

Coca-cola management - assignment



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Coca-Cola Management

Executive Summary

Coca-Cola is one of the leading manufacturers of carbonated drinks all over the world. Over the past decades, Coca-Cola remained on top of the industry. The company was able to withstand the World War II, and even took it as a business opportunity rather than a liability. It was able to surpass the Asian Financial Crisis and even gained better access in markets that it was not able to fully enter. Coca-Cola exhibited the efficient change management as part of the strategic management process. Change management is the process in which it manages the change in the side of people. There individual change management and organisational change management are the theories of change management. Aside from the theories there are also four strategies of change management which are the Empirical-rational, normative-reeducative, power-coercive and environmental-adaptive.

This paper examines the various changes that occurred in Coca-cola.

Moreover, this paper also discusses the management styles that managers of Coca-cola have adopted. The paper talks about management strategies and analysis will be given on Coca-cola. In addition, there is also a discussion on theories of change and change management.

Introduction

Over the past years people, systems and the environment have evolved. Change is the only thing that is constant in this ever changing world. From the physical attributes of individuals, up to the environment, change is very evident. Just like the environment and people, businesses also undergoes changes, it can be either massive or minimal. Often times, changes occur in <https://assignbuster.com/coca-cola-management-assignment/>

the management of the corporation, in order to keep up with the competition. According to MacCalman and Paton (2000) the people who went home winners and on top have the common characteristics of effectively handling the changes in the situation. Changes in management is a process that any organisation must undergo, a business will not be complete if it never experienced change.

Prior to discussing change management, the word change must be first defined. According to Davidson (2001) “ *change is the significant difference in what was before.*” In business it means accomplishing tasks in a new format, following new directions, acquiring new technologies, new management procedures, acquisitions and merging and other important events in corporations. Moreover, Davidson described the characteristics of change. According to him change is significant, prolonged and disruptive and change is a continuous process of alignment. Davidson (2001) argued that change is significant, prolonged and disruptive. In this attribute, change in an organisation includes venturing into new areas of business, such as entering new products in the new market, facing an unexpected event such as economic crisis and redirection of the company.

According to Kudray and Kleiner (as cited by Davidson), an aligned organisation must have a continuous synchronisation of the important management levers such as strategy, operation, culture and reward. Kudray and Kleiner discussed that in these management levers, the managers, chief executive officers and supervisors are responsible for manipulating and rearranging both the human and non-human elements.

In addition, MaCalman and Paton discussed that change is an important aspect in the business world especially in technology and innovation, from simple technologies and procedures up to more complex operating environments, nowadays technologies and products are coming together to achieve a common conclusion or objective.

Organisations that resist changes will inevitably face wider exposure to risks and losses. There are a number of situations in which change is necessary within the organisation such as technological advancement that is being utilised by different companies in order to cope up with the competition. Aside from what was mentioned earlier, there are still many issues and concerns that are necessary for change in the organisation, however the most substantial thing is that organisations acknowledge that changes happen constantly for different reasons and the management must address these changes as soon as possible to prevent great losses. In relation to the discussion of management issues, this paper will be discussing the business strategies of Coca-Cola Company in accordance to change process.

Change Management Theories

Nickols (2006) has four basic definitions of change management, according to him it is a task of managing changes, a field of professional practice, a body of knowledge and information and a control mechanism.

Task of Managing Change- Nickols (2006) defined managing changes as

“ the devising of transformation in a planned and systematic fashion.”

He stated that the main objective of managing change is to efficiently implement new techniques and methods within the organisation, moreover the changes to be handled depends upon the control of the organisation.

Area of Professional Practice- in what way professional practice came into managing changes? Are there any relations between the two? Years ago, managing changes in a corporation is done by the management, supervisors, and CEO of the company, but nowadays with the constant change in the concepts of business and evolution of new theories a number of people have developed firms that particularly addresses the issues regarding managing changes. According to Nickols (2006), there are a number of individuals and consulting firms that declare they engaged in activities that involves planned change and that the firm exercises change management practices.

A Body of Knowledge- The body of knowledge in change management according to Nickols (2006) includes the following, models, methods and techniques, tools and various forms of knowledge that constructs the change management practice. Moreover, Nickols discussed that the content of change management is influence by sociology, psychology, business administration, industrial engineering, economics, systems engineering and human and organisational behaviour.

Control Mechanism- over the past years groups and individuals handling the information systems of organisation have tried to control and direct changes to the applications and systems of the company, however, in recent years people working in this particular area have referred this mechanism of control as “ Change management.”

