

Investing in Equity: Starbucks's Challenges and Responses to Advancing Racial Equity

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Philadelphia Incident—Not a Paying Customer

On April 12, 2018, Rashon Nelson and Donte Robinson, 23-year-old black male entrepreneurs and friends since the fourth grade, met at a downtown Philadelphia Starbucks to work on details of their latest real estate opportunity. Upon walking in, Nelson asked to use the restroom, but was informed it was for paying customers only. A barista approached their table and asked if they wanted to order something or if they needed help, but they declined as they were just there for a quick meeting. Unknown to them, while they were waiting for their business partner to arrive, the manager placed a 911 call and requested assistance, saying, "I have two gentlemen in my café that are refusing to make a purchase or leave." This call was placed approximately two minutes after Nelson and Robinson's arrival. When Robinson saw the officers, he recalled, "I was thinking, 'They can't be here for us.' We have meetings at Starbucks all the time."

Officers approached Nelson and Robinson and told them they needed to leave. Philadelphia Police Commissioner Richard Ross Jr. said, "On three different occasions the officer asked the two males politely to leave the location because they were being asked to leave by employees because they were trespassing. Instead, the males continued to refuse as they had told the employees and they told the officers they were not leaving." Communication between the police and dispatch then referred to a disturbance at Starbucks, which resulted in Nelson and Robinson being arrested and led out of the location in handcuffs. The men spent hours in a jail cell before being released; the District Attorney refused to prosecute them for trespassing.

Within hours, documentation of the incident was widely circulated, sparking public outrage and criticism. Just one week after the incident, one video in particular (posted to Twitter by Melissa DePino) had been viewed about 11 million times. A customer on the video was heard asking police, "What did they get called for? Because they're two black guys sitting here eating?... Well, what did they do? What did they do? Someone tell me what they did." Another voice in the video said, "They didn't do anything." Social media users began using the hashtag #BoycottStarbucks when posting about the incident. Protestors carried signs such as, "Too Little, Too Latte," and chanted phrases such as, "A whole lot of racism, a whole lot of crap, Starbucks coffee is anti-black."

Attorney Stewart Cohen, representing Nelson and Robinson, argued that the men were illegally profiled, but Starbucks Corporation said the location had a policy that restrooms were for paying customers only. However, on April 18, 2018, Howard Schultz, Starbucks Executive Chairman, said, "I'm embarrassed, ashamed. I think what occurred was reprehensible at every single level. I think I take it very personally as everyone in our company does and we're committed to making it right." Starbucks announced it would close more than 8,000 company-owned stores for an afternoon of racial bias training.

On April 19, 2018, just one week after their arrests, Rashon Nelson and Donte Robinson were asked by *Good Morning America* news broadcaster, Robin Roberts, what they wanted to see happen moving forward from their arrests. Robinson answered first, saying, "I want to make sure that...this situation doesn't happen again. So what I want is for a young man, or young men, to not be traumatized by this, and instead motivated, inspired." Then, Nelson said, "...Take this opportunity as a stepping stone, you know, to really stand up and you know, show your greatness and that you are not judged by the color of your skin as our ancestors were... Help people understand that it's not just a black people thing. This is a people thing. And that's exactly what we want to see out of this, and that's true change."

Racial Bias Training

On May 29, 2018, Starbucks closed its stores for four hours for company-wide, simultaneous racial bias training designed to prevent discrimination in its stores. Approximately 175,000 "partners" (Starbucks' term for its employees) took part in the optional but encouraged training. It was estimated that the half-day closing of the stores for the training resulted in a loss of around \$12 million. Schultz described the training not as a PR stunt (as was the criticism from some) but rather as the beginning of a long-term commitment. Schultz stated, "This is not an expense... This is an investment in our people, in our way of life, in our culture and values."

