

# The Secret to Success at Starbucks

What refractive surgery can learn from premium coffee.

BY SHAREEF MAHDAVI



Starbucks Corporation (Seattle, WA) has become much more than a large national chain. I've long been a fan of how this company has been able to create tremendous value for what was once just a plain cup of coffee. Those several pennies' worth of ingredients,

once fully customized (there are reportedly over 10,000 different ways you can have your Starbucks cup of coffee made) and served in a pleasant ambience, now fetch \$4 a cup, earning the company the nickname *Fourbucks*.

How did they do it? There are several books devoted to the building and management of Starbucks. Recently, I was able to watch an interview with CEO Howard Schultz<sup>1</sup> and was struck that several things he said were directly applicable to what you do in refractive surgery.

## THE SECRET IS...

Schultz readily admitted that there is no patent and no "secret sauce" to the Starbucks business model. Asked what business his company is in, he responded, "We are in the people business." From Schultz's perspective, Starbucks' competitive advantage is the relationship the company has with its 135,000 employees and the relationships those employees have with their customers. This is a powerful concept in a country where we have become accustomed to pitifully low levels of service. American consumers have learned to tolerate poor service in exchange for paying bargain prices on commoditized goods and services. Schultz has gone in the opposite direction by creating protocols to deliver great service, and in the process he has transformed a generic category into a premium-priced offering with mainstream acceptance.

If Starbucks has an operational secret that you can apply to your surgical practice, it is this: the company spends more each year on employee training than on advertising. Wow! Imagine what patients' experiences in your practice would be if you dedicated most of your

"The company spends more each year on employee training than on advertising."

marketing budget to training staff rather than advertising. Please don't skim over this last sentence. Put this article down and consider it for a minute or two. Think about dedicating most of the money you now pay for advertising (which is becoming less and less effective) to customer-care skills-development sessions for your entire staff. Your employees will be far more in tune with the needs of your customers and better able to positively influence each patient than they currently are.

Starbucks has proven that an enterprise can succeed by focusing internally (employees, environment, experience) rather than externally (advertising). In refractive surgery, staffs' training and skill levels are fairly low across the board,<sup>2</sup> a situation that creates a tremendous opportunity for a practice to rise above the mediocre levels of service that patients typically experience when they call or visit. The customers' experience will become more memorable and remarkable, something your patients will want to talk about to others!

## DON'T FORGET ABOUT THE COFFEE

By focusing on service, I do not mean to minimize the importance of the technologies and procedures you offer. Schultz is absolutely passionate about the coffee Starbucks serves. He is driven by the desire to create something special for both his customers and employees. Similarly, you are presumably driven by a passion to improve people's vision so that they may live better. Schultz's motivation begins with his product and extends to his company's culture, which encompasses

*(Continued on page 85)*

*(Continued from page 84)*

so much more than just cups of coffee. Following are two other Starbucks gems that you can apply to your field.

- The company does not view other coffee houses as competition. Before Starbucks, there were 500 premium coffee shops in the US. Now, there are over 12,000—one-third of which are not a Starbucks.<sup>1</sup> Are you more focused on what competing providers are doing than on your own performance?

- There is no instant coffee at Starbucks. Is your customer service as bland and lacking in effort as a cup of Sanka? Do you sacrifice the real thing in order to be more efficient with your patients?

#### **A WAKE-UP SHOT**

When you begin examining how companies become successful, you realize that there are many fundamental lessons applicable to all industries. I hope that this month's column acts as a shot of espresso, providing you with the jolt you need to re-examine where you invest in your practice. ■

*Shareef Mahdavi is President of SM<sup>2</sup> Consulting, a firm dedicated to improving the marketing efforts around elective medical procedures. His clients include leading device manufacturers and providers of refractive and aesthetic technologies. Mr. Mahdavi may be reached via the company's Web site, <http://www.sm2consulting.com>.*

1. Interview with Howard Schultz. "The Big Idea with Donny Deutsch." CBS television. October 2006.

2. Mahdavi S. Addressing the weakest link in refractive surgery. *Cataract & Refractive Surgery Today*. 2005;5:8:83-86.