



LEAD WITH WE
SEASON 2: EPISODE 016
Virginia Tenpenny, Starbucks

Simon Mainwaring:

From We First and Goal 17 Media, welcome to Lead With We. I'm Simon Mainwaring and each week I talk with purposeful business and thought leaders about the revolutionary mindsets and methods you can use to build your bottom line and a better future for all of us. Today, I'm so excited to speak with Virginia Tenpenny, the chief global social impact officer at Starbucks, a company which has been leading the repurposing of business as a force for good on multiple fronts for decades. So, Virginia, welcome to Lead With We.

Virginia Tenpenny:

Thanks, Simon. I'm thrilled to be here.

Simon Mainwaring:

Now, Virginia, you came from Nordstrom's before. So you've been in the world of food. You've been in the world of fashion. Tell us, what got you into the impact side of things and how have you seen business change over the last few years?

Virginia Tenpenny:

Well, Simon, I'll tell you when I started out in my career, I always thought that I was destined to work at a non-profit and I stumbled upon an opportunity at Nordstrom and I discovered the role of business and effecting social change. I started my roots at Nordstrom and I found my way to Starbucks, where I discovered Starbucks is a place that attracts people who are looking to be part of something bigger. And at Starbucks, we do well because we do good and it permeates every part of the business.

Simon Mainwaring:

And so you've overseen programs across so many different sort of expressions of purpose and impact. So, there's ethical sourcing, there's women's empowerment, civic engagement, hunger relief, underserved communities. How does an amazing company, a behemoth like Starbucks, how does it decide what issue to speak to and then how does it allocate resources appropriately?

Virginia Tenpenny:

That's a great question, Simon. We look across what our communities need and at the end of the day, it starts with people. And Starbucks is a place that is very tuned in to what we need to our people, what we need from our people, whether it's our farmers and listening to our farming communities, whether it's our partners, which is what we call employees because we are all shareholders in the business and we're all partners in this business together and what we need from our communities. So, across that, we understand where can Starbucks have the greatest impact given our scale and our resources and what we stand for and being in the coffee business.

Simon Mainwaring:

I don't think many people know this, but you've got nearly 33,000 stores and, or over 400,000 green apron partners as you call it, employees, is that right?

Virginia Tenpenny:

That's right, 400,000 green apron partners, over 33,000 stores in over 80 countries.

Simon Mainwaring:

It's like a country in its own right in a sense, so it's an incredible community in terms of scale. So, you talked about employees as partners, I don't want that to be lost on people because language frames behavior. And so when you reframe language, you shift the relatedness to people. So, why is it important for you to call employees partners? And what are some of the ways that you've seen sort of that show up in your culture?

Virginia Tenpenny:

Well, since we opened our first doors in 1971, we're now celebrating our 50th year of Starbucks. We know it's always been bigger than coffee. It's always been about people. We say, "We're a people serving coffee, not a coffee company serving people." And we know from the beginning, there's been an ethos about empowering our partners. And as one executive used to say, "The person who sweeps the floor chooses the broom." And when you are consistently listening to your people and understanding what they need to feel that sense of purpose, to feel that sense of connection to the company, that really guides us in terms of where we can have the greatest impact.

Simon Mainwaring:

It's really important what you're saying. Everyone is a function of the larger organism and too often we see this sort of hierarchical top-down approach, but it sounds like the brand is more of a platform for your partners, your employees?

Virginia Tenpenny:

Exactly. And when I came to the lens of social impact, I think at the end of the day, one of our greatest social impacts is the experience we give our people from who we hire and removing barriers to opportunity for people from refugees or opportunity youths, veterans, military spouses, or people needing a second chance. And then we bring them into the family and we give them a sense of belonging. We give them the training and tools and resources, experiences, connection, and care to really help unlock their potential. And then we set them on their way, whether that's after getting a four-year college degree debt-free with Arizona State here in the US or in China, whether that's providing healthcare benefits to our partners' families, particularly the elders in their families where they otherwise may not have had access to healthcare. So we really understand what is it that we can do to provide a unique experience for our partners and make sure that we are taking care of them so in turn, they can take care of the customers and the communities we serve.

