and recover from disasters or other unplanned business interruptions. Planning in advance of these interruptions allows our partners and organization to identify the people, equipment, systems, and timeframes needed to initiate, recover, and restore operations as quickly as possible.

Crisis management is much more than dealing with a crisis, it is stopping and avoiding as crisis as well. It is about prevention, planning, and damage control after a crisis occurs. Starbucks empowers all partners to make decisions that impact our reputation. In keeping with our commitment of responsibility to our partners, communities, and shareholders, it is vital to our organization to establish a plan of business continuity and restoration in the event of a crisis.

Objectives:

The objectives of Starbucks Crisis Management Plan are to:

- Protect the life, safety, health, and reputation of our partners, customers, communities, suppliers, and shareholders.
- Protect company property, assets, and proprietary information.
- Resume and restore business operations as quickly as possible.

Response Priorities:

The recovery priorities stated here relate to overall business recovery. Specific functions will depend on the situation, location, and severity of the unplanned business interruption. Response priorities should be reviewed and adjusted as needed.

| | |
|-----------------------------|---|
| General Response Priorities | <ul style="list-style-type: none">• Protect the safety and security of partners, customers, and communities.• Contain the interruption to reduce damage and resulting impact.• Notify the Starbucks Crisis Management Team of the crisis and provide an initial assessment. |
|-----------------------------|---|



Overview of Starbucks Coffee

Named after a character in the classic story of *Moby Dick*, Starbucks Coffee has emerged as the world's leader in retail, roasting, and branding of specialty coffees for millions of customers worldwide since its 1971 founding in Seattle's Pike Place Market in the state of Washington. Still headquartered in Seattle, Starbucks Coffee Company has expanded to stores in all 50 states and in 43 countries outside of the United States.

"You get more than the finest coffee when you visit a Starbucks - you get great people, first-rate music and a comfortable and upbeat meeting place," says Howard Schultz, Starbucks chairman, president, and chief executive officer. "We establish the value of buying a product at Starbucks by our uncompromising quality and by building a personal relationship with each of our customers. Starbucks is rekindling America's love affair with coffee, bringing romance and fresh flavor back to the brew."

The Starbucks Product

With an eye for convenience and a passion for quality, Starbucks Coffee Company has earned the reputation for providing only the highest quality *Arabica* beans, roasted by expert roasters into an exquisitely blended balance of flavor at convenient drive-thru or off-highway stores, or in highly frequented establishments such as travel plazas, colleges, or airports. Starbucks also recognizes the desire for a relaxing atmosphere, and Starbucks Entertainment of fine music, books, and film are available for pleasure or purchase at stores, online, and iTunes.

The Starbucks brand has grown beyond coffees, offering rich blends of Tazo teas, Ethos water, and cool blended beverages as well as delicious bakery, treats, and Starbucks merchandise that includes espresso machines, brewers, and other coffee or tea related items. Expanding even beyond the beverage market, Starbucks also premiered Frappuccino® and Frappuccino® Light blended coffees, as well as Frappuccino® juice blends. In 1996, an agreement with Pepsi-Cola North America brought these specialized espresso blends to grocery shelves; in 1995, with Dreyer's Grand Ice Cream, a super premium line of coffee ice creams - seven flavors like Java Chip and Coffee Almond Fudge - became available in grocery freezers.

The expansion to the StarbucksStore.com website offers seasonal and promotional whole bean and ground coffees along with the traditional blends, each with descriptively detailed information regarding each coffee, its origin and characteristics, along with notes and suggestions to match individually preferred taste profiles.



The Starbucks Commitments

Starbucks is particularly proud of their commitment to maintaining quality, integrity, and great taste of coffee through the course of its growth, and coupled with that commitment is the high value placed on the employees (partners) worldwide. "We realize our people are the cornerstone of our success, and we know that their ideas, commitment and connection to our customers are truly the essential elements in the *Starbucks Experience*."

Starbucks' value for people goes beyond the employees, however. The relationship between the strength and vitality of the communities and the success of Starbucks is highly valued: investing in communities is not only the right thing to do, it has become part of the tradition of the Starbucks culture, to help produce social, environmental, and economic benefits for communities. Local communities benefit from literacy and volunteer programs that encourage the physical and social well-being of at-risk youths in suburban programs, efforts to sustain and maintain economic livelihood for farmers, and contributing to disaster relief programs.

Starbucks is also committed to the global environment, understanding and recognizing the necessity of environmental responsibility if we hope to preserve our world for generations to come. As early as 1992, Starbucks adopted an environmental mission statement, committing to minimizing their environmental footprint and encouraging all partners to share in their commitment.

The Starbucks Future

Amidst the environmental, social, and economic challenges and changes for Starbucks, its chairman, president, and chief executive officer, Howard Schultz, pledges "Even during this time of change for our company, one thing that will never change is our long-standing commitment to conducting business in a responsible and ethical manner. Going forward, we will only deepen our approach by continuing to integrate social and environmental responsibility in every aspect of our business." With its various and numerous awards in "Best Business," "Most Admired Company," "100 Best Corporate Citizens," to name a few, Starbucks is becoming one of the most respected brands in the world.



Starbucks Mission:

- *To inspire and nurture the human spirit - one person, one cup, and one neighborhood at a time.*

Folklore:

- Starbucks is named after the first mate in Herman Melville's *Moby Dick*.

Mission Statement:

- To establish Starbucks as the premier purveyor of the finest coffee in the world while maintaining our uncompromising principles as we grow.

Environmental Mission Statement:

- Starbucks is committed to a role of environmental leadership in all facets of our business. We fulfill this mission by a commitment to:
 - Understanding environmental issues and sharing information with our partners.
 - Developing innovative and flexible solutions to bring about change.
 - Striving to buy, sell, and use environmentally friendly products.
 - Recognizing that fiscal responsibility is essential to our environmental future.
 - Instilling environmental responsibility as a corporate value.
 - Measuring and monitoring our progress for each project.
 - Encouraging all partners to share in our mission.



Guiding Principles:

- Provide a great work environment and treat each other with respect and dignity.
- Embrace diversity as an essential component in the way we do business.
- Apply the highest standards of excellence to the purchasing, roasting, and fresh delivery of our coffee.
- Develop enthusiastically satisfied customers all of the time.
- Contribute positively to our communities and our environment.
- Recognize that profitability is essential to our future success.

Communication Goals and Objectives:

1. Awareness Objectives:

- a) To have an effect on the awareness of our partners (employees), specifically to reinforce our value and respect for their contribution to the success of Starbucks Coffee.
- b) To have an effect on the awareness of our partners, specifically to maintain confidentiality of non-public information.
- c) To have an effect on the awareness of governmental forces within all countries and communities in which Starbucks operates, specifically to maximize ethical compliance with national and local laws, regulations, and codes.
- d) To have an effect on the awareness of partners, business, and corporations to generate attention to our environmental responsibility to conserve natural resources, innovate and encourage economic growth, and to recognize the role of ethics in environment.



2. Acceptance Objectives:

- a) To have an effect on the acceptance of our partners (employees), specifically to generate interest in corporate values and create positive attitude toward the corporation and toward each other.
- b) To have an effect on the acceptance of governmental forces within all countries and communities, specifically to increase interest and acceptance of Starbucks operations within their borders and municipalities, with the assurance of ethical and responsible compliance.
- c) To have an effect on the acceptance of our partners (employees), business, and corporations, specifically to generate and maintain interest toward ethical and environmental responsibilities to benefit communities and preserve our world.

3. Action Objectives:

- a) To have an effect on the action of our partners (employees), specifically to increase and reinforce positive behavior in all aspects of their daily business operations.
- b) To have an effect on the action of governmental forces within all countries and communities, specifically to generate positive response toward Starbucks Coffee operations within their boundaries and municipalities, with recognition of economic and social support as well as corporate and ethical values.
- c) To have an effect on the action of partners, business, and corporations, specifically to generate interest in, maximize opportunities for, and maintain high standards of ethical environmental behavior for the benefit of the world community.



Acknowledgements

We, the members of the Starbucks Coffee Company Crisis Management Team have created this Crisis Management Plan as a guide in the event of a crisis. As members of the Crisis Management Team we are prepared to implement and adjust this plan as necessary due to the nature of the crisis.

We acknowledge and fully understand the implementation of the Crisis Management Plan and accept our responsibility to execute this plan in the event of a crisis. As the Crisis Management Team we will strive to follow the Starbucks commitment to support our worldwide locations by being committed to doing business responsibly and conducting ourselves in ways to earn the trust and respect of our customers, partners and neighbors.

Diane LeVeque

Vice President of Corporate Communications Region 1

Debra Dobson

Vice President of Corporate Communications Region 2

Joyce Jentges

Vice President of Corporate Communications Region 3

Karen Sobiesczyk

Vice President of Corporate Communications Region 4



Crisis Rehearsal Dates

The Starbucks Crisis Management Plan is rehearsed semi-annually and quarterly based on global regions. Starbucks Coffee Company is divided into four global regions these regions and there 2009 rehearsal dates are as follows:

Region 1

United States, Canada and Latin America

Quarterly Crisis Rehearsals

January 15

April 16

July 15

October 15

Region 2

Europe, Ireland, United Kingdom, Middle East and Africa

Semi- Annual Crisis Rehearsals

February 16

August 14

Region 3

Australia, Indonesia, Malaysia, New Zealand, Philippines,

Singapore, South Korea and Thailand

Semi- Annual Crisis Rehearsals

March 12

September 15

Region 4

Greater China and Japan

Semi- Annual Crisis Rehearsals

June 12

December 29

In many regions Starbucks locations may be required to participate in local governmental crisis drills. The Crisis Management Team is to be notified of all drills and will participate in drills are requested by the local authorities.



Regional Communications Contact Information

Region 1

United States, Canada and Latin America

Phone: 206-318-7100

E-mail: press@starbucks.com

Region 2

Europe, Ireland, United Kingdom, Middle East and Africa

Phone: +44 20 8834 5464

E-mail: eiumacommunication@starbucks.com

Region 3

Australia, Indonesia, Malaysia, New Zealand, Philippines,
Singapore, South Korea and Thailand

Phone: +852 2889 6820

E-mail: apcommunications@starbucks.com

Region 4

Greater China and Japan

Phone: +86 21 2412 5802

E-mail: gcjcommunication@starbucks.com



Risk Assessment Analysis of Possible Crisis

Scanning the environment for potential risks is part of Starbucks preparation to handle any business problem that may occur. As issues arise, we will respond to them through our Newsroom feature at www.starbucks.com. Using this forum is one way we analyze risk and prepare for a potential crisis.

Other issues, known and unknown to us may emerge without warning which could cause immediate, serious ramifications for the success of our business. We have classified potential crises and ranked them into broad categories in order that we may prepare a proper response should they occur. Our goal is to mitigate the crisis, to prevent it from escalating, reduce any damage and expedite recovery.

In our risk threat assessment, there are two criteria that we were attentive to: 1) The likelihood that it may occur and 2) The impact and potential negative consequences it could have on our organization.

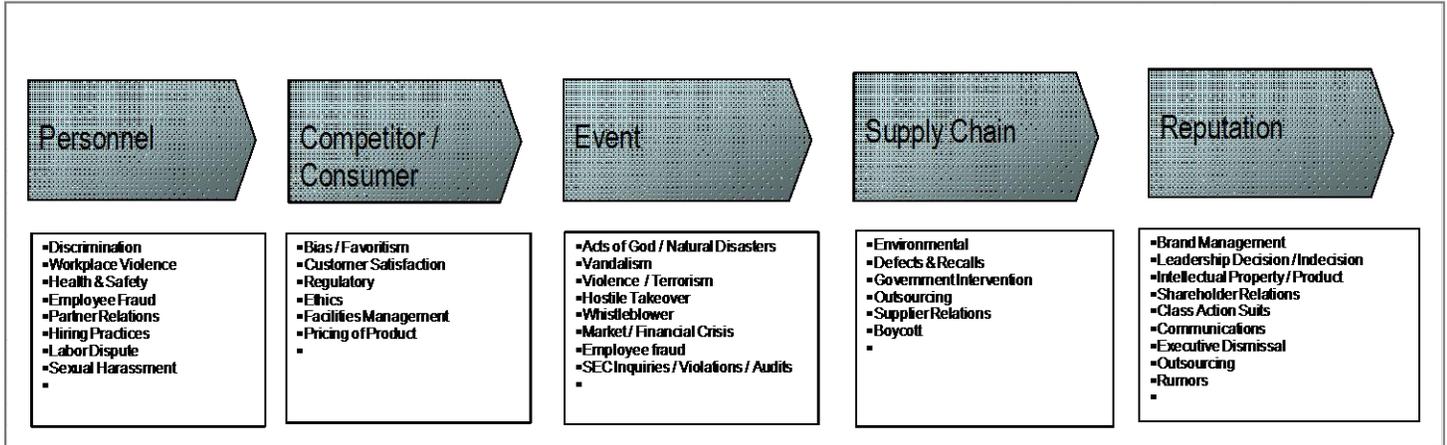
Based on research conducted by the crisis management team, the issues were scored on a scale of 1 to 5 and then plotted into a chart to determine a ranking. From this report, the following five categories were determined to be a source of a potential crisis.

1. Personnel
2. Competitor / Consumer
3. Event
4. Supply Chain
5. Reputation



Overview – Crisis Vulnerabilities

Potential Crisis Impact Chart and Ratings Criteria



Rating Scales for Risk Assessment*

Worksheet within the Risk Assessment Tool containing suggested rating scales for evaluating the likelihood, severity, and control effectiveness for potential risks. *These definitions are offered as a guide for the user. The user is able to replace the definitions with scales that are more applicable to the company, if necessary.*

| Likelihood Rating Scale | | | | | | |
|------------------------------------|---|--|--|---|---|---|
| Likelihood Measure | Score | 1 | 2 | 3 | 4 | 5 |
| | Descriptive | Almost Impossible Remote Negligible | Extremely Unlikely Low Minor | Possible Sometimes Moderate | Isolated Incidents High Major | Repeated Incidents Probable Catastrophic |
| | Time | < Once/5 years | < Once/year | Once/month to Once/year | Once/week to Once/month | > Once/week |
| | Probability | < 1% | 1% - 5% | 5% - 10% | 10% - 20% | > 20% |
| Impact/Severity Rating Scale | | | | | | |
| Severity Measure | Score | 1 | 2 | 3 | 4 | 5 |
| | Damages, Settlements, Fines | < 1% of revenue | 1% - 3% of revenue | 3% - 5% of revenue | 5% - 10% of revenue | > 10% of revenue |
| | Reputation | No reputational exposure or regulatory harm | Localized negative impact on reputation but recoverable | Negative media coverage in region state or region | Negative national media coverage (not front page) | Sustained national negative media coverage (front page of business section) |
| Operational | No operational impact or loss of business | Noticeable but easily manageable; limited impact on operations | Results in some damage at an individual customer or stakeholder level; requires careful management attention | Severe impact on the business unit's or company's operational performance | Catastrophic impact on the business unit's or company's operational performance | |
| Control Effectiveness Rating Scale | | | | | | |
| Control Effectiveness Measure | Score | 1 | 2 | 3 | 4 | 5 |
| | Control Description | No control in place to date | Largely ineffective | Partially effective on some occasions | Effective on most occasions | Highly effective on almost all occasions |



Overview - Crisis Vulnerabilities - Risk Assessment

Utilizing the ratings scale guide on the previous page, assign a likelihood and impact score for each risk under review. An overall risk score is then calculated for each risk assessed. By indicating a control effectiveness score, an overall control risk is also calculated for each potential risk area.

