

# The coca cola company

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The Coca-Cola Company| MGT-100| Joanne Rupe Subject: MGT 100| Word Count: 3291| Due Date: 27. 11. 2012| Table of Contents

1. Introduction5  
 2. Mintzberg Roles6  
 2. 1 Entrepreneur6  
 2. 2 Leader6  
 2. 3 Figurehead6  
 3. Henri Fayol – Principles7  
 3. 1 Initiative7  
 3. 2 Equity7  
 3. 3 Unity of Direction7  
 4. Weber – Principles8  
 4. 1 Division of Labour8  
 4. 2 Promotion and Selection based on Merit8  
 5. Building Blocks of Competitive Advantage9  
 5. 1 Efficiency9  
 5. 2 Effectiveness9  
 5. 3 Performance and Quality9  
 5. 4 Innovation10  
 5. 5 Customer Service10  
 6. Management Science Theory11  
 6. 1 Total Quality Management11  
 6. 2 Quantitative Management11  
 6. 3 Operations Management12  
 6. 4 Management Information System12  
 7. Organisation Structure13  
 8. Barriers to Entry & Competition14  
 9. Organizational Environment14  
 9. 1 Social Variables14  
 9. 3 Communities and Governments14  
 9. 4 Competitors15  
 9. 5 CEO15  
 9. 6 S. W. O. T Analysis15  
 10. Factors of Organisational Culture16  
 11. Managing Change & Diversity16  
 11. 1 Organisational Change16  
 11. 2 Diversity Awareness Program16  
 11. 3 Managing Diversity17  
 12. Organisational Ethics17  
 13. Corporate Social Responsibility(CSR)17  
 14. Managing Leadership18  
 14. 1 Transformational Leadership18  
 14. 2 Transactional Leadership18  
 15. Managing Motivation19  
 15. 1 Theories19  
 16. Managing Decision Making19  
 16. 1 Decision Making Within Coca-Cola Company19  
 17. Conclusion20  
 18. References21  
 1. Introduction Coca-Cola is one of the most known and used beverages throughout the world. The brand is consumed by daily basis in over 200 countries. However not everyone is aware of what the company stands for and how it functions. This report will explain how the company

operates and how they follow the different managerial steps to achieve their goals.

It will also inform which type of structure they use to remain successful. 2. Mintzberg Roles 2. 1 Entrepreneur Asa Candler tasted, bought and decided to market Coca-Cola as a soft drink instead of a headache tonic (Bellis, n/d, Para. 3). Not only did he change the way they advertised and sold the product, according to Gunderson (2009, Para. 1) Asa Candler made the CCC grow into a global giant thanks to his great marketing skills using celebrity endorsements, free samples to pharmacists & costumers and the way they guarded their secret formula. 2. 2 Leader

The leader role is shared between the 17 boards of Directors in the Coca-Cola Company, although the Chairman of the board and CEO Muhtar Kent are shown as a front figure and role model (Coca-Cola1, 2012, Para. 3). As found in Coca-Cola1 (2012, Para. 2) the company sees Muhtar Kent as a leader that will lead them into the new century thanks to a firm commitment to both the values and spirit of the world's greatest brand. 2. 3 Figurehead Coca-Cola1 (2012, Para. 2) gives the impression that Muhtar Kent is seen both as a leader and a figurehead for the corporation.

He both leads the company in to a brighter future and the rest of the employees look at him for inspiration and help. Because he is the chairman of the board and the CEO he gives a feeling of inspiration, legal and ceremonial obligations. 3. Henri Fayol - Principles 3. 1 Initiative According to Coca-Cola2 (2012, Para. 2) the CCC frequently has an open dialog with their employees about what is new right now. During these discussions the CCC asks about what consumers like/dislike, what distributors think, how

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improvement can be made, and if they're losing market space against competitors.

By having these sorts of meetings Coca Cola always motivates employees to be a part of the company, to take initiative and speak up. It also teaches employees to be creative and help the company grow. 3. 2 Equity As stated in Coca-Cola<sup>3</sup> (2012, Para. 1) they are dedicated to maintain very important principles regarding International Human ; Workplace Rights everywhere they do business. As of 2005 Coca-Cola<sup>3</sup> (2012, Para. 2) they began working with the former UN Special Representative for Business and Human Rights and professor John Ruggie to develop principles for a framework in respecting human rights in a business context. . 3 Unity of Direction The CCC explains global changes and aims to thrive as a business over the next ten years, looking forward and adapting to the changes (Coca-Cola<sup>4</sup>, 2012, Para. 1). Their mission is explained in Coca-Cola<sup>4</sup> (2012, Para. 2) and points out three special goals: To refresh the world, to inspire moments of optimism and happiness and to create value and make a difference. The vision of the CCC is something that is taken very seriously. In Coca-Cola<sup>4</sup> (2012, Para. 3) it is clearly described what the company think it should accomplish to be able to sustain quality growth. \* 4.

