

125 years of 🔃 sharing happiness

The Coca Cola Company

How Coke created value and reinvigorated growth through brand belief and behavior

problem: sales were flat in 2004

 2004
 The Oca Cola Company

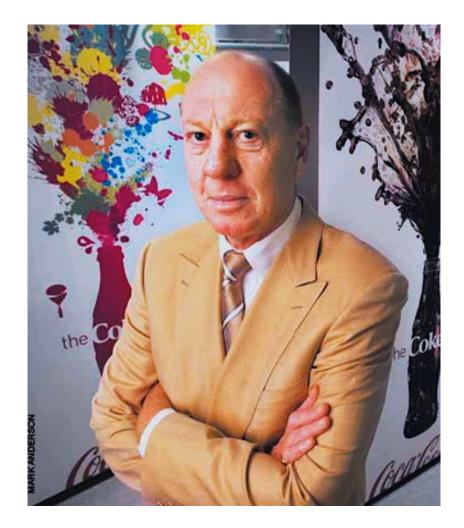
Despite a series of company reorganizations, Coke had failed to spur growth

2001 2002

Coca-Cola Annual Net Sales

CEO, Neville Isdell returns in 2004

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Unhappy with their lack of success, Coke's board of directors asked 40year Coke veteran, Neville Isdell, to return from retirement to help right the ship. He identifies the problem immediately...

We have lost our vision.

There is no clarity about where we are going and what we need to do.

We need to go back to our roots and start seeing ourselves as more than a carbonated soda business. We are in a creative-service business.

Neville recenters on belief + behavior

Coke had lost their vision.

In order to get it back, Neville focused the company on activating brand behavior: not just what a brand believes, but what it does.

brand belief



brand behavior



how they did it

activating brand behavior

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At a macro level, Coke needed to refocus on strengthening their core business and enabling greater levels of happiness, both inside and outside of their company

So they set out to do it in stages





finding areas for improvement

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Before creating a plan, HR reached out to employees to identify what areas could improve. They asked...

- 1. How well are we operating?
- 2. What's getting in our way to perform?
- 3. What's the level of trust?
- 4. What's your view of leadership?
- 5. What is collaboration like?

what they discovered

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Themes that stood out

- The business and its people lacked a clear direction and a common purpose
- Many mentioned low morale and strained relationships resulting from past attempts at reorganization
- Employees were dealing with challenges reactively and not as a unified team
- The business model was focused on short-term results

Calling the problems out was a critical first step in recognizing the need for a common framework to move the company forward.

We, as leaders, spent a lot of time together looking at those hard truths.

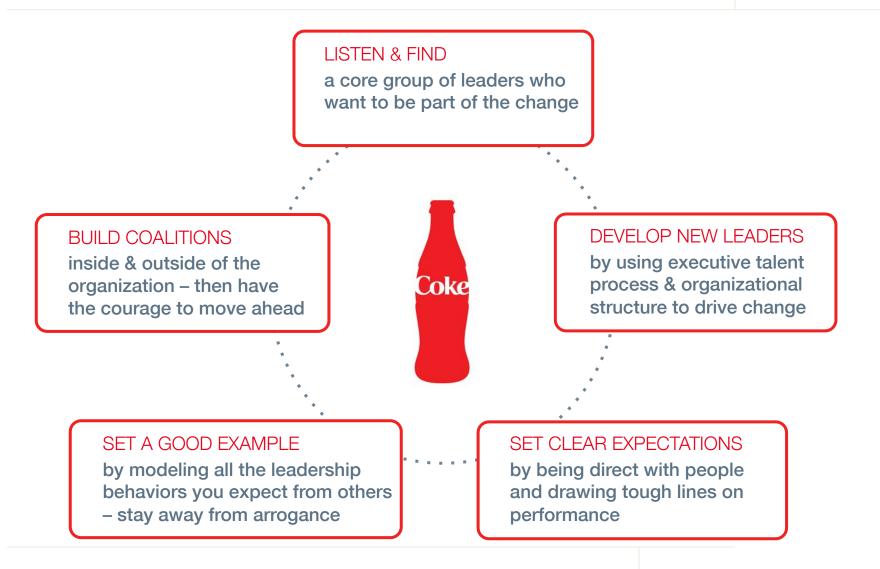
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- Cynthia McCague, EVP Human Resources