| General Risk Assessment* | | | | | | |
|--|-------------------------------------|--------------------|----------------|-----------------------------------|-----------------------|-------------|
| Worksheet within the Risk Assessment Tool that delineates the potential universe of risks and the risk factors contributing to a specific impact | | | | | | |
| Overall Average Risk Score 11.00 | | | | | | |
| Potential Crisis Area | Potential Risk / Vulnerability | Likelihood of Risk | Impact of Risk | RISK SCORE (=Likelihood x Impact) | Control Effectiveness | |
| Personnel | Discrimination | 2 | 3 | 6 | 4 | |
| | Workplace Violence | 3 | 3 | 9 | 3 | |
| | Health & Safety | 2 | 2 | 4 | 4 | |
| | Employee Fraud | 2 | 3 | 6 | 4 | |
| | Partner Relations | 2 | 3 | 6 | 4 | |
| | Hiring Practices | 2 | 4 | 8 | 4 | |
| | Labor Dispute | 3 | 3 | 9 | 4 | |
| | Sexual Harrassment | 3 | 3 | 9 | 3 | |
| Average Personnel Control Score | | | | | | 3.50 |
| Competitor / Consumer | Bias / Favoritism | 3 | 4 | 12 | 3 | |
| | Customer Satisfaction | 4 | 3 | 12 | 4 | |
| | Regulatory | 3 | 5 | 15 | 3 | |
| | Ethics | 3 | 4 | 12 | 3 | |
| | Facilities Management | 3 | 4 | 12 | 3 | |
| | Pricing of Product | 3 | 2 | 6 | 4 | |
| Average Competitor / Consumer Control Score | | | | | | 3.25 |
| Event | Acts of God / Natural Disasters | 3 | 4 | 12 | 1 | |
| | Vandalism | 3 | 3 | 9 | 3 | |
| | Violence / Terrorism | 3 | 5 | 15 | 1 | |
| | Hostile Takeover | 2 | 4 | 8 | 2 | |
| | Whistleblower | 2 | 4 | 8 | 3 | |
| | Market / Financial Crisis | 4 | 4 | 16 | 2 | |
| | Employee Fraud | 2 | 4 | 8 | 3 | |
| | SEC Inquiries / Violations / Audits | 2 | 5 | 10 | 3 | |
| Average Event Control Score | | | | | | 2.00 |
| Supply Chain | Environmental | 4 | 3 | 12 | 3 | |
| | Defects & Recalls | 4 | 3 | 12 | 3 | |
| | Government Intervention | 3 | 3 | 9 | 3 | |
| | Outsourcing | 2 | 5 | 10 | 4 | |
| | Supplier Relations | 2 | 4 | 8 | 3 | |
| | Boycott | 3 | 3 | 9 | 3 | |
| Average Supply Chain Control Score | | | | | | 3.00 |
| Reputation | Brand Management | 2 | 4 | 8 | 3 | |
| | Leadership Decision / Indecision | 3 | 4 | 12 | 2 | |
| | Intellectual Property/ Product | 2 | 5 | 10 | 3 | |
| | Shareholder Relations | 3 | 4 | 12 | 4 | |
| | Class Action Suits | 2 | 4 | 8 | 3 | |
| | Communications | 2 | 3 | 6 | 4 | |
| | Executive Dismissal | 2 | 4 | 8 | 2 | |
| | Outsourcing | 2 | 5 | 10 | 3 | |
| | Rumors | 4 | 3 | 12 | 2 | |
| Average Reputation Risk Score | | | | | | 3.00 |



Overview - Crisis Vulnerabilities - Risk Assessment

To provide a visual reference to the risk potential vulnerability scores, the scores are recorded in an Excel table to plot the components on a scatter diagram, found on the following page.

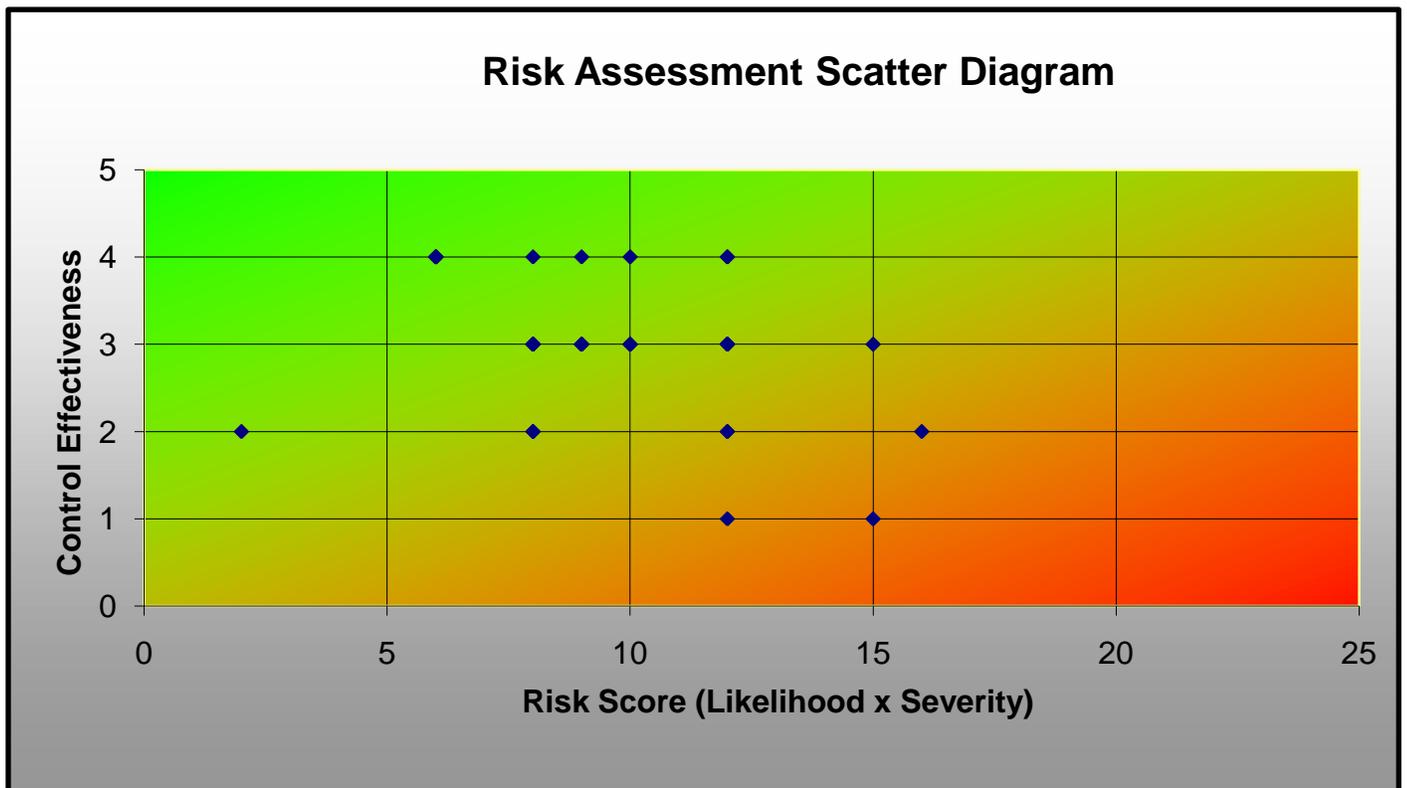
| Risk | Risk Score (Likelihood x Severity) | Control Effectiveness |
|-------------------------------------|---------------------------------------|-----------------------|
| Personnel | | |
| Discrimination | 6 | 4 |
| Workplace Violence | 9 | 3 |
| Health & Safety | 2 | 2 |
| Employee Fraud | 6 | 4 |
| Partner Relations | 6 | 4 |
| Hiring Practices | 8 | 4 |
| Labor Dispute | 9 | 4 |
| Sexual Harrassment | 9 | 3 |
| Competitor / Consumer | | |
| Bias / Favoritism | 12 | 3 |
| Customer Satisfaction | 12 | 4 |
| Regulatory | 15 | 3 |
| Ethics | 12 | 3 |
| Facilities Management | 12 | 3 |
| Pricing of Product | 6 | 4 |
| Event | | |
| Acts of God / Natural Disasters | 12 | 1 |
| Vandalism | 9 | 3 |
| Violence / Terrorism | 15 | 1 |
| Hostile Takeover | 8 | 2 |
| Whistleblower | 8 | 3 |
| Market / Financial Crisis | 16 | 2 |
| Employee Fraud | 8 | 3 |
| SEC Inquiries / Violations / Audits | 10 | 3 |
| Supply Chain | | |
| Environmental | 12 | 3 |
| Defects & Recalls | 12 | 3 |
| Government Intervention | 9 | 3 |
| Outsourcing | 10 | 4 |
| Supplier Relations | 8 | 3 |
| Boycott | 9 | 3 |
| Reputation | | |
| Brand Management | 8 | 3 |
| Leadership Decision / Indecision | 12 | 2 |
| Intellectual Property / Product | 10 | 3 |
| Shareholder Relations | 12 | 4 |
| Class Action Suits | 8 | 3 |
| Communications | 6 | 4 |
| Executive Dismissal | 8 | 2 |
| Outsourcing | 10 | 3 |
| Rumors | 12 | 2 |



Overview - Crisis Vulnerabilities - Risk Assessment

Scatter Diagram

The scores plotted on the scatter diagram below indicates that Starbucks highest potential vulnerability rates an approximate score of 12 - 16, with little or no control score of 1 or 2. Therefore, these particular areas of vulnerability requires careful management attention, with a likely severe potential impact on the operations or performance of Starbucks Coffee.





Incident Analysis Forms Information

The objective of the incident report form, analysis worksheet and incident log is to provide a method to record and analyze developments of the crisis as they are occurring. Critical opportunities to rectify a problem may be lost absent a coordinated effort to record pertinent information as it is received.

- **Incident Report Form**
 - This form is used first to record the known details of the crisis.
- **Incident Analysis Form**
 - This form is used next to assess the situation
- **Incident Log**
 - This form is used last to record the communication activity and provide a point of reference in one location.



Incident Report Form

Crisis Team Member(s): _____

Date: _____ Time _____

Media Contact/Informant: _____

Channel: _____

Date of Incident: _____ Time of Incident: _____ Location of Incident: _____

Message: _____

Partner(s) of Concern

Contact Information

Partner Contacted? Yes _____ Date _____ Time _____ No _____

Mitigation/Action Response:

Recovery Actions:

If unable to abate immediately, conduct an incident analysis for recovery actions.



Incident Analysis Form



1. Where does the evidence lead?

2. So what?

3. What are your assumptions?

4. What is the pattern?

5. What is effectiveness?

6. What to do?

7. Is it ethical?



Crisis Activity Log

Date: _____

| Time Line | Source | Action / Evidence | Concerns / Assumptions / Patterns | Reaction / Effect |
|-----------|--|-------------------|-----------------------------------|-------------------|
| | <input type="checkbox"/> Incoming <input type="checkbox"/> Outgoing | | | |
| | <input type="checkbox"/> Incoming <input type="checkbox"/> Outgoing | | | |
| | <input type="checkbox"/> Incoming <input type="checkbox"/> Outgoing | | | |
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| | <input type="checkbox"/> Incoming <input type="checkbox"/> Outgoing | | | |



Intellectual Property and Proprietary Information

Confidential Information

Partners will come in contact with sensitive company information during the course of their employment at Starbucks. Use of this information is for the sole purpose of performing your employment duties, and Partners are expected to maintain the confidentiality of this information.

“Starbucks information should be used only for company purposes and should not be disclosed to anyone outside of Starbucks.”

The following items are considered Confidential information: The Starbucks name and logo, supplier information, Starbucks technologies, recipes, formulas, coffee blends, business and marketing plans, internal company communications, and existing and future product information.

Starbucks information should be used only for company purposes and should not be disclosed to anyone outside of Starbucks. Keep in mind that only those individuals who truly do need this information should have access to it. Upon termination of employment at Starbucks, all company property, handbooks, etc. must be returned.

Please keep in mind that considering the confidentiality of these materials they should: never be discussed in a place where others may hear, be clearly marked as confidential, and always be stored in a secure location where others cannot view the materials. It is also against company policy to fax confidential information to unattended fax machines.

Other Intellectual Property

As part of the duties that a Partner performs for the company, you may be involved in creating work products that are considered intellectual property. This includes inventions, discoveries, ideas, improvements, software programs, artwork and works of authorship. During the course of your employment, any intellectual property created for the Starbucks purpose becomes the property of Starbucks.

Outside consultants must have an appropriate written agreement in place, before work on any Starbucks related project is started.

“Brands are fragile and must be used carefully and protected from misuse.”

Remember, too, that our brands, including the Starbucks name and logo, are extremely valuable to Starbucks success. Brands are fragile and must be used carefully and protected from misuse. Consult Starbucks guidelines for proper trademark usage.



Media Press Kit

A media kit has been prepared to disseminate current facts, background information and other materials that may be relevant to the coverage of Starbucks.

Right Pocket:

Press Release
Media Relations Request Form
Regional Communications Contact Information
Fact Sheet
Complimentary Note Pad

Left Pocket:

Company Profile
Board of Directors Biographies
Of Coffee and Community: Corporate Social Responsibility
Starbucks in Our Communities: Charitable Stewardship
Starbucks and Conservation International: Environmental Stewardship
Composting in the City
Business Card





Starbucks Newsroom

FOR IMMEDIATE RELEASE
August 1, 2009

Media Contact: Diane LeVeque VP Corp. Comm.
Phone Number: (920) 378-4881
Release No. 09-01

Insert headline here

City Date-

###

Please Note: For broadcast quality video and audio, photo stills and other media resources, visit the Starbucks Newsroom at www.starbucks.com

Since 1971, Starbucks Coffee Company had been committed to ethically sourcing and roasting the highest quality Arabica coffee in the world. Today, with stores around the globe, the company is the premier roaster and retailer of specialty coffee in the world. Through our unwavering commitment to excellence and our guiding principles, we bring the unique Starbucks Experience to life for every customer through every cup.



Communication Strategy Worksheet

When a crisis or disaster strikes, it is essential to maintain strategic and professional communication throughout the crisis management. While the Crisis Management Team members are specifically trained in crisis response, Starbucks Coffee empowers our Partners to act on behalf of our organization in all business operations, and especially in the early moments of a crisis. The following checklist is an essential tool to guide CMT members and Starbucks Partners through communication strategies that will uphold our corporate values, mission, and commitments, and to maintain our reputation, protect our corporate interests, and uphold our excellent standards of providing the best.

Crisis Analysis:

- ◇ How is the crisis defined? (Internal / External - See page 13 for types of crises)
- ◇ Were there any warning signs? If so, could they have been averted?
- ◇ What do we know about the crisis?
- ◇ How is this crisis classified? Which assessment category does it fall into?
- ◇ What is or was our level of control in this crisis?
- ◇ What steps need to be taken in response to this crisis?
- ◇ What controls can we put into place to minimize the risk?

Audience Analysis:

- ◇ Who, or what audiences are affected by this crisis? Consider primary and secondary stakeholders.
- ◇ How are they affected?
- ◇ What is the general public response to the crisis?
- ◇ Who are the opinion leaders? How will they influence general perception of the crisis?
- ◇ Can they work to our advantage?
- ◇ How active is the media regarding the crisis?
- ◇ How does the crisis affect the organization's reputation and credibility?

Strategy & Tactics:

- ◇ Where does the evidence lead?
- ◇ Does our communication and tactical strategies align with our business and communication goals and objectives?
- ◇ How can we align our message and strategy with the values of Starbucks Coffee?
- ◇ Is it practical? Ethical?
- ◇ Who is our spokesperson?
- ◇ What media and communication channels are available to us?
- ◇ When and how do we want to convey our message?



