

# Starbucks Corporation: Financial Analysis of a Business Strategy

**Outline**  
Thecasesolutions.com

- What strategy is
- Strategy schools
- Rational planning strategy
- Analyzing & positioning strategy
- Learning & emergent strategy
- Resources based view strategy
- Complexity & Chaos strategy
- Similarities & Differences in Starbucks analysis

**Operational effectiveness vs. Strategy**  
Thecasesolutions.com

"Strategy is the direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration of resources with strategic intent, to reach the ends of markets and to fulfill stakeholder expectations"

"Operational effectiveness: Necessary but Not Sufficient"

**Resources based view strategy**  
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Wernerfelt, B. ("The Resource-Based View of the Firm"), Prahalad and Hamel ("The Core Competence of The Corporation"), Barney, J. ("Firm Resources and Sustained Competitive Advantage") and others

- In 1980s and 1990s
- is a model that sees resources as key to superior firm performance
- find competitive advantage

**Complexity & Chaos strategy**  
Thecasesolutions.com

- Strategy changes
- In 1988 or 1999
- Chaos: High levels of uncertainty and dynamism often result in discontinuity or parity in the distribution of parity
- Complexity: Involvement in the underlying and complex aspects of the traditional management approaches

**Porter's Generic Strategy in Starbucks**  
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Cost Focus  
Differentiation Focus  
Differentiation Focus  
Differentiation Focus  
Differentiation Focus  
Differentiation Focus

**Starbucks Analysis**  
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- American coffee company and coffeehouse chain
- Founded 1971

Our Mission:  
"to inspire and nurture the human spirit – one person, one cup and one neighborhood at a time"

**Positioning School**  
Thecasesolutions.com

- Opened up to suburban and exurbs in the early 1980s
- Focuses on the actual content of the strategy, rather than the formal process of developing it
- The most important thing to an organization is how a strategy is performed or executed by its competitors or its market

**Learning School**  
Thecasesolutions.com

- Quinn
- 1976 and 1980
- strategy emerges over time as intentions collide with and accommodate a changing reality

**Planning School**  
Thecasesolutions.com

The first comprehensive strategic planning, the General Motors Strategic Planning System

**Similarities & Differences**  
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**Similarities & Differences**  
ANALYSIS

- Resource Based View (RBV)
- Analysis and positioning
- Complexity and Chaos

**Similarities & Differences**  
ANALYSIS

- Resource Based View (RBV)
- Analysis and Positioning

**Similarities & Differences**  
ANALYSIS

- Less consider the environment
- Not rational planning
- More consider the environment
- Learning and emergent
- Analyzing and positioning
- Only needs
- Resource Based View
- Complexity and Chaos

**Reference**  
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**Bowman's Strategy Clock for Starbucks**  
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- Focuses on the actual content of the strategy rather than the formal process of developing it
- The marketing strategy for an organization is how a business or its products will respond to its competitors in its market

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# Operational effectiveness vs. Strategy

"Strategy is the direction and scope of an organisation over the long-term: which achieves advantage for the organisation through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfil stakeholder expectations"

JOHNSON AND SCHOLES 2002

"Operational effectiveness: Necessary but Not Sufficient"