Neville institutes "Principles for Change"

The Coca Cola Company



The Coca Cola Company

In response to Neville's principles, a task force was formed to lead the charge, and come up with a plan to get Coke back on track



There were people who knew what needed to be done and were looking for leaders to allow them to perform, so we let them take ownership

– E. Neville Isdell, CEO

So, 150 senior leaders from around the globe got together to write a manifesto for the company, incorporating input from the top 400

'Manifesto for Growth' kickstarts vision into action!



Our Manifesto for Growth is the most important promise we have ever made to ourselves.

these powerful words act as a rallying cry

The Coca-Cola Company is on a journey. It is a **bold journey, inspired by our simple desire for sustainable growth**, and fueled by our deep conviction that collectively **we can create anything we desire**.

At its inception, the foundation for this journey has been termed Our Manifesto for Growth. **Our Manifesto represents the beginning of a journey** which, in fact, will never end. It is a foundation upon which we will build sustainable growth as each and every member of the Coca-Cola system recognizes and invests in **our rich long-term opportunities**, while also accepting a **renewed responsibility** for meeting our **shortterm commitments**.

The goals are simple: We will **reinvigorate growth** for our Company, and we will **inspire our people**. Likewise, our strategy is simple: We will accomplish our goals by **building a portfolio of branded beverages**, anchored in our icon, Coca-Cola®, and by **enabling superior market execution globally and locally** -- **aligning** and **leveraging** the power of our global network.

Ultimately, this journey will be **propelled by unleashing the collective genius** of our organization that will **make sustainable growth a reality**. We take this journey because it is in our very nature to **innovate**, **create** and **excel**.

"

It is who we are.

Our Manifesto for Growth

Our journey begins

The Overlets Company

this manifesto includes...

behavior

To refresh the world in body, mind, & spirit To inspire moments of optimism through our brands To create value and make a difference everywhere we engage

territories

Profit Maximize long-term return to shareowners while being mindful of our overall responsibilities.
People Be a great place to work where people are inspired to be the best they can be.
Partners Nurture a winning network of customers and suppliers, together we create mutual, enduring value.
Planet Be a responsible citizen that makes a difference by helping build and support sustainable communities.
Productivity Be a highly effective, lean and fast-moving organization.

Our Manifesto for Growth

Portfolio Bring the world a portfolio of quality beverage brands that anticipate & satisfy people's desires & needs.

Principles Principles Collaboration Lever Integrity Be real Accountability If it is Passion Committed Diversity As inclusive

Leadership The courage to shape a better future Collaboration Leverage collective genius Integrity Be real Accountability If it is to be, it's up to me Passion Committed in heart and mind Diversity As inclusive as our brands Quality What we do, we do well And as we've put our Manifesto into Action, we've kept our promise to win by creating something we know is within us ...

A greater company.



the manifesto is exactly what Neville was looking for

- Our people needed a new vision for the future and a path toward growth. With the Manifesto for Growth, they created one.
 - This **clear vision** drove us to invest in our brands, research and innovation, and our people.
 - It helped restore **belief** that **we could win again**, which was soon followed by actual wins as our associates and our bottling partners **helped us become the Company that we knew we could be**.