Shareholders

| Stakeholder | Concerns | Impact / Power | Needs / Wants |
|---|--|---|---|
| Investors/Stockholders | <ul style="list-style-type: none"> Generate profit Control expenses Be socially responsible | <ul style="list-style-type: none"> Financial stability Influential voice | <ul style="list-style-type: none"> Access to information Operational influence |
| Starbucks Partners | <ul style="list-style-type: none"> Economic sustenance Fair treatment Market stability | <ul style="list-style-type: none"> Managerial independence Empowered as corporate representatives Primary customer contact | <ul style="list-style-type: none"> Corporate support Workplace safety and security Fair wage |
| Customers | <ul style="list-style-type: none"> Safe, quality products Cost Availability of product | <ul style="list-style-type: none"> Source of profit Influential voice | <ul style="list-style-type: none"> Product safety Excellent service Safe and sanitary outlets |
| Growers / Suppliers of raw or consumer products | <ul style="list-style-type: none"> Generate continued need for product Ethical business practices | <ul style="list-style-type: none"> Product supply enhances business continuity and success | <ul style="list-style-type: none"> Equitable price for product Ethical treatment |
| Partner Organizations (store chains, food service suppliers) | <ul style="list-style-type: none"> Retain competitive edge through fair prices and quality product | <ul style="list-style-type: none"> Markets to wider consumer audience | <ul style="list-style-type: none"> Product stability in consumer market |
| Government Organizations (USAID, supplier countries) | <ul style="list-style-type: none"> Compliance with national and international regulations Consumer protection | <ul style="list-style-type: none"> Controls health and safety standards and product trade laws | <ul style="list-style-type: none"> Assurance of compliance with financial and trade law Community and social programs for farmer sustenance |
| Non-Government Organizations, Social and Environmental Groups | <ul style="list-style-type: none"> Environmental protection Ensure social and community support for low income regions | <ul style="list-style-type: none"> Powerful voice to global audience | <ul style="list-style-type: none"> Assurance of social, ethical, and environmentally responsible programs |
| University / Student Organizations | <ul style="list-style-type: none"> What's in it for me? | <ul style="list-style-type: none"> Growing and influential audience | <ul style="list-style-type: none"> Social and economic programs for students On campus availability |
| Regional Community Groups | <ul style="list-style-type: none"> Financial sustenance Consumer market | <ul style="list-style-type: none"> Community "welcome" component | <ul style="list-style-type: none"> Support in community and fund-raising events |
| Media | <ul style="list-style-type: none"> Connectivity in new and breaking stories Obtain news and information for profit | <ul style="list-style-type: none"> Powerful voice to mass markets and audiences | <ul style="list-style-type: none"> Accurate reporting of news Open access availability |
| Competitors (Alterra Coffee, Caribou Coffee, etc.) | <ul style="list-style-type: none"> Remain competitive with Starbucks products and services | <ul style="list-style-type: none"> Potential consumer draw away from Starbucks | <ul style="list-style-type: none"> Ethical business practices Competitive edge |



Shareholder Contact Information

Starbucks Executive Staff:

Howard Schultz, *Chairman, President and Chief Executive Officer*
Cliff Burrows, *President, Starbucks Coffee U.S.*
Martin Coles, *President, Starbucks Coffee International*
Arthur Rubinfeld, *President, Global Development*
Troy Alsted, *Executive Vice President, Chief Financial Officer*
Paula Boggs, *Executive Vice President, General Counsel and Secretary*
Michelle Gass, *Executive Vice President, Marketing and Category*
Peter Gibbons, *Executive Vice President, Global Supply Chain Operations*
Dorothy Kim, *Executive Vice President, Global Strategy, Office of the CEO*
Stephen Gillett, *Senior Vice President and Chief Information Officer, GM Digital Ventures*
Vivek Varma, *Senior Vice President, Public Affairs*

Police, Fire, and Rescue - 911

Local and State Contacts

| | |
|----------------------------------|--------------|
| Green Bay Police - Non Emergency | 920-448-3200 |
| Green Bay Fire - Non Emergency | 920-448-3280 |
| Brown County Sheriff | 920-448-4219 |
| Brown County Emergency Mgmt | 920-448-4270 |
| Office of the Mayor of Green Bay | 920-448-3005 |

Starbucks Corporate Headquarters

2401 Utah Avenue South
Seattle, WA 98134
Phone: 1- 800 - HOT - LINE

Fair Trade Certified

TransFair USA
1500 Broadway, Suite 400
Oakland, CA 94612
Phone: 510-663-5260

Primary Investor Relations Contact

Starbucks Coffee Company
P.O. Box 34067
Seattle, WA 98124-1067
Phone: 206-318-7118

Scientific Certification Systems (C.A.F.E.)

2200 Powell Street, Suite 725
Emeryville, CA 94608
Phone: 510-452-8000
Toll-Free: 800-326-3228



Fair Trade Labeling Organizations International

FLO
Bonner Talweg 177
53129 Bonn
Germany
Phone: +49-228-949230

African Wildlife Foundation USA
1400 Sixteenth Street, NW Suite 120
Washington, D.C. 20036
Phone: 202-939-3333
Toll-Free 888-494-5354

Save the Children
54 Wilton Road
Westport, CT 06880
Phone: 203-221-4030
Toll-Free 800-728-3843

USAID
U.S. Agency for International Development
Ronald Reagan Building
Washington, D.C. 20523-1000
Phone: 202-712-0000

Youth Venture
USA National
1700 North Moore Street, Suite 2000
Arlington, VA 22209
Phone: 703-527-4126

Conservation International
2011 Crystal Drive
Arlington, VA 22202
Phone: 703-341-2400
Toll-Free (US) 800-429-5660

CARE International / CARE
151 Ellis Street, NE
Atlanta, GA 30303
Phone: 404-681-2552
Toll-Free 800-521-CARE

Coffee Kids: Grounds for Hope
1751 Old Pecos Trail, Suite K
Sante Fe, NM 87505
Phone: 800-334-9099

International Youth Foundation
YouthActionNet
International Youth Foundation
32 South Street
Baltimore, MD 21202
Phone: 410-951-1500

Ethos Water c/o
Starbucks Coffee Company
2401 Utah Avenue South
Seattle, WA 98134
Toll-Free 888-88-ETHOS



GIVE2ASIA

465 California Street, Suite 806
San Francisco, CA 94104
Phone: 415-743-3336

Ethisphere Magazine

1133 Broadway, Suite 708
New York, NY 10010
Phone: 800-369-7583

Business for Social Responsibility

111 Sutter Street
12th Floor
San Francisco, CA
Phone: 415-984-3200

ERC

Ethics Resource Center
Phone: 202-737-2258

Earthwatch Institute - United States

3 Clock Tower Place
Suite 100, Box 75
Maynard, MA 01754
Phone: 978-461-0081
Toll-Free 800-776-0188

U.S. Green Building Council

2101 L Street, NW Suite 500
Washington, D.C. 20037
Phone: 800-795-1747



Media Contact Information

Local and State Media

Green Bay Press Gazette 920-435-4411
WLUK-Fox 11 920-490-1407
WGBA-26 920-494-2626

Journal Broadcast Group

720 E. Capitol Drive
Milwaukee, WI 53212
Phone: 414-332-9611

Associated Press

430 W. 33rd Street
New York, NY 10001
Phone: 212-621-1500
(press release to info@ap.org)

GANNETT Co. Inc.

7950 Jones Branch Drive
McLean, VA 22107-0150
Phone: 703-854-6000

Wisconsin State Journal

Capital Newspapers
1901 Fish Hatchery Road
Madison, WI 53713
Phone: 608-252-6200

Thomson Reuters

3 Times Square
New York, NY 10036
Phone: 646-223-4000



Business Continuity Plan

The purpose of this Business Continuity Plan (BCP) is to provide our Organization and our Partners with a directive guide in response to a crisis. The BCP provides the framework for a worst-case scenario that allows adjustments for a specific disaster or crisis situation, including specific actions that need to be taken, the resources and equipment available to the Crisis Management Team, and the contact information to reach members of the Crisis Management Team as well as primary stakeholders within and outside of our Partner organization, such as emergency personnel, the media, senior officers, investors, and various organizations who share more than a vested interest in Starbucks Coffee.

As Starbucks Coffee is a global organization, we are fortunate to have the capability to organize an emergency crisis control center at nearly any of our Partner organizations worldwide, to assure that communication channels are established quickly in response to an unexpected disaster or crisis. The Starbucks Crisis Management Team reports to our international headquarters in Seattle, Washington, and with access to global networks of communication, we are confident in our capability to support those affected by a crisis as well as maintain a continuity of Starbucks commitments to our Partners and Shareholders.

At the leadership of Starbucks Crisis Management are the senior officers of the organization, including the CEO Howard Schultz, the U.S. and International Presidents of Starbucks, and various Executive Vice Presidents and Directors of General Counsel, Marketing, Finance, and Global Supply Chain Operations. Senior management provides overall guidance, direction, and resources needed during crisis response. The Crisis Management Team consists of individuals from key functional areas within the company, whose primary role is to provide policy direction, coordination, and overall management during crisis response. Each member of the CMT is equipped and prepared to respond to any natural, man-made, or other disasters that may affect Starbucks or any of our national or global Partners or partnerships.

This BCP undergoes annual reviews of its policies and procedures to maintain and assure its effectiveness. The review process focuses on the plan and necessary materials as well as the people required to implement the BCP and guide crisis recovery, along with these essential components.

- Contact information is reviewed and updated.
- Review of recovery priorities and strategies, adding or implementing procedures or tasks to assure confident and competent crisis response.
- Key shareholder information is reviewed and updated with current contact information.

Once the plan has been reviewed and updated, a Director's signature is required to certify the plan is complete, and evidence of certification documented by completion of the Certification Memo and submission of the signed form to corporate headquarters.



Crisis Control Center

Location: 2420 Nicolet Drive
U W – Green Bay MAC Hall
Green Bay, WI 54311
(920) 465-2000

Equipment Available: Computers (3)
High Speed Wireless Internet
Whiteboards
DVD Player
Cell Phones (4)
Access to classroom audio/video equipment and computers

Primary Contact Source During Crisis

Starbuck Coffee Company
2401 Utah Avenue South
Seattle, WA 98134
Telephone 1-800-HOT-LINE



Post Crisis Evaluation Form

The post crisis evaluation is the next process in the crisis management plan. It utilizes all the information gathered throughout the crisis. This information then combined to evaluate the effectiveness of the plan during the crisis. The crisis may already be successfully resolved however; evaluating and monitoring are necessary to complete a thorough evaluation of the plan and crisis.

All partners, communities and shareholders involved in the crisis, will complete the *Post Crisis Review Form*. These reviews will assist the CMT in completing the *Post Crisis Evaluation Form*.



Post Crisis Review Form

Date of Crisis: _____ Time notified: _____ Location: _____

Your affiliation with Starbucks: _____

What was your role in the crisis?

How were you notified of the crisis?

Were there any unexpected elements during the crisis that need improvement?

Was the appropriate information prepared and provided during the crisis?

Would you consider the crisis a success? Why?



Post Crisis Evaluation Form

Date of Crisis: _____ Time notified: _____

Location of Crisis: _____

CMT Partner: _____

Type of Crisis: Circle One of the Enterprise Level Risk Categories below.

Personnel Competitor/Consumer Event Supply Chain Reputation

How were you notified of the crisis? How long did it take for CMT to assemble?

How was the Crisis Management Plan used to its full capacity during this crisis? Explain.

Were there any unexpected elements revealed in the evaluation that are of concern or need improvement?

How will the CMT use both the successes and failures of this crisis to adjust current plan?



Crisis Rehearsal Review

During a crisis rehearsal all crisis documentation will be recorded as if it were a real crisis situation. The following pages contain Crisis Rehearsal Review Forms that will assist in evaluating the crisis rehearsals. All participating partners, communities and selected shareholders will be asked to complete a rehearsal review form following the crisis rehearsal. These reviews will give clear direction to the CMT regarding the successes as well as the failures of the rehearsed crisis.



Quarterly Crisis Rehearsal Review Form 2009

Region 1

United States, Canada and Latin America

Please circle date of crisis rehearsal:
January 16 April 16 July 15 October 15

How long did it take to notify the Crisis Management Team the day of the crisis rehearsal? How quickly did they respond to notification?

Were there any internal problems or vulnerabilities during the crisis rehearsal?

Were all partners, communities and shareholders notified of crisis in rehearsal in a timely manner?

Were there any unexpected elements during the crisis rehearsal that need improvement?

Was the appropriate information prepared and provided during the crisis rehearsal?

What was your role during the crisis rehearsal? Do you think the rehearsal was a success?



Semi- Annual Crisis Rehearsal Review Form 2009

Region 2

Europe, Ireland, United Kingdom, Middle East and Africa

Please circle date of crisis rehearsal: February 16 August 14

How long did it take to notify the Crisis Management Team the day of the crisis rehearsal? How quickly did they respond to notification?

Were there any internal problems or vulnerabilities during the crisis rehearsal?

Were all partners, communities and shareholders notified of crisis in rehearsal in a timely manner?

Was the appropriate information prepared and provided during the crisis rehearsal?

Was the appropriate information prepared and provided during the crisis rehearsal?

What was your role during the crisis rehearsal? Do you think the rehearsal was a success?



Semi- Annual Crisis Rehearsal Review Form 2009

Region 3

**Australia, Indonesia, Malaysia, New Zealand, Philippines,
Singapore, South Korea and Thailand**

Please circle date of crisis rehearsal: March 12 September 15

How long did it take to notify the Crisis Management Team the day of the crisis rehearsal? How quickly did they respond to notification?

Were there any internal problems or vulnerabilities during the crisis rehearsal?

Were all partners, communities and shareholders notified of crisis in rehearsal in a timely manner?

Was the appropriate information prepared and provided during the crisis rehearsal?

Was the appropriate information prepared and provided during the crisis rehearsal?

What was your role during the crisis rehearsal? Do you think the rehearsal was a success?



Semi- Annual Crisis Rehearsal Review Form 2009

Region 4 -

Greater China and Japan

Please circle date of crisis rehearsal: June 12 December 29

How long did it take to notify the Crisis Management Team the day of the crisis rehearsal? How quickly did they respond to notification?

Were there any internal problems or vulnerabilities during the crisis rehearsal?

Were all partners, communities and shareholders notified of crisis in rehearsal in a timely manner?

Was the appropriate information prepared and provided during the crisis rehearsal?

Was the appropriate information prepared and provided during the crisis rehearsal?

What was your role during the crisis rehearsal? Do you think the rehearsal was a success?



Crisis Activation Information

General Crisis Response Sequence:

The diagram to the right displays the typical response for any crisis or disaster event. The specific response actions needed will be dependent on the impact and severity of the event, but in general the actions defined will always be taken.

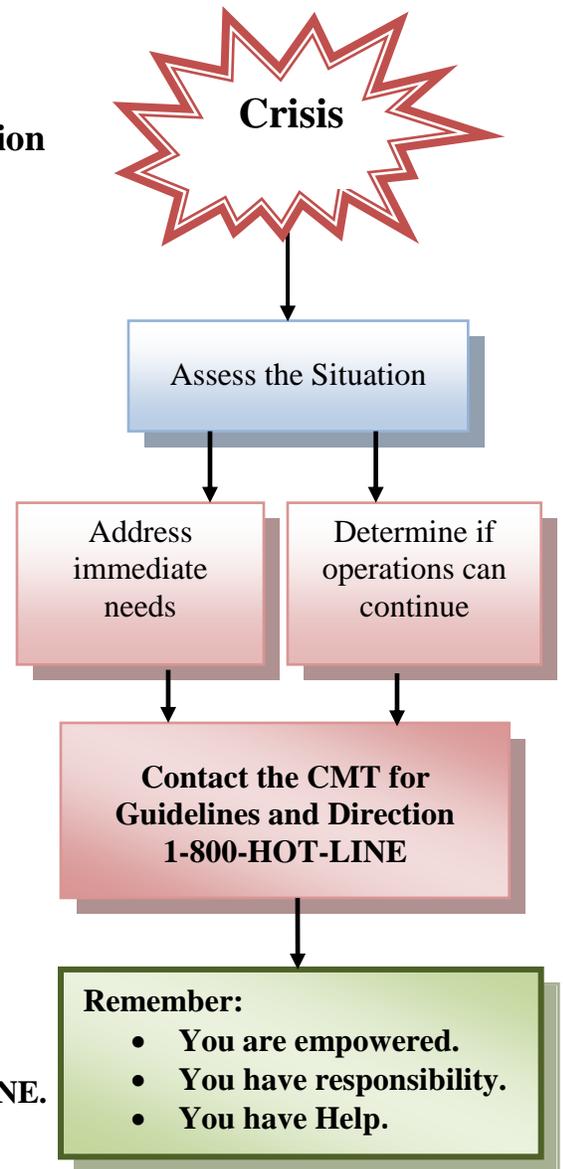
1. Starbucks first priority when responding to a crisis is to protect the life, safety, health, and reputations of our partners customers, and all affected. The first action taken should be to **assess the situation**. It is critical to assess the impact of the crisis on those involved, if medical care is required, and what needs they have. All information should be given to the Crisis Management Team.

