

BUSINESS

Leading With Purpose: Understanding That Values Matter

Howard Behar, Former President of Starbucks North America and Starbucks International

Interviewed By: Josh Armstrong, Ph.D.

Armstrong: Could you please share your story of working at Starbucks and becoming the President of Starbucks North America.

Behar: I had a long history of consumer goods and retail; almost since I was thirteen years old I had been working around it. Over the years, I worked in different retails, primarily in the home furnishings industry. I had been President of a land development company in Seattle that got in trouble and had to sell. I was trying to figure out what I was going to do with my life and I met this young guy named Howard Schultz, who was the CEO of this tiny little coffee company called Starbucks, which I knew quite well because I had been a customer for seventeen years, buying mail order, etc. So, over a journey of about a year's time we got together, he invited me to join Starbucks, I accepted the invitation and I never looked back. I was there 21 years where we built it from 28 stores to around the globe and it was a wonderful experience.

Howard Behar is former President of Starbucks Coffee International. For 21 years, Behar led Starbucks's domestic business as President of North America, and he became the founding President of Starbucks International opening the very first store outside of North America in Japan. During his tenure, he participated in the growth of the company from only 28 stores to over 15,000 stores spanning five continents. Howard now serves on the boards of several for-profit and non-profit organizations, including Education Element, iD Tech, The School of Leadership Studies at Gonzaga University. After the successful publication of his books, *It's Not About the Coffee: Lessons on Leadership from a Life at Starbucks* and *The Magic Cup: A Parable about A Leader, A Team and the Power of Putting People and Values First*, Howard now travels the world speaking to leaders, corporations, and students.

Armstrong: You were instrumental in developing Starbucks' vision to be one of the most well-known and respected organizations in the world and known "for nurturing and inspiring the human spirit." Can you tell us about cultivating that vision and how you keep a company connected to this culture through great growth?

Behar: By the time I got to Starbucks, I was in my mid-40s and I was pretty well formed in terms of what I believed in leadership. I had also been a student of Robert Greenleaf¹ and servant leadership for, at that time, almost 20 years. That's what I brought to Starbucks, this idea that we weren't in the coffee business, serving people, but we were in the *people business serving coffee*. That became the battle cry for the company. That little saying kept us focused on what we were really about, which was people. That formed the nucleus of the company and everything that we talked about outside of coffee was about people – about growing our people, how we treated our people, what kind of organization that we wanted to have, so that was a driving force for us from the very beginning. If you were at Starbucks, this was a philosophy that you had to subscribe to. If you were a leader at Starbucks and you just couldn't sign on to that, then you really just didn't have a place there, and we had mechanisms in place to sort that out to make sure we had the right people, in the right jobs, at the right time.

Armstrong: What role did character have on your leadership style and organizational success?

Behar: Well, character is everything. Character to me is a culmination of all your values. It's everything that you stand for and it's been a driving force for me. So, I have my own personal mission statement and my own

core values that I try to live by. That's what we did at Starbucks. We had an organizational character and we had our values and our mission statement, which you talked about, being "known for nurturing and valuing the human spirit." That was the forcing drive for us and so character was everything at Starbucks. It was how we lived our values. It primarily was around this idea how we treated each other, how we treated ourselves, because you have to respect yourself and what you stand for. It wasn't like we did everything right all the time, because we didn't and we made mistakes along the way. But we had these mechanisms along the way to help us get back on track.

Armstrong: You write about being true to yourself and your values. How did you discover this sense of self and your core values?

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Behar: Well, that came because of a crisis that I went through in my own personal life. I was working for a company called GranTree Furniture Rental, which was headquartered in Portland, Oregon. I had been promoted to Vice President, which I never thought I would get that opportunity because I don't have a college degree. But I got the opportunity, they threw parties for me, and it was an exciting time for me.

But one day, I was standing by the elevator and the CEO came up to me, and he put out his hand. He says, "I know I'm not the first to congratulate you, but I want to extend my congratulations on a well-deserved promotion." Then he said that little three letter word, BUT. "But there's something I'd like to talk to you about." His name was Walker. I said, "Yes, Walker.

