

LESSONS IN ENTREPRENEURSHIP

Star story

Stuart Read and Robert Wiltbank on the times when it's better to act first and ask questions later

STIRRING IT UP

Neither market analysis nor a successful prototype could be credited with helping Howard Schultz discover the opportunity in Starbucks. Daily per capita coffee consumption in the US had declined from 3.1 cups in the 1960s to two cups when Schultz was assembling the ingredients for Starbucks. Moreover, the original Starbucks, founded in 1971, was a Seattle shop that sold beans, tea and supplies, but not coffee by the cup.

THE DAILY GRIND

In 1982, Schultz joined Starbucks as head of marketing. Unable to talk the founders into offering drinks, Schultz built his own coffee bar, Il Giornale (merged with the original Starbucks in 1987). Even then, Il Giornale's success lay less in vision, and more in action. Schultz listened to patrons in the months after he opened. They did not like nonstop opera music. They wanted chairs. Some asked for flavoured coffee. A menu printed

mainly in Italian was inaccessible. The baristas' bow ties were untidy. Schultz adjusted in response to customer and employee feedback, providing chairs and playing more varied music. The baristas stopped wearing ties. "We fixed a lot of mistakes," Schultz said, although he chose not to grant the request for flavoured coffee.

THIRST FOR THE TRUTH

So the story of Starbucks, like the story of many enterprises, is full of 'market' feedback. This includes investors, employees and strategic partners. For example, while Starbucks' founders would not agree to convert their enterprise into an Italian-style coffee bar, they did offer Schultz seed money to open Il Giornale. Similarly, of the 242 men and women Schultz approached for funding, 217 decided not to help, but quite a few did purchase equity. So although market signals tell conflicting stories, it is the actions of the entrepreneur that create the truth.

Starbucks coffee shops – not an opportunity waiting to be found? Below: Howard Schultz



The success of Schultz's first coffee bar lay less in vision and more in action

MAKING YOUR OWN CUP

So what can be learned from the story of Starbucks? First, it explains why you didn't think of it. Based on market information at the time, Starbucks was not an opportunity waiting to be found. Had not Schultz taken the series of actions he did to create and shape the firm, there could well not be a mainstream market for premium coffee cafés today. Second, it informs what you do. If opportunities are created, not found, then taking action has a higher premium than research. So stop looking and start doing.



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BOOK REVIEW YOU CAN BE AS YOUNG AS YOU THINK TIM DRAKE & CHRIS MIDDLETON (PRENTICE HALL LIFE, £10.99)

WHAT'S THE PITCH?

Discover how ageing is all in the mind and follow a six-step programme that will train your brain to think and feel young.

WHO ARE THE AUTHORS?

Tim Drake works in various businesses and social projects and is author of two previous books. Chris Middleton is a former

group board director of the Sociovision Group and now runs Futures Coaching, a trends and rejuvenation agency.

WHAT DO THEY HAVE TO TELL US?

It's all about youth and how to hold on to it. The aim is to give people a sharper and happier outlook on both professional and personal life. Those who learn to keep their

brains young will benefit from renewed imagination and creativity that will keep them ahead of the backward-looking nature of 'old brained' people.

Based on 'ground-breaking' social research, the authors present six steps, known as the six wisdoms of youth, designed to help readers stay relevant in the fast-changing world of today.

VERDICT

Gets you thinking about the way you live your life and whether you're holding yourself back. Those who score 'old' or 'middle-aged' brain in the provided test will be convinced to think younger and start challenging themselves in day-to-day lives. ★★★★★