2. Determine immediate actions to be taken, whether emergency medical or rescue personnel are needed, and contact the appropriate local authorities. Consider possible solutions and any obstacles or problems that might occur, and adjust plan as needed.

3. **The Crisis Management Team must be contacted in every crisis situation to inform the CMT of the impact to your functional area as well as to receive guidance on the next steps to be taken. The CMT can be contacted at 1-800-HOT-LINE.**

4. In keeping with Starbucks commitment to our partners and shareholders, **remember that no matter what happens, the most important thing to do is to get help immediately. Take care of the human elements first, and together we can deal with the rest.**

- **You are empowered.** Starbucks supports you in doing the right thing and conducting business with integrity.
- **You have responsibility.** You play a critical role in ensuring that Starbucks maintains their commitment to their publics, and to protect our culture, our reputation, and our brand.
- **You have help.** If you are unsure of what to do in a situation, you have resources available to you, including the CMT, Partner Resources, and Management.





Crisis Management Team Contact Information

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Vice President of Corporate Communications Region 1

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Vice President of Corporate Communications Region 2

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Joyce Jentges

Vice President of Corporate Communications Region 3

Phone: (920) 254-6705

E-mail: jentjm01@uwgb.edu

Karen Sobiesczyk

Vice President of Corporate Communications Region 4

Phone: (920) 217-5629

E-mail: sobikt04@uwgb.edu



Crisis Management Team



Diane LeVeque - Vice President of Corporate Communications Region 1

Diane LeVeque joined Starbucks in September of 2007 as vice president of corporate communications for Region 1. Diane brings a great deal of knowledge to the team from her years of experience with the U.S. Government bio-detection team. She also serves as the spokesperson for the crisis management team.



Debra Dobson - Vice President of Corporate Communications Region 2

Debra Dobson joined Starbucks in April of 2008 as vice president of corporate communications for Region 2. Prior to joining Starbucks Debra was an associate with Unilever as a strategic planner in the *One Unilever* project at Good Humor- Breyers. Her experience in strategic planning and creative thinking are an asset to the team.



Joyce Jentges - Vice President of Corporate Communications Region 3

Joyce Jentges joined Starbucks in October of 2008 as vice president of corporate communications for Region 3. Joyce serves as the tactical advisor of the team. Her previous experience with the Catholic Dioceses of Wisconsin has provided her with extensive skills in this area.



Karen Sobieszyk – Vice President of Corporate Communications Region 4

Karen Sobieszyk joined Starbucks in December of 2007 as vice president of corporate communications for Region 4. Prior to joining Starbucks Karen was a member of the resource team at Humana. Her skills in documentation and form planning are an asset to the Starbucks corporate communication team.



Starbucks Coffee Company

Crisis Case - Part II

Dr. Phillip G. Clampitt

Cases in Media Management

August 7, 2009

**Crisis Management Team:
PuRr-Luscious Ladies**

**Debra Dobson
Diane LeVeque
Joyce Jentges
Karen Sobiesczyk**



Implemented Crisis Plan and Evaluation



Table of Contents - Part II

| | |
|--|---------|
| Executive Summary | 49 |
| Stated Clues | 50 |
| Scanning Process Information | 51 |
| Incident Analysis Forms..... | 52 - 66 |
| Summary of Crisis Assessment..... | 67 |
| Overview - Crisis Vulnerabilities..... | 68 - 71 |
| Overview - Crisis Vulnerabilities - Risk Assessment..... | 72 |
| Crisis Activity Logs..... | 73 - 74 |
| Audience Analysis..... | 75 |
| Crisis Area #1 - Personnel..... | 76 |
| Crisis Area #2 - Competitor / Consumer..... | 77 |
| Crisis Area #3 - Event..... | 78 |
| The 5 C's..... | 79 |
| Rejected Ideas..... | 80 |
| Post Crisis Evaluation Forms..... | 81 - 83 |
| Crisis Response, Strategies, Tactics, Principles..... | 84 |
| Lessons Learned / Continuous Improvement..... | 86 |
| Appendix..... | 87 |
| News Release..... | 88 |
| Press Conference Questions..... | 89 |
| PowerPoint..... | 93 |
| 100 Facts..... | 96 |
| Research Sources..... | 103 |



Executive Summary

At Starbucks Coffee, our mission is "to inspire and nurture the human spirit - one person, one cup, and one neighborhood at a time." At Starbucks, we take pride in our compassion, commitment, and dedication to our corporate and social responsibilities, but especially in that we value what is most important to most people. When it comes to our coffee products, it always has been and always will be about quality. Our stores offer a sense of belonging, a place to relax, mingle with friends, and enjoy an array of various coffees, beverages, and bakery. Our partners are passionate about what they do, and as a part of their local communities, we take serious responsibility to be good neighbors and ethical businesses to our valued customers, communities, and shareholders.

There is no better demonstration of an organization's commitment to its publics than the strategies, tactics, and principles used in crisis response, and Starbucks takes great pride in our product, our image, and in our ethical conduct. Every organization owns a degree of vulnerability to crisis attacks, and therefore it is essential to develop a strategic Crisis Management Plan that, under the direction of a Crisis Management Team, provides an organized structure and enhanced response in the face of any crisis.

This report reveals the critical analyses and tactics utilized by our Crisis Management Team in the face of several crises that occurred on August 1, 2009. Through accusations of discrimination, rumors, and in the event of a murderous rampage, these pages demonstrate the very essence of passion, dedication, and commitment that Starbucks promotes. As critical clues were delivered or communicated to our crisis team, they were assessed for their impact on the organization, their partners, and their publics, and as the crises unfolded, however unfortunate, unfair, or unintended, the Starbucks Crisis Management Team strategized to identify and respond to the most crucial and critical of all crises, the tragic loss of human life. Our CMT reacted quickly and confidently to recognize and reach out to the families and communities of our Starbucks partners, and demonstrated once again that Starbucks Coffee values nothing greater than our commitment to our partners, the people, and our publics.

While our hearts go out to the families and communities affected most by these tragedies, Starbucks commends the Crisis Management Team in their quick reaction and response to these crises. We move forward from this tragedy with lessons learned that we must do whatever is necessary to provide a safe and amicable environment for our partners and their communities.

Onward.



Stated Clues

1. *9:02 am - Starbucks stores around the United States have been forced to lay off employees as a result of struggling economy.*
2. *9:09 am - Customers from around the country begin to complain that Starbucks' coffee tastes different than it had in the past.*
3. *9:10 am - An angry former employee, a young man in his 20's named Steve Webb, posts a video on YouTube accusing Starbucks of being sexist.*
4. *9:11 am - Several anti-Starbucks Web sites, such as ihatestarbucks.com and starbucksucks.com have been receiving increased activity on their various forums and blogs. One post by an individual stated: "I'm tired of Starbucks ripping the world off with their overpriced disgusting coffee. It's time we unite and take some serious action! Down with Starbucks one and for all."*
5. *9:12 am - A Starbucks customer in San Antonio, TX claims to have seen a Folgers coffee container in a garbage can behind the counter when he was ordering.*
6. *9:46 am - Four employees shot and killed at Starbucks on Madison Avenue in New York City.*
7. *9:55 am - Photo of Folgers can at Starbucks on Twitter.*
8. *9:56 am - Steve Webb calls Rush Limbaugh about Starbucks only firing males.*
9. *10:02 am - National media begin to pick up the Folgers story. Saturday Night Live does a skit about the scandal, crafting a jingle that says, "The best part of waking up is Folgers at Starbucks!"*
10. *10:03 am - Males begin to call Rush Limbaugh Show bashing Starbucks, stating they have been discriminated against.*
11. *10:04 am - Three more murders at New York City Starbucks Park Avenue location. Media names this person the "Starbucks Assassin."*
12. *10:13 am - Reports estimate that Starbucks has laid off 80 percent males and only 20 percent females in the recent job cuts.*
13. *10:15 am - Four more killings at Broadway store location.*
14. *10:20 am - In an FDA investigation, it was determined that at least 12 Starbucks locations throughout the country have indeed been serving Folgers coffee.*
15. *10:20 - The Starbucks Assassin is arrested, but not before killing four more employees at another New York location. The killer has been determined to be a former male Starbucks manager who was recently laid off.*



Scanning Process information:

The scanning process segment of our Crisis Management Plan began when we prepared to evaluate the Risk Assessment- Analysis of Possible Crisis portion of the plan. Our Crisis Management Team researched and analyzed various areas for possible crisis as well as impact they would have on Starbucks Coffee Company.

Using the World Wide Web and utilizing Internet links to assist in the scanning process enabled our CMT to easily select and review the five major risk categories. The five categories are: Personnel, Competitor/Consumer, Event, Supply Chain and Reputation. Monitoring through the use of Internet search engines such as Yahoo, Google and Bing, provided detailed information about past, present and possible future crisis having an effect on Starbucks.

Internet links to various websites (see Works Cited - Appendix) were scanned before and during the August 1st crisis. As an international company monitoring events close to the corporate office in Seattle, WA as well as locations around the world was vital. These locations also include stores, suppliers and distributors that may have the potential of incurring a crisis.

The scanning process assists in preparing for the worst case scenario in the five targeted categories. However, ratings of risk assessment may occur and adjustment of these categories may be necessary.



Incident Analysis Form - Clue #1



9:02 am - Starbucks stores around the United States have been forced to lay off employees as a result of struggling economy.

8. Where does the evidence lead? True. 300 under-performing stores close in the U. S. and in other countries worldwide.
9. So what? - True, due to economy.
10. What are your assumptions? - Under-performing stores closed to ensure Starbucks runs more financially efficient business.
11. What is the pattern? - There is a worldwide recession; Starbucks is not alone in streamlining.
12. What is effectiveness? - To promote financial improvement.
13. What to do? - Prepare for negative reaction of store closings.
14. Is it ethical? - Yes - Starbucks is being fiscally responsible.



Incident Analysis Form - Clue #2



9:09 am - Customers from around the country begin to complain that Starbucks' coffee tastes different than it had in the past.

1. Where does the evidence lead? - Investigate validity of rumors.
2. So what? - Research will lead to our response.
3. What are your assumptions? - The rumor is not true.
4. What is the pattern? - Customers often complain; find out if complaints are valid.
5. What is effectiveness? - Attack on reputation.
6. What to do? - Get Creative!
7. Is it ethical? - Yes (Folgers vs. Starbucks Instant Coffee Taste Test)



Incident Analysis Form - Clue #3



9:10 am - An angry former employee, a young man in his 20's named Steve Webb, posts a video on YouTube accusing Starbucks of being sexist.

1. Where does the evidence lead? - Investigate his reason for termination, if claim is valid.
2. So what? - Possible discrimination - remember store closings.
3. What are your assumptions? - YouTube video seeks attention. 167,000 staff recently laid off. Other discrimination possibilities.
4. What is the pattern? - No pattern is determined at this point.
5. What is effectiveness? - Too early in investigation to determine.
6. What to do? - Monitor situation.
7. Is it ethical? - Yes. Monitoring a situation is not ignoring it.



Incident Analysis Form - Clue #4



9:11 am - Several anti-Starbucks Web sites, such as ihatestarbucks.com and starbucksucks.com have been receiving increased activity on their various forums and blogs. One post by an individual stated: "I'm tired of Starbucks ripping the world off with their overpriced disgusting coffee. It's time we unite and take some serious action! Down with Starbucks one and for all."

1. Where does the evidence lead? - Customer dissatisfaction among groups of people.
2. So what? - Posts can provoke violence, hate, discontent.
3. What are your assumptions? - Could lead to progressive threats of and/or violence.
4. What is the pattern? - Use of online forums to complain as individuals and groups allows anonymity.
5. What is effectiveness? - Effective forum for those with likes / dislikes to share opinions - Helps company monitor consumer / employee feedback.
6. What to do? - Monitor situation closely.
7. Is it ethical? - Yes, to monitor, identify, and protect against threats of violence.



Incident Analysis Form - Clue #5



9:12 am - A Starbucks customer in San Antonio, TX claims to have seen a Folgers coffee container in a garbage can behind the counter when he was ordering.

1. Where does the evidence lead? - No credible evidence at this point. Possible hearsay.
2. So what? - Start investigating.
3. What are your assumptions? - Possible taste tests at stores - was this part of the corporate taste test?
4. What is the pattern? - No identifiable patterns yet.
5. What is effectiveness? - Reputation damage.
6. What to do? - Check with marketing on current taste test sites.
7. Is it ethical? - Yes. Implement a practical approach.



Incident Analysis Form - Clue #6



9:46 am - Four employees shot and killed at Starbucks on Madison Avenue in New York City.

- 1. Where does the evidence lead? - Someone is serious about harming Starbucks and bringing attention to Starbucks.**
- 2. So what? - Crisis clue becomes top priority to CMT. CMP in full force.**
- 3. What are your assumptions? - Disgruntled employee? Consumer group? Random incident?**
- 4. What is the pattern? - No pattern yet.**
- 5. What is effectiveness? - Murders gain attention worldwide.**
- 6. What to do? - Immediate corporate response: contact corporate leaders and families - press release - press conference. Contact authorities to secure other NYC locations. Assemble mobile response team.**
- 7. Is it ethical? - Yes. Demonstrates compassion, action, and protection.**



Incident Analysis Form - Clue #7



9:55 am - Photo of Folgers can at Starbucks on Twitter.

1. Where does the evidence lead? - No longer rumor - have evidence. Is photo valid?
2. So what? - Marketing has informed us of taste tests in 12 locations, Starbucks Instant vs. Folgers Singles.
3. What are your assumptions? - Location of photo - a taste test location.
4. What is the pattern? - 12 taste test locations - consumers have complained at two.
5. What is effectiveness? - Ineffective marketing of Starbucks Instant.
6. What to do? - Press releases - RE: new instant that came on limited market in February 2009.
7. Is it ethical? - Unsure - need additional information.



Incident Analysis Form - Clue #8



9:56 am - Steve Webb calls Rush Limbaugh about Starbucks only firing males.

1. Where does the evidence lead? - Untrue. Research of male / female employee percentages.
2. So what? - 80% employees are female - 20% are male. With this staff ratio, for those who lost jobs, numbers change to 20% female layoffs and 80% male layoffs.
3. What are your assumptions? - Mr. Webb is seeking attention escalating up the media chain.
4. What is the pattern? - Negative publicity hitting higher levels of media.
5. What is effectiveness? - Hurts reputation - requires defensive tactics.
6. What to do? - Monitor situation, develop rebuttal.
7. Is it ethical? - Yes - Protect reputation against attack.



Incident Analysis Form - Clue #9



10:02 am - National media begin to pick up the Folgers story. Saturday Night Live does a skit about the scandal, crafting a jingle that says, "The best part of waking up is Folgers at Starbucks!"

1. Where does the evidence lead? - Bad PR campaign for new Starbucks Instant.
2. So what? - Use jingle to Starbucks' advantage - develop into rebuttal, as a way to communicate the taste tests.
3. What are your assumptions? - Media is leading the charge with misinformation.
4. What is the pattern? - Media often sensationalizes situations before full investigation.
5. What is effectiveness? - Use media's effort to Starbucks' advantage.
6. What to do? - Transform this negative into a positive for Starbucks.
7. Is it ethical? - Yes. Demonstrates confidence in product and corporation.



Incident Analysis Form - Clue #10



10:03 am - Males begin to call Rush Limbaugh Show bashing Starbucks, stating they have been discriminated against.

1. Where does the evidence lead? - True statement. Higher percentage of males laid off than females.
2. So what? - Rush Limbaugh likes to excite people!
3. What are your assumptions? - Starbucks is unfairly targeted due to store closing.
4. What is the pattern? - Media enhancing and escalating the problem.
5. What is effectiveness? - Forces explanation of the percentage of employees actually laid off.
6. What to do? - Monitor the situation. Issue a statement at press conference after murders in NYC-Madison Avenue store are addressed.
7. Is it ethical? - Yes. Murders of employees - of anyone - are more important issues.



