

by Nathaniel Meyersohn

## Outrage over the arrests of two black men at a Philadelphia Starbucks wounded the reputation of one of the most progressive companies in America.

Now Starbucks has a bold plan to make things right: It will close 8,000 stores for one afternoon in May to teach employees about racial bias. Communications experts praised it as a blueprint for how companies can handle public firestorms.

[Related: Starbucks will close 8,000 US stores May 29 for racial-bias training](#)

"This was an exceptional response," said Joe Lockhart, former press secretary for President Bill Clinton and NFL spokesman. (He is also a CNN political commentator.) "They didn't try to sweep it under the rug."

Many companies, organizations and politicians become paralyzed during a crisis. But Starbucks used it as an opportunity to affirm its values, Lockhart said.

The arrests last Thursday ignited protests and calls for boycotts, and threatened to weaken Starbucks' carefully crafted as a standard-bearer of corporate social activism and an inviting place for workers and coffee drinkers.

Starbucks says it strives to create a "culture of warmth and belonging, where everyone is welcome."

In March, [Starbucks reached gender and race pay equity](#) for all US employees.

Starbucks also has one of the most diverse leadership groups in Corporate America. Among the board's 14 members, five are women and five are minorities.

Under founder and former chief executive Howard Schultz, Starbucks took progressive stances on divisive social issues — including [gay marriage](#), [DACA](#) and [President Trump's travel ban](#). Last year, the company said [it plans to hire 10,000 refugees over five years](#).

Starbucks has waded into race as well.

After riots in Ferguson, Missouri, during the summer of 2014, Schultz opened a store there. The company was criticized for trying too hard to talk about race with its 2015 ["#RaceTogether" campaign](#), in which Starbucks encouraged baristas to write the phrase on cups to start conversations about race.

[Related: Starbucks says Ferguson store is one of its top new locations](#)



Demonstrators at a Starbucks in Philadelphia.

The arrests of the two black men, who were waiting for a friend at the Philadelphia Starbucks, ran counter to how Starbucks presents itself — as a local gathering spot where customers can relax, read the newspaper and use the WiFi on their laptops and phones.

Schultz, who was CEO until 2017, sought to import a European coffeehouse feel to the United States and create a "third place between work and home."

"One of the legs of the brand was the experience," said Robert Passikoff, founder and president of Brand Keys, a consulting firm that specializes in consumer engagement. "They basically said 'We're a place for our community to socialize.'"

For CEO Kevin Johnson, it's his first major test since taking over. He quickly called the arrests "reprehensible" and posted a personal video apology and issued a statement. Johnson flew to Philadelphia to meet with the two men Monday and apologized.

Related: Starbucks CEO on arrests at Philadelphia store: 'They didn't deserve that'

On Tuesday, Starbucks said it will close the 8,000 company-owned stores in the United States on May 29 to educate 175,000 employees about racial bias. The training will be developed with guidance from experts including former Attorney General Eric Holder and Sherrilyn Ifill, president of the NAACP Legal Defense and Educational Fund.

"This is much more than a crisis playbook response. This is going several steps beyond," said Andrew Gilman, founder of crisis communications firm CommCore Consulting Group. "It is a definitive statement to customers, shareholders and most importantly to employees about how the company and its people should act."

But Martin Davidson, a senior associate dean and chief diversity officer at the University of Virginia's Darden School of Business, says Starbucks' latest move is "window dressing" for a systemic issue.

"Research tells us that diversity training alone does not create any real, sustainable change and has the unintended consequence of removing motivation to actually engage in change."

Davidson applauded the idea, but explained that Starbucks should focus more on making structural adjustments to the company to hold managers accountable for hiring, grooming and promoting diverse leaders.

Without broader organizational changes, he warned, Starbucks may face the same issues in the future.

There is little recent corporate precedent for the steps Starbucks is taking.

Applebee's temporarily shut a single restaurant in Missouri earlier this year after a woman claimed she was racially profiled. In 2016, Chipotle ([CMG](#)) closed all of its stores briefly to hold a national staff meeting about food safety, but that came months after its E. Coli scare first broke.

The extent of the damage to Starbucks may not be known until at least next week, when Johnson will hold a conference call with Wall Street analysts. They will probably press him about whether sales have suffered, particularly in Philadelphia. And the two men arrested have yet to comment publicly on the arrests or their meeting with Johnson.

Experts say more videos or allegations of bias at Starbucks could prolong the crisis or push customers to move to top rivals such as McDonald's ([MCD](#)) Dunkin' ([DNKN](#)).

Already, a video has surfaced from a California Starbucks in January, showing a black customer saying that he was not allowed to use the bathroom when a white customer was.

Investors don't appear concerned. Starbucks' ([SBUX](#)) shares are up slightly since Thursday.

— *CNNMoney's Chris Isidore and Jill Disis contributed to this report.*

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