The training curriculum was developed with guidance from Nelson and Robinson, Starbucks partners, legal experts, and activists and experts in diversity, equity, and inclusion efforts. Such experts included: Bryan Stevenson, founder and executive director of the Equal Justice Initiative; Sherrilyn Ifill, President and Director-Counsel of the NAACP Legal Defense and Education Fund; Eric Holder, Jr., former U.S. Attorney General; and Jonathan Greenblatt, CEO of the Anti-Defamation League. Schultz said of the training, the "company's founding values are based on humanity and inclusion. We will learn from our mistakes and reaffirm our commitment to creating a safe and welcoming environment for every customer."

The agenda for the training included a review of the Starbucks mission and values, establishing ground rules for the training (e.g., listen respectfully, speak your truth and honor other people's truth), and a series of units on topics such as: seeing difference as positive, reflecting on what belonging feels like, understanding bias and seeing our own bias, and making every customer feel they belong. Partners were given personal notebooks for self-reflection and guidebooks to work through in teams. Videos were an essential component of the training, serving to lead partners through the curriculum. Videos featured Starbucks leaders as well as individuals such as artist, author, and activist, Common. As an example of the training dialogue, Common, in the

video on Making Others Feel Welcome, said: “It’s a life skill to make someone else in your presence feel welcome. You do that by not only loving what makes them the same as you, but by appreciating what makes them different from you.” Then, a Starbucks partner asked trainees to spend three minutes in pairs writing down ways in which they are different from one another, asking each other questions, and getting curious about the other person.

Of the training (which was made publicly available), Starbucks noted:

Today was a start. It was not perfect—because we are all human. And we are all learning. Today we focused on how we create belonging in our stores and learning about what gets in the way. Racial bias is one part of that story because it’s limited people for centuries and is the essential foundation of what comes next. Our conversation begins here, in the structures and systems that make up this country. We’ll continue exploring how those systems impact all of us personally and guide our interactions with each other.

Third Place Policy

Starbucks had long viewed its stores as a Third Place for customers, with home being the first place and work or school being the second. According to Starbucks Global Chief Inclusion and Diversity Officer Nzinga Shaw, the Third Place is, “A place you can come and convene with others, have a cup of coffee, share positive dialogue, and have a good experience.” After the racial bias incident, the Third Place philosophy became official company policy in late May 2018. The Third Place policy defined the responsibility of a safe and welcoming public space as a shared community responsibility and called on everyone in that space to treat all people with respect and dignity and to keep the space free from bias and discrimination. According to Starbucks, this helped to bring its space and its use more “consistent with [its] mission and values.”

The Third Place policy also included defining a customer as anyone who entered a Starbucks store *regardless of purchase* and declaring Starbucks’s spaces (including restrooms, cafés, patios) open to all. Schultz stated that opening the bathrooms to anyone who asked was the right decision because of the implicit bias that occurred when a person was denied access. Schultz stated, “We don’t want anyone at Starbucks to feel as if we are not giving access to you to the bathroom because you are less than. We want you to be more than.”

“Just a Step in a Journey”

Starbucks CEO Kevin Johnson was clear that the May 29, 2018 company-wide training “was just a step in a journey.” In January 2019, Starbucks published the principles that it would use to uphold the Third Place policy, including a recommitment to Starbucks being a welcoming space for all and a zero tolerance position on discrimination. In September 2019, Starbucks partnered with Arizona State University to launch the “To Be Welcoming” curriculum, a free 15-course online class for partners in order to address bias and encourage conversations around shared human experience. In February 2020, Starbucks published the results of its first Civil Rights Assessment conducted by Former U.S. Attorney General Eric Holder, Jr. In that assessment, Holder, Jr. said, “It was clear to me that Starbucks’ efforts to promote civil rights were much

more than window dressing. From its CEO to the women and men who work in its cafés, Starbucks is committed to the idea that everyone should feel welcome, respected, and safe in their stores.”

Remember When?