Simon Mainwaring:

And what you're saying seems so innate to Starbucks and other leading brands in the purposeful business space, but to many other business owners, if you're an entrepreneur or whether you're the CEO

of a large enterprise, it's counterintuitive because wait a second, aren't you in the business to make money? And isn't that at least your first responsibility than anything you can do to nurture your employees or partners or anything you can do to give back is a secondary consideration? So my question is, how do you effectively integrate the two? Because no matter what size your business is, you've constantly got this tension between purpose and profit and what you prioritize. So how do you integrate these issues?

Virginia Tenpenny:

Well, at the end of the day, [inaudible 00:05:49] the customer experience doesn't come to life without our partners. Our partners are essential in bringing that customer experience to life. And we know many customers, there's a loneliness epidemic. We know that and over the years it's gotten worse and our partners recognize that some people coming through our door, that may be the only time they hear their name all day. And so, our partners understand that the attention they give to our customers, the connection that they make, it makes a meaningful difference in their lives. And I believe that's part, we know that's part of why people continue to come back. We serve great coffee, great food, the [inaudible 00:06:27] it's great but at the end of the day, people come back because of that experience and the connection they have to our partners.

Simon Mainwaring:

And one of the great challenges for every purposeful business out there is how they create a culture or a purposeful culture, but how they maintain it and a lot of that has to do with hiring. So, how do you make sure you're bringing the right people in the door because as a purposeful company, owner myself, you can't teach people to care. So how do you sort of make sure you get the right people, whether they're a barista, whether they're an HQ and so on?

Virginia Tenpenny:

Well, I think we have of course, an interview process and an assessment, but we really also assess character. And when you think about the character of the people that we are bringing, we know you can teach people just about anything. And we have robust training systems to help people understand how to make that perfect cappuccino, but we're also really looking to understand people's personality and connection. And do they have that capacity to be able to really connect with someone and that intention to deliver a meaningful experience?

Simon Mainwaring:

One of the things that I've been really tracking for a long time is the way that Starbucks is showing up around multiple causes. I mean boycotting campaign donations to break gridlock in Congress, to job creation, through to same-sex marriage, to donations to post-traumatic stress disorder, to employing refugees, to online education to veterans, it just goes on and on and on long before a lot of the other companies that are showing up today were doing it. So, help us understand how do you choose which issue to lean into because I know you've got this platform of being people positive, which is all-encompassing, but how do you choose what to lean into?

Virginia Tenpenny:

Well, let me go back and talk a little bit about the 50 years. Our 50-year legacy of really listening to people, recognizing where there is an issue where Starbucks has a unique ability to have a positive

impact and ideally bring other companies along. So we have this 50-year legacy, and right now we're in this moment where you're right, we've done many different things. And now we want to set up the DNA of the company to ensure that these decisions, these values continue to be imparted into every part of the business. So, we've established a framework through people-positive, which you mentioned, which is how can we have a positive impact on the well-being of all who touch Starbucks? From farmers in origin countries producing great coffee to our partners making the experience come to life for our customers, to the neighbors in the communities that we serve.

And we've identified three key areas to really focus in and make sure we're driving all of our capacity and all of our impact through inclusion and ensuring that we're providing a strong sense of belonging, both for people who work at Starbucks and those who come through our doors through opportunity. And how do we make sure that we're removing barriers to opportunity and that people are growing with Starbucks? Again, be that our farmers, where we're providing agronomy techniques to maximize their yield and make sure they're growing coffee and the most sustainable way to our partners, whether that's really understanding what are their career aspirations and how are we ensuring that we're delivering access to programs so they can grow with us. And then our communities, we recognize that there's a mutual dependency on our success as a business and our communities thriving. And so, it's really getting in and understanding where we are uniquely positioned to have an impact in our communities?

