



## **Brewing Up Jobs:** Starbucks's Howard Schultz helps veterans and employers sit down together

Gallon for gallon, early morning by late night, servicemembers drink as much coffee as any other segment of the U.S. population. But there's more than a love of java connecting veterans and Starbucks. The company's chairman, Howard Schultz, has committed \$30 million, many hours, and a chunk of his fame as a modern business icon to help open up opportunities for veterans in America. In particular, his Schultz Family Foundation aims to smooth the

transition from military to civilian work by providing newly minted veterans with career training in high-demand fields.

Schultz is a paragon of American economic mobility. He grew up in public housing in Brooklyn, then attended Northern Michigan University on an athletic scholarship, becoming the first in his family to go to college. After a series of sales jobs, he convinced the founders of a fledgling coffee company called Starbucks to hire him. Having expanded the little operation into a global behemoth, Schultz is now a billionaire and one of the most recognizable business leaders in the world.

With his wife Sheri, Howard established the Schultz Family Foundation to give other Americans access to opportunities for success regardless of their background. As foundation director Daniel Pitasky puts it, “our work is really about closing the divide that prevents folks from realizing their potential.” The foundation focuses on two initiatives. OnwardYouth seeks to help the 5.6 million young people ages 16 to 24 who are neither working nor in school by pulling them into training programs that lead to jobs. OnwardVeterans supports post-9/11 veterans and their families as they transition to civilian life.



Schultz learned that soldiers were more concerned by the prospect of finding a job once they left the military than they were about deploying overseas.

Like most Americans, Schultz has always appreciated the military—his father was a World War II veteran. But it was a 2011 visit to West Point to speak at a leadership forum that set him on his current path. He met with several cadets and military faculty members before his talk, hearing about their lives and experiences in the armed forces. He came away feeling he had more to learn from them than they did from him. That personal moment stuck with him.

In 2012, former Defense Secretary Robert Gates joined the Starbucks board of directors. He and Schultz began to talk regularly about this generation of veterans. They arranged for Medal of Honor winner Leroy Petry to speak to Starbucks employees in Seattle. Again Schultz was struck by the humility and quiet competence of the soldier.

At that point Schultz decided to act. He wanted to do his part, but had to figure out what that should be. He didn't outsource learning about the topic—Howard and Sheri started visiting military bases in the U.S. from which servicemembers were deploying, medical centers in which the injured were recovering, and even a U.S. military base in Kuwait. At Joint Base Lewis McChord, just 20 miles from his home in Seattle, Schultz heard something from the command sergeant major that surprised him: Many soldiers were more concerned by the prospect of finding a job once they left the military than they were about deploying overseas. Putting people to work in the private sector? That was a topic Schultz, having built a company with 238,000 employees, knew something about.

### **Diagnosing, educating, partnering**

“Most of us try to set up our next job before we leave our current job,” notes the Schultz Foundation's Pitasky. “It should be no different for transitioning servicemembers.” But for many veterans, that doesn't happen. In 2012, the last year for which this data has been released, 49 percent of all separating servicemembers ended up on unemployment compensation.

One of the first things that Pitasky discovered is that servicemembers often didn't start preparing for their civilian career until they were just a few months away from leaving the military. The government programs intended to help with the military-to-civilian transition were inadequate. There was an obvious disconnect between the focus of current veteran training programs and what employers were actually looking for. “It was clear that there wasn't engagement with the private sector.”

And on the private-sector side, “more and more companies were realizing the value of hiring veterans and military spouses but they told us they were having trouble finding and engaging them.” In short, vets didn't know how to find jobs, and employers didn't know how to find qualified vets. Schultz was in a position to do something about these things. In 2014, after completing their initial research, Howard and Sheri launched the Onward Veterans initiative with an initial donation of \$30 million.

Schultz believes that transition is made harder by the fact that military personnel and civilians have so little understanding of one another. “I don't think we've ever lived through a situation where the American people have been so disconnected from the military, their families, and the unbelievable sacrifice they have pursued on

our behalf,” he said a few years ago. “The question for all of us now is how do we bridge the divide between the military and civilians? That is the challenge of the day.”

As part of his personal effort to raise awareness of the contributions servicemembers make to the nation, not just in uniform, but also after they transition out, Schultz partnered with *Washington Post* reporter Rajiv Chandrasekaran to produce a 2014 book of stories from veterans Schultz had met during his learning tour. In *For Love of Country*, Schultz and Chandrasekaran mix tales of distinguished service in battle with descriptions of contributions made by veterans at home. The book sold well, with all proceeds funneled to charities supporting veterans and military families.

That same year, Schultz formed a partnership with HBO and JPMorgan Chase to host a Veterans’ Day concert on the National Mall that mixed performances from artists like Bruce Springsteen with stories of veterans profiled in *For Love of Country*. This too was an effort to bridge the civilian–military divide, by describing real acts of servicemembers and veterans to the wider public.