- E. Neville Isdell, CEO

clear vision creates framework

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Principles for Change and Manifesto for Growth show people what they need to do



"The manifesto is a framework that gives direction and helps me in my role to see the opportunities where I can make a difference and put my ideas into action. The manifesto is connected to everything we do." —Alba Adamo, Coke employee

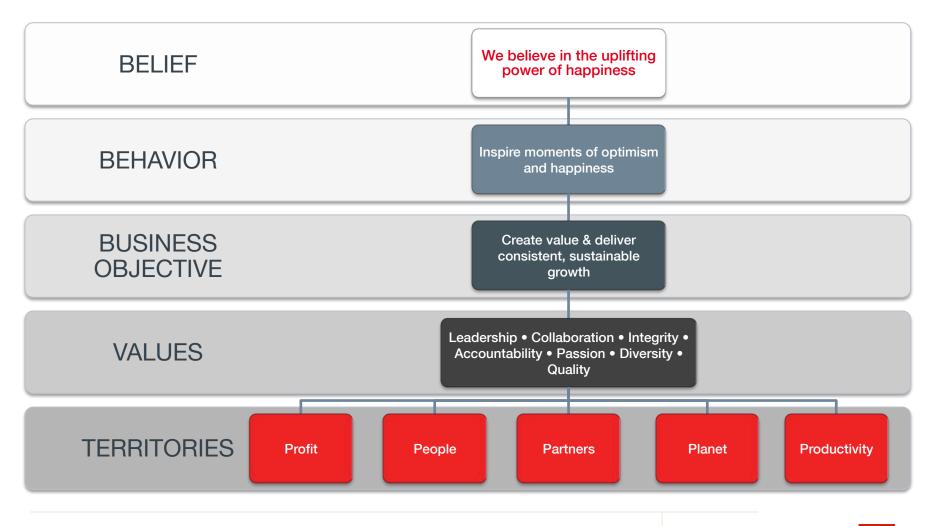
framework connected to business growth The Coal Company

In order to maximize the impact of their new vision, Coke set a long-term business objective with a clear definition of success



how the pieces come together

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ive it -> Act like a company that enables happiness internally

Coke's Territories The 5P's

The Coca Cola Company



"SUSTAINABLE"

GROWTH

1. Environment: practices that reduce footprint on the planet
 2. Respectful business citizenship: nurturing communities in which you operate

3. Process efficiencies: working smarter, not harder; don't waste

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PEOPLE

action statement:

Be a great place to work, where people are inspired to be the best they can be.

areas of focus:

employee input

Developed and implemented action
 plans from Employee Insights Survey



workers rights

- Formally pledged support for the United Nations Global Compact
- Introduce and implemented Workplace Rights Policy in 2006

health and safety

 Implemented system-wide metrics for health and safety

PLANET

action statement:

Be a responsible global citizen who makes a difference

areas of focus:

refrigeration

- Completed transition to hydroflourocardbon free insulation for 98% of new refrigerated sales and marketing equipment
- Placed 2,000 HFC free CO2refridgerated coolers and vending machines in the market, bringing total placements to 4,000
- Introduced EMS-55, a device that can generate energy savings of up to 35% in purchase of new coolers



emissions

- Achieved 100 percent compliance with wastewater standards by 2010
- Developed water strategies and initiative using data from global water risk assessment
- Continued comprehensive reporting on our carbon footprint and our corresponding climate protection activities

PLANET (continued)

action statement:

Be a responsible global citizen who makes a difference

areas of focus:

packaging

- Strengthened the integration of environmental considerations into the packaging design process
- Launched initiatives to enhance global environmental packaging performance metrics



environmental leadership

 Joined Global Greenhouse Gas Register of the World Economic forum

PARTNERS

action statement:

Nurture a winning network of partners and building mutual loyalty

areas of focus:

bottler relations

- Held first relations workshop with largest bottling partners
- International Labor Organization conducted an independent assessment of human rights in the workplace at Coca-Cola bottler facilities in Columbia



PORTFOLIO

action statement:

Bring the world a portfolio of beverage brands that anticipate and satisfy people's desires and needs

areas of focus:

product range

- Launched more than 400 new beverage products, bringing the total to nearly 2,400
- Launched "Make Every Drop Count" marketing campaign to communicate beverage portfolio breadth and range



nutrition

- Extended availability of beverages and nutritional information for consumers
- Launched web site for the Beverage
 Institute for Health and Wellness
- Expanded the range of low and no calorie alternatives by 23%
- Increased variety of package sizes, including 100-calories cans

PROFIT

action statement:

Maximize return to shareowners while being mindful of our overall responsibilities

areas of focus:

stakeholder engagement

Established a Stakeholder
 Relations department



- Held stakeholder forums with leading international nongovernmental organizations
- Launched global stakeholder
 engagement toolkit

EMPLOYEE ENGAGMENT IN 5 Ps

For employees to collaborate in activating the 5 Ps, Coke set-up *Info Hub* to allow for feedback and discussion



TRACKING PROGRESS

Coke created report cards to track quarterly progress on their 5P goals and set new goals

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designing on purpose

Another pivotal moment occurred when Coke created a new position, hiring David Butler to be their Chief Design Officer (in 2004)

David brought a new level of creativity to Coke's business objective: create value, and deliver consistent sustainable growth

Focusing on *creating value & consistency*, David broadened the use of design beyond just aesthetics, into 3 areas that impact their bottom line:





"The reality of the [Coke] business is that it's a flow of material and energy on a massive scale. If you distill it down, big giant brands, big scale. You create value through design." —David Butler

fun meets function an example of purposeful design





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The Freestyle machine is an exciting, innovative way to pour drinks, but for Coke it solves real business needs.

Solves the following business problems:

- How to satisfy a consumer base moving away from carbonated beverages
- How to lighten the carbon footprint of hauling gallons of syrup around the world
- How to offer maximum variety within the cramped confines of fast-food restaurant or cafeteria
- How to get accurate, real-time feedback on customer choices

communication shifts from product desire to happiness in a bottle

To date, Coke ads revolved around product desire and classic brand without higher order or purpose.



Product-Centric Ads



Launch of the Happiness Factory Coke began to focus communications around delivering 'happiness' which increased brand preference by 6% in 2008



Happiness Factory





The Coke Side of Life

Coca Colo

Coke creates an aspirational message in the 'Coke Side of Life', but is largely visual and undefined

Open Happiness



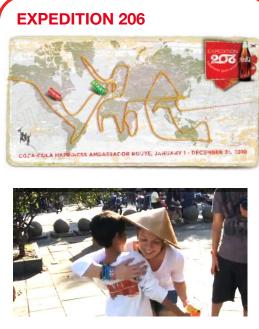


Open Happiness connected belief to product, by alluding to the concept of happiness in a bottle.

expressions in real life

The Coca Cola Company

Going beyond TV & Print, Coke finds additional ways to deliver happiness to the world



Expedition 206 used social media to nominate 3 people to travel the world for a year as "Happiness Ambassadors" delivering happiness in the 206 markets where Coke is sold

THE HAPPINESS MACHINE





The Coke Happiness Machine lived in the middle of college campuses delivering not only free Cokes, but flowers, hugs and epically large subs

THE HAPPINESS TRUCK





Following the success of the Happiness Machine, the Happiness Truck traveled the world delivering free coke, drawing huge crowds and smiles

social happiness

The Coca:Cola Company

SOCIAL TOOLS FOR MAKING THE NET A HAPPIER PLACE



Have a friend that's feeling down? Send 'em a Coke from a furry icon or words that heal a woeful heart from Dr. Pemberton with the Coca-Cola Facebook "Ahh Giver".

prove it -> Make a greater impact by reinforcing and evolving the vision into tangible actions

Muhtar Kent assumes job of CEO

After spending four years getting Coke back on track, Neville Isdell hands the top job to his protégé Muhtar Kent (in 2008) – with the expectation he will build on the company they had built

So Muhtar begins a new chapter, and further defines the vision...

The world is changing all around us. To continue to thrive as a business over the next ten years and beyond, we must look ahead, understand the trends and forces that will shape our business in the future and move swiftly to prepare for what's to come.