Weber - Principles 4. 1 Division of Labour CCC's management is divided into three main leadership factions; Board of Directors, Operations Leadership and Senior Functional Leadership (Coca-Cola<sup>1</sup>, 2012, Para 3-5). Under these Leadership roles are middle and bottom line management, as well as employees in areas including Supply Chain Function, Manufacturing, Technical Function, Marketing, Sales Account Management, Customer and

Commercial Leaders, Business Management, Finance, Public Affairs ; Communications, Human Resources, Legal, IT, Business ; Administrative Services and Aviation. Journey Staff, 2012, p. 1) 4. 2 Promotion and Selection based on Merit Within the aforementioned career areas CCC provides opportunities and support for employees through Individual Development Plans. This is made up of on the job experience (70%), exposure to case studies, role models and mentoring (20%) and attending courses (10%). Combined, CCC aims to focus and develop on the skills and competencies that are needed and beneficial within the company, as well as with other career opportunities. (Coca-Cola? , 2012, Para. 1) 5. Building Blocks of Competitive Advantage . 1 Efficiency The CCC is efficient in the way they distribute because they only produce the syrup concentrate, according to Love (2011, Para. 2). The concentrate is sold to the bottlers all over the world and it is the bottlers who has to finish the product by adding water and sugar. It is a good way of keeping the costs down, because there is no expenses putting the syrup into cans or bottles and there is no usage of water or sweeteners. This also simplifies their job to keep the formula of coke as a secret (Coca-Cola5, 2011, Para. 6) 5. Effectiveness There is one major disadvantage by only producing the syrup, which is that the drink tastes different all over the world. Huffington (2012, Para. 2) explains that each country has their own filtered water and uses different types and amounts of sugar. However the secret formula prevents other competitors from copying their recipe, which is an effective way by only producing the concentrate. The way CCC provides different volumes is an effective way of reaching out to more and diverse customers. 5. 3 Performance and Quality

The company are working towards the high expectations through their operating requirement group called KORE (Coca-Cola6, 2012, Para. 1-3). The most important effort in this program is done by outlining strong regulations, policies, programs and specifications to lead all operations with accuracy. The key is constant monitoring and clear communication while reporting new statistics to the top managers.

5. 4 Innovation The CCC is always trying to follow the global trends and adapt to customer needs by creating the right beverage that suits different groups. Coca-Cola (2011, Para. ) informs that they created low calorie drinks such as Cola Zero and Cola Light to allure both genders in separate approach. They create health drinks to provide the new generation and athletes with what they want. It is not just about making carbonated soft-drinks anymore, they are following the steps taken by human nature to meet the new standards of life.

5. 5 Customer Service The CCC has many employees to keep track on and Antenna (Para. 1) explains how the the company are increasing their distribution and deliveries of beverages by effective management.

The company use (AMP) Antenna Mobility Platform to use the field employees as “ human mobile offices” to keep them cohesive, prepared and efficient. This method allows the company to accomplish real-time responsiveness to customers and high levels of workforce productivity, according to Antenna (Para. 2). The result of it is also that both managers and employees improve their communication and collaboration as they can react quicker to changes that occur.

6. Management Science Theory

6. 1 Total Quality Management According to Coca-Cola6 (2012, Para. 4) KORE guarantees the consistency of their business quality.

They are accurate in following terms and conditions made by the different departments. They use strict rules and policies to monitor performance and to prevent inaccuracies within manufacturing. KORE arrange meetings with staff members to discuss questions and matters that concerns requirements and feedback to increase quality. Coca-Cola (20126, Para. 5) explains that the information is always available for the whole department to find out the goals, process, work instructions and worksheets related to the specific area of members. 6. 2 Quantitative Management In “ Figure 1” Stephen (2009) shows where the highest consumptions are made.

