

# Integrating acquired operations

Tazo Tea  
Portland, Oregon



**The Company:** Tazo Tea was a Portland success story known for their high-quality blends and bottled beverages. Started in 1994 by Steven Smith, its popularity spread beyond the Northwest. Seeking investment capital to expand, Tazo approached Starbucks CEO Howard Schultz. In 1999, Starbucks bought Tazo.

## Issues

Initially, Tazo maintained its operations as a stand-alone brand. Starbucks brought investment dollars and access to broader distribution channels. Tazo products were carried in Starbucks stores and offered through wholesale distribution.

Tazo was already gaining attention with national grocery channels. Large grocery chains wanted to carry their products. Just the initial fill for grocery shelves proved challenging for their production and supply chain. In addition, an emerging line of bottled tea beverages was gaining in popularity. While innovative flavors caught market attention, quality and consistent production proved challenging.

Starbucks itself grew accustomed to operating on a large scale around coffee. The requirements of teas and the handling of spices challenged established processes.

The pressures of popularity and growth overwhelmed a small, close-knit Tazo team. While the experience and resources of a large company like Starbucks could be helpful, it was hard to access or tailor to the needs of Tazo. As the needs of growth mounted, conflicts emerged.



## Solution

Scaling to support growth stretches staff and operations. Navigating this change relies on staff leadership and resilience. Our plan to support this change included:

- Build connections between Tazo and the Starbucks supply chain
- Develop site leadership ability to manage change
- Expand capacity for increasing volumes
- Integrate supply chain functions within Starbucks operations
- Organize consistent technical training to drive staffing

With onsite facilitation and development, the Tazo team and Starbucks supply chain scaled operations to expanded volumes.

