

*No Bang for Your Buck: Starbucks CEO asks customers to leave their guns at home***Summary**

This case study examines Starbucks CEO Howard Schultz's controversial open letter to customers asking them to leave their firearms at home. Since it was founded in 1971, Starbucks aimed to provide its customers with more than just coffee; it wanted to give them an experience. The customer-centric company developed a mission of inspiring and nurturing the human spirit—"one person, one cup and one neighborhood at a time." When gun rights activists wanted to hold "Starbucks Appreciation Days" at Starbucks locations throughout the nation, the company was forced to defend itself. With his letter, Schultz made the risky decision to thrust his company into a nationwide gun debate as he tried to ensure that no customer's safety or experience would be compromised. This case outlines the events leading up to Schultz's decision and arguments for and against taking such a stance.

Teaching Approach

This case can be used to teach one or more of the teaching objectives listed below. It is intended for undergraduate and graduate business students but can be used more broadly for students taking a course on ethics or leadership.

Teaching Objectives**Objectives**

The primary objectives of this case are to:

- To understand the strategic decision making implications and its resultant outcome.
- To realize the impact of decisions made by the CEO and dilemma faced by the franchisees in different States where proponents of one thought or the other regarding gun control are dominant.
- To enumerate the importance of brand image when making strategic decisions.
- To comprehend the interlinking of corporate social responsibility and legal aspects.
- To appraise the role of leadership in making decisions those are beneficial for a corporation.
- To recognize that any decisions made at the corporate level have an impact of consumer behavior and acceptance.

Definitions

According to Wikipedia, Ethics, sometimes known as philosophical ethics, ethical theory, moral theory, and moral philosophy, is a branch of philosophy that involves systematizing, defending and recommend-

ing concepts of right and wrong conduct often addressing disputes of moral diversity. Business ethics or corporate ethics is a form of applied ethics or professional ethics that examines ethical principles and moral or ethical problems that arise in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individuals and entire organizations. In ethical decision making the questions to be answered include whether an ethical situation was recognized and, once recognized, how the individual resolves this ethical dilemma (Miller, 2007). Ethics can be used to provide organizational leaders with guidelines to aid them in their career roles, such that they promote them while serving as positive role models for the employees that serve under them. Several theories and principles exist that can be used as tools or guides for ethical leaders, however, not every theory is good for every situation. People have personal moral standards and values that drive their decisions (Derr, 2012).

"There are two principal theories of ethical conduct that are foundational to teaching ethics: deontology and consequentialism. Deontology is an enumeration of rights (what is owed by others) and duties (what is owed to others). Deontologically grounded behavior is sensitive to enumerated rights and duties as moral requirements or prohibitions, quite apart from the consequences either personally or globally" (O'Boyle & Sandona, 2014, p3). "In contrast the consequentialist-grounded behavior conceives what is required and what is prohibited either personally or globally (O'Boyle & Sandona, 2014, p4). It is advisable to assess and discuss management behavior in this case study using one or the other theory.

Deontological values that can be used to show the use of reason in decision making, recognition of duties owed to stakeholders, service to society, legal and moral responsibility to society and stakeholders, honesty and integrity, and adherence to efficiency can be used to evaluate actions taken by management in this case study. These values can be used for discussion under the subject areas mentioned below. An article on the transcendent code of ethics for marketing professionals may serve as a good reference (Payne & Pressley, 2013).

Strategic Management

A company's decision-making and actions should be consistent with its mission and values. While its specialty coffees and teas are at the core of its business, Starbucks values its customers and the communities it serves. Though controversial, Schultz defended his decision to respectfully request that firearms be kept out of Starbucks stores, claiming that their presence compromised the safety and overall positive experience of its customers.

Marketing

A brand's image is vitally important in marketing. Starbucks historical policy of deferring to local laws and statutes regarding open carry laws were interpreted by many as being pro-gun. Proponents of gun rights even created "Starbucks Appreciation Days" to thank them for supporting their cause. Schultz's letter explicitly stated that the company did not want these types of events held in its stores. He did not like how the company was being portrayed. His request for customers to leave their guns at home signified a shift in company policy and aligned more closely with anti-gun views.

Corporate Social Responsibility

Companies need to be responsible for their actions—socially, environmentally and ethically. Starbucks frequently supports the communities it serves and encourages all of its employees to participate in volunteer events. They also practice responsible and ethical purchasing activities and are committed to environmental stewardship. Starbucks was sensitive to the unthinkable tragedy that unfolded in the Newtown, Connecticut community. When it learned that a "Starbucks Appreciation Day" was set to be held there, it closed its store early out of respect.

Franchising

Restaurant owners have the right to implement their own policies in their stores. Starbucks added themselves to the growing list of restaurants and stores trying to prevent firearms from entering their properties. This case can be used to examine whether or not franchises like Starbucks should exercise this right. The case also highlights a potential conflict between the franchisor and franchisee. Howard Schultz issued his letter to customers on behalf of the entire Starbucks Corporation. By extension, all franchisees, managers and employees were thrown into the debate. Franchisees may disagree with the blanket request.

Leadership

CEO Howard Schultz has been with Starbucks in some capacity since 1982. As a strategic leader, he has been instrumental in developing the company's strategic direction and shaping the company's culture. His decision to voice an opinion on such a politically charged issue was rare and risky. Generally, corporate leaders choose to segregate their business and personal views. The consequences of his decision are yet to be realized but are certainly worth discussing.

References

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