¹ Greenleaf Center for Servant Leadership. www.greenleaf.org

What is it?" He said, "One of the things I've noticed about you, Howard, is you always wear your heart on your sleeve. Everybody knows what you're feeling. If you want to be a great executive, that's probably not something you want to practice or something you want to do." He went on to say, "The other thing I've noticed about you is you're always willing to express your opinion. When asked a question or in a meeting, you're always willing to do that. Great executives kind of hold their cards close to their vest and want to act as if they're really thoughtful about things and maybe say something like, 'Let me think about it for a day or two, and I'll get back to you.'"

Well, I wasn't either one of those things. My emotions were right out there, and if somebody asked me a question or I was in a meeting, they would get what I was feeling. I would say what I was thinking. I didn't hold it back. So, I went through a long struggle, about a 3- or 4-month struggle about what was I going

my journey of trying to figure out who I was. I did that through identifying my eight to 10 core values, writing my personal mission statement, and then writing out what I call my six P's about how I wanted to live my life. That began the journey. Then Robert Greenleaf and servant leadership played a role in that because that is something I really identified with and with those ideas. I just never had the language for it. So that's really how it started and I've been working on it ever since. I'm 75-years old, and I'm still working on it.

Armstrong: You mentioned your "six P's." Can you tell us about them and how they inform your leadership?

Behar: Well the first P is purpose. Everything in my life has to have a purpose greater than myself... something better than myself. Second, if it's worth having a purpose better than yourself, you darn well better be passionate about it. I need to always bring

passion to my work and values. The third P is persistence. We know what it takes to live a life and to accomplish the goals we have for ourselves, but you have to be persistent or you won't get it done. Life puts up road blocks, others put up road blocks, we put up our own

road blocks, and we need to work through them, so persistence matters. The fourth P is patience, which is something that I haven't been too good at. It has taken me a long time to learn patience. I have a type-A personality and only recently have I learned patience. The fifth P is performance. Performance counts. None of us want to be evaluated and we hate performance reviews, but performance counts in life. Performance counts in interpersonal relationships. When you make a commitment to another human being, to a significant other or spouse, to do the tough work through that relationship, that's performance. Performance counts at your work. When you make a commitment to your organization and to the people that you work with,

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to do. I went from a guy that loved his work to someone that hated his work in a very short period of time and I finally decided I was going to leave the organization. And at the end of the day, I didn't because of a coworker that talked me out of it.

But after living through that, I decided that the problem was when Walker said to me, "You've got to change who you are," it wasn't like he was telling me to change the color of my slacks. He was trying to change *me*, and I had never thought about who I was up to that point in time. I was just Howard being Howard. So, I decided I was never going to let that happen again and I was going to figure out *who* Howard was. That began

you have to live up to those commitments or let people know why you are not. Now, do we always get things done that we say we are going to do? No, we don't but performance counts in life and it's a difficult thing to explain, particularly to young leaders. It does matter. The final P, and the most important P, is people. All the other P's are about serving people, at the end of the day, and that's what we are here to do.

Armstrong: You have discussed before the idea of "leading with one hat." Could you explain what you mean about that?

Behar: Leading with one hat has to do with this idea that you have to be who you are. I call it, "Wear one hat. Wear your hat." That usually means—like my wife says, "Yeah. You can have one hat, but I could have 30 hats because I got to do this, I got to do that." I'm not talking about the roles that we play. I'm talking about who we are. The hat that we wear that defines who we are as a human being. And that has to do with identifying your core values and then living to those core values. So that, for me, was the key for my life, and I still live by them. I wrote them down. I had them on a piece of paper I carried with me. I carried them with me for 40 years. I've changed a few things from time to time, but they are really important to me.

Armstrong: Can you tell us a story about when those values were tested or when you called them into question?

Behar: Well, they've always been tested because in organizations or in life, there's always somebody that's pushing you to do something that's against those values. It's in different places all the time, but that's really what happens. One of my core values is honesty, and there are people that will push you to be dishonest. Maybe not in an extraordinary way, but there'll be people that'll push you to be dishonest. And it would be easy to cheat on a number, or when somebody asks you a question,

not tell them the truth, kind of white lies or whatever it happens to be. So you are always being tested.

