The average public relations person, who claims to be a crisis communications expert, usually tries to sell reputation management to a CEO in crisis. The Starbucks crisis drives home the point that I always try to make, that an expert must consider both damage to reputation and revenue in crisis communications. Here are key components of this case study:

- A flawed corporate policy led to this crisis.
- The CEO’s apology is flawed because the policy is flawed.
- The crisis will be expensive because of the flawed policy.
- Social media, once again, amplified a crisis.

On May 29, 2018, Starbucks will shut all stores for three hours for racial profile training. What will be the cost of a three-hour shutdown? This comes after two African-American males were removed from a store by police because a) they wanted to use the bathroom and b) they had not made a purchase, which is company policy for anyone who wants to use the restroom. No #Java No #Pee

The event was amplified by a video on social media. How much money has the company lost in revenue from customers who took offense and took their business elsewhere?

And how is the CEO doing in controlling the crisis? To Starbucks’ credit, they are using their website to post a message from the CEO.
However, my expert advice would have been to put the CEO’s video on the homepage, and not buried in the Newsroom. Furthermore, the headline says, “Statement from Starbucks and Attorney Stewart Cohen from Cohen, Placitella & Roth.” Are you kidding me? Attorney? This says, “We are covering our ass because we’re going to get sued.” How about “Starbucks CEO Kevin Johnson Apologizes” as a better headline.

On HLN News, Money Expert Jennifer Westhoven showed a great checklist for CEOs who need to apologize. I agree with her. She’s as cynical as I am when it comes to judging CEO apologies. However, if the bad Starbucks corporate policy is not fixed, the apology lacks congruency, i.e. the CEO’s words don’t fully match his actions.

It is good that the CEO is out front owning the crisis. In a CNN media interview, Starbucks CEO Kevin Johnson says this won’t happen again. But it can happen again because Starbucks has a policy that says a person cannot use the bathroom if you don’t make a purchase, and employees are taught to refuse the bathroom to all non-paying customers, regardless of race.

We can only guess if race played a role in this. Yet the company is going all in on training regarding racial profiling by staff. While race is the amplifier of this crisis, I think this crisis may be more rooted in a flawed corporate policy in which employees are trained to question all non-paying customers.

Think about it… a major corporate crisis because someone didn’t spend $3 for a cup of coffee so they could pee.

Let’s calculate the lost sales from bad publicity and shutting down for a day of training because of a corporate policy that demands $3 for a cup of coffee.

Crisis communications is not about reputation management; Crisis communications should be about reputation and revenue… and preserving it by doing the right thing.
About the Author: Gerard Braud, CSP, Fellow IEC (Jared Bro) is an international expert, coach, trainer, author and professional speaker, who has worked with organizations on five continents. Known as the guy to call when it hits the fan, he is widely regarded as an expert in crisis communications and media issues. Gerard has been active in the field of communications since 1979. For 15 years, he worked in print, radio and television as a front line journalist, on the scene of every type of disaster imaginable. His affiliate reports have been seen around the world on NBC, CBS, CNN and the BBC. Since 1994 Gerard has specialized in helping organizations communicate more effectively through media training, crisis communications plans, and employee-manager training. Following the events of September 11th, he was commissioned to write the crisis communication plan for the Internal Revenue Service and its 800 offices across America. His plans are also used by the Library of Congress, the U.S. Army Missile Defense Command, numerous city, state and county governments, international corporations, national retailers, national and global non-profits, hospitals, and numerous schools and universities. Gerard has a gift for foreseeing and predicting crises before they happen. Fifteen years before Hurricane Katrina, he predicted the catastrophic destruction that would befall New Orleans through a series of award winning reports called, “When the Big One Hits.” For 2 years prior to the Virginia Tech shootings of 2007, Gerard warned that the crisis communications plans at most universities were insufficient and would fail when they were needed most.