This quantitative information helps the company to work harder in specific areas where the brand is weak. Figure 1 - Worldwide Coca-Cola Consumption Figure 2 - Coke or Pepsi? In “ Figure 2” Y-N (2008) are giving the information telling the company of what sort of beverage is most common in a specific country. This enables the company to analyse the competitors and how the CCC can grow in the market. 6. 3 Operations Management The CCC makes sure their interns and potential employees finishes an intership program called SCOM (Supply Chain Operations Management), (Coke-Consolidated, Para. 2).

SCOM gives them the education and experience to master manufacturing and production. Also to learn about supply chain planning, transport, delivery, sales and warehouse management. It is about integrating them with the ideas and processes. The Coca-Cola Bottling Company Consolidated (CCBCC) explains about their concern of operation management: “ At CCBCC, we strive to recruit the most talented, motivated people to continue to grow our outstanding team and develop into key members of our business to ensure

that CCBCC will continue to lead the industry and set the bar for the rest of the beverage industry. (Coke-Consolidated, nd, Para. 4) 6. 4 Management Information System Case-Studies (2009, Para. 1) states that ISS (Information System Services) is their main department to monitor other informational groups such as CCBCC. The way of tracking files and archives is done by using EPM (Microsoft Office Enterprise Project Management) which is used as their informational technology. EPM makes CCBCC work and study their economics precisely and manage their resources more efficiently in order to make decisions and complete goals in a reduced amount of time.

They evaluate details like project costs, time, functions and efforts (Case-Studies, 2009, Para. 2). This helps them to gather information to create solutions, discover benefits, and achieve goals in the different criteria's. 7. Organisation Structure CCC uses both the mechanistic view of the contingency theory within the factory environment and an open systems approach within their sales department. Business, marketing and sales strategies are decided by the management and then carried out by the employees.

From the managers under Muhtar Kent comes the instructions and strategies that then is fed down into the supervisors and then to the employees. Coca-Cola introduced, the "Plant Bottle", (Coca-Cola Company; Plant Bottle Benefits, 2012, Para 1). The introduction of this product was a decision made by the board, later carried out under the supervision of managers and finally sold by employees and sales people for Coca-Cola. This is an example of a hierarchical structure which is typical of the mechanistic structure.



An Open System approach is used for marketing and sales within CCC. CCC needs to be able to use the raw materials and input from the external environment to produce goods and services that impact the external environment (George et al, 2012, p54). After the Tohoku Earthquake 2011, Japan had to reduce power usage. With one vending machine for every 25 people, Japan saved over 10 million kilo watts of energy by turning them off (Coca-Cola-Company, 2012, Para 5). CCC created a vending machine called the " Impossible Vending Machine" that uses half the energy than the others.

This gives them a competitive advantage over other vending machine companies within Japan (Coca-Cola-Company, 2012, Para 9). 8. Barriers to Entry ; Competition Due to Coca-Cola's success in the industry, strong entry for new competitors is quite limited. The company has such broad market exposure, with products being sold in over 200 countries (Coca-Cola, 2012), that most new companies would not have any kind of effect on market trends. Competition with CCC rests primarily in brands already in the market such as Schweppes and Nestle.

For new brands entering the market economies of scale are large, especially due to the fact that CCC experiences small economies of scale. The risks for new or existing companies to create or expand their products are high. With CCC's prominence and brand recognition it is their biggest asset. As a result, it would take a great deal of time or money to enter the beverage market successfully, and possibly longer still for adequate brand recognition. 9. Organizational Environment 9. 1 Social Variables People are getting concerned about their health.

The population whom are reaching a higher age will decrease their amount of carbonated drinks. Meanwhile there are people who are only interested in their own wellness and fitness. Coca-Cola (2010, Para. 1) explains how they are strongly aiming towards an active and healthy lifestyle by offering other soft drinks, such as Juice and PowerAde. They enlighten the customers to be more active by exercising more. 9. 2 Political ; Legal According to Grynbaum (2012, Para. 1) the New York City Board of Health approved a ban on large sized sodas from being sold at restaurants, cinemas and street carts.

This means that the amount of Coca-Cola bottles larger than 16oz (47cl) is going to decrease in sales. 9. 3 Communities and Governments The governments want to keep the world “ green” and the CCC are applying this request by using their “ 2020 Vision” (Coca-Cola2, 2012, Para 1). The company are taking responsibility towards the global environment in the way of replenishing water and manufacturing environmentally friendly bottles (Coca-Cola7, n/d, Para. 1). This is a way of helping communities which are in great need of water. 9. 4 Competitors

The competitors are forced to be innovative because of CCC’s large market share. CCC has to keep being innovative and release new additions to their portfolio. This as an measure to prevent loss of marketshare. 9. 5 CEO The biggest internal influence in the CCC comes within the CEO, Muhtar Kent. Everything that has to do with future ideas and projects originates from him. Ignatius (2011, Para. 1) informs how Mr Kent is keen to meet the future global demands and how important it is for him to impact the CCC by applying the “ vision” into every single member.