Incident Analysis Form - Clue #11



10:04 am - Three more murders at New York City Starbucks Park Avenue location. Media names this person the "Starbucks Assassin."

- 1. Where does the evidence lead? - No longer random act of violence. Starbucks is now targeted.**
- 2. So what? - Escalate CMP - create second set of crisis notifications.**
- 3. What are your assumptions? - Steve Webb is the highest media threat. Could he be the Starbucks Assassin?**
- 4. What is the pattern? - Only employees are murdered, and only in New York City.**
- 5. What is effectiveness? - Suspect is gaining attention. Agenda is unknown.**
- 6. What to do? - Close all New York City stores. Contact authorities to be sure officers are at all Starbucks locations.**
- 7. Is it ethical? - Yes. Protecting Starbucks Partners as well as any possible bystanders.**



Incident Analysis Form - Clue #12



10:13 am - Reports estimate that Starbucks has laid off 80 percent males and only 20 percent females in the recent job cuts.

1. Where does the evidence lead? - True. We know that the workforce is 80% female and 20% male.
2. So what? - With only a 20% male employee population, a higher percentage ratio of males will lose jobs.
3. What are your assumptions? - Media focuses on negative campaign.
4. What is the pattern? - Nationwide trend in companies that don't have balanced workforce.
5. What is effectiveness? - Media twisting percentage figures to suggest discrimination.
6. What to do? - Release company records regarding the store closings and layoffs.
7. Is it ethical? - Yes. Demonstrates honesty and ethical responsibility.



Incident Analysis Form - Clue #13



10:15 am - Four more killings at Broadway store location.

1. Where does the evidence lead? - Murders escalating media coverage.
2. So what? - Close all stores immediately.
3. What are your assumptions? - If NYC Police do not apprehend suspect soon, others may be targeted if stores remain open.
4. What is the pattern? - All killed were Starbucks employees.
5. What is effectiveness? - Murderer is getting big press. Growing fear for employees' and consumers' - and corporate - safety
6. What to do? - Assist authorities / police as much as possible with investigation. Establish mobile team at Madison Square Garden.
7. Is it ethical? - Yes. Tragedies are the first priority.



Incident Analysis Form - Clue #14



10:20 am - In an FDA investigation, it was determined that at least 12 Starbucks locations throughout the country have indeed been serving Folgers coffee.

1. Where does the evidence lead? - Ineffective taste test campaign by marketing department.
2. So what? - Use the media to create a positive with the high exposure level.
3. What are your assumptions? - FDA conducted Folgers investigation and released information about the issue without contacting corporate offices first.
4. What is the pattern? - Government agency assumed issues before gathering facts.
5. What is effectiveness? - Not effective - FDA could have avoided investigation if corporate offices were contacted first.
6. What to do? - At the press conference, address the mishandled marketing issue after the 11 murders are addressed.
7. Is it ethical? - Yes. The issue is trivial compared to killings.



Incident Analysis Form - Clue #15



10:20 - The Starbucks Assassin is arrested, but not before killing four more employees at another New York location. The killer has been determined to be a former male Starbucks manager who was recently laid off.

1. Where does the evidence lead? - Steve Webb, former manager of the Madison Avenue Starbucks location, IS the Starbucks Assassin.
2. So what? - Angered by being laid off - Webb's emotions escalated with Rush Limbaugh Show exposure and other media frenzy he created.
3. What are your assumptions? - With the arrest, the immediate threat is contained. Must consider the possibility of a copycat killer.
4. What is the pattern? - Webb only targeted Starbucks employees.
5. What is effectiveness? - Personal vendetta - achieved worldwide attention on *his* issue with Starbucks.
6. What to do? - Press conference scheduled at 1:00 pm. Maintain 90% of topic focus on information and discussion of murders.
7. Is it ethical? - Yes. Loss of life trumps all other issues.



Summary of Crises Assessment

*Overall analysis and strategic development of 3 individual crises:
Lay-offs - Discrimination, Folgers, and Shootings*



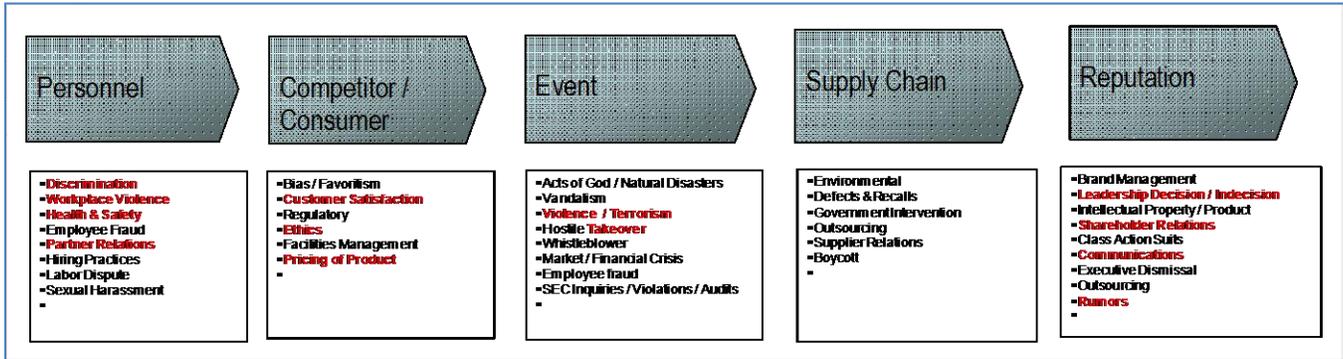
1. **Where does the evidence lead?** Starbucks' reputation is potentially damaged by rumors of product substitution and discrimination in corporate layoffs (and hiring?). Additionally, a disgruntled former manager of a Starbucks location launched a vengeful and tragic attack against Starbucks through high media exposure and a murderous rampage.
2. **So what?** Strategize the components of each crisis to determine its validity and effect; the Folgers rumor is based on a miscommunicated taste test campaign, the discrimination in layoffs rumor has been sensationalized in the media, and as a result of an assumed discriminatory layoff, Steve Webb has indeed murdered eleven Starbucks partners.
3. **What are your assumptions?** The public wants a response to both the Folgers and discrimination rumors, but the deaths of innocent people demands the more immediate action and response.
4. **What is the pattern?** The rumors attacks are escalating in the media, and are generating potentially damaging (and increasing) accusations and threats against Starbucks. The layoff discrimination rumor provided incentive for Steve Webb to launch his verbal and violent attack against Starbucks and employees who retained their positions with the corporation.
5. **What is effectiveness?** Quell the rumors with honesty and facts, and protect partners and customers against further threats and violence.
6. **What to do?** Prioritize the shootings crisis as the primary focus of crisis response regardless of the public demand for rumor response.
7. **Is it ethical?** Yes. Concern for the lives and safety of employees, customers, and their families trumps all other crises.



Overview – Crisis Vulnerabilities

Potential Crisis Impact Chart and Ratings Criteria

Based on the incoming crisis clues and potential implications, it was determined that one or more crises could develop in several areas. Utilizing the crisis vulnerabilities overview, these crisis areas were identified, as indicated in the chart below.



Rating Scales for Risk Assessment*

Worksheet within the Risk Assessment Tool containing suggested rating scales for evaluating the likelihood, severity, and control effectiveness for potential risks. *These definitions are offered as a guide for the user. The user is able to replace the definitions with scales that are more applicable to the company, if necessary.*

| Likelihood Rating Scale | | | | | | |
|------------------------------------|-----------------------------|---|--|--|---|---|
| Score | | 1 | 2 | 3 | 4 | 5 |
| Likelihood Measure | Descriptive | Almost Impossible Remote Negligible | Extremely Unlikely Low Minor | Possible Sometimes Moderate | Isolated Incidents High Major | Repeated Incidents Probable Catastrophic |
| | Time | < Once/5 years | < Once/year | Once/month to Once/year | Once/week to Once/month | > Once/week |
| | Probability | < 1% | 1% - 5% | 5% - 10% | 10% - 20% | > 20% |
| Impact/Severity Rating Scale | | | | | | |
| Score | | 1 | 2 | 3 | 4 | 5 |
| Severity Measure | Damages, Settlements, Fines | < 1% of revenue | 1% - 3% of revenue | 3% - 5% of revenue | 5% - 10% of revenue | > 10% of revenue |
| | Reputation | No reputational exposure or regulatory harm | Localized negative impact on reputation but recoverable | Negative media coverage in region state or region | Negative national media coverage (not front page) | Sustained national negative media coverage (front page of business section) |
| | Operational | No operational impact or loss of business | Noticeable but easily manageable; limited impact on operations | Results in some damage at an individual customer or stakeholder level; requires careful management attention | Severe impact on the business unit's or company's operational performance | Catastrophic impact on the business unit's or company's operational performance |
| Control Effectiveness Rating Scale | | | | | | |
| Score | | 1 | 2 | 3 | 4 | 5 |
| Control Effectiveness Measure | Control Description | No control in place to date | Largely ineffective | Partially effective on some occasions | Effective on most occasions | Highly effective on almost all occasions |

Overview - Crisis Vulnerabilities - Risk Assessment



With the potential crisis areas identified, the General Risk Assessment tool provided focus to the key areas, with the added risk of reputation management dependent on our reaction to the events, implications, and accusations. Utilizing this tool also helped to focus on a potential level of control as well as providing a direction to identify potential stakeholders in the crises.

| General Risk Assessment* | | | | | |
|--|-------------------------------------|--------------------|----------------|-----------------------------------|-----------------------|
| Worksheet within the Risk Assessment Tool that delineates the potential universe of risks and the risk factors contributing to a specific impact | | | | | |
| Overall Average Risk Score 11.00 | | | | | |
| Potential Crisis Area | Potential Risk / Vulnerability | Likelihood of Risk | Impact of Risk | RISK SCORE (=Likelihood x Impact) | Control Effectiveness |
| Personnel | Discrimination | 2 | 3 | 6 | 4 |
| | Workplace Violence | 3 | 3 | 9 | 3 |
| | Health & Safety | 2 | 2 | 4 | 4 |
| | Employee Fraud | 2 | 3 | 6 | 4 |
| | Partner Relations | 2 | 3 | 6 | 4 |
| | Hiring Practices | 2 | 4 | 8 | 4 |
| | Labor Dispute | 3 | 3 | 9 | 4 |
| | Sexual Harrassment | 3 | 3 | 9 | 3 |
| Average Personnel Control Score | | | | | 3.50 |
| Competitor / Consumer | Bias / Favoritism | 3 | 4 | 12 | 3 |
| | Customer Satisfaction | 4 | 3 | 12 | 4 |
| | Regulatory | 3 | 5 | 15 | 3 |
| | Ethics | 3 | 4 | 12 | 3 |
| | Facilities Management | 3 | 4 | 12 | 3 |
| | Pricing of Product | 3 | 2 | 6 | 4 |
| Average Competitor / Consumer Control Score | | | | | 3.25 |
| Event | Acts of God / Natural Disasters | 3 | 4 | 12 | 1 |
| | Vandalism | 3 | 3 | 9 | 3 |
| | Violence / Terrorism | 3 | 5 | 15 | 1 |
| | Hostile Takeover | 2 | 4 | 8 | 2 |
| | Whistleblower | 2 | 4 | 8 | 3 |
| | Market / Financial Crisis | 4 | 4 | 16 | 2 |
| | Employee Fraud | 2 | 4 | 8 | 3 |
| | SEC Inquiries / Violations / Audits | 2 | 5 | 10 | 3 |
| Average Event Control Score | | | | | 2.00 |
| Supply Chain | Environmental | 4 | 3 | 12 | 3 |
| | Defects & Recalls | 4 | 3 | 12 | 3 |
| | Government Intervention | 3 | 3 | 9 | 3 |
| | Outsourcing | 2 | 5 | 10 | 4 |
| | Supplier Relations | 2 | 4 | 8 | 3 |
| | Boycott | 3 | 3 | 9 | 3 |
| Average Supply Chain Control Score | | | | | 3.00 |
| Reputation | Brand Management | 2 | 4 | 8 | 3 |
| | Leadership Decision / Indecision | 3 | 4 | 12 | 2 |
| | Intellectual Property / Product | 2 | 5 | 10 | 3 |
| | Shareholder Relations | 3 | 4 | 12 | 4 |
| | Class Action Suits | 2 | 4 | 8 | 3 |
| | Communications | 2 | 3 | 6 | 4 |
| | Executive Dismissal | 2 | 4 | 8 | 2 |
| | Outsourcing | 2 | 5 | 10 | 3 |
| | Rumors | 4 | 3 | 12 | 2 |
| Average Reputation Risk Score | | | | | 3.00 |

Overview - Crisis Vulnerabilities - Risk Assessment



To provide a visual reference to the risk potential of and Starbucks' vulnerability to the identified crises, the risk and control effectiveness scores are identified below, to clarify which risk takes priority as the most potentially damaging or dangerous. The reputation scores are separated for organizational benefit, as their potential hinges on our crisis reaction.

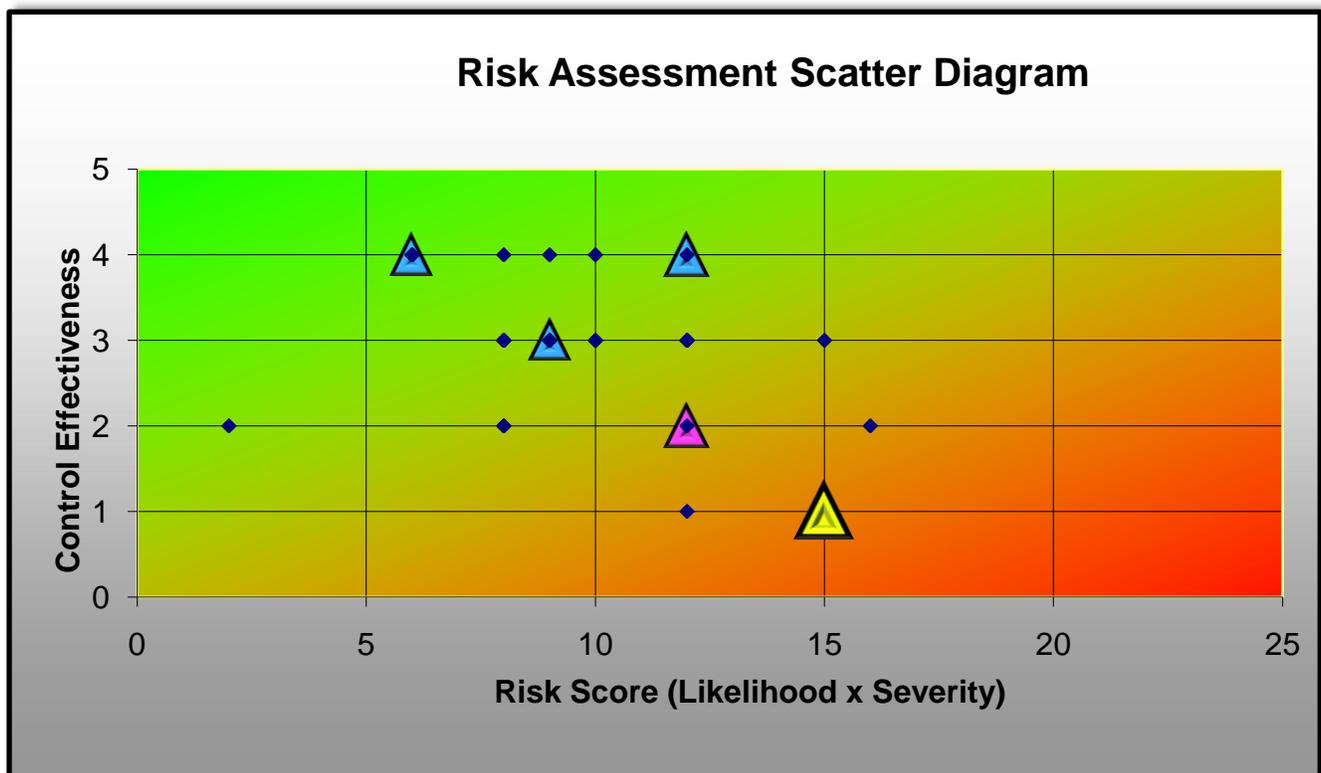
| Risk | Risk Score (Likelihood x Severity) | Control Effectiveness |
|-------------------------------------|---------------------------------------|-----------------------|
| Personnel | | |
| Discrimination | 6 | 4 |
| Workplace Violence | 9 | 3 |
| Health & Safety | 2 | 2 |
| Employee Fraud | 6 | 4 |
| Partner Relations | 6 | 4 |
| Hiring Practices | 8 | 4 |
| Labor Dispute | 9 | 4 |
| Sexual Harrassment | 9 | 3 |
| Competitor / Consumer | | |
| Bias / Favoritism | 12 | 3 |
| Customer Satisfaction | 12 | 4 |
| Regulatory | 15 | 3 |
| Ethics | 12 | 3 |
| Facilities Management | 12 | 3 |
| Pricing of Product | 6 | 4 |
| Event | | |
| Acts of God / Natural Disasters | 12 | 1 |
| Vandalism | 9 | 3 |
| Violence / Terrorism | 15 | 1 |
| Hostile Takeover | 8 | 2 |
| Whistleblower | 8 | 3 |
| Market / Financial Crisis | 16 | 2 |
| Employee Fraud | 8 | 3 |
| SEC Inquiries / Violations / Audits | 10 | 3 |
| Supply Chain | | |
| Environmental | 12 | 3 |
| Defects & Recalls | 12 | 3 |
| Government Intervention | 9 | 3 |
| Outsourcing | 10 | 4 |
| Supplier Relations | 8 | 3 |
| Boycott | 9 | 3 |
| Reputation | | |
| Brand Management | 8 | 3 |
| Leadership Decision / Indecision | 12 | 2 |
| Intellectual Property / Product | 10 | 3 |
| Shareholder Relations | 12 | 4 |
| Class Action Suits | 8 | 3 |
| Communications | 6 | 4 |
| Executive Dismissal | 8 | 2 |
| Outsourcing | 10 | 3 |
| Rumors | 12 | 2 |



