

Crisis Management: A Starbucks Case Study

By Susie Adams



No brand or company is infallible, but when it “hits the fan,” how you respond can make or break your brand. Companies that walk the talk and respond in an authentic manner can emerge even stronger. The Starbucks response is a case study.

A Brand Crisis Unfolds —Thursday April 12th, 2018

On Thursday April 12, 2018 a Starbucks manager calls the Philadelphia police to remove two black men who are waiting in the café, but have not ordered anything. Other patrons capture the removal on their cell phones in outrage.

Police and the company begin investigations.

The video, predictably, went viral. Physical protests and online protests (#boycottStarbucks and #StarbucksWhileBlack) break out, and the incident and aftermath led coverage on weekend broadcasts.

Over the weekend, CEO Kevin Johnson sends a letter to partners and customers about the “disheartening” situation.

The Philadelphia Police Commissioner stresses on Facebook that his officers did nothing wrong.

Sunday, April 15th

On Sunday, April 15, Black Lives Matter activist, Asa Khalif, leads a protest at the Philadelphia Starbucks where the incident took place.

The Starbucks manager who called 911 “leaves the store” pending the investigation.

Monday, April 16th

Video Link: https://youtu.be/1Cz6MF46_yA

On Monday, April 16, CEO Kevin Johnson appears on Good Morning America from Philadelphia and describes the actions as “reprehensible” and “wrong.” In the “anchor talk” after his segment the anchors are impressed with his candor and desire to make things right. He also notes that he hopes to meet with the two gentlemen while in Philadelphia (that meeting takes place that day). He conducts many other media interviews while in Philadelphia.

Tuesday, April 17th

On Tuesday, April 17, CEO Kevin Johnson announced that they were closing all US stores on the afternoon of May 29 for “racial-bias” training. In the same statement, he notes that this was “one step” in their journey. Starbucks also notes that they will be working with former Attorney General Eric Holder, the NAACP, the Anti-Defamation League and others.

The same day the police release the 911 call, radio traffic and the police report.

Wednesday, April 18th

On Wednesday, April 18 Starbucks Executive Chairman Howard Schultz appears on CBS This Morning and says he is “ashamed” and “embarrassed.”

Video Link: <https://youtu.be/0h1BJN9X-ys>

Thursday, April 19th

On Thursday, April 19 the two men who were arrested, Rashon Nelson and Donte Robinson, speak to the Associated Press and appear on Good Morning America and indicate that they are looking for “change” out of the incident.

Video Link: <https://youtu.be/NWOz3OZ6J9M>

Wednesday, May 2nd

On Wednesday, May 2 Starbucks and the city announce separate settlements with the arrested men. The city will pay each \$1 and set up a \$200,000 program for young entrepreneurs as requested by Nelson and Robinson. The Philadelphia mayor noted in a statement that Nelson and Robinson “approached the city and invited us to partner with them in an attempt to make something positive come of this.”

The Starbucks settlement includes a financial settlement, the ability for Nelson and Robinson to complete bachelor’s degree through an online program with Arizona State University created for Starbucks employees. The settlement also includes a mentoring relationship with Chief Executive Johnson.

Donte Robinson told the Associated Press, “We thought long and hard about it, and we feel like this is the best way to see that change that we want to see.”

Six Principles of Crisis Management (And How Starbucks Did)

A company's reputation is at stake. You have to move quickly and decisively. This is where crisis management and communications professionals have to coordinate closely with the attorneys. Both are trying to protect the company in court – the court of public opinion and the court of law. They aren't at cross purposes, although it can feel that way!

1--RESPOND QUICKLY – IF YOU DON'T TAKE THE MICROPHONE, SOMEONE ELSE WILL

Starbucks did pretty well here. The incident occurred on a Thursday and caught fire over the weekend. A Monday am national news show appearance from the city where the incident took place threw water on the flames as did the other media interviews over the next 48 hours. CEO Johnson and his leadership went to Philadelphia to listen and learn. That sent a powerful message. And based on what executives say about the experience, it was very meaningful and helped shape the company's response.

2--TALK TO YOUR SUPPORTERS FIRST

To use a political term, you have to solidify your base. Your friends and family need to hear from you directly. But you have to assume that anything you communicate to them will be leaked. So, talking to them first is important, but the message should be consistent with everything else you say.

Starbucks communicated with its stakeholders over the weekend with a message consistent with the message they would use with broadcast media on Monday morning.

3--IF YOU ARE WRONG, SAY YOU ARE WRONG

Video Link: https://youtu.be/wUhO_TGc0rg

It is hard to say you made a mistake. We know that from relationships. It is just as tough in corporate America when saying you were wrong creates legal jeopardy. In this case, Starbucks knew they had behaved in a manner inconsistent with their brand. And they knew that they were losing in the court of public opinion and were likely to lose in the court of law.

Starbucks used strong language to admit mistakes – “reprehensible,” “wrong,” “ashamed,” and “embarrassed.”

CEO Kevin Johnson’s interview with Don Lemon on CNN includes one of the most genuine moments. I have ever seen from a CEO on television. It is vulnerable, raw, and powerful.

When national anchors are impressed with your candor and your regret, your apology struck the right chord.

4--NOT JUST WORDS, BUT ACTIONS

Abraham Lincoln is credited with saying that “actions speak louder than words.”

When United Airlines faced a crisis after a passenger was dragged down the aisle, their CEO, Oscar Nunez, said it would never happen again. But mere months later, a dog died after it was stowed in an overhead compartment. That action communicated that while the procedure for removing passengers may have changed, that the airline still has a sense of arrogance and disrespect for its customers.

Within a week of the Philadelphia Starbucks event, Starbucks had announced that it would be closing stores for racial bias training. This communicated commitment.

And let's face it, the Starbucks brand is built less on the coffee and more on the culture, the experience that is Starbucks. So, addressing the cultural issues unearthed by the 911 call is consistent with what you would expect from Starbucks. Not just a procedure change, but a systematic intervention. I won't debate how effective it will be – that is for others, and the future to determine, but the action is decisive.

5--WORK WITH EXPERTS WHO HAVE CREDIBILITY

Admitting that you need help is important. And bringing on experts can add credence to your commitment. Starbucks working with former Attorney General Eric Holder, the NAACP and the Anti-Defamation League signals a serious intent.

6--RESOLVE THINGS, LEARN AND MOVE FORWARD

The arrest took place on April 17; the settlement was announced on May 2 – 14 days later. That is warp speed in corporate America and local government. Starbucks and the City were added by the fact that Rashon Nelson and Donte Robinson appear to be genuinely interested in change, not continuing their 15 minutes of fame, but under any circumstances this is a very speedy resolution to a complex situation.

The 911 call was completely inconsistent with the Starbucks brand, but Starbucks' response has been aligned with the progressive, open brand that we expect. CEO Johnson said, "Great companies are companies that learn from those mistakes and take action."



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