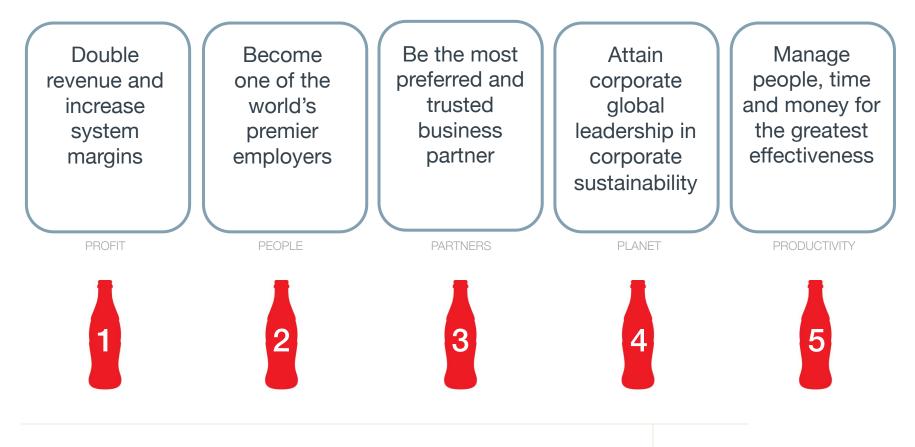
We must get ready for tomorrow today. That's what our 2020 Vision is all about. It creates a long-term destination for our business and provides us with a "Roadmap" for winning together with our bottling partners



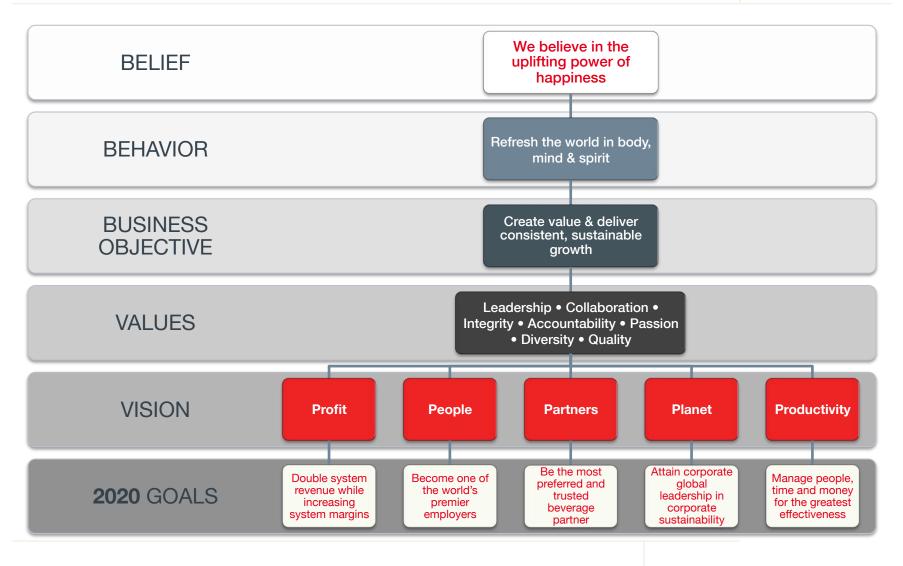
- Muhtar Kent, CEO

The Coca Cola Company

"Coke will achieve the following by the year 2020..."