Soon after announcing his \$30 million commitment, Schultz and his foundation began looking for organizational partners. In particular, says Pitasky, they were looking for collaborators who were “trilingual”—able to work with the veterans service community, the Department of Defense, and the corporate sector.” Syracuse University’s Institute for Veterans and Military Families (see Case Study Three in *Serving Those Who Served*) became an important ally. Since its founding in 2011 IVMF has quickly become a national leader in research and job- and business-related programming for vets. IVMF managing director Jim McDonough worked closely with the Schultz Foundation to build employment pipelines for veterans.

Employers generally value broad military competencies like leadership, work ethic, and teamwork. But for many of their new hires, employers need specific proficiencies in IT, customer service, medical technology, project management, and such, skills that many veterans need to be trained in before starting civilian jobs. “We had to offer candidates technical competencies that matched their strong soft skills to really advantage them in the eyes of private employers,” says McDonough. “Then we’re in a position to ask our private-sector partners to guarantee interviews.” The goal was to build a path that presented hiring managers with very qualified candidates with few barriers to entry. After that, “it’s up to the veteran to win the job.”

## Working with the Defense Department

The plan put together by the Schultz Foundation depended on preparing servicemembers before they transitioned out of service. To make that work, cooperation was needed from the Department of Defense. Many donors struggle mightily with government bureaucracies. Under certain circumstances, however, joint efforts can work. Schultz has had some success with the collaboration it calls Onward to Opportunity, or O2O.

The O2O team signed a memorandum of understanding with the Defense Department that blessed Schultz's efforts to offer members of the military civilian job training including apprenticeships and internships before they separate from the military, under three constraints: Servicemembers had to be within six months of separation, the training offered had to lead to a high probability of employment, and the servicemember had to have approval from his or her commander.

Working with the Defense Department has required many bureaucratic twists and turns. Even an agreement with the Secretary of Defense only cuts so deep.

While they viewed this agreement as a major accomplishment, the Schultz Family Foundation and its helpers at IVMF would soon discover that every individual base commander could interpret the agreement differently and control the way it was implemented on his or her base. Local commanders were justifiably concerned that too much focus on post-military careers could distract from a unit's military readiness. O2O ended up requiring heavy base-by-base negotiation.

The base that ended up being most helpful was just 20 miles from Starbucks headquarters: Joint Base Lewis-McChord. A pilot program launched there in 2015 with a small cohort of participants. Success begat success, and when the program showed solid results at Lewis-McChord, there was a willingness to launch it at Camp Pendleton in San Diego. With each new base opening, the next base becomes more amenable. The process, however, has required many bureaucratic twists and turns. An agreement with the Secretary of Defense only cuts so deep.

### How O2O Works

The Schultz Family Foundation funded IVMF to administer the resulting programs. Not only Defense officials and individual base officers but also local employers and training organizations had to be juggled. At each base, two IVMF staff members set up shop in the office charged with coordinating servicemember transitions to civilian life. These staffers market the Onward to Opportunity program, recruit participants (both military and spouses), and deliver training content. They also arrange for local employers to come in to add an extra degree of reality to the training.

Once commanders clear them to participate, servicemembers attend an orientation where the program's expectations and opportunities are spelled out. Then participants complete a detailed assessment of their abilities. IVMF's centralized enrollment team reviews these and, with some one-on-one counseling, helps each participant find a broad industry track (like IT or customer service) and specific skill credential (like Cisco Certified Network Technician) that could match him or her to a job.

The training courses take place online, supplemented with in-person content from local trainers and businesses. They usually take around 13 weeks to complete. At first, these pathways were produced by IVMF with industry input. But as the program matured, employers and training specialists were invited to provide portions of the training.

About a third of the way through the training regimen, O2O connects participants with Hire Heroes USA and Corporate America Supports You, two excellent nonprofits that specialize in coaching veterans through the job search process. They talk about goals and career plans and logistics. If it becomes apparent that a current training path is not a good match, they help the candidate switch. At the 80 percent completion mark, HHUSA and CASY start matching candidates with specific job opportunities at employers in the O2O database (after less than a year of operation, there are already 274 of them). The groups help candidates prepare for actual job applications.

Around 50 percent of those who take the initial O2O career assessment also complete the recommended skill training (though that rate is decreasing as more tracks are added). O2O doesn't necessarily see attrition as negative—finding out what you don't like or can't master is valuable too. The goal is to help servicemembers make informed decisions about their future careers. Sometimes that involves a false start and redirection.

IVMF teams (with some help from Howard Schultz himself) have recruited companies of all sizes to O2O—like Amazon, WellMed, and Starbucks.

Local employers in the vicinity of individual bases have also been drawn in. As this employer pool grows and changes, IVME, HHUSA, and CASY adjust their training and coaching of participants to match the skills participating employers need. When they complete their training, participants receive an industry-recognized certification and a guaranteed interview with a partner employer. They still have to earn a job, but about 80 percent of O2O graduates get hired by partner companies.

