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Andrew Hoffman

Starbucks: Responding to Unionization Efforts

As the April rain fell outside, Norma Jimenezⁱ took a few deep breaths. She was taking the metro to work in Seattle as usual, but today she felt uneasy; the CEO's advisory committee was meeting to discuss Starbucks' 2023 strategic priorities as a part of the new CEO's onboarding process. Jimenez had recently been promoted to employee relations advisor due to her impressive work in business development. Her immediate task was to advise the new CEO on how to address the expanding unionization efforts in Starbucks stores across the country.

When in her 20s, Jimenez had started her Starbucks career in a Buffalo, New York, store as a barista. Ironically, this same store later became the first Starbucks location to unionize. She participated in the company's Pathway to Admission program, earning her undergraduate degree in economics and later an MBA from Harvard. She cherished her memories of working at the Buffalo store—including the late-night study sessions and the support of her fellow partners.ⁱⁱ That was a large part of why she decided to join Starbucks Corporate in Seattle after earning her MBA. This new appointment to the CEO's advisory committee was a tremendous boost for her career but it put her in a perplexing position.

The former CEO, Kevin Johnson, retired unexpectedly in April 2022 after weeks of increasing pressure from investors as the unionization effort grew.¹ Starbucks founder Howard Schultz was then named interim CEO and he went on to make numerous statements against unionization, such as: "While Starbucks respects the free choice of our partners, we firmly believe that our work environment, coupled with our outstanding compensation and benefits, make unions unnecessary at Starbucks. We respect our partners' right to organize, but believe that they would not find it necessary given our pro-partner environment." Schultz also visited many Starbucks locations in an effort to curb unionization efforts.² The next CEO, Laxman Narasimhan, was taking charge in April 2023, and Schultz would be his advisor through the rest of the year and remain on Starbucks' Board of Directors.³ How Narasimhan managed the unionization efforts would be critical to his

ⁱ Norma Jimenez is a fictional character.

ⁱⁱ Starbucks refers to its employees as partners.

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