



STARBUCKS SUSPENDS STOCK BUYBACK PROGRAM AS HOWARD SCHULTZ TAKES COMMAND

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Starbucks' new interim CEO Howard Schultz said Monday the coffee chain will suspend its share repurchase program to "invest more profit into our people and our stores."

The pivot in strategy comes just three weeks after Starbucks announced that Schultz, who bought the company in 1987 and led it for more than three decades, would be taking over the company's top role until it found a permanent CEO. Since that announcement, analysts and experts have speculated that Schultz was being brought back to help the company fight a rising worker rights campaign that has seen six of its stores voting to unionize since December, with at least 140 more in 27 states filing petitions for union elections.

- Workers at nation's first unionized company-owned Starbucks walk off the job over COVID issues
- Starbucks workers vote for a union, a first for coffee chain

Two weeks ago, baristas and other employees at a Seattle Starbucks voted to unionize, the first such vote in the city where Starbucks originated. Starbucks has 9,000 company-owned stores in the U.S.

Schultz's blog post on Monday was filled with references to "partners" – what the company calls employees.

"My first work is to spend lots of time with partners," Schultz wrote. "To lift up voices."

In his previous stint with the company, Schultz successfully fought attempts to unionize Starbucks' U.S. stores and roasting plants. Starbucks had to reinstate fired workers or pay to settle labor law violations numerous times under Schultz's leadership in the early 2000s.

The National Labor Relations Board found last year that Starbucks unlawfully retaliated against two Philadelphia baristas who were attempting to unionize. Starbucks monitored the employees' social media, unlawfully spied on their conversations and ultimately fired them, the board said. It ordered Starbucks to stop interfering with workers' right to organize and offer reinstatement to the two workers.

No "representative" needed

More recently, the NLRB issued a complaint against Starbucks alleging that district and store managers in Phoenix spied on and threatened workers who supported unionizing. The complaint stated Starbucks suspended one union supporter and fired another.

In a November letter to employees, posted just before the first unionization votes at three stores in Buffalo, New York, Schultz said he tried to create the kind of company that his blue-collar father never had the chance to work for.

He recalled the trauma of his family having no income after his father suffered a workplace injury, and said that's why Starbucks has benefits like health care, free college tuition, parental leave and stock grants for employees.

"No partner has ever needed to have a representative seek to obtain things we all have as partners at Starbucks," Schultz wrote. "And I am saddened and concerned to hear anyone thinks that is needed now."

Schultz is holding a town hall with employees on Monday.

Late last year, Starbucks announced that it was committing to a \$20 billion share repurchase and dividend program to return profits to investors. It's not clear how much of that figure would have gone to share repurchases.

Starbucks announced on March 16 that Schultz was stepping in to replace retiring CEO Kevin Johnson.

Source: <https://www.cbsnews.com/news/starbucks-stock-buyback-schultz-coffee-union/>