By the end of 2016, the program was up and running at nine military bases, and providing services to servicemembers and spouses from 40 smaller bases in the same region. The program currently offers four broad job tracks and 20 training pathways. Expansion will continue. On O2O's first base, a third of transitioning vets were approved to participate, and one quarter of those went through the program. So far, about two thirds of the participants have been servicemembers, and one third spouses.

The ultimate goal is to run four to six training cohorts of 75 participants, every year, at 18 bases. That would involve placing around 4,500 trained veterans annually in good careers. Another 3,500 will go right into the job market with O2O support limited to job search, interview skills, and résumé preparation. The program will cost around \$11 million to run per year. In 2013, the Defense Department's unemployment compensation bill alone topped \$825 million. If O2O reduces dependence on unemployment by just 2 percent, it will save the government more than it costs Schultz. On the private-sector side, new hires typically cost employers around \$4,000; O2O costs \$1,600 per up-skilled placement and about \$500 for direct hires. And it costs veterans nothing.

## Vets in Tech: Marc & Laura Andreessen make connections

Laura Arrillaga-Andreessen has philanthropic roots and shoots all around her. She is a director of the Arrillaga Foundation established by her father John Arrillaga, who developed much of Silicon Valley's real estate into headquarters for leading computer firms. She and her husband, tech entrepreneur and venture capitalist Marc Andreessen, created a joint foundation. Laura also runs her own foundation with a particular focus on helping donors become better informed. And she teaches classes about philanthropy at Stanford business school.

The Andreessens have always been interested in "protecting our protectors," says Simon Shachter, program manager at the Laura Arrillaga-Andreessen Foundation, and they've given substantially to support local police forces, CIA and FBI officers, and veterans. The couple also have an interest in strengthening the talent pipeline that feeds technology companies. Recently they noticed that veterans are sharply underrepresented in tech-industry jobs in Silicon Valley, and began to tie these two threads together.

Learning about the field took some work. "None of us were military ourselves, or knew that experience very well. And there wasn't much information publicly available." They started gathering background from the few other donors and organizations that had shown an interest in including veterans in technology jobs. These included the Call of Duty Endowment and Stanford University. Connections through Marc's venture-capital firm—Andreessen Horowitz—were also helpful.

With each new contact they would "first ask about their personal experience." Hearing individual stories was helpful, whether it involved learning what veterans were dealing with, what companies were facing, or how nonprofits were helping. The question they aimed to answer, says Shachter, was "why is tech a place where veterans seem to be underrepresented, and how can we change that?"



When they announced their new Veteran Inclusion Grants in a blog post, the Andreessens explained what this research had told them, and what their mission would be as a result. Veterans, they found, had many of the qualities tech employers sorely need. But they lack “resources and networks with which to channel their incredible life experiences and training into productive opportunities.” Andreessen grantmaking would try to address those deficiencies “to help veterans, their families, and the companies they work for achieve their full potential.”

The foundation went looking for nonprofits “where a small infusion of cash now can produce maximum impact later.” Shachter and his colleagues sought promising organizations that could be “launched into another phase. We wanted to help prove their models, and get them on the radars of larger funders.” The Andreessens would make grants to build organizational capacity—“help nonprofits strengthen their infrastructure and run more effectively and efficiently.”

They also wanted groups capable of measuring the effects of their work. “Laura teaches all the time that evaluation has to be baked into everything you do as a nonprofit. So we ask nonprofits how are they going to evaluate the programs they want us to fund, and what extra money they might need for that.”

The LAAF team whittled down the pool of potential grant recipients and eventually settled on four charities: The COMMIT Foundation, VetsinTech, the Institute for Veterans and Military Families, and the Honor Foundation. These, the Andreessens wrote in their announcement, are tackling the issue of veteran inclusion “from four unique perspectives,” with “innovative programs and interventions.”

The grant to the COMMIT Foundation allowed that group to hire a new employee to work with tech corporations like Facebook hoping to hire veterans. The foundation will educate companies on the special skills and capacities of vets, and help job applicants connect with hiring managers and then succeed occupationally once they are employed. The Andreessens likewise funded additional staff for VetsinTech. This will expand their programs for training and placing new veterans in tech careers.

At the Institute for Veterans and Military Families run by Syracuse University, one of the largest and longest running organizations devoted to boosting veterans into entrepreneurship and employment, the Andreessen grant created “an alumni network to connect graduates of the seven programs they run.” And at the Honor Foundation, which assists

Special Operations vets as they shift to civilian careers, the Andreessens paid for computer equipment that will improve the group's online-learning programs, and give them new abilities to measure and analyze the effectiveness of their offerings.

All of these nonprofits featured "compelling leaders, and were just beginning to establish a track record," summed up Shachter. So "we were able to step in early and push them to the next level."

—*Troy White*