Mr Kent controls the attitude, values and foundations of how the CCC should behave as an organisation not just towards the customers, but towards the global changing environment.

9. 6 S. W. O. T Analysis

- \* Social Variables - Threat People will stop drinking Coca-Cola at a certain age which results in decreased revenue. The CCC is forced to create new products to adapt to the change in environment.
- \* Political ; Legal - Threat This is a direct threat and limits the sales on larger soft drinks. The volume of Coca-Cola sold will decrease. The customers can no longer chose drinks bigger than 16oz.
- Communities and Governments - Opportunity The way the company is being responsible and helpful towards the environment gives them goodwill and an advantage if certain legal laws would appear on environmental behaviour. Instead of being forced to change, they set the example on how to behave.
- \* Competitors - Threat Pepsis innovative thinking puts pressure on the CCC. If a competitor creates a product that responds to customer needs it will give them competitive advantages. The CCC might lose market share as a result.
- \* CEO - Strength The role of a CEO could be a great weakness.

However Muhtar Kents way of innovative thinking and leadership qualities brings confidence and inspiration towards shareholders, employees and customers. Mr Kent as a CEO is a great strength.

10. Factors of Organisational Culture

The CCC boasts a culture of being One Company, One Team, One Passion (Coca-Cola Company<sup>5</sup>; 2012, Para. 1). This is shown in the way they describe their ' unique culture' which includes; nurturing talent and skill sets that will add to the company's value, encouraging socialisation and building relationships with colleagues to increasemotivationin worker and foresting creativity (Coca-Cola Company<sup>5</sup>, 2012, Para. -4). The values

that the CCC and Muhtar Kent have put in place to create the organisation's culture for their employees as a guide of how to behave include; Leadership, collaboration, integrity, accountability, passion, diversity and quality (Coca-Cola Company<sup>5</sup>; 2012, Para. 2).

### 11. Managing Change ; Diversity

#### 11. 1 Organisational Change

CCC has recently announced changes to the Operating Structure and Senior Leadership Appointments as of January 1, 2013. Instead organise around three prominent businesses; Coca-Cola International, Coca-Cola Americas and Bottling Investments Group (Coca-Cola<sup>2</sup>, 2012, Para. ). The change is another progress towards their " 2020 vision" for the future. This is an example of bottom-up change as it has been implemented gradually, with top line managers picking up more jobs, while other employees have been let go. The change can also be described as a mix of forced evolution, and dictatorial transformation.

#### 11. 2 Diversity Awareness Program

The CCC has developed a diversity educational program for all manager and employees. This program is designed to make people aware of diversity and educate them in what diversity means for the company.

The program includes; classroom and online courses that are classroom based, seminar with invited keynote speakers and many different diversity awareness based resources (Coca-Cola Company; 2012, Para. 9). These resources available to the employees and managers at CCC are designed to educate them in order to better understand other employees, customer, and suppliers and above all give the company a greater competitive advantage.

#### 11. 3 Managing Diversity

According to DiversityInc (2012, Para. 1) the CCC

has remained in the “ top 50 companies” for diversity during the last 10 years.

Diversity is not just about policies and regulations; it is a part of their culture. Coca-Cola (2012, Para. 2) explains how they intend to form an environment that provides all members equal access to information, progress and opportunity. It is crucial for them to operate in a diverse workplace because of their long-term goal called “ 2020 Vision People”. Coca-Cola2 (2012, Para 3) states that there are three pillars of diversity education: \* Diversity Training \* Diversity Speakers Series \* Diversity Library

They also offer supplier diversity training to make sure their associates comprehend how to obtain the power of the workplace by having suppliers that consist of minority- and women-owned businesses (Coca-Cola8, 2012, Para. 5). Diversity is in the heart of the CCC and it is the way they are, how they work and comprehend the future (Coca-Cola3, 2012, Para. 1). 12. Organisational Ethics CCC has designed a Code of Business Conduct which guides the organization through the ethical minefield, including anti-corruption and anti-bribery codes (Code of Business Conduct, 2009, Para. 3-4).