In May 2020, 2,000 Starbucks partners met virtually to discuss the widely publicized, shooting death of Black American Ahmaud Arbery and the police killings of Black Americans George Floyd and Breonna Taylor that occurred earlier that year in the United States. CEO Kevin Johnson stated in a letter to partners that, “while we may not have all the answers, we know the path forward requires these courageous conversations with one another.” In June, managers asked the corporate office about partners’ requests to wear Black Lives Matter clothing and accessories. They were told that these items were forbidden because they could be misunderstood and incite violence. Starbucks claimed that company policy forbids accessories that advocate political, religious, or personal issues. Backlash was immediate and intense. Calvin Benson, a black and transgender barista from Atlanta said partners were allowed to wear LGBTQ+ shirts and pins: “We have partners who experienced harassment and transphobia/homophobia for wearing their pins and shirts, and Starbucks still stands behind them.” W. Kamau Bell, host of the CNN series *United Shades of America*, tweeted: “Remember when they wrote ‘Let’s talk about racism!’ on the cups? Remember when they closed for half a day because 2 Black men were arrested for being Black at a @Starbucks? As we always thought, they are only about #BlackLivesMatter when it’s convenient.”

One week later, Starbucks reversed its decision about forbidding Black Lives Matter clothing and accessories in a letter to employees titled *standing together against racial injustice*. The letter stated, “We’ve heard you want to show your support, so just be you... We are so proud of your passionate support of our common humanity. We trust you to do what’s right while never forgetting Starbucks is a welcoming third place where all are treated with dignity and respect.”

Company Efforts to Advance Racial Equity

After the racial bias incident involving Rashon Nelson and Donte Robinson in Philadelphia, Johnson commented that his “responsibility [was] to look not only to that individual [the manager who called 911], but look more broadly at the circumstances that set that up just to ensure that never happens again.” Thus, in October 2020, Johnson announced several company-wide initiatives, such as the launching of a mentorship program that would connect Black, Indigenous, and People of Color (BIPOC) partners to senior leaders and investing in strategic partnerships focusing on BIPOC talent. Further, Starbucks committed to publicly disclosing data identifying its current workforce broken down by stores, manufacturing, and corporate levels.

Additionally, Starbucks set annual inclusion and diversity goals. By 2025, Starbucks wanted to have BIPOC representation of 30% at all corporate levels and 40% at the retail and manufacturing levels. Its starting corporate statistics showed that 65% of its partners identified as white and 54% of its overall shared workforce identified as white. In a letter to partners, Johnson said, “We will hold ourselves accountable at the highest levels of the organization,

connecting the building of inclusive and diverse teams to our executive compensation program, effective immediately.” Starbucks also established an Inclusion and Diversity Executive Council to provide internal governance, and the company committed to joining peer organizations in the Board Diversity Action Alliance that were committed to racially and ethnically diverse representation on corporate boards of directors.

Starbucks also announced a rollout of an additional \$1.5 million in neighborhood grants from the Starbucks Foundation as well as an investment of an additional \$5 million to launch a two-year initiative focused on supporting nonprofits serving BIPOC youth. In January 2021, Starbucks announced the details of its plan to invest \$100 million to create the Starbucks Community Resilience Fund. The goal of this fund was to advance racial equity and environmental resilience through small business growth and community development projects in BIPOC neighborhoods.

Starbucks has continued to share its yearly Civil Rights Assessments. In 2021, Starbucks graduated its first cohort of partners from the inaugural mentorship program and donated \$1.7 million to Feeding America to support equitable food access grants to food banks supporting BIPOC neighborhood households experiencing food insecurity. In January 2022, Starbucks shared the results of its \$5 million investment into eight nonprofits that supported BIPOC youth; they were able to support more than 100,000 youth across the United States.

The Third Place Policy in Jeopardy

Rashon Nelson and Dante Robinson’s arrests served as the impetus for many new diversity, equity, and inclusion efforts at Starbucks, starting with the Third Place policy that opened its restrooms to everyone. However, at a conference in June 2022, Schultz told attendees Starbucks is considering ending its open-bathroom policy as an “issue of just safety” and that growing mental health concerns are posing a threat to the safety of partners and customers. Schultz said new policies may need to be implemented to limit the number of non-customers who come into stores. He commented, “We have to harden our stores and provide safety for our people. I don’t know if we can keep our bathrooms open.”

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