

Coca cola consists of  
their company and  
bottling partners  
commerce essay



**ASSIGN  
BUSTER**

The Coca-Cola system has more than 16 million customers around the world that sell or serve their products directly to consumers. They keenly focus on enhancing value for the customers and helping them grow their beverage business. They strive to understand each customer's business and needs, whether that customer is a sophisticated retailer in a developed market or an owner in an emerging market.

## **HISTORY**

Coca-Cola was invented in May 1886 by Dr. John S. Pemberton in Atlanta, Georgia. The pharmacist concocted caramel colored syrup in a three legged brass kettle in his backyard. He first distributed Coca-Cola by carrying it in a jug down the street to Jacob's pharmacy. For five cents consumers could enjoy a glass of Coca-Cola at the soda fountain. Dr. Pemberton's partner and book keeper, Frank M Robinson, suggested the name Coca-Cola in the unique following script that is famous worldwide today.

## **MISSION STATEMENT**

The mission statement should be a clear and succinct representation of the enterprise's purpose for existence. It should incorporate socially meaningful and measurable criteria addressing concepts such as the moral/ethical position of the enterprise, public image, the target market, products/services, the geographic domain and expectations of growth and profitability.

**<http://www.businessplans.org/Mission.html>**

Coca-Cola Company is the world's largest seller of liquid, non alcoholic refreshment. Their mission is " to maximize state owner value over time." In

order to achieve this primary objective of delivering superior investments return to shareowners through consistent increase in sales volume and creating value for all constituents they serve, including their consumers, customers, bottlers and their communities. The Coca-Cola Company creates value by executing a comprehensive business strategy by six key beliefs: -

Consumer demand drives everything they do.

Brand Coca-Cola is the core of their business.

They serve consumers a broad selection of the non-alcoholic ready-to-drink beverages throughout the day.

They will be the best marketers in the world.

They will think and act locally.

They will lead as a model corporate citizen.

The ultimate objectives of our business strategy are to increase volume, expand their share of worldwide non-alcoholic ready-to-drink beverage sale, maximize their long term cash flows and create economic value added by improving economic profit. They are nearly “ six billion” people in the world who are potential consumers of their Company’s products. Ultimately, their success in achieving their mission depends on their ability to add value for their customers. They achieve this when they “ Place the right products in the right markets at the right time.”

## **CULTURE AND ENVIRONMENT**

Most of the time effective selection is made, for this purpose employee is recruited either on reference basis or through interview, which is followed by background checks to make sure that he is not involved in criminal activities and have good reputation so that he should not create annoyance and problems for the company. The core values of Coke's culture are honesty, integrity, diversity, quality, respect, responsibility and accountability.

Coca-Cola employees are oriented properly so that employee should be well aware of the mission of the company and give their best performance in order to let the company achieve its goals. They are made aware of all sorts of companies' policies and procedures.

. Coca-Cola culture is based on the following: -

Respect our people

Integrity

Open communication

Committed to winning

## **PLANNING**

Without a strategy the organization is like a ship without a rudder, going around in circles. It's like a tramp that has no place to go to. Strategic planning, formulation and implementation are core management functions. Although strategic management has been in existence for only a few years its implications have been firmly and strongly rooted in organizations that

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want to stand in good stead. Among all the varied things that managers have to deal with and act upon, few affect an organization's performance more lastingly than do the task of charting an organization's future course, figuring out the what strategic moves and approaches to undertake, and then orchestrating execution of the chosen strategy as close to perfection as is managerially possible. One of the factors in determining whether the organization performs up to its potential or not is the extent to which the management team performs the strategic goals. Indeed

Good strategy and good implementation are the most trustworthy proof of good management

Strategy is a very broad term which commonly describes any thinking that looks at the bigger picture. Successful companies are those that focus their efforts strategically. To meet and exceed customer satisfaction, the business team needs to follow an overall organizational strategy. A successful strategy adds value for the targeted customers over the long run by consistently meeting their needs better than the competition does.

A strategic plan, then, is the bridge to the future, which an organization uses to lead from what it is to what it envisions it can become.

## **THE CORPORATE OBJECTIVES**

### **Coca-Cola vision statement:**

“ We will become the best and the biggest anchor bottler in the world”

COCA COLA has a very flat hierarchy, consisting of just three layers. Thus, the top management handles most of the goals setting and planning activities.

The objectives of this company can be classified as:

### **STRATEGIC GOALS:**

The overall goal of an organization in terms of its market position in the medium or long-term. A strategic goal forms part of an organization's corporate strategy, and should act as a motivating force as well as a measure of performance and achievement for those working in an organization.

The strategic goals are considered when company is thinking of the long-term objectives but at coca cola strategic objectives and goals are set up for three years. These strategic goals are decided by the top management. However, they are reviewed every year in the annual meeting to make sure that they are in line with the changing environment. They are:

To continue to be an organization providing the quality products to the valuable customers.

To select and retain the professional people for the organization.

To project an outstanding corporate image.

To satisfy the customer through extra ordinary service and an excellent service along with the complete tactical and operational support.

## **TACTICAL GOALS:**

The top management of the company on an annual basis devises these goals together with the consultation of the lower level employees. Then each departmental director is given these annual tasks that then subdivide it on the quarterly or monthly basis to have a proper check to ensure that these objectives are achieved, mainly through marketing, is the job of the director of each division. For this year, these goals are:

To increase the revenues by 20% as compared to last year.

To increase the total retail customers by around 10%.

To increase the market share by 5%.

To reactivate the discontinued customers by 30%.

## **OPERATIONAL GOALS:**

Operational goals are decided by the top management in consultation with the lower level employees. They are following the concept of management by objectives (MBO). Each employee is assigned its goals and is told what is expected of him and then he is evaluated on the basis of certain rules and regulations followed evenly by the company.

For example: a sales man is given following tasks, duties and certain targets:

Each salesman has to oversee around 100-125 outlets. The frequency of visits to each outlet depends upon the sales of that particular outlet.

Normally, a salesman has to visit a single outlet thrice a week i. e. every

alternate day. This means that a salesman visits at least 20-30 outlets per day.

The salesman has three basic