how the plan takes shape





ROADMAP FOR WINNING TOGETHER: TCCC & OUR BOTTLING PARTNERS

	Our Vision	Our Goals	Our System Priorities – Consumer / Customer and Commercial / Franchise	Our Metrics			
VISION	PROFIT	More than double system revenue while increasing system margins.	 Maximize Company and bottler long-term cash flow: Boost system investment in sales and market execution. Operate the lowest cost manufacturing and logistics in every market, while maintaining our quality standards Use our size and expertise to create economies of scale. 	Total shareowner return Economic profit growth System cash flow			
Our Mission To refresh the	PEOPLE	Be a great place to work.	 Attract, engage and retain the best talent: Increase people's system knowledge and cross-system movement. Inspire our people to be passionate ambassadors for our brands. Recruit, develop and advance women and achieve true diversity. 	 Engagement Employer of choice Workplace rights Diversity Retention 			
world Inspire moments of optimism and happiness Create value and make a difference.	PORTFOLIO	More than double our servings to over 3 billion a day. Be #1 in NARTD business in every market and every category that's of value to us.	 Develop and deploy the world's most innovative and effective marketing. Win with Coca-Cola: Accelerate growth of Trademark Coca-Cola, the epicenter of our business. Act now to ensure the next generation of youth falls in love with Coca-Cola. Aggressively increase the value of our portfolio: Acquire or develop scalable, innovative premium brands. Bring innovations to the market faster. Satisfy the needs of older consumers with the right brands and marketing. Together with our bottlers, use new technologies to reinvent our fountain business. Ensure that our products are always the 'gold standard' for quality. 	 Volume & value share Servings growth Brand health Category ranking # of new billion dollar brands Commercialization: Percentage Speed Longevity Quality index 			
	PARTNERS	Be the most preferred and trusted beverage partner.	 Think and act like an integrated global enterprise while intensifying our local focus. Become a critical part of our customer's growth strategies: Align our franchise structure to create unsurpassed value for our customers. Focus on selling and merchandising; be flexible on delivery method. Win at the point of sale: Anticipate and serve local tastes, traditions and needs, providing outlets with products and communications tailored to their specific shoppers. Expand immediate consumption investment. 	 Customer relationship health Retail sales growth Shopping trips with a Company product Immediate consumption growth 			
	PLANET	Global leadership in sustainable water use. Industry leadership in packaging, energy and climate protection	 Create competitive advantage by fulfilling our Live Positively commitments: Community Workplace Marketplace (beverage benefits and active, healthy living) Environment (climate packaging and water) 	Reputation tracking Environmental performance Safety record			
	PRODUCTIVITY	Manage people, time and money for greatest effectiveness.	 Design and Implement the most effective and efficient business system: Redirect resources to drive profitable growth. Standardize and simplify our business processes, data and IT systems. Create a competitive cost advantage across the entire supply chain. Build a continuous improvement and cost management culture. Minimize our energy use. 	 Market-driven spending levels Supply chain costs Overhead per unit Total energy use 			
OUR WINNING CULTURE: LIVE OUR VALUES FOCUS ON THE MARKET WORK SMART ACT LIKE OWNERS BE THE BRAND							

Planet: sustainability goals

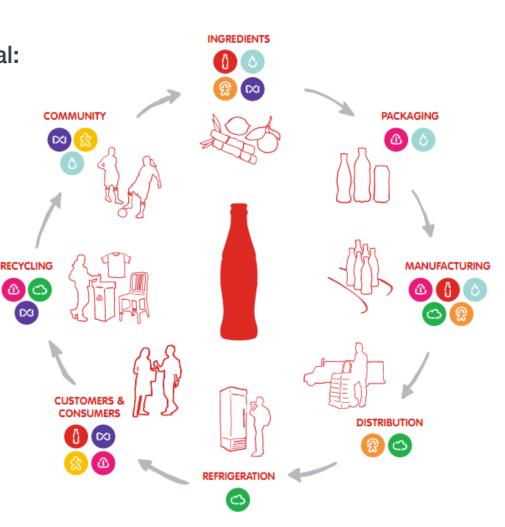
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Created the 'live positively' initiative to achieve their 2020 goal:

Attain corporate global leadership in corporate sustainability

LIVE 🕑 POSITIVELY"

LIVE POSITIVELY" focuses on seven core areas key to our business sustainability, with measurable goals and metrics for the Company and the Coca-Cola system. Some goals are "stretch" aspirations, and at times, despite our efforts, marketplace and other conditions may impact our ability to meet these goals. To learn more, visit www.sustainability.thecoca-colacompany.com.