Overview - Crisis Vulnerabilities - Risk Assessment

Scatter Diagram

When the vulnerability scores for the identified potential crises (previous page) are located in the scatter diagram, it becomes apparent which crisis demands the immediate attention, and which crises are not as potentially damaging in the short term. At this point, it becomes obvious that Starbucks must address the "Event" crisis of the targeted murders of eleven Starbucks employees / partners as the immediate crisis at hand.



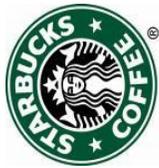


Overview - Crisis Vulnerabilities - Risk Assessment

Risk Action Plan

With the determination of vulnerable risk assessment and potential severity of each potential risk area, it can be determined if there are policies in place to prevent a crisis (control factor) and if current policies and / or processes require evaluation.

| Risk Action Plan | | | | | | |
|--|------------------------------------|-----------------------|--------------------------------------|---|------------|--|
| Worksheet within the Risk Assessment Tool assigning owners to each activity and outlining key milestones, action steps, and timelines. | | | | | | |
| Risk Area - Risk Component | Risk Score (Likelihood x Severity) | Control Effectiveness | Documentation of Existing Controls | Milestones | Timeline | Owner |
| Personnel - Discrimination | 6 | 4 | Corporate Ethics Compliance | progressive | continuous | HR |
| | | | Employee records | progressive | continuous | HR |
| | | | EEO policy | progressive | continuous | HR |
| | | | Diversity statement | progressive | continuous | HR |
| | | | Standards of Business Conduct | review hiring process | continuous | HR |
| Personnel - Workplace Violence | 9 | 3 | Anti-Retaliation Policy | progressive | continuous | HR / Legal |
| | | | Compliance | progressive | continuous | Legal |
| | | | Employee Safety Program | conduct emergency training sessions | continuous | Safety / Legal |
| Personnel - Partner Relations | 6 | 4 | Fair Competition | progressive | continuous | Marketing |
| | | | Compliance with Laws and Regulations | progressive | continuous | Legal / Compliance |
| | | | Fair Wages and Hours | progressive | continuous | HR |
| | | | Fair Employment Policy | progressive | continuous | HR |
| | | | Empowerment | conduct training | continuous | Corporate |
| Competitor / Consumer - Customer Satisfaction | 12 | 4 | Purchasing & Sales Business Ethics | review pricing practices / consider financial + / - | continuous | Marketing & Category / Global Supply Chain |
| | | | Aesthetic Environment | progressive | continuous | Marketing / Partners |
| | | | Quality Product | progressive | continuous | R & D |
| | | | Quality Service | review training process | continuous | Partners |
| Competitor / Consumer - Pricing of Product | 6 | 4 | Corporate Compliance | review purchasing and pricing policies | continuous | Legal |
| | | | Business Ethics | progressive | continuous | Compliance / Sales / Marketing |
| | | | Fair Competition | review purchasing and pricing policies | continuous | Compliance / Sales / Marketing |
| | | | Quality Product | progressive | continuous | R & D |
| Event - Violence / Terrorism | 15 | 1 | Partner Empowerment to take action | reassess for varying crises / training | continual | Corporate / Safety / Security |



Crisis Activity Log

Date: 8 / 1 / 09

| Time Line | Source | Action / Evidence | Concerns / Assumptions / Patterns | Reaction / Effect |
|-----------|---|---|---|--|
| 9:02 am | <input checked="" type="checkbox"/> Incoming <input type="checkbox"/> Outgoing | Layoffs - True | Economy / Need more info / NA | Press release / inform |
| 9:09 am | <input checked="" type="checkbox"/> Incoming <input type="checkbox"/> Outgoing | Complaints on taste | Rumor / not true / NA | Get creative / attack on reputation |
| 9:10 am | <input checked="" type="checkbox"/> Incoming <input type="checkbox"/> Outgoing | Former EE YouTube video / sexist complaints | Discrimination ? / others? / NA | Monitor / check on closing issues |
| 9:11 am | <input checked="" type="checkbox"/> Incoming <input type="checkbox"/> Outgoing | Blogs / pricing / violent comment | Violent comment / more threats / using online forums | Monitor / protect against threat |
| 9:12 am | <input checked="" type="checkbox"/> Incoming <input type="checkbox"/> Outgoing | Rumor Folgers container seen at San Antonio Starbucks | Rumor / taste tests ? / NA | Check w/marketing / reputation damage |
| 9:46 am* | <input checked="" type="checkbox"/> Incoming <input type="checkbox"/> Outgoing | 4 EE's shot in NYC Madison Ave location | Random? / Secure all locations / Will there be more? | Top Priority! |
| 9:55 am | <input checked="" type="checkbox"/> Incoming <input type="checkbox"/> Outgoing | Photo of Folgers @ Starbucks on Twitter | Proof of Folgers / taste test /2nd location | Press release / ineffective PR |
| 9:56 am | <input type="checkbox"/> Incoming <input checked="" type="checkbox"/> Outgoing | Begin press release | Re: Murders | Sympathy / Concern / Protect Partners & Customers |
| 9:56 am | <input checked="" type="checkbox"/> Incoming <input type="checkbox"/> Outgoing | Steve Webb calls Rush Limbaugh | National issue / others will complain / Steve Webb escalating | Makes mission less credible / need defense tactics |
| 10:02 am | <input checked="" type="checkbox"/> Incoming <input type="checkbox"/> Outgoing | National media / SNL - Folgers | High media / getting out of hand / media sensationalizes | Make (-) a (+) / use media to our advantage |
| 10:03 am | <input checked="" type="checkbox"/> Incoming <input type="checkbox"/> Outgoing | Many males call in to Rush Limbaugh show | Gaining press / unfairly targeted / media enhancing issue | Monitor / make statement / protect reputation |
| 10:04 am* | <input checked="" type="checkbox"/> Incoming <input type="checkbox"/> Outgoing | 3 more EE's murdered at Park Avenue location | Where next? / Are all NYC locations secure? / "Starbucks Assassin" / no longer random | Police protection / unknown |
| 10:13 am | <input checked="" type="checkbox"/> Incoming <input type="checkbox"/> Outgoing | Layoff percentage / 80% male / 20% female | True numbers / workforce is 80% male / 20% female | Release actual figures / media twisting facts |
| 10:15 am* | <input checked="" type="checkbox"/> Incoming <input type="checkbox"/> Outgoing | 4 more EE's murdered at Broadway location | More murders / are other locations targeted? / All EE's murdered | Not random targeting / females? |



Crisis Activity Log

Date: 8 / 1 / 09

| Time Line | Source | Action / Evidence | Concerns / Assumptions / Patterns | Reaction / Effect |
|-----------|---|---|---|----------------------------|
| 10:20 am | <input checked="" type="checkbox"/> Incoming <input type="checkbox"/> Outgoing | FDA investigation finds Folgers at 12 locations | Concern no ad campaign that explains taste test | Press release / later date |
| 10:20 am | <input checked="" type="checkbox"/> Incoming <input type="checkbox"/> Outgoing | Steve Webb caught fleeing Broadway location / arrested | Relief / Crisis closing? | Complete press release |
| 10:45 am | <input type="checkbox"/> Incoming <input checked="" type="checkbox"/> Outgoing | Send out press release / Re: Murders, arrest, Starbucks action and position | | |
| 11:00 am | <input type="checkbox"/> Incoming <input checked="" type="checkbox"/> Outgoing | Change topic of already scheduled press conference to specifically focus on day of tragedy / 11 Partners murdered | | |
| 1:00 pm | <input type="checkbox"/> Incoming <input checked="" type="checkbox"/> Outgoing | Press Conference! | | |
| | <input type="checkbox"/> Incoming <input type="checkbox"/> Outgoing | | | |
| | <input type="checkbox"/> Incoming <input type="checkbox"/> Outgoing | | | |
| | <input type="checkbox"/> Incoming <input type="checkbox"/> Outgoing | | | |
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Audience Analysis

The analysis of audience and their perception of given message was vital in creating our strategies, tactics and ultimately our key message regarding the crisis. Our CMT selected the murders of the eleven Starbucks partners and all issues surrounding it as the main crisis of the day. We strategically selected to label Steve Webb as the murder, blending his complaints regarding sexism at Starbucks with the tragic murders. The third crisis faced by our CMT was the misunderstandings regarding the Folgers verses Starbucks Instant Coffee blind taste tests. We selected to only have a brief statement regarding the Folgers crisis in light of the tragic events of the day.

We divided our crises into the following three areas: Personnel, Competitor/Consumer and Event. One area that overlapped these three was reputation. Reputation is interrelated to all three of these areas and would be repetitive if give a separate area.



Crisis Area #1 - Personnel

Partners

This crisis was a direct threat to all Starbucks partners. Closing/securing all Starbucks locations in NYC as fast as possible with additional security from the police department. The CMP was activated immediately by partners at the Madison avenue location which put the CMP into immediate action. The crisis rehearsals prepared Starbucks partners to activate the plan successfully. On-site counseling and medical treatment was established quickly at each location that incurred shootings. A mobile crisis control center was established at Madison Square Garden as a central location for updated crisis information to all Starbucks partners, their families and friends, consumers, shareholders as well as the media. All these steps combined created a sense of comfort in this most tragic event. Extra security and partner screening is being implemented to monitor for any signs of threat to additional store locations and partners.

Shareholders

Shareholders will be concerned that the impact of this tragedy will have an effect on consumers feeling safe entering a Starbucks locations. Although the murders were only linked to New York City store locations the concern for copycat type incidents is being addressed for all locations worldwide. E-mails and shareholder information is being updated daily on www.starbucks.com to keep shareholders apprised of all new safety measures that will be implemented post-crisis.

Consumers

Starbucks is implementing every safety precaution to ensure consumers that their daily trip to Starbucks is safe. Extra security and extra crisis rehearsals have been added for the safety of both consumer and Starbucks partners.

Media

All media, traditional and Internet, will continually be addressed/update on the tragedy with press conferences and releases through the AP wire and the newsroom at www.starbucks.com after all notifications to family members is complete. Further information is being made available at the mobile crisis center at Madison Square Garden.



Crisis Area #2 - Competitor / Consumer

Partners

The secondary crisis involving the blind taste tests between Folgers and Starbucks Instant coffee's may be a concern to our partners as to the lack of information given to both partners and consumers regarding the new product. Information is being sent to all store locations to discontinue any and all blind testing and instead offer open taste testing to all consumers.

Government

All documentation of blind taste tests between Folgers and Starbucks instant coffees has been voluntarily released to the FDA by Starbucks. The FDA has not requested any information following there statement regarding that they have found that 12 Starbucks locations were serving Folgers. The investigation by the FDA could have been avoided had Starbucks been asked about the Folgers issue prior to the investigation. It is unfortunates that this governmental misinformation, fueled by the media, has created concerns regarding the reputation and ethics of Starbucks Coffee Company. All information regarding the blind taste test and our new instant coffee is available on-line at www.starbucks.com and an advertising campaign will be hitting the media very soon.

Shareholders

Shareholders may have a concern regarding how the blind taste tests with Folgers and Starbucks new instant coffee created a media frenzy and governmental investigation. Information packages as well as e-mails are begin sent to all shareholders with the taste test results, samples of the new Starbucks instant and sales and marketing projections.

Media

All forms of media, traditional and Internet, will be receiving a press kit specifically for the official release of information on Starbucks new instant coffee. The product campaign will be released via all media in the next few weeks. As Starbucks is keeping the company focus on the tragic loss of the eleven partners we will be holding this ad campaign until all issues with this crisis have complete closure.



Crisis Area #3 - Event

Partners

The level of risk for a tragedy such as the one that befell Starbucks in New York City on August, 2, 2009 was categorized a level 15. This was the highest impact score in Starbucks Crisis Vulnerability Risk Assessment. Partners at all locations had been trained through the CMP to handle such treats in quarterly crisis rehearsals. The impact of a real crisis now has overshadowed the security of the established CMP and the Crisis Management Team is currently reviewing all aspect of the events on August 2, 2009 to retool the CMP for an even faster response to any future threats. All partners have been notified of the upcoming changes and are encouraged to participate with their concerns and comments to assist in these needed changes. Starbucks wants all partners to feel that their work environment is safe and secure every time they are in a company location the changes and additions to the CMP will help to ensure this sense of safety.

Consumers

An event of this magnitude creates concern among consumers regarding their safety in any of the Starbucks locations. Press releases and conferences will continue throughout this crisis and new security measure have already been put in place. All Starbucks locations will have these new security measures posted at the stores entry door. A press conference informing consumers of the new lock-down and monitoring systems that will be added to each location will be scheduled as soon as all installation dates have been set.

Shareholders

Shareholders will be concerned that the reputation of Starbucks as a local place of relaxation and gathering will be diminished due to a tragedy such as this. Starbucks will be sending shareholders updates on the Starbucks crisis recovery initiative for local communities.. A special focus will be place on the three New York Locations which will be total remodeled with input from the lost partners friends, families and co-workers to reflect their vision on community and Starbucks. Memorial Funds have also been established on behalf of the lost Starbucks partners and a memorial service will be held at Madison Square Garden in honor of the eleven partners.

Media

Starbucks invites the media to cover all open events regarding the tragedies of August 2, 2009 and encourages them to give the eleven families time to grieve privately. Starbucks also wishes to work with the media in the future regarding how the use of the Internet, call in shows and even traditional media can turn a simple situation into a furry of events that can turn violent, hostile and tragic in a matter of minutes.



The 5 C's

As our group began to formulate our CMO for Starbucks Coffee Company we put a special focus on the 5 C's; Concern, Clarity, Control, Confidence and Competence. Here are the details behind each one.