Simon Mainwaring:

A related question is when you've got these multiple expectations, in the last 14, 15 months, we've had climate, we've had the pandemic, we've had Black Lives Matter and it's not about even dealing with one issue that might be related to your brand, it's dealing with multiple issues at once. So, just even from a process point of view, how does Starbucks think that through? Because I think we're all spread so thin these days, and we also feel the expectation to show up, but we don't know what to lean into more to stay true to our brand while also meeting those expectations. So how do you deal with these multiple issues?

Virginia Tenpenny:

Truly, Simon, this is a real-time conversation kind of thing, where there are teams that mobilize and come in and they look at it almost every day, it feels like there's a new crisis unfolding or a new situation at hand. So, we have teams that assess the situation again, what's the filter criteria to understand like where we truly have a voice and have credibility on a topic? So, it starts there and at the end of the day, what makes this challenging is people come to Starbucks because they need an escape sometimes, they need a sense of hope and a sense of optimism. And so we really have to balance being true to our brand and delivering on that hope, that respite, that escape, that moment of connection, which maybe takes you out of the loneliness that you feel because of COVID or the trauma that's happening all around us.

Let's talk about frontline responders for a moment. And when we think about the challenge that the whole world faced and continues to face through COVID and the role our frontline responders have, and truly being the heroes and on the frontline, and that's everyone from first responders, to nurses, to the janitors in the hospitals cleaning them up, and we decided one way we can focus in and show up in an optimistic way was to offer them free coffee just [inaudible 00:11:59] moment, let us recognize you in the role that you're having in the community right now, and ideally encourage other people to join, because when you're faced with so much hardship, one way to escape that is by showing gratitude, is by

giving and showing an element of generosity. And so, I would say figuring out where can we channel some of the challenges and the despair into something positive or trying to just give somebody a moment in their day to say, "Thank you for what you're doing." That's one way we look at how can we have a positive impact?

Simon Mainwaring:

And how do you humanize that storytelling? Because in a sense, no matter what industry you're in, big is bad, it doesn't matter whether you're in the sportswear industry or within the banking industry. When you're the leader in a category, it takes on kind of a certain expectation that you might not be as sensitive to the individual perhaps, but Starbucks has done a great job of humanizing all the way throughout. How do you make it real? How do you make it tangible? How do you localize it in a way?

Virginia Tenpenny:

Well, you're right that there's the big, [inaudible 00:13:06] the siren and we want people to understand the values that are associated with the siren everywhere we operate, our mission statement, inspire and nurture the human spirit, one person, one cup, one neighborhood at a time. That is true in all 33,000-plus neighborhoods that we serve. But how we make it local, one initiative I'm excited about is called Neighborhood Grants. And this is where the Starbucks Foundation is looking to make a local impact. Who knows our neighborhoods better than our partners? And so in 2019, we launched a program called Neighborhood Grants and since we've given away \$4 million directed by our partners. So our partners will tell us what's happening in their community and then we'll nominate local organizations.

Let me tell you about Cameron in Kentucky. Cameron, 15 years ago, she was experiencing homelessness. She was at the depths of despair. She was at a homeless shelter and she found a flyer for Dress For Success. Dress For Success hooked her up with an interview. They got her dressed up, feeling good. She ended up getting a job and later found her way to Starbucks, where then she had the opportunity to say, "What's an organization that's made a difference in my life, not just my community?" So she was able to direct those funds back to Dress For Success. Let me tell you about Angela and Jenny in Baltimore. They had every Saturday for years, they've been working at an organization called Generosity Global. And Generosity Global, they wanted to direct some Starbucks Foundation funds there. And so they rallied the partners at their stores, "Vote for this organization. Let's get Generosity Global some funds. And then they all started volunteering there.

And then the next thing we knew was the \$1,500 grant that had awarded through this local grant process, that turned into \$150,000 because when the Starbucks Foundation then really learned what this organization was doing in light of COVID where they were offering mobile showers and handwashing stations across the community, we found [inaudible 00:15:08], "Wow, that's an organization we know is providing an essential service and we need to do more for." So it's really constantly listening and resourcing our partners for how they can have a direct impact on their community and they can help the larger organization direct our resources in ways to drive that truly local impact at the neighborhood level.