People: 5by20

Created the 5by20 initiative to:

Empower 5 Million Women throughout the Coke organization by 2020

Coca-cola plans to double the size of its business globally by 2020 and women run businesses play an important role in the coke network. The 5by20 plan provides women access to finances, business skills and mentors in order to grow their business futures.



Enhancing economic opportunities for women in the Coca-cola network will result in increased incomes, enhanced business skills, increased stature within the community and improved potential for communities – Muhtar Kent



5 by 20 is exactly the type of investment that we need in order to reinvigorate our economies and foster long-term, sustainable growth. – Melanne Verveer, US Department of State





a few achievements

- 'Coke' second most recognized word in the world (after 'Okay')
- World's most valued brand (\$70.5 B)
- Servings: 1.5 billion per day
- Products: 2,800
- Locations: 200+ countries
- One million employees system-wide
- 343 consecutive quarterly dividends





portfolio: fifteen billion-dollar brands Me Collected Company



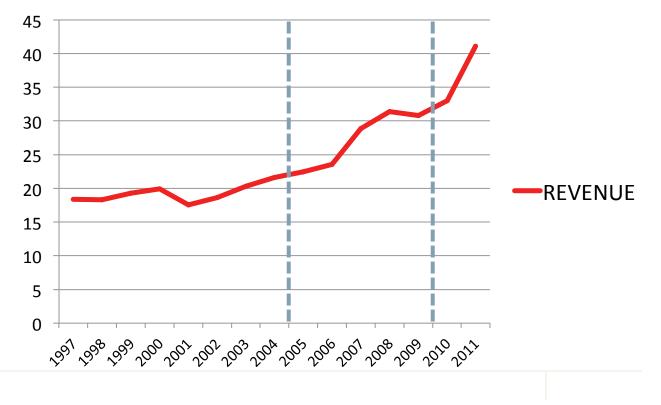
Coke keeps laser focus on growing what they know... beverage brands