Concern

Rumors are a source of constant concern to Starbucks. A “rumors” button is located on the homepage of www.starbucks.com. This link addresses current rumors and Starbucks responses to these rumors. This tool not only helps us monitor rumors but also helps to clarify issues for consumers with a click of a mouse.

Starbucks is known for valuing its partners, they are a vital part of the Starbucks foundation of the company. Benefits packages and opportunities for advancement are just two of the many ways Starbucks shows appreciation to its partners. The tragic loss of eleven partners struck the very foundation of Starbucks worldwide. Our expressions of condolence and concern to their families and friends, no matter how heartfelt, cannot begin to justify the loss of life in this tragic manner.

Clarity

We began our CMP for Starbucks with clear objectives which provided both clarity and direction during each crisis. Please refer to page 4 of Section 1.

Control

Our CMO clearly defined controllable and uncontrollable situations in our risk assessment chart. The murders fit into the Event crisis area and were rated the highest level of impact (15) with the lowest level of control (1). please refer to page 15 in Section 1.

Confidence

We are confident in the Starbucks brand and all it represents. From our partners, local stores, our commitment to local communities, fair trade and environmental initiatives Starbucks expresses its passion for quality in all.

Competence

Starbucks demonstrates competence in the marketplace through the production of a quality product, loyal customers and valued partners.



Rejected Ideas

The crisis clues we received fit into three categories; Personnel, Competitor/Consumer and Event. The CMT brainstormed each clue separately and then created a diagram illustrating the clues and associated risks based on our analysis in the CMP.

Our rejected ideas consisted of:

- Have gunman only target female employees.
- Gunman part of vigilante group that posted violent comments on ihatestarbucks.com.
- Focus on Rush Limbaugh's involvement with encouraging Steve Webb
- Starbucks offering Folgers to cash strapped customers a low cost option.



Post Crisis Evaluation Form

Date of Crisis: 8/1/09 Time notified: 9:02 am

Location of Crisis: Layoffs - Nationwide / Construed as discrimination

CMT Partner: All team collaboration

Type of Crisis: Circle One of the Enterprise Level Risk Categories below.



Personnel

Competitor/Consumer

Event

Supply Chain

Reputation

How were you notified of the crisis? How long did it take for CMT to assemble?

The initial notification came as a result of media coverage of the layoffs, which then escalated through internet sites into accusations of discrimination. The CMT assembled immediately, ready to strategize our investigation and response.

How was the Crisis Management Plan used to its full capacity during this crisis? Explain.

The CMP was an essential tool that provided the CMT with the proper course of action. Every chart, data tool, and crisis guide was utilized during the evaluation and strategy development throughout the entire crisis.

Were there any unexpected elements revealed in the evaluation that are of concern or need improvement?

Yes. Recognizing when it is necessary to change our direction of focus, utilizing appropriate media and tools to fit the theme of the crisis event or presentation.

How will the CMT use both the successes and failures of this crisis to adjust current plan?

Recognize the value of the risk assessment tools and add strategies of reassessment to avoid sending or affecting an inappropriate message.



Post Crisis Evaluation Form

Date of Crisis: 8/1/09 Time notified: 9:09 am

Location of Crisis: Folgers Rumors / 12 Locations

CMT Partner: All team collaboration

Type of Crisis: Circle One of the Enterprise Level Risk Categories below.

Personnel Competitor/Consumer Event Supply Chain Reputation

How were you notified of the crisis? How long did it take for CMT to assemble?

The initial notification came through media coverage and internet blogging, which eventually escalated to product substitution rumors and accusations of Starbucks image as "phony" or "fake." The CMT assembled immediately, ready to strategize our investigation and response.

How was the Crisis Management Plan used to its full capacity during this crisis? Explain.

The CMP was an essential tool that provided the CMT with the proper course of action. Every chart, data tool, and crisis guide was utilized during the evaluation and strategy development throughout the entire crisis.

Were there any unexpected elements revealed in the evaluation that are of concern or need improvement?

Yes. Recognizing when it is necessary to change our direction of focus, utilizing appropriate media and tools to fit the theme of the crisis event or presentation.

How will the CMT use both the successes and failures of this crisis to adjust current plan?

Recognize the value of the risk assessment tools and add strategies of reassessment to avoid sending or affecting an inappropriate message.



Post Crisis Evaluation Form

Date of Crisis: 8/1/09 Time notified: 9:46 am

Location of Crisis: Fatal shootings of 4 employees / Madison Ave Location, and subsequent shootings of 3 employees at the Park Ave location; 4 more deaths at the Broadway location before the suspect was apprehended.

CMT Partner: All team collaboration

Type of Crisis: Circle One of the Enterprise Level Risk Categories below.

Personnel Competitor/Consumer Event Supply Chain Reputation

How were you notified of the crisis? How long did it take for CMT to assemble?

Initial notification of this crisis came from an anonymous telephone tip, with subsequent reports coming in from various media and/or phone tips. The CMT assembled immediately, ready to strategize our investigation and response.

How was the Crisis Management Plan used to its full capacity during this crisis? Explain.

The CMP was an essential tool that provided the CMT with the proper course of action. Every chart, data tool, and crisis guide was utilized during the evaluation and strategy development throughout the entire crisis.

Were there any unexpected elements revealed in the evaluation that are of concern or need improvement?

Yes. Recognizing when it is necessary to change our direction of focus, utilizing appropriate media and tools to fit the theme of the crisis event or presentation. The intent to provide an ambient atmosphere (compliant with Starbucks mission "to inspire and nurture the human spirit) with the "Playing for Change" DVD was not appropriate for the seriousness of the shootings tragedy.

How will the CMT use both the successes and failures of this crisis to adjust current plan?

Recognize the value of the risk assessment tools and add strategies of reassessment to avoid sending or affecting an inappropriate message.



Crisis Response Strategies, Tactics, Principles

Conducting the risk assessment portion of the Starbucks Crisis Management Plan was a key strategy and component of our readiness for the day of the crisis. Because we had researched public and private sentiment about the company prior to the crisis we were cognizant of what the warning signs and underlying issues were that could manifest into something more serious. Immediately as the clues started to arrive we realized that the assessment guides, charts and tactics in our crisis plan had been on target. By assessing the organizational vulnerabilities of customer dissatisfaction, discontented stakeholders and ultimately the workplace violence we were prepared for a range of different types of crises. Our tactics included ranking and determining the perceived importance and urgency of each potential crisis; from this activity we prioritized our responses. All of the crises involved threats to the Starbucks reputation so as we prepared to answer the questions from the media we used bolstering and rebuilding techniques in an effort to maintain a favorable response from our stakeholders.

Once we became aware of the murders, we made a strategic decision to focus our press conference on the killings and not the other underlying issues. We prepared to address the Folgers's Coffee and other issues because we knew we would receive questions about them; however we used a diminishment strategy by acknowledging the reporters' questions in telling them that we would defer those questions until later. The rationale behind this was to send the message that human suffering trumps all other concerns. In our pre-conference planning we prepared to have a second spokesperson (Deb) deliver a prepared statement to briefly address the concern if needed. Due to the persistence of the questioning in that area, this did prove to be necessary. This tactic was effective because the remainder of the questions were about the killings. The principle of this was to establish control during a crisis and to show compassion.

When facing the media, we used a scapegoating strategy by naming former Starbucks manager Steve Webb as the killer. Our last clue indicated that the killing was done by a former Starbucks manager and Webb had already appeared in the media (Rush Limbaugh show) ranting, raving and complaining, so this allowed us to narrow our focus during the crisis. Our tactic was to put into action our business continuity plan, which served as our guide. After implementing the plan, we announced his arrest in our press release which then sent a message to our stakeholders that the shootings had ended. The intended purpose of this was to start repairing the reputational damage that had occurred.



We used a strategy of reinforcement and bolstering when setting the press room up with Starbucks offerings: Ethos brand water, coffee beverages, and cookies and bread made from a Starbucks recipe. This was done to communicate the existing reputation of expertise and trustworthiness that Starbucks had. In our pre-crisis risk assessment we were aware that Starbucks was changing their food products so we made a tactical choice to select some of the popular products to showcase the quality of the food and beverage items that Starbucks offers. The principle behind this strategy was to use a non-verbal action to bolster the Starbucks image.

We also made a strategic decision to distribute a press kit prior to the start of the conference. This kit was a way to present a unified message to the various media in attendance. The tactic of providing up-to-date facts and organizational information was a means to convey the socially responsible policies and practices of Starbucks. The principal behind this was to close any negative perceptual gaps and shape shareholder expectations as the crisis unfolded.



Lessons Learned / Continuous Improvement

As a crisis develops, it is important to adapt to the changes. One area we did not adapt well to was the showing of the pre-conference musical DVD. The purpose of showing the musical DVD *Playing for Change* that Starbucks produced through their company Hear Music, was the same as the refreshment table; it was a bolstering strategy used to expose the audience to an example of Starbucks positive corporate citizenry. As our first clues were given and they posed a reputational crisis based on products, we felt that this activity would be beneficial in calming the critics. But as the crisis unfolded and turned violent, the preparation for the press conference changed directions and we failed to discuss the fact that this was no longer appropriate. So the lesson we learned was that we must carefully consider all components of our strategies and tactics, review them before implementing them and ultimately be ready to change directions/activities as many times as necessary.

We learned that it is critical to pause in the “green room” and take time to review our talking points prior to starting the press conference. This review would have allowed us to improve our core message and potentially answer all questions more effectively. This is important because it allows the spokesperson (s) to stay focused on the key messaging when addressing the public. It is also important for the spokesperson to read the audience needs and adapt the messaging as the conference progresses. It would have been more effective to have Deb, as the second spokesperson, give her statement sooner in the conference so that the reporters did not feel that the main spokesperson was being evasive.

We learned that the use of power point slides needs to be carefully considered. The intent of the slides was to reinforce accurate information and to communicate the Starbucks memorial fund for the families of the victims. However it proved to be distracting for members of the audience. If it had been used in a more interactive manner with the spokesperson(s) it may have been more appropriate, otherwise it should have been eliminated.

An area that we did not address adequately during the crisis was the messaging to our customers. We should have incorporated a response that would have eased any concerns they may have had about feeling safe in our Starbucks stores. If we would have taken time for a deeper audience analysis prior to our press conference, we would have been better prepared for this. A forward looking statement could have been issued in the press release as well as in the conference. This audience-centered approach would have helped us begin rebuilding our reputation as well as our business.



Appendix



Starbucks Newsroom

FOR IMMEDIATE RELEASE

Media Contact: Diane LeVeque VP Corp. Comm.

August 1, 2009

Phone Number: (920) 378-4881

10:45 am

Release No. 09-01

Starbucks Mourns Loss of Eleven Employees in Tragic Shootings-No Arrests

New York City, New York, August 1, 2009

Eleven employees were killed in three separate Starbucks Store Locations in New York City today. No customers were hurt in the incident.

At approximately 9:46 this morning a former Manager of Starbucks, Steve Webb, 28, alleged entered the New York Madison Ave Store and opened fire on 4 fellow employees. Approximately twenty minutes later at 10:04 Webb alleged entered the Park Avenue Store and killed three more employees, He was arrested 15 minutes later at 10:20 after entering a Broadway Store and killing four more employees. New York City Police Officers, who had been dispatched to all Starbucks Store Locations after the first shooting, arrived at the scene as Webb was attempting to flee.

Crisis response professionals are on the scene at the three locations providing counseling and support for all employees, their families and customers. A mobile crisis control center has been set up at Madison Square Garden.

Howard Schultz CEO of Starbucks is currently on his way to meet with the families and partners of the Madison, Park Ave and Broadway Store Locations after three tragic shootings this morning claimed the lives of eleven employees in three Starbucks locations in downtown New York City.

Schultz said "We personally feel the loss and emptiness left by our deceased partners. For the Families we share your grief. "

A press conference is scheduled for 1 pm today and further details will be posted at [www. Starbucks/newsroom.com](http://www.Starbucks/newsroom.com) as they become known.

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Please Note: For broadcast quality video and audio, photo stills and other media resources, visit the Starbucks Newsroom at www.starbucks.com

Since 1971, Starbucks Coffee Company had been committed to ethically sourcing and roasting the highest quality Arabica coffee in the world. Today, with stores around the globe, the company is the premier roaster and retailer of specialty coffee in the world. Through our unwavering commitment to excellence and our guiding principles, we bring the unique Starbucks Experience to life for every customer through every cup.



Press Conference Questions

(Calls for moment of silence)

First of all, we would like to commend our partners and their immediate response to this crisis. With their quick action it allowed law enforcement officials to secure our stores and make an immediate arrest. Howard Schultz, our CEO, is en route to New York to visit with the families, and he will remain as long as needed. Counselors are on the scene providing support to families, employees, and customers. I am Diane Leveque, Vice President of Corporate Communications Region 1. As you know, we are a worldwide company. When something happens to one of our locations, it is felt by everyone. I will start by giving you some of the specifics as to how the events transpired.

At approximately 9:46 this morning, a former manager of Starbucks, Steve Webb, 28, allegedly entered our New York Madison Avenue store location, and opened fire on four fellow employees. Approximately twenty minutes later, at 10:04, Webb allegedly entered the Park Avenue store and killed three more employees. He was arrested 15 minutes later, at 10:20, after entering a Broadway store and killing four more employees. New York City police officers, who had been dispatched to all Starbucks store locations after the first shooting, arrived at the scene as Webb was attempting to flee.

Crisis response professionals are on the scene at the locations, providing counseling and support for all employees, their families, and customers. We have established a mobile crisis control center at Madison Square Garden.

For further developments, as they happen, we will have the information available on our website in our newsroom at www.starbucks.com. We will continue to hold press conferences throughout this, and at this time I'd like to open it up to questions.

Q. Rumor is that, it's going around the internet is that the guy who's doing all these killings, person/persons, are upset that they've been ripped off for so many years after buying Starbucks coffee, because it's really not Starbucks coffee, it's Folgers coffee, which is a lower grade coffee, and that this guy is just expressing the rage, perhaps illegitimately, he's expressing the rage about being ripped off, for consumers for so long.

A. Well, as I opened up the press conference this afternoon, I indicated that I was going to talk about the various business issues that we do have going on right now, and I would like to first address any of the questions that we have on the tragic situation that occurred today, and we will set up another time where we can follow up and have our Starbucks conference regarding our pilot program.



Q. So are you denying the Folgers rumor?

A. The rumor is... a rumor. And that's why we have a specific site on our website where we do address those concerns. We want to set the record straight, so we will have additional press conferences, too, and answer any questions you might have with that.

Q. With all that transpired, and with people - as he said - getting ripped off for years, why would anyone ever want to go to Starbucks again after what's happened?

A. Starbucks legacy is that we are a concerned company in all areas, whether it is our Partners, whether it be with our products, whether it be with environment today, with the wide range of concerns that we have in our corporate social responsibility, and I would like to refer to you, also, in the media kit, we do have a statement of corporate social responsibility, so again, we will address any questions that we have with our immediate tragedy, and we will talk more in other press conferences regarding some of those concerns that may be with our products and our prices.

Q. Do you feel responsible for these deaths?

A. We are very concerned about what has happened, and as I expressed in the opening statements, which I will give you, if you see this. Howard Schultz, by the way, is on his way from Australia. He will be here shortly to meet with the families, but he said "he personally feels the loss and emptiness left by our deceased partners. For the families, we share their grief." We will have a full, thorough investigation into what has happened, and as we find information out, we will share it with you.

Q. Your company is now widely presented now as phonies and liars. How do you combat this?

A. We combat any types of criticisms that we have by addressing those criticisms, and again it may be going back to the test pilot program that we have with our coffee, and we will, again, have another conference when we can address any of those concerns. In the meantime, I refer you to our website where you can find additional information.

Q. On this press release it says that "Starbucks mourns loss of eleven employees in tragic shootings - no arrests" and in the posting it says that somebody was arrested. Was somebody arrested or not?

A. They were arrested. It was as the events were unfolding there were no immediate arrests, but due to the quick action of our partners who did call law enforcement agencies, officers made an immediate arrest this morning at approximately 10:20.