Perception regarding change management has evolved over the past years. Change management is utilised in new procedure, structures, and technologies in order to overpower the resistance to change, however as studies and ideas regarding change management evolved over the past years, the view on change management switched from a tool in overcoming resistance to developing strength and involvement in transformation. Due to this change management is now regarded as leadership ability than a responsive instrument in handling resistance.

Coca-Cola Corporation Management Strategies

Coca-Cola was established on May 8, 1886 by Dr. John Stith Pemberton, a local pharmacist in Atlanta, Georgia. It was first sold in Jacob's pharmacy for five cents per glass. Initially Coca-cola was sold as a drug, Pemberton during that time considers Coca-cola as a cure for diseases such as dyspepsia, morphine addiction, headache and impotence (North America Operating System, 2008).

In the year 1985, due to the aggressive campaign of its rival Pepsi, the Coca-Cola Company reformulated the popular carbonated drinks to suit the preference of the consumers which is sweeter soda. However, the New Coke became a commercial failure which leads to the adverse reaction of the public. Protests from different sectors of the society emerged. Due to these events the company return the original formula and named it Coca-Cola Classic. Despite returning the original formula, the company still received accusations from different groups. In the year 2005 the company launched and announced their upcoming products which are the Diet Coke and Coca-Cola Zero (The Coca-Cola company case n. d.).

Coca-cola Company is clearly one of the most popular companies in the world. Aside from the fact that it is also one of the oldest corporations that was able to withstand World War II and other changes in the economy over the past years. The fact still remains that it is one of the most famous brands of Cola in the world (The Coca-Cola company case n. d.).

The Coca-Cola Company was able to resist the hindrances that occurred; the company was able to utilised change management as efficiently as possible to withstand the obstacles.

As mentioned earlier, changes in management is caused by three different factors which are the external environment, internal changes and the proactive reaction to possible threats and difficulties.

External Environment Evaluation- over the past decades, the Coca-Cola Company has faced a number of changes in the external environment that have transformed the management of the company. One of the best examples is during the World War II. The company was able to maintain the status of the company, at the same time, was able to enter new markets despite the environment. Instead of lying-low because of the war, the company became more aggressive through providing free drinks for the GIs during the World War II. Through this the corporation was able to hit two birds at one stone. First, because the carbonated drinks sent by the company, it became a patriotic symbol by the United States soldiers in which led to consumer loyalty. Second, the company was able to take advantage of the situation and established the product in newly-occupied countries by the

Ally forces and because of that the company established plants in various locations worldwide paving the way for its post-war expansion.

Another aspect in the external environment is the change of taste and expectations of the consumers. During the mid-1980s wherein the Americans favoured the sweet taste of the rival product, the company created its counterpart but became a commercial failure; however instead of backing down, Coca-Cola changed its management strategy and returned the old formula, and just renamed it as Coca-Cola Classic. And with the rise of obesity in the United States and consumers became health conscious the company released new versions of Coke in order to address the needs of these type of consumers, such products include Diet Coke and Coca-Cola Zero.

In addition, according to Bool (2008) companies such as Coca-Cola are compulsory to transform due to trends that have a huge impact on their business, and one of these trends is the health and fitness. A number of people are now investing more in their health, and in order to keep up with the trend, Coca-Cola introduced their new product which is a calorie burning soft drink, the Enviga. Moreover, Coca-Cola is collaborating with the Swiss company Nestle. Coca-Cola is dealing with innovation and change. During the Asian Financial Crisis, Coca-Cola was also triggered to change its course of management in that particular region. The responses and reactions of Coca-Cola with the external environment are its internal changes.

Internal Changes- as mentioned earlier, Asia experienced its financial crisis in 1997. According to Barton, Newell and Wilson (2002) as the financial crisis

swept the Asian region, the chief executive officer, Douglas Daft responded to this by mobilising his executives to workshops about how Coca-Cola would seize new growth opportunities. Barton et al, stated that Coca-Cola gave emphasis on acquisition opportunities, Coca-Cola bought acquired bottling business in South Korea which gave more access in retail stores in South Korea, as well as, better entry in China, Japan and Malaysia. Coca-Cola disregarded its country-defined market perspective and focused on regional strategic view and acquired local brands of tea and coffee.

In the case of health trends and changing taste of the consumers, Coca-Cola responded to this through innovation and change. Innovation is accomplished through development of new products such as the Enviga, Diet Coke, Coca-Cola Zero, and other variants of Coke. The change is incited by the trend in health and fitness and consumer tastes which had an impact on the business of Coca-Cola. During World War II, the response of Coca-Cola to the situation is to provide free drinks to the GIs in order to access new markets in which the company was able to do.