Simon Mainwaring:

No, I think that's really powerful. I think a lot of us make the understandable mistake of thinking we're outbound. We talk about our marketing. We lead our initiatives. It comes from us, but it's a very different mindset to take that most circular approach, which is we're going to listen to our partners internally. We're going to listen to our local community members and hear what they need, and then leverage our resources to that end. I know you do a lot around food sharing, correct?

Virginia Tenpenny:

We do. FoodShare is an effort where every store at the end of the day, there's no food wasted. We can share it through a partnership with Feeding America that at the end of the day, all of that food is recovered and delivered to food banks to ensure that it's given to neighbors that need them. And we know in COVID last year, food banks went from serving 37 million Americans to an additional 17 million Americans. And so we've gone on to provide philanthropic support to support food pantries across the country as well as refrigerators. Starbucks, we have a lot of commercial refrigerators and the capacity demands that food banks encountered through COVID outstripped their resources. And so, we look across all of our resources, what can we do at Starbucks and ensure that we're consistently directing any resources we have to focus problems for communities most in need.

Simon Mainwaring:

At the one hand, you've got a business leader or owner that has to kind of be beholden to investors or shareholders or just meeting payroll at the same time at a heart level, you want to make a difference. What are some of the ways that you leverage partnerships? Because it shouldn't just be all on you. Do you reach out to the local communities where you are and say, "Okay, by working together, we can double down on our impact?" How do you leverage partnerships to scale the impact you can have at a community level?

Virginia Tenpenny:

Well, you're exactly right, Simon, that Starbucks is in a position where we can drive scaled impact. And it's so much bigger than us. When we first launched our commitment to Opportunity Youth, we knew that our goal was to show other businesses the value in hiring, what was often an overlooked talent source. And so we launched a coalition called 100K Coalition, which now has over 50 members and companies who recognize, you can reach into this overlooked talent that has immense value to offer and bring them in and get them set up for success. So, Opportunity Youth was one area where we know we have leverage.

We look at our supply chain and we know that through our purchasing power, we can have great positive impact, not just through focused efforts on supplier diversity and ensuring that we are invested in finding organizations who otherwise may have barriers to working with Starbucks, how we build that capacity and capability. How do we ensure that when we're open-sourcing our practices, whether that's C.A.F.E. Practices on our farms in origin countries or pay equity, which can be a complicated thing for a company to solve, how do you establish and maintain pay equity standards? And this is one area where we provide toolkits to open up and show, "Here's how we've done it. Here's a reference point for you. Take this, improve upon it, try it." And so, it's constantly figuring out what can we do? How do we share it with others? How do we learn from others? And then how do we join others to try to have a scaled impact?

Simon Mainwaring:

And what would be your advice to any brand of any size when you do have a moment where there might be a misstep or you didn't read the market or whatever the variable might be? What do you do? Do you just take it on your head? You're sort of just course correct and go back out there, how do you manage that situation?

Virginia Tenpenny:

Well, I think at Starbucks, we know we're a humble company. We don't always get it right. And so it's to start with a level of humility. And while people often have a bias for urgent action, sometimes it's worth taking a breath and assessing, "Where are we today? Let's listen, let's pause, let's strategize and then let's take a step that, again, is on a topic where we have credibility or we're ready to commit to a new path forward." Because one thing we believe just words doesn't matter. It has to be supplemented with actions, with investment, with policy and ideally a path to create change at scale.

Simon Mainwaring:

And how are you kind of executing against that transparency? I think we've moved from the conversation in business around why you should do good to how you get it done, which is quickly followed by the expectation, are you walking your talk? So, I know you've got 2020 sustainability report and a lot of companies put their metrics out there, but from a sort of engagement, partner engagement or customer engagement point of view, how do you make sure that they know that you're putting skin in the game?