Q. Do you expect more murders to take place?

A. Tragedy is never an answer to a problem that exists, so to answer your question, no.

Q. You have read the research on sexual harassment allegations, why did you lay off more men than women?

A. Our ratio of men to women will show that we have a greater amount of employees who are women, but again I would like to address those questions later after we have taken care of our immediate needs that relate to this tragedy.

Q. What exactly do you have against hiring males?

A. Starbucks is an equal employment opportunity company and we embrace diversity. We have our statement of social responsibility within the press kits so I refer you to that.

Q. How is Starbucks going to recover from that Saturday Night Live skit?

A. Humor is always something that is a good thing to have, especially when we take a look at ourselves, and enjoy or to laugh. And we again will address any questions and concerns at a future date.

Q. When is this future date going to be? It seems there are a lot of questions that aren't being answered.

A. That's what happens when we have an unfolding situation as we do. We will give you the facts as they are now. We do not want to give you anything where we do not know affirmatively, so we will continue to have press conferences twice a day if necessary.

Q. What's the deal with Folgers cans in your garbage. Is the Folgers brand actually in your coffee?

A. No. You know this question has come up quite a few times within today, and again we will have another press conference and we will post in our newsroom on our website, but basic information is we are doing a pilot to introduce an additional product. And Deb, if you'd to make a brief statement, being that there are so many questions regarding this and we will further follow up.



Good afternoon, I'm Deb Dobson, the Vice President of Region 2, Corporate Communications. Today, the reasons we are gathered have changed as Diane has mentioned numerous times, some of the things we were going to talk about, Folgers, employee issues, now have taken a back seat. We are not here right now to answer a lot those questions, the other part of our conference today is the tragic death of eleven of our partners. For those of you who are insistent on some type of comment about Folgers issues, all that I'm going to do is give you a statement. We are not going to take any further questions about that. First we will take further questions about the tragedy.

We do not to diminish focus on the tragic deaths of the day by taking time to discuss our image and coffee. It is evident that Starbucks has had great miscommunication regarding our secret taste tests at twelve Starbucks locations. We will be happy to answer any and all questions later this week, plus you are more than welcome to go to Starbucks' website, to our marketing department, including all of the rumors, dispelling them on the website through the adequate information there. So I will turn back over to Diane to answer questions about the tragedy.

Q. Would you, given the number of people who apparently died at your stores, and your employees, do you recommend that people stop going to Starbucks because of the violence?

A. No. Understand that our franchise has a zero tolerance for violence. We are a worldwide company, and any act of violence is a serious matter. And, we will continue to investigate and ensure the safety of our employees and our customers at all locations.

Q. Have you seen any problem business as a result of all this?

A. No we have not.

(No more questions, press conference called to an end.)

Statement to the Press regarding the “Folgers Crisis” read during the Press Conference focusing on the Murders of 11 Starbucks' Partners:

Good afternoon. We do not want to diminish the focus on the tragic events of the day by taking time today to discuss our new instant coffee and the evident mis-communication regarding the taste test using Folgers. We will be happy to address all questions via our corporate communication tool on www.starbucks.com Our marketing team has recently created a link on the web-site addressing the issue with Folgers as well as our new Starbucks instant coffee.



Press Conference PowerPoint Presentation



- 9:46 am: Four employees were shot and killed at our Starbucks location on Madison Avenue in New York City – at that time, no arrests had been made
- Approx. 10:00 am: Requested immediate police dispatch to nearby Partner locations to protect others from this apparent target attack
- 10:04 am: Three more employees were shot and killed at our New York City Starbucks location on Park Avenue – still no suspects



- As New York City police officers arrived at our Broadway location, they found another critical scene where four additional employees had been shot and killed
- Steve Webb, a former manager of the Madison Avenue location, was apprehended at the scene and charged with the brutal murders of eleven Starbucks employees



- Mr. Webb had specifically targeted Starbucks employees; all eleven were fatally wounded
- There were no other injuries reported
- Starbucks CEO Howard Schultz is on his way to privately address the families and friends of the deceased
- A Crisis Response Center has been established at Madison Square Garden, where counselors are available



1071 Madison Avenue



435 Park Avenue



2532 Broadway Street



On behalf of Starbucks Coffee, Howard Schultz has established a \$100,000 memorial fund for the families affected by these tragedies, and Starbucks will match dollar to dollar for all incoming contributions. www.starbucks.com



100 Facts

1. We're passionate about ethically sourcing the finest coffee beans, roasting them with great care, and improving the lives of people who grow them.
2. When we are fully engaged, we connect with, laugh with, and uplift the lives of our customers—even if just for a few moments.
3. Every store is part of a community, and we take our responsibility to be good neighbors seriously.
4. Starbucks is committed to a role of environmental leadership in all facets of our business.
5. On June 30, 2009, Starbucks switched to a new healthier food menu using whole grains and other healthy items.
6. Has an instant coffee called Via Ready Brew.
7. We sample over 150,000 cups a year looking for the very best Arabica coffees.
8. Only about 3% of the world's beans makes it into a bag of our coffee.
9. Starbucks coffee buyers spend about 18 weeks each year visiting coffee growers and suppliers.
10. Starbucks Shared Planet is our commitment to do things that are good to each other and the planet.
11. Opened up a new Farmer Support Center in Rwanda to help our expansion of SSP coffee in Africa,
12. Goal: 100% of our coffee will be responsibly grown, and ethically traded.
13. Promoting responsible growing practices that help create a better future for farmers and a more stable climate.
14. Combat climate change by offering farmers incentives to prevent deforestation, starting with pilot programs in Sumatra, Indonesia and Chiapas, Mexico.
15. Sells Ethos water, of which a portion of the price goes to support humanitarian water support programs.
16. 1st store opened in 1971 in Seattle.
17. Has more than 30 blends and single origin coffees.



18. Has more than 7,087 company stores.
19. Nasdaq symbol is SBUX.
20. Starbucks is named after the first mate in Herman Melville's Moby Dick.
21. Each week every partner receives, free of charge, one pound of coffee, one box of Tazo® tea, or one of several other coffee or tea products
22. At all levels of the organization, Starbucks partners strive to be good neighbors and active contributors in communities
23. In 2006 donated \$36.1 million in cash and products
24. You get more than the finest coffee when you visit a Starbucks—you get great people, first-rate music and a comfortable and upbeat meeting place,” says Howard Schultz, Starbucks chairman, president and chief executive officer
25. Introduced the first-ever paper cup made with 10 percent post-consumer recycled fiber which reduced our wood use by 11,300 tons – the equivalent of 78,000 trees – in the first year alone.
26. We apply the highest standards of excellence to the purchasing, roasting and fresh delivery of our coffee.
27. For fiscal 2006, Starbucks paid \$1.42 per pound on average for 294 million pounds of green coffee.
28. Net earnings in 2007 were 673 million dollars.
29. Has retail stores in 43 countries.
30. Howard Schultz is Starbucks CEO & President.
31. In June 2004, Starbucks joined the UN Global Compact, a voluntary international network of corporations, UN agencies, trade unions and nongovernmental organizations that support 10 universal principles.
32. With every product Starbucks brands, markets and sells, or uses in our operations, we uphold our commitment to quality and strive to source our products in a socially and environmentally responsible manner. We refer to this as ethical sourcing.
33. In 2007 Starbucks® coffee was grown in 25 countries; the majority being grown in Guatemala, Colombia and Indonesia.



34. Tazo® teas and botanicals are grown in 24 countries.
35. Our company mission to inspire and nurture the human spirit goes far outside the walls of our Starbucks stores. It means reaching out to our communities, and bringing together partners (employees) and customers to get involved in their communities.
36. Last year we contributed 246,000 community service hours and this year we hope to double that and then add 100,000 annually.
37. Our goal is to reach 1 million community service hours by 2015.
38. We're aggressively pursuing a climate change strategy, including finding ways to minimize our use of energy, water and other resources.
39. We are committed to reducing our environmental footprint by working to use less and do more with what we use.
40. Reduce our greenhouse gas emissions by making our company-owned stores 25% more energy efficient by 2010.
41. We have purchased and sold Fair Trade Certified™ coffee for nearly 10 years.
42. The goal of Fair Trade certification is to empower small-scale farmers organized in cooperatives to invest in their farms and communities, protect the environment, and develop the business skills necessary to compete in the global marketplace.
43. Starbucks, TransFair USA and the Fairtrade Labeling Organizations International (FLO) announced a groundbreaking initiative in late 2008 to be launched in fiscal 2009 that builds upon our shared history of support for small-scale coffee farmers, their communities and the environment.
44. Starbucks is the largest coffeehouse company in the world.
45. Starbucks sells drip brewed coffee, espresso-based hot drinks, other hot and cold drinks, snacks, and items such as mugs and coffee beans.
46. Starbucks announced that it would cut 6000 positions in the first month of 2009.
47. It also planned to close 300 stores worldwide.
48. 700 non store workers were also expected to lose their jobs.
49. Cuts will save the company 500 Million dollars.



50. One cut being made is Schultz's salary – at his request. His new salary will be less than \$10,000.
51. 1st quarter 2009 revenues were down 6% from a year ago, driven primarily by a 9% decline in same-store sales.
52. Starbucks' entertainment division distributes music through the Hear Music brand and film through Starbucks Entertainment.
53. Sizes at Starbucks are referred to as "tall, grande, and venti". These mimic the Italian coffee house style.
54. In early 2008, started mystarbucksidea.com website.
55. As part of its efforts to gain a more local image and change its current culture, in the second half of 2009, Starbucks will be experimenting at three locations in Seattle by removing its logo and name from all products in the stores. Instead, the locations will be called by their intersections, one such, 15th Avenue Coffee and Tea and will use local products for decoration, sell wine and beer and encourage live musical performances.
56. The original Starbucks logo was a "twin-tailed siren" from Greek mythology.
57. In 2008, Starbucks was ranked #15 on the U.S. Environmental Protection Agency's list of Top 25 Green Power Partners for purchases of renewable energy.
58. Some of the methods Starbucks has used to expand and maintain their dominant market position, including buying out competitors' leases, intentionally operating at a loss, and clustering several locations in a small geographical area (i.e., saturating the market), have been labeled anti-competitive by critics.
59. There have been calls for boycott of Starbucks stores and products because it is alleged that Starbucks sends part of its profits to the Israeli military, something Starbucks refutes.
60. Starbucks has been a regular target of activists protesting against the Israeli intervention in Gaza.
61. Sells over 20 different types of coffee.
62. Howard Schultz joined company in 1982.
63. Jerry Baldwin, Zev Siegel and Gordon Bowker were the founders of Starbucks.
64. Howard Schultz thought there would be a market for pre-made drinks so opened up Il Giornale coffee bar chain in 1985.
65. In 1987, the original Starbucks owners sold their chain to Schultz.



66. In July 2008 announced that it would close 61 of 84 stores in Australia.
67. In 2009 for the 11th time, Starbucks was named to Fortune's "100 Best Companies to Work For" list.
68. Starbucks has more than 87,000 beverage options.
69. Starbucks grocery store products include branded ice cream, chocolate, and cold pre-packaged drinks.
70. Starbucks Entertainment selects the finest in music, books and film to offer Starbucks customers the opportunity to discover quality entertainment in a fun and convenient way as part of their daily coffee routines.
71. Starbucks Entertainment has made a transformative impact on the entertainment industry through its innovative relationships with music labels, publishers and filmmakers.
72. Starbucks products are offered online at StarbucksStore.com.
73. "We realize our people are the cornerstone of our success, and we know that their ideas, commitment and connection to our customers are truly the essential elements in the Starbucks Experience."
74. The Starbucks Foundation was established in 1997 with an initial contribution from the proceeds of Howard Schultz's book Pour Your Heart Into It.
75. The combined total of Starbucks investments in coffee-growing communities was \$2.7 million in fiscal 2006 which included \$1 million toward Tropical Storm Stan relief efforts.
76. Starbucks broke ground in April 2002 for a new roasting plant in Amsterdam, the Netherlands. Full plant operations began in spring 2003.
77. Once quality beans arrive at one of the company's four roasting facilities, Starbucks professional roasters pursue the art of creating the rich signature Starbucks Roast.
78. Carl Cooper went to the coffee shop at 1810 Wisconsin Ave, (District of Columbia) armed with 2 handguns, attempting to rob the store. He killed store manager Mary Caitrin Mahoney, 24, and employees Emory Evans, 25 and Aaron David Goodrich, 18.
79. Howard Schultz, chairman and chief executive of Starbucks Coffee Co., the Seattle-based chain, broke off a vacation and flew to Washington on a chartered jet, said Dean Torrenza, Starbucks regional director for the mid-Atlantic region. Schultz met with employees from the Wisconsin Avenue store. He is planning to remain in the area indefinitely.



80. In response to the slayings, an official for Starbucks announced that security guards have been added to several local stores for an indefinite period.
81. Starbucks sells 2 flavors of Via Ready Brew instant coffee.
82. From ihatestarbucks.com: They sell fake corporate responsibility. Yes they claim to be responsible, but is this a profession of some deep seated value system, or a mirage to appeal to a segment of the market that is concerned with child labor and livable wages? This, I believe is a tactic, not a mission. The balance sheet is where the rubber meets the road on this issue. Even the late Milton Friedman agrees that corporations are not socially responsible and it is not within their range.
83. From ihatestarbucks.com: The vast majority of the coffee is grown and picked using underpaid labor. (And yes, I know where coffee grows, but the underpaid bit is the part I am interested in.
84. From ihatestarbucks.com: The gross profit margin per store is, on average, 59.1%, therefore there is plenty of wiggle room for the company to pay more than a dollar a pound for coffee. (read: livable wage for their slave labor)
85. Starbucks Via Ready Brew came on the market in Feb. 2009.
86. Americans spend about \$700 million on instant coffee.
87. We think introducing a paradigm-changing and better-tasting instant coffee is a way to bring quality and value to the mass market, and to turn on a whole new set of coffee drinkers to the Starbucks brand.
88. While Americans prefer brewed coffee, instant coffee is responsible for 81% of total coffee sales in the United Kingdom and 63% in Japan. Overall, 40% of worldwide coffee sales are of the instant variety.
89. Regarding store closings and layoffs in 2009: The company figures \$140 million for lease terminations, \$60 million for asset write-offs (think old espresso machines), and \$30 million for severance costs. Overall, these cuts are expected to save the company \$100 million annually.
90. Despite closing 600 stores and laying off 1,200 employees, Starbucks remains an attractive workplace, especially for part-timers seeking health insurance."
91. Starbucks recently announced that it will close 300 stores, affecting 6,000 employees, and lay off 700 employees who don't work in stores. This news was an unfortunate follow-up to the coffee store chain's 600 store closures and layoffs last summer.



92. Starbucks says it has been working on the product for more than 20-years and claims that Starbucks Via is a soluble version of its fresh brewed coffee, which will be sold in slender packets in store.
93. The entrance of Starbucks into what is traditionally seen as the poor quality and taste end of the market could transform the market said Howard Schultz, chief executive of Starbucks, who described the introduction as a "transformational event" for the company.
94. Schultz said that people being served the coffee could not tell the difference between instant and fresh brewed.
95. Coffee shop chain Starbucks is cutting 6,700 jobs and shutting 300 underperforming stores after reporting a 69% fall in profits during the first quarter of the year.
96. Two-thirds of the store closures will be in the US, with the rest being spread internationally. These come on top of the 661 closures announced in 2008.
97. According to Starbucks, 66 billion cups of coffee are drunk every year in the U.S. and a full three quarters of those cups of coffee are enjoyed at home. The other 25% of coffee is drunk at the office, traveling, or in a coffee shop. But Starbucks only grabs a 4% market share of the coffee drunk in American homes.
98. Starbucks reported a net profit of \$64.3m in the 13 weeks to December 28, which was down from 208.1m a year ago.
99. Its revenue fell 6% to \$2.62bn, down from \$2.77bn from the year before, driven mainly by a 9% fall in sales at established coffee shops.
100. "...this is a big move for us – the opportunity to reinvent a category, create new rituals and grow our customer base is substantial," said Starbucks chairman, president and CEO Howard Schultz, in a written statement.



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