Risk Management- Companies whether it is small or large are already acting in advance in order to combat the possible risks that may arise in the future. According to Neville (2005) in the wake of 911, the insurance market have changed, big companies reconsider the possible risks and how are they going to use insurance, in Coca-Cola after the prices increased the company look past the typical path of buying insurance directly but instead Coca-Cola considered wholesale insurance through captives.

In the year 2000, The Business Wire, reported that Coca-Cola changed its senior management team and organisational structure for the purpose of facing the opportunities, threats and challenges as the company enters the new phase of management. Moreover, Coca-Cola North America is decentralising its organisation, as well as, pushing accountability and authority into the field of the organisation.

The change in the senior management is one change management step that Coca-Cola have undergone in order to increase the efficiency of the company. The appointed individuals are seasoned beverage bottling executives; therefore Coca-Cola sees consistent increase in the revenues of the company. The change in the senior management has been effective because the sales of Coca-Cola in North America have been consistent.

In addition, according to North America Operating System. (2008), the company undertook a significant change in which an organisational structure was developed to respond to the needs of consumers through incorporating the North American bottle and can, fountain and juices in a single unit of operation. Through this change it enhanced the way beverage choices are created, and it unifies the system of the supply chain, procurement and distribution in which it increased the efficiency of services to consumers.

Individual Change Management- According to Hiatt and Creasey (2002) individual change management is the process in which the company provides tools and training to its employees to be able to handle their personal transition through change. The ADKAR Model, according to Hiatt and Creasey is a model that can be use as an individual change

management. The ADKAR model shows five stages an individual undergoes during the process of change (Hiatt and Creasey 2002):

- Awareness of the need to change- in Coca-Cola employees, stakeholders and even consumers are informed in the changes, especially in the management, just like in the case of appointing Shaun B. Higgins as the new president of the Coca-Cola Company in 2005.
- Desire to participate and support the change- the employees in Coca-Cola especially the ones in the management positions participate in the changes that the company must undergo, like in the case of changing the packaging of Coca-Cola.
- Knowledge about how to change- the senior managers of Coca-Cola have adequate knowledge regarding the changes that must take place within the company, an example is in the case of Daft in which he had knowledge on changes that must be done in order to counter the Asian Financial Crisis in 1997.
- Ability to implement new skills- Coca-Cola has a long history of changes, some are failures, but most of the time it is effective, therefore the company has the ability to put into action the changes that the company have developed, take the case of Daft, together with his team, they were able to implement the changes, not just in one country but a whole region successfully.
- Reinforcement to keep the change in place- Coca-Cola is an established company and has already made a mark not just in the lives of Americans but most people in this world. The successful

implementations of the changes in the company are due to the strict reinforcement of changes in the company.

Organisational Change Management- this theory presents a general procedure for managing the change in the side of the people at an organisational level (Kotter, 1996). According to Hiatt and Creasey, the organisational change management is consists of three phases, which are, preparing for change, managing change and reinforcing change.

The theory of organisational change management was effectively utilised by Coca-Cola. Different managers in various parts of the world have used organisational change management in order to address the issues that the Coca-Cola faced. From the case study (The Coca-Cola company case n. d.) these people are:

One of the most notable CEOs of Coca-Cola Company is Mr. Gouzueta, he was the chief executive officer of Coca-Cola for seventeen years. He was able to determine the problem against other manufacturer of carbonated drinks. Mr. Gouizetta played a huge role in measuring the operation of Coca-Cola and developed strategies that aided the Coca-Cola to defeat competition. In addition, Mr. Gouizetta played important roles in planning and leading the tasks in achieving the goals and objectives. In addition, Mr. Gouizetta also appointed Mr. Ivester whom transformed the weakness of Coca-Cola into opportunities and strengths (The Coca-Cola company case. n. d.).

Furthermore, the paper of Pigseye, the following organisational management changes that occurred in Coca-Cola over the past years. Coca- Cola has

distinguished various forms of its advertisements in order to target different forms of consumers instead of focusing on one group. The company changed the packaging of Coke. Coca-Cola also developed new products such as Gatorade and it extended globally which is composed of the African group, Middle and Far East group, the Latin America group and the European Group (The Coca-Cola company case. n. d.).

Conclusion

Change management is a process in which all companies undergo. This is an important procedure because it enables the organisation to make decisions that will be advantageous and beneficial to the company. In addition, organisations that are open to change are generally more successful compare to companies that resist it. In a globalise market, new technologies and procedure are emerging rapidly, in order to keep up with this progress a company must be willing to adapt to management changes. The international, as well as, the local market has a very stiff competition, therefore in order to be on top change management must be utilised by companies. Coca-Cola is one of the best examples of companies that utilised change management efficiently and have yielded positive results. The evidence is the dominance of Coca-Cola in the soft drink industry not just in the United States but all over the world.

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