

MBA 665 Final Project Milestone One Guidelines and Rubric

Overview: The final project for this course is the creation of an **impact of governmental action on a business paper**. For Milestone One, you will submit a **topic selection short paper**. Key to your success is providing the background to thoroughly address each of the critical elements. The business topic will be the same one that you created in your MBA 560: Marketing and Strategy course. If the idea has not yet faced some significant government impact, you will need to identify one or more government impacts that the business idea would be likely to face. See examples in the prompt.

Governments at all levels—federal, state, and municipal—exert a significant influence on business. The impacts of these influences may be negative, such as the imposition of costly regulations, or they may be positive, such as the provision of financial incentives for the creation of new jobs. Both negative and positive governmental actions present challenges for businesses: the impact of the action on the business's "bottom line," how public opinion will be influenced by the business's response to a particular action, and the ethical issues associated with each response, for example.

Prompt: Your short paper should identify and briefly describe the business that you propose to study and describe the government impact that it has faced or would be likely to confront. Make your case for why the business and government impact you select are appropriate subjects for the final project. If your instructor believes that your choice will not provide sufficient material for you to achieve success with the final project, you may have to select a different business and/or government impact.

Your macroeconomic evaluation should answer the following prompt: Select a business that has faced, or is facing, governmental action, and analyze the impact of this action on the business. Ideally, the business that you select will be the same one discussed in the business plan you created for MBA 560: Marketing and Strategy. If that company does not yet exist, you should choose one in the same area of focus that is facing a government action, regulatory issue, or political challenge, with instructor consultation and approval. This is important because the analysis you complete now should help inform your knowledge of potential situations or challenges facing your business product, service, or other idea from your business plan. While your area of focus may be different from the possible topics and situations listed here, these should still give you an idea of the type of situation for which to look.

Topic examples:

- The decision of LG Corporation to construct a new corporate headquarters on the Hudson River in New Jersey, in the face of environmental concerns
- The decision of Tesla Motors, Inc. to choose among competing incentive packages from local governments for the construction of the company's new Gigafactory
- The threat of Amazon.com to move its drone research development activities out of the United States unless the Federal Aviation Administration adopts a more favorable regulatory stance
 - The federal Occupational Safety and Health Administration's decision to issue numerous citations to Ashley Furniture
- McDonald's Corporation and the decision by Seattle, Washington to increase the minimum wage in that city

Specifically, the following critical elements must be addressed:

1. **Topic Selection:**
 - A. **Business Profile:** Provide a brief profile of the business and the industry it occupies, including the business's market share and competitors, as well as opportunities and threats facing the business and industry outside of the particular governmental action now facing the business.
 - B. **Governmental Action:** Analyze the potential governmental action or political challenge that will affect the business in this particular situation.

Guidelines for Submission: Your paper must be submitted as an 2-3 page Microsoft Word document with double spacing, 12-point Times New Roman font, one-inch margins, and sources cited in APA format.

Rubric

Critical Elements	Proficient (100%)	Needs Improvement (70%)	Not Evident (0%)	Value
Topic Selection: Business Profile	Briefly profiles selected business and industry it occupies, including market share, competitors, opportunities, and threats	Profiles selected business and industry it occupies, including market share, competitors, opportunities, and threats, but response is wordy or vague	Does not profile selected business and industry it occupies	45
Topic Selection: Governmental Action	Accurately analyzes potential governmental action or political challenge that will affect business	Analyzes potential governmental action or political challenge that will affect business, but with gaps in accuracy or detail	Does not analyze potential governmental action or political challenge that will affect business	45
Articulation of Response	Submission has no major errors related to citations, grammar, spelling, syntax, or organization	Submission has major errors related to citations, grammar, spelling, syntax, or organization that negatively impact readability and articulation of main ideas	Submission has critical errors related to citations, grammar, spelling, syntax, or organization that prevent understanding of ideas	10
			Total	100%

Starbucks to Close 150 Stores in Big U.S. Cities Due to High Minimum Wage, Strict Regulations

<https://www.breitbart.com/politics/2018/06/19/starbucks-closing-150-city-locations-higher-minimum-wage-regulations/>

Starbucks has announced that it will close 150 locations in some of the nation's big cities to get ahead of its worst growth performance in nine years. But the company also admitted it is racing to blunt the effect of cities with higher minimum wages and other business-killing regulations.

The announcement comes on the heels of the company's low one-percent rise in sales, a figure well below the 2.9 percent the company expected to achieve, Bloomberg reported.

With new CEO Kevin Johnson beginning to make his mark on the coffee giant, the closures will hit corporate-owned locations mostly in densely populated areas in the U.S., meaning that the old joke that there is a Starbucks on every corner in America's biggest cities may become a thing of the past.

