

**SCHULTZ IN 1993:**

He returned to Starbucks, and so did a back-to-basics philosophy.

HOWARD SCHULTZ

COMPANY: Starbucks

SALES: \$11.7 billion

MARKET VALUE:
\$40 billion

EMPLOYEES: 149,000

ADVICE:

Always challenge the old ways.

6

IN THE DARKEST days of the Great Recession, many analysts and media pundits had written off Starbucks as an overreaching victim of changing

consumer habits. Howard Schultz, who regained his job as CEO in early 2008 after an eight-year hiatus, would have none of it.

When he returned, Starbucks' profits and revenues were tanking. The stock price had fallen so severely that at one point he feared the company could be taken over. Starbucks had become a brand that had been stretched beyond its demography. But Schultz did what few builders of companies are known to do—but what all of the greatest entrepreneurs always do: He brought financial discipline, bottom-line efficiency, and a back-to-basics focus to the company.

Growth and success had covered up a lot of mistakes and led to a tremendous amount of waste. The world's

dominant purveyor of chai lattes, for example, had been losing tens of millions of dollars a year by pouring excess steamed milk down the drain. By simply putting a serrated internal ring inside a pitcher to guide how much milk a barista should use for a latte, Starbucks saved millions. "You wouldn't think a steaming pitcher could be sexy," says Schultz. "But it became very sexy at Starbucks."

As with Steve Jobs at Apple, the second coming of Howard Schultz saved Starbucks from being just another also-ran. And in turning around an iconic brand, Schultz, now 58, demonstrated that he could do what most founders are said not to do: challenge the old way of doing things.