results: significant growth since 2004 The Company

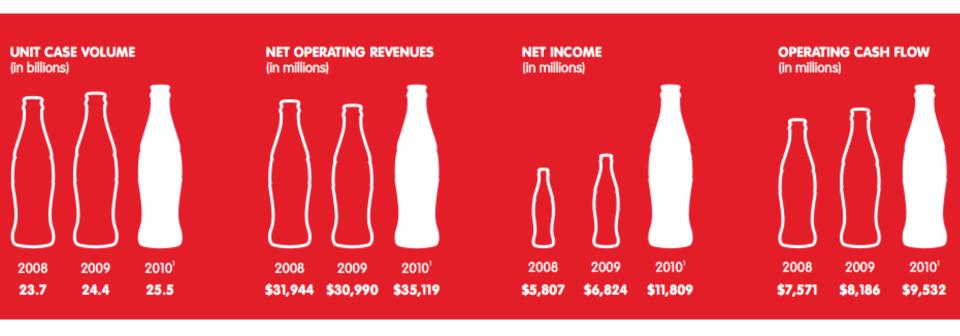


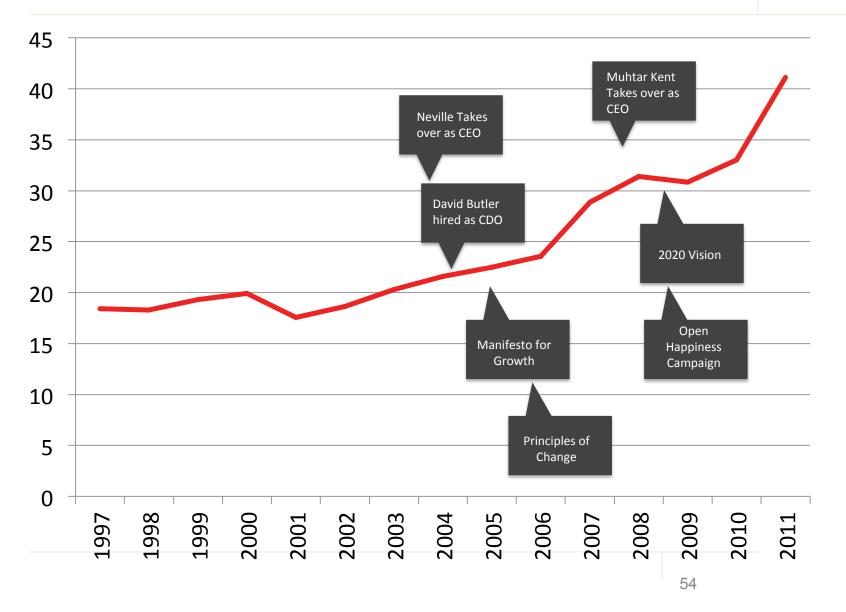
REVENUE IN BILLIONS



results				The Coca Cola Company		
Year Ended December 31,	2010	2009	2008	2007		
SUMMARY OF OPERATIONS						
Net operating revenues	\$35,119	\$30,990	\$31,994	\$28,857		
Operating Income	8,449	8,231	8,446	7,252		
Net income attributable to shareowners of The Coca-Cola Company	11,809	6,824	5,807	5,981		
PER SHARE DATA						
Basic net income	\$5.12	\$5.12	\$2.51	\$2.59		
Diluted net income	5.06	5.06	2.49	2.57		
Cash dividends	1.76	1.76	1.52	1.36		
BALANCE SHEET DATA						
Total assets	\$72,921	\$72,921	\$40,519	\$43,269		
Long-term debt	14,041	14,041	2,781	3,277		

results





Keys to Coke's Growth

- □ Provide a clear company vision grounded in brand belief & behavior
- □ Focus and find efficiencies in core business
- □ Expand business wisely (pick regions and markets that have a need)
- Improve leadership training and employee feedback systems so employees perform at their best
- Foster open communication with key stakeholders (consumers, customers, shareholders)
- □ Empower employees to bring your vision to life (let them own the plan)
- Setup unifying systems for internal communication, so everyone is on the same page (intranet, webcasts, internal magazine)
- Create metrics that hold everyone accountable for successfully achieving the plan (quarterly report card system)
- Respect the world you live in, and do things to make it better (sustainability)



thank you

@hungrystratgist

Strategic planner with 5+ years of agency experience - acting as a thinker, problem solver, and story teller, for a wide variety of brands.

WHAT I BELIEVE:

+ The best brands view media as the space between an idea and their audience.

+ People don't buy what you do, they buy WHY you do it.

+ Understanding people as an audience of your brand (not just consumers of your products) drives new ways to engage - and story telling that speaks to them.

+ When telling stories... don't interrupt your audience, do something that interests them (entertain them, solve a problem, or help them to express themselves).





belief + behavior activation roadmap



Connecting Belief to Growth – a Roadmap



Notable Sources

The Coca Cola Company

Refreshing a Beverage Company's Culture: http://www.shrm.org/Publications/ hrmagazine/EditorialContent/Pages/1107awardsfox.aspx

Neville Isdell's Letter to Shareowners: http://www.thecoca-colacompany.com/investors/ annualandotherreports/2005/pdf/ar/koar_05_letter_shareowners.pdf

Coca-Cola Corporate Responsibility Report: http://www.thecoca-colacompany.com/ ourcompany/pdf/corporate_responsibility_review.pdf

"Designing on Purpose" David Butler Interview: http://www.adaptivepath.com/ideas/ designing-on-purpose-an-interview-with-david-butler-vp-of-design-at-coca-co

Corporate Articulation of Design: http://www.pratt.edu/pratt_blog/view/ the_corporate_language_of_strategic_design/