"Our growth has slowed a bit," Johnson admitted in a recent interview, Bloomberg said. "I expect better, I think our shareholders deserve better, and we're committed to address that."

While growth overseas is still robust, its U.S. properties have slowed to a crawl, the company reported. Still, even with the 150 closures, a number about three times higher than its normal annual closure rate, Starbucks has approximately 14,000 locations across the U.S.A.

But one other thing Johnson admitted with the company's percolating closure rate is that higher minimum wage laws have hurt their bottom line.

Tucked into his interview, Johnson made mention of the problems with running food service outlets in some of America's biggest left-wing cities.

The closing stores are often in "major metro areas where increases in wage and occupancy and other regulatory requirements" are making them unprofitable, Johnson said. "Now, in a lot of ways, it's middle America and the South that presents an opportunity."

The inference is clear: large, liberal cities raising minimum wages have stifled growth, so Starbucks is beginning the process of fleeing the cities for the high growth, low wage south and rural areas of the nation where regulations are more friendly and exorbitant minimum wage laws are non-existent.

For a company that prides itself as one of the most left-wing, “progressive” companies in America, this admission is somewhat shocking and evidence of a “do as I say, not as I do” mentality. While Starbucks talks the game for progressive causes, it is opting out of the big cities that have put in place the very anti-business policies Starbucks has claimed to support.

The company has often boiled over with politics in recent years. In its latest political flap, Starbucks weathered charges of racism when a store in Philadelphia called the police to chase out a couple of black customers that the location’s manager said were loitering. The resulting flap sparked the company to shut down all its locations to force employees to attend “racial-bias training.” By some reports, that training was closer to anti-cop propaganda than it was to a course in racial bias.

Starbucks reported strong overseas growth, despite its anemic U.S. numbers. The coffeehouse chain will more than triple its commitment in China with plans to open a new location there every 15 hours through the year 2022.

Starbucks: GOP Tax Cuts "Accelerated" Wage and Benefit Increases

<https://www.atr.org/starbucks-gop-tax-cuts-accelerated-wage-and-benefit-increases>

Starbucks employees are benefiting from the Tax Cuts and Jobs Act enacted by congressional Republicans and President Donald Trump. According to the company, the tax cuts "accelerated" wage increases, employee stock grants, and Partner and Family Sick Time benefits.

"These offerings will total more than \$250 million for more than 150,000 partners and are accelerated by recent changes in the U.S. tax law," the company said in a January 2018 [statement](#).

"The Starbucks example is a reminder that the GOP tax cuts help every community in America," said Grover Norquist, president of Americans for Tax Reform.

In a [letter](#) to employees, Starbucks CEO Kevin Johnson wrote:

Investing in our partners has long been our strategy, and due to the recent changes in U.S. tax law, we are able to accelerate some significant partner investments to continue our leadership as the retail industry leader in total compensation and benefits.

Excerpts of the Starbucks company statement can be found below:

Building on a long history of providing relevant, industry-leading benefits, Starbucks Coffee Company (NASDAQ: SBUX) today announced a series of new partner (employee) offerings that span across wage and benefits. These offerings will total more than \$250 million for more than 150,000 partners and are accelerated by recent changes in the U.S. tax law.

Starbucks pays above the minimum wage in all states across the country. In April, all eligible U.S. hourly and salaried partners will receive a second wage increase in addition to the annual increases that they have already received this fiscal year. This will include an investment of approximately \$120 million in wage increases that will be allocated based on regional cost of living and laws that vary from state to state.

On April 16, we will provide an additional 2018 stock grant for all eligible full-time, part-time, hourly and salaried U.S. partners across our stores, plants and support centers, who have been active as of Jan. 1, 2018. All Starbucks retail partners will receive at least a \$500 grant, store managers will each receive \$2000 grant and plant and support center partner (non-retail) grants will vary depending on annualized salary or level. This investment alone is valued at more than \$100 million.

A new Partner and Family Sick Time benefit will be available to all eligible U.S. partners, which will allow partners to accrue paid sick time based on hours worked and then use them if they or a family member needs care. When this benefit goes into effect this year, Sick Time will accrue at a rate of one hour for every 30 hours worked, thus a partner working 23 hours a week can expect to accrue approximately five days of sick time benefit over the course of one year.

Starbucks has also reaffirmed their commitment to create more than 8,000 new part-time and full-time retail jobs and an additional 500 manufacturing jobs in its Augusta, Georgia soluble coffee plant.

For store partners, Starbucks has also expanded their parental leave policy to include all non-birth parents with up to 6 weeks of paid leave when welcoming a new child.

These new offerings are in addition to the nearly \$7 billion of capital that Starbucks will deploy to build and renovate stores, manufacturing plants and technology platforms in the U.S. over the next five years. Starbucks remains committed to providing opportunities to tens of thousands of Americans from disadvantaged backgrounds.