

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our Subscriber Agreement and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com.

<https://www.wsj.com/articles/starbucks-new-ceo-breeds-coffee-at-stores-to-prepare-for-role-db114f7e>

◆ WSJ NEWS EXCLUSIVE

Starbucks's New CEO Trained as Barista to Prepare for Role

Laxman Narasimhan takes over from Howard Schultz; 'I bring a different set of capabilities,' he says

By *Heather Haddon* [Follow](#) | *Photography by Lucy Hewett for The Wall Street Journal*

Updated March 23, 2023 12:22 pm ET

CHICAGO—New Starbucks Corp. **SBUX -0.57%** ▼ Chief Executive Laxman Narasimhan plans to be in regular contact with departing CEO Howard Schultz—but it will be clear who is in charge, both men said.

“There’s places where he can be really helpful. The world, though, needs boxes and lines,” Mr. Narasimhan said in an interview. “There’s one CEO, and that’s me.”

Mr. Narasimhan, who officially stepped into the CEO role on March 20, has for months immersed himself in the operations of the world’s largest coffee chain, including spending time as a barista at different cafes, he said.

One of the first areas of focus for the former PepsiCo Inc. executive: the brand’s sprawling supply chain.



Seattle-based Starbucks has generated record sales in recent quarters, but it has acknowledged that service has suffered.

Starbucks has too many different cup and lid pairings, for example, Mr. Narasimhan said.

“It was startling to me, how many we had,” he said. “We’ve got things to do to become more disciplined.”

Mr. Narasimhan, who most recently served as the CEO of U.K.-based consumer-products company Reckitt Benckiser Group PLC, is Starbucks’s fifth chief executive and the first to come from outside the operation since Mr. Schultz acquired it in 1987. The 55-year-old India native now oversees a company in flux.

The Seattle-based chain has generated record sales in recent quarters, but it has acknowledged that service has suffered. Customers regularly queue up in cafes and drive-through lanes, ordering often complex beverages, most taken to go. Starbucks is set to spend billions of dollars over the next three years to try to improve its stores and labor situation.

Mr. Narasimhan said he plans to regularly work alongside baristas in cafes to understand why it sometimes is so aggravating to get a customer a simple cup of coffee. He intends to work four hours in a different Starbucks store each month and expects his senior leaders to do the same.

“We have got to find ways to ensure that we do listen and stay connected,” Mr. Narasimhan said after working the drive-through earlier this month at a new Starbucks on Chicago’s South Side.

Mr. Narasimhan left his CEO role at Lysol-maker Reckitt in September, beginning a six-month immersion into Starbucks culture and operations.

He spent 40 hours training to become a certified barista and visited stores and facilities in the U.S., Europe and Japan. Mr. Narasimhan, who speaks six languages and has lived and worked in many parts of the world, said he was struck by how customers could drink coffee while kneeling on tatami mats in a Japanese store.

Starbucks is grappling with a unionization push among some U.S. baristas. Roughly 3% of the chain's 9,300 U.S. stores have voted to unionize in the past 18 months.



The new Starbucks CEO, in white shirt, working at a Chicago location's drive-through.

Mr. Narasimhan said in the interview that baristas have the right to unionize if they choose, and that he will continue Starbucks's approach to asking workers to directly voice their concerns to the company. Starbucks has urged workers to negotiate directly with the company to advance their goals. He said Starbucks should do more to listen to its baristas and respond.

Messrs. Narasimhan and Schultz have spent many days discussing priorities for the corporation ahead of the leadership handoff, both men said. They have agreed that Starbucks must be more efficient and nimble as it seeks to grow to 55,000 stores.

"There was a need for rigor and a greater level of discipline," Mr. Schultz said in an interview at Starbucks's headquarters last month.

Mr. Narasimhan said he is committed to advancing and speeding the company's existing plan to improve operations. Mr. Schultz, who stepped down as CEO Monday, said Starbucks is running better today than when he returned to the helm last April.

"It's not as good as it will be, and it's not as bad as it was," Mr. Schultz said about store operations.



Laxman Narasimhan plans to regularly work alongside baristas in Starbucks cafes to better understand store operations.

Starbucks's shares are up 8% since Mr. Schultz's return to the company, compared with a 15% drop in the S&P 500.

Some investors have questioned Mr. Schultz's ability to distance himself from Starbucks's daily affairs. After acquiring Seattle-based Starbucks and building it from a local chain to an international brand, Mr. Schultz stepped down in 2000. He returned to serve as CEO again from 2008 to 2017, before coming back again last year as Starbucks sought a longer-term leader.

Mr. Schultz will remain on Starbucks's board and he said he would stay involved in its new brand of olive oil-infused coffee, and its China business. But Mr. Schultz said he no longer has an office at Starbucks and will focus his attention on his family foundation.

Mr. Narasimhan assumed leadership over most of Starbucks's day-to-day operations in mid-January, both men said. The new CEO said he isn't naive to the challenges in taking over a company with such a prominent leader.

"I'm different from him. I bring a different set of capabilities," Mr. Narasimhan said.

The new CEO said he has found room to reduce shortages and waste in the company's supply chain. New equipment will improve coffee quality, he said, and he aims to improve payment technology and other systems to support Starbucks' planned global expansion.

While working at the Chicago store recently, Mr. Narasimhan greeted customers pulling up to the drive-through, made change and processed loyalty cards. Sometimes he needed to repeatedly scan customers' phones for payment. The store's manager called out the average service time for orders as a steady stream of cars appeared on a screen, each with a clock counting the seconds since they entered the line.

After the morning rush, Mr. Narasimhan solicited feedback from a group of Chicago baristas. One said she loved the friends she has made at work, but sometimes struggled to juggle so many duties.

"I have to get those drinks out," she said. "I have under 40 seconds to make that connection."

Mr. Narasimhan said Starbucks needed to be pragmatic about what workers can do during peak hours. "People drink coffee in the morning," he said in the interview. "I can't help that."

Write to Heather Haddon at heather.haddon@wsj.com

Appeared in the March 24, 2023, print edition as 'New Starbucks Boss: 'There's One CEO'.