There's been times when I've been tested myself, as honesty is a core value of mine. I remember when I was in my mid-60s, I was on the Board of the University of Washington Foundation, and I'd buy these parking passes, 10 for \$100. They would allow me to park anywhere on the campus that I wanted to park. You had to sign in pen the date that you were there and put it on your dashboard so you couldn't use them again. Well, one day I didn't have a pen. All I had was a pencil. So I used the pencil, and I made it really dark so people could see it and it looked like a pen. But the next day, I was going to be there for another meeting and there was a little voice -- one of my "Board of Directors that sits on my shoulder" said to me, "Hey, Howard. You give them lots of money. You could use that parking pass again." It was a quick conversation. It was about three seconds. But it was testing me. Was my core value really honesty? Then, another of my Board Members said, "Hey, Howard. Your core value's honesty," and I ripped it up and threw it away. So it's always going on in our lives. We're always testing ourselves, and other people are always testing us. But it's being clear about what those values are and then trying to live by them.

Armstrong: You mentioned earlier about servant leadership. Do you believe this philosophy can be effective in all settings?

Behar: Yes. Absolutely. Servant leadership is applicable to everywhere. Servant leadership is in families. Right? How you treat your significant others. How you treat your spouse. How you treat your kids. It's the understanding that we're here to serve others. Well, we're here to serve our family and our kids need to understand that they're here to serve too, and what all that means. In organizations it's the same way. Being a boss, or being a CEO, your primary role is to help other people get what they want out of their lives

through the journey of them helping the organization get what it needs. But it's a two-way street. First comes your commitment to serve your people. You can't expect your people to serve the organization if you're not willing to serve them first. So, absolutely, it is everywhere. And you just have to make a commitment to it and understand that it's not just in business, it's in nonprofits, it's in families, it's anywhere.

Armstrong: We seem to see a lot of leadership failure now. Do you think it's gotten worse over time, or has it just always been there and we're better at recognizing it now?

...Look for what they do. It's that simple. Don't just tell me. Do. Because a lot of people will espouse great leadership. But in action, they don't. They don't live it. At the end of the day, it's about what you do and not what you say.

Behar: I think that failures in leadership have been there forever. I actually think it's getting better in the sense that we are becoming more aware today of what good leadership looks like. We are certainly paying this price right now with the kind of leadership that we have nationally and the people in our Congress that don't seem to understand what leadership really is all about. They think it's about policy. They think it's about getting their way. It's not about those things, right? It's about serving others and the growth of the people in the country and then the people in the country help to serve the country. I remember that saying by John Kennedy, "Ask not what your country can do for you. Ask what you can do for your country." I mean, there's the prime example of servant leadership.

Armstrong: From a leadership development standpoint, what advice do you have for new leaders

regarding learning about leading organizations and themselves?

Behar: Read, read, read. Get every book you can on leadership and on leaders. Biographies, autobiographies, and try to find the ones that align with what your values are. You can read the other ones too, the ones that aren't so that you understand what all that means, what the conflict is going to be, because there will be those conflicts. You may work for an organization where you're totally out of alignment with the person who's leading the organization or your boss, for example. How are you going to deal with that, and how are you going to stay true to your values when you're living and working in that kind of situation? I believe in reading and studying and finding examples of how you want to be and then copying those things until they become you.

You can choose who you want to work for. We are not victims. Now, you may be working in a company and all of a sudden, your boss changes.

If it's not working for you, get out of there. Find a different boss or get to a different organization if you can. But don't sell yourself down the river. Stay true to who you are and read, read, read, and pay attention to what's going on. Learn from all people, people that you disagree with their leadership style and, particularly, the people that you agree with their leadership.

Armstrong: How can you assess a leader's character? What do you look for?

Behar: I look for what they do. It's that simple. Don't just tell me. Do. Because a lot of people will espouse great leadership. But in action, they don't. They don't live it. At the end of the day, it's about what you do and not what you say. Also, I think the biggest thing is holding yourself accountable, right? That's why you have to write these values down. If you don't write them

down, you're not committed. But you also have to pull them out and review them...all the time. And I do. I look at them all the time. Even after 40 years, I'm looking at them. I go home at night, before I go to bed and I ask myself a question. I look in the mirror and I say, "How did I do today?" Not, "Did I make more money today?" But how did I do living up to my values? There are days when I do a great job and days when I don't do a great job. You've got to forgive yourself when you don't do a great job and don't get caught up in yourself when you do a good job. So I think it's making sure that you hold yourself accountable because performance matters in our lives.

