



Catalyst Center for
Nonprofit
Management

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Nonprofit News

7 Crisis Management Lessons Organizations Can Learn from the Philadelphia Starbucks Arrest

By Sarah Larson, Furia Rubel

If recent years have shown us nothing else, it's that the risk to an organization's reputation posed by the possibility of a public crisis has grown exponentially in the digital age. Today, we firmly believe that it's not a matter of if a crisis will happen, it's a matter of when.

Whether the crisis involves the revelation of election-swaying data mining through the world's dominant social media platform (Facebook), a data breach at a leading global hotel chain (Marriott), or viral video of rats scurrying over hamburger buns at a Delaware fast food joint (Burger King), we've seen several examples over the past year of what not to do when your organization is faced with a crisis. Not responding quickly enough, not taking responsibility, and not acknowledging the harm done to customers are among the many "don'ts" exemplified in these scenarios.

But what about the "dos"? Are there any companies that have faced a crisis of confidence recently and have responded to it appropriately, overall? We found one example of (mostly) successful communications in a high-stakes, high pressure situation very close to home.

Here are lessons that all organizations can learn from the public outcry over the very public arrest of two men who were guilty of nothing more than being in public, at a local outpost of the world's largest coffeehouse brand, while black.

'Waiting While Black'

Business partners Rashon Nelson and Donte Robinson, both 23, were doing what thousands of people do every day – waiting to meet an acquaintance at a Starbucks for a business meeting over coffee. They had met at that particular Starbucks near Rittenhouse Square several times before, and Robinson had been a customer there since he was 15.

But this time, they didn't order anything while they were waiting to meet with Philadelphia real estate investor Andrew Yaffe. When one of the men asked to use the restroom, the manager told him the toilets were for paying customers only, and reportedly asked him to purchase something or to leave. When the pair did not leave, the manager called the police to remove them. The two men, who are black, were handcuffed and led out of the store.

The arrests were videotaped by other store patrons, one of whom – Philadelphia-based author Melissa DePino – uploaded it to Twitter with the comment, "The police were called because these men hadn't ordered anything. They were waiting for a friend to show up, who did as they were taken out in handcuffs for doing nothing. All the other white ppl are wondering why it's never happened to us when we do the same thing."

The video went viral, spurring nationwide criticism of both the city police department and the coffee chain, as well as protests outside the Starbucks location in Center City Philadelphia.

Starbucks Responds Slowly, then Swiftly

When your brand is in the harsh glare of a media spotlight, and the frenzied focus of an Internet mob, it can be hard to think calmly and coolly. That's why we advise all organizations, from global companies to local nonprofits, to draft and regularly update a crisis communications plan – which we generally call an "incident response communications plan," (because the first rule of successfully managing a crisis is, generally, to not call it a crisis).

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"When something goes wrong, it's easy to throw one employee under the bus and leave it at that. It's harder to examine the policies and beliefs within a company's culture that allowed the incident to happen."

The response from Starbucks to the arrests in its Philadelphia store on Thursday, April 12 was, at first, slow and lackluster. The company posted a generic apology to Twitter two days later, Saturday, April 14, but its general wording may as well have been addressing something as insignificant as an order mix-up.

The short, impersonal statement did nothing to reassure the public that the company was taking the incident seriously. #BoycottStarbucks flooded social media platforms all weekend, as outrage grew. Protestors, meanwhile, flooded the Center City Starbucks location to demand that the manager be fired.

The next day, on Sunday, Starbucks CEO Kevin Johnson weighed in personally, with a far more meaningful statement that concluded, "You can and should expect more from us. We will learn from this and be better." He then traveled personally to Philadelphia to meet with city leaders and the two men who had been arrested. Johnson spoke with the city's largest newspapers, calling the incident "reprehensible" and pledging to "take appropriate action to make sure it doesn't happen again."

The following day, on Monday, April 16, Johnson appeared from Philadelphia on Good Morning America to repeat that commitment.

Starbucks started out on the wrong foot in this situation, taking too long to respond. This happens quite often when organizations are still gathering the facts to determine what had actually happened. The response likely was further delayed because of the timing; the men were arrested on Thursday morning, released after midnight (with no charges) and the video spread further on Friday and Saturday. The weekend undoubtedly delayed the company's response time.

In the end, Starbucks did many things right. Here are lessons that other organizations can learn from this incident:

Take personal responsibility: CEOs of global brands are busy people. It would have been easy for Johnson to make some phone calls and continue with his schedule. But he cleared his calendar and traveled to Philadelphia to address the situation in person.

Own the mistake: Johnson was clear and unequivocal in condemning the incident and not trying to explain it away or contextualize it: "Calling the police was wrong; it should not have happened."

Discipline the employee: When a representative of a company treats a customer poorly, many people want to see a public acknowledgement of wrongdoing. Johnson did lay much of the blame at the manager's feet, saying "this comes down to an individual incident and an individual leader's decision...This particular incident does not reflect who we are as a company." Within days the manager no longer worked at the Starbucks.