This code of conduct entails the expectation of accountability, honesty and integrity in all matters. Coca-Cola’s Ethics and Compliance Committee, made up of Board directors as well as other non-employee leadership, administer this code of conduct. Integrity is fundamental to CCC, along with other values. 13. Corporate Social Responsibility (CSR) CCC has taken a proactive approach to CSR. An example of this is the “ Little Red Schoolhouse Project” in the Philippines opened by Coca Cola to provide children with a basic

elementary education (Coca-Cola Company: Coca-Cola; Little Red Schoolhouse, Para 1).

This action also takes into account that in many areas where schools have been built there has been a high level child labor. The construction of these buildings helps children from being forced to work (Coca-Cola Company: Addressing Global Issues Para 4). 14. Managing Leadership 14. 1 Transformational Leadership According to Ignatius (2011, Para. 3), Muhtar Kent has transformed the CCC into a long term thinking company by implementing the “ 2020 Vision”. They are establishing a compelling vision and it is important that everyone is following the steps because of their global network and market.

The high level of diversity forces the CCC to bring different individuals together and direct them to achieve the same goals, also to understand and believe in the same values and visions that the company requires. BTS (2012, Para. 2) informs that to endure transformational change they created Revenue Growth Management (RGM) to bring modern solutions to modern problems. 14. 2 Transactional Leadership According to Coca-Cola4 (2012, Para. 3) the company encourage their employees to be high performing and they offer one of the best benefit packages in the world.

They offer different developmental opportunities for their allies, one of which is the Coca-Cola University. This is a program for high performers to evolve, using the Peak Performance System (PPS, n/d, Para. 3). To extinguish undesired and reinforce desired behaviours the CCC have very strict workplace rights policies. The workplace rights policy makes the employees feel more secure and aware of their rights and also makes sure they are well

aware on how to behave (Coca-Cola3, 2012, Para. 3) “ The success of our business depends on every employee in our global enterprise.

We are committed to fostering open and inclusive workplaces that respect human and workplace rights, where all employees are valued and inspired to be the best they can be. Our Workplace Rights Policy reflects these values and our commitment to uphold workplace rights globally“(Coca-Cola, 2012, Para. 1) 15. Managing Motivation 15. 1 Theories To illustrate how CCC caters to the needs of its employees the Alderfer ERG theory can be used (George, et al. 2012, pg. 234). CCC caters the existence needs of their employees by diversity awareness and education program which makes the employees feel safe and secure working in the workplace.

CCC encourages open communication within the workplace through collaboration, which is one of the Coca-Cola core values (Coca-Cola Company; Mission, Vision ; Values, 2012, Para. 2). CCC develop their employees, by providing training through the Coca-Cola University which gives employees the chance to gain an education about the marketplace to fulfil the growth need (Coca-Cola Company; Benefits and rewards, 2012, Para 4). CCC also boasts that they have a benefits package that it highly regarded within the industry (Coca-Cola Company; Benefits and Rewards, 2012, Para 7).

This can be seen as a form of motivation. It states that this benefits package addresses the employee’s basic human and life changing needs which in turn develops intrinsic and extrinsic motivation (Coca-Cola Company; Benefits and Rewards, 2012, Para 7). 16. Managing Decision Making 16. 1 Decision Making Within Coca-Cola Company Decisions for the company are <https://assignbuster.com/the-coca-cola-company/>

made by the Board of Directors, and are considered alongside the interests of stakeholders, as well environmental concerns. Many of the decisions made are considered in relation to the company's ' 2020 Vision'.

An example of a decision made is the company's investment into the Indian Beverage Market. CCC recognised the potential presented in India, and as a result began generating ideas as to how to maximise this opportunity. The company then assessed and chose investments, including creating jobs, supporting education and implementing the common ' Reduce, Reuse, Recycle' method in order to improve waste in the developing country. These \$2 billion investments are set to not only provide positive changes within India, but also to improve the company's reputation and to achieve the 2020 goal. (Winzelberg, 2012, Para 4-6; 8) 7. Conclusion There are many conclusions made out of this report after researching in a more deep way. Coca-Cola is obviously more than just the soft-drink that people buy when thirsty. It is a company that has great values and caring visions. The CCC is pursuing a long term goal and is always looking for improvements. They are a proactive company because of their way of caring for the global nature and communities. They are always concerned about what the future will bring, which is why they have long term visions. It has been an instructive period to study the company and its structure.