Virginia Tenpenny:

Well, I think as I mentioned earlier, that's where we'll start to see... You'll start to see more from Starbucks in this space, because we know while we want to be a respite and a brand that provides optimism and your moment of connection, we also know increasingly people want to know that they're rewarding brands with their dollars who share their values. And so, you may start to see more from us in terms of our social media positions and where we're telling stories and taking public positions. But internally again, we never leapfrog to go to the external audience before we're bringing our partners along. And so, so much of this work really begins with bringing in our partners, listening to them, ensuring they know where we are today and they're part of the change that we want to create because we really can't do anything without them.

Simon Mainwaring:

And I really take away so powerfully the role that listening plays, because you're at such scale and you've got seasonal staff, et cetera, et cetera, et cetera. How do you scale people who care? How do you scale hearts when you've got so many stores, you've got supply chains to manage, you've got so many local communities? People, I think intuitively understand that there's so many ways that things can break down. And how do you maintain that culture all the way through? How do you make sure that you still are that heart-led organization despite the operational demands that are on you?

Virginia Tenpenny:

We know it starts with every single person. And one thing that we know with our CEO, Kevin Johnson, and the messages that he sends down, how is every single leader in the organization embracing that channeling, that we have a lot of communication channels, where we reach our partners, where we talk

to them? But at the end of the day, we know just as we just saw with a recent round of Neighborhood Grants, it's when they hear about it, it's through conversation. And so, that's the beauty of coffee. People connect over coffee. We have rituals around coffee and coffee tastings, and that provides the forum to really check in, have those conversations about values, have those conversations about what things need. And again, we don't always get it right and we're going to continue to expand all those ways that we're listening. But the ultimate goal is that every single person working at Starbucks feels that connection and understands their role in helping our mission, values come to life.

Simon Mainwaring:

And so you have all these programs and you're clearly a leader in terms of the local community impact space at scale. What does leadership look like moving forward? I think increasingly business is waking up to their role because they've been part of the problem for so long. And now they're increasingly intentional about being part of the solution. But if you were to cast your sort of line of sight to the next three or five years, what do you think leadership in purposeful business would look like? Where do you think it's going?

Virginia Tenpenny:

I think we're in a moment where much of leadership is about listening. It's about being curious. It's about consistently looking at what are old ways of doing things that maybe no longer serve us. And what are ways of doing things that define us and define our values and reflecting on that. It's about having the courage to look at things where do we need to be radically different? Where do we need to leapfrog into the future? But I again, would come back to, it's the role of creating a learning environment, where we're comfortable to be vulnerable, where we're comfortable to explore and learn and sometimes not get it right, but be committed to continuing on that evolution. And I think leaders at Starbucks if you think about the young 24-year-old who's managing a \$2 million business in 24 people, they're learning some of those values and the complexities of navigating things in and out of their community and challenges their partners have, all the way to the CEO.

I think if you have that clear sense of purpose, for us, it's our mission statement that we're all deeply tethered to. And then you create that psychological safety and an environment where people can explore and learn and evolve, to me, that's what I see as core to leadership at Starbucks in the past and much of that going forward.

Simon Mainwaring:

And last question, which would really be what gives you, Virginia cause for optimism? Because it's easy for us a little bit, little bit disheartened as we look to the future, but it is encouraging that business is stepping up. What gives you sort of cause for hope right now as you look at the world we're in?

Virginia Tenpenny:

You're right, there's a lot of complexities, but every day I am reminded of the conviction, hope and optimism that the younger generation of generation Z who's emerging, they're our partners, they're our customers. They are convicted. They will only work for companies whose values align with them. They want to be at companies that will give them a platform so that they can show their values on and off the job there. So to me, it's the younger generation that gives me immense hope.

Simon Mainwaring:

I agree. I look at my daughters and they're so wildly committed to making a difference. They just look at the world that way. And I think their whole generation is, I couldn't agree more. And I want to say thank you, Virginia for sharing the insights with us. And for Starbucks being a long-term leader in purposeful business, I think there's going to be rising expectations in the future and we need to learn and model ourselves on the behavior of companies like Starbucks. So, thank you so much for the time today.

Virginia Tenpenny:

Oh, Simon's been a great pleasure and thank you so much.

Simon Mainwaring:

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