Examine the policies: When something goes wrong, it's easy to throw one employee under the bus and leave it at that. It's harder to examine the policies and beliefs within a company's culture that allowed the incident to happen. Johnson didn't stop with "parting ways" with the manager. He ordered a full, company-wide review of policies and training, pledging to do the hard work to address systemic beliefs, not just one person's behavior.

Implement new training: In the wake of the incident and subsequent policy review, Johnson ordered all Starbucks' more than 8,000 U.S. stores to close for a day to undergo mandatory racial-bias education. The session was designed to "address implicit bias, promote conscious inclusion, prevent discrimination & ensure everyone inside a Starbucks store feels safe and welcome."

Reinforce company values: In his communications, Johnson said Starbucks wanted to learn from its mistakes and forge a path forward consistent with its core values. "We work to be a different kind of company. A company that believes in using our scale for good. A company that believes that the pursuit of profit is not in conflict with doing social good."

Finally, perhaps the most important lesson:

Be demonstrably authentic: Johnson communicated directly with the company's target audiences through several channels, including news interviews, in-person meetings, and written statements. But he also filmed an informal, unedited, unpolished (you can even hear someone knocking on a door in the background) personal video message while in Philadelphia so viewers could hear from him directly. That transparency and lack of guile went a long way to restoring trust with Starbucks' primary consumers, who, steeped in a world of fake news, Photoshop and talking points, crave authenticity from the companies they support.

People make mistakes, and organizations need to be prepared to proactively avoid crises when possible and to effectively respond to them when they do occur. Developing a crisis communications plan is an important step for any organization that wants to be prepared before the white-hot spotlight of a public crisis falls on them.♦

Fall Management Training Series

Protecting Your Blind Side: Preventing & Responding to an Organizational Crisis

Laura Solomon, Esq. , Laura Solomon & Associates
Caitlan McCafferty, Furia Rubel

The reality is a crisis can happen at any time to any organization. During this workshop, you will learn how to recognize critical nonprofit legal issues and create a crisis communications plan to best prepare your organization for potential reputational damage and various other crisis scenarios. Combine comprehensive planning with good instincts and you are prepared for whatever comes your way. The seminar will test your knowledge of some of the most important legal and tax issues facing nonprofits today, and then cover how to prepare and manage your organization's brand, message and response.

In the first part of our workshop

What Would You Do? An Interactive Discussion on Critical Nonprofit Legal Issues

Through her boutique nonprofit practice Laura Solomon, Esq. has guided clients through crises on numerous subjects. She will use case studies from her practice to share how to avoid some of the more common missteps that can easily be avoided. Topics we'll cover include:

Pitfalls and Perils

- the myriad responsibilities in disclosing & reporting embezzlement and other misuses of charitable funds
- thorny issues involving charitable solicitations
- problems with naming rights
- challenges in honoring donor intent when investing, managing, and using restricted funds
- unique considerations in nonprofit affiliations, mergers, and acquisitions
- cautionary tales involving conflicts of interest
- choices and tax implications (unrelated business income tax) of social enterprises

In the second part of our workshop

Not If But When: Crisis Communications Planning for Nonprofits

It only takes one misstep to cause irreparable damage to a nonprofit's reputation. Caitlan McCafferty, PR Account Director at Furia Rubel, will walk us through creating a crisis communications plan for your organization.

Effective crisis communications plans are built on immediacy, accountability and transparency. An organization's response during a critical time can make the crucial difference between success and failure. To survive a challenge with its hard-earned reputation intact, an organization must respond swiftly, act decisively, and communicate clearly. This program will address the stages of crisis planning and management and how to protect an organization's reputation.

Educational Objectives and Key Takeaways

- Understand the stages of crisis planning and management
- Know how to create a crisis plan
- Work through one crisis scenario
- Draft a sample crisis holding statement
- Understand best practices for protecting an organization's reputation

October 29, 2019

9:00 AM-12:00 PM

Pennsylvania Biotechnology Center of Bucks County
3805 Old Easton Rd Doylestown, PA

Thanks in part to our Gold Sponsor, Bookminders, there is no charge for the workshop; however, registration is required.

Register for seminars at: www.catalystnonprofit.com/our-services/training-events/

Contact: Liz Vibber

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Board Boot Camp

November 14, 2019 5:00-8:00 PM

The Board Boot Camp program has been designed for both new and experienced board members to learn or refresh their skills on being an effective nonprofit board member. This does not happen by accident, but rather by thoughtful attention to the role of board members in your organization. This intensive program focuses on skills effective board members possess.

By structuring the evening into two tracks, we are able to direct the discussion at the appropriate level for each group.

Freshman Track ~ for individuals who have served for less than two years on a nonprofit board and are interested in learning about the more general duties of board members.

Advanced Track ~ for individuals who have experience serving for many years or on a variety of boards and are looking to gain insight on the tools used by more mature boards.

Location: Regional Foundation Center
Free Library of Philadelphia
1901 Vine St., Philadelphia

Cost: There is no charge for this program through the Regional Foundation Center, but registration is required

Registration: <http://www.catalystnonprofit.com/our-services/training-events/> Liz Vibber 215-343-2727 or lvibber@bbco-cpa.com for more information.



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