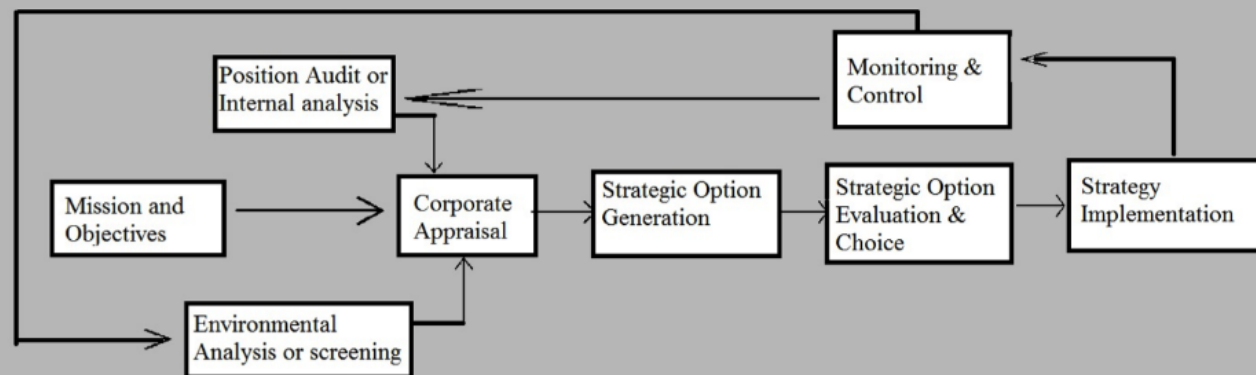
PORTER, M. E. 1996

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# Planning School

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- The first conceptualized as a specific form of planning in the Chicago School in the 1940s and 1950s.
- It focuses on the process of planning rather than on an object or end goal
- According to Nigel Taylor, the author of Urban Planning Theory Since 1945, rational planning is "the best method, or process, of doing planning,"



# Positioning School

- Opened up by scholars and consultants in the early 1980's.
- Focus on the actual content of the strategy, rather than the formal process of developing it.
- The most important thing to an organization is how it relates to, or is positioned with respect to, its competitors or its market.

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# Learning School

- Quinn
- 1978 and 1980
- strategy emerges over time as intentions collide with and accommodate a changing reality.

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## Resources based view strategy

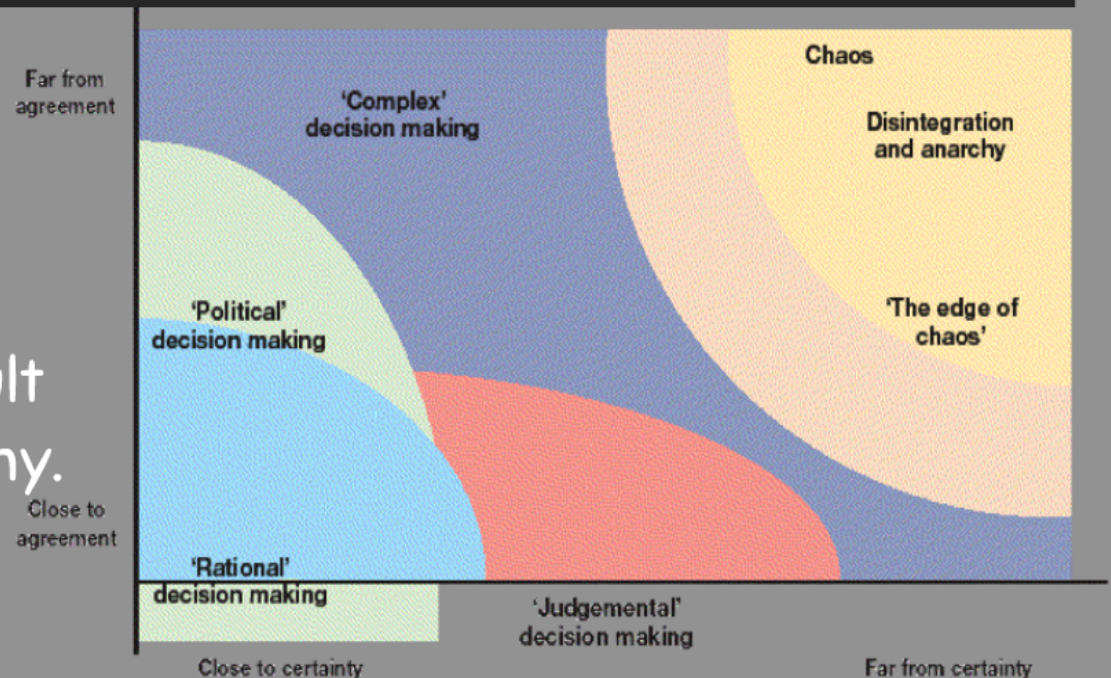
- Wernerfelt, B. (“The Resource-Based View of the Firm”), Prahalad and Hamel (“The Core Competence of The Corporation”), Barney, J. (“Firm resources and sustained competitive advantage”) and others
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- is a model that sees resources as key to superior firm performance.
- Find competitive advantage

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# Complexity & Chaos strategy

- Stacey; Pascale
- In 1993 and 1999
- Chaos: high levels of uncertainty and disagreement, often result in a breakdown or anarchy.
- Complexity: lies between the anarchy region and regions of the traditional management approaches



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