Armstrong: What did you do at Starbucks to try to build a system that would help assess people's leadership development?

Behar: Well, first of all, we had great leadership development programs. We did that. But primarily, it was how leadership at Starbucks performed. So the three leaders, Orin Smith, Howard Schultz, and myself, decided right from the very beginning that we were going to be able to walk down the hallway, look everybody in the face, and everybody would know we were all in it together. We had no company cars. We had no boats. At the time, we had no airplanes. Everybody had the same healthcare, from the part-time worker to the CEO. Everybody got equity in the company. So, we tried to live our values and, most importantly, how we treated each other with respect and dignity not putting people down and not blaming people. Now, were we perfect? No, we were not. We made lots of mistakes. We didn't always live up to it. But we had mechanisms in place. We had one mechanism called mission review and it was a little card that went in the paycheck. People could write on the card any comment about how we lived up to our mission statement or not lived up to our mission statement, and why they thought that way. From the time we got the card, we'd have 72 hours to respond if they wanted a response. So it was a

mechanism that helped us live up to what people felt we had committed to.

Armstrong: What do you believe is Starbucks' greatest impact on our culture?

Behar: I think a place for people to go and sit without having to buy anything, having a cup of coffee, reading a newspaper, or having a conversation with somebody else. It could be political, romantic, or whatever it happens to be. But I think our greatest contribution has been that it's this idea that there was this egalitarian place, whether you're a police officer, a college student, CEO of an organization, a husband or wife, or whatever it happened to be, you could go there and sit. And it wasn't if you bought a cup of coffee—some people would say we were expensive, but I'd say we are a great value for what we give. But I think that's been the key.

I think a commitment to our product... a commitment to the quality of our product. Not everybody likes our coffee. But I think everybody appreciates that we had a commitment to the quality. But most of all, we had a commitment to people, not only the people that work in the organization but the people we serve, the people we call customers.

Armstrong: What's the most meaningful conversation you've had over a cup of Starbucks coffee?

Behar: Oh, God. That's a hard question. Probably with my wife. We were struggling with our marriage at one time, and we had to work our way through it. She's a Pepsi drinker, so I was drinking my coffee while she was drinking her Pepsi. It was that conversation, and how we were going to...how we were going to work ourselves back together again.

Armstrong: What do you tell leaders who are looking for mentors and how they can learn from them?

Behar: Well, number one, recognize that mentors come in all shapes and sizes. A mentor doesn't have to be somebody that you report to or somebody that's senior to you or older than you. Mentors can be a lot younger than you. They could be one of your students, for example. Mentors don't need to be in your industry or where you are. They can come from all sorts of places. So, a teacher could be a mentor. Look for mentors everywhere. Also, you can look for mentors that are in your line of work. That can help you too. But be open to anybody being a mentor, and try to be thoughtful about what you want from that mentor and what you want that mentor to help you with because not everybody is good at everything. I was good at some things but not good at other things. I was really good at the servant leadership idea and creating your own hat idea and I drove that. But I wasn't necessarily a good mentor for an engineer trying to figure out how to get ahead in engineering because I didn't know engineering. So find people that are specific, and have lots of mentors in your life. They don't need to be forever. Sometimes, a mentor might be in your life for six months or even three months. Sometimes, your mentor might be in your life forever. I have a mentor that's been in my life for over 40 years and he's still a mentor and still part

of my life. Your kids can be mentors. Your wife can be a mentor. You just have to open yourself up. There are no rules.

Armstrong: What's a legacy that you're proud of now, looking back?

Behar: Well, probably, the most important thing that I have done is to help other people. The legacies that I look back at are the people that have moved on, left Starbucks, and gone on to run their own companies. They have taken the values of Starbucks with them... taken the idea of servant leadership with them and the idea of values-based leadership with them, and created them in their own organizations. Particularly, the women in the organization of Starbucks that have gone on. We had lots of them that have become CEOs of their own companies. So, those things are, to me, the most important thing. Finally, leaving behind at Starbucks this idea that we weren't in the coffee business serving people, but we were in the people business serving coffee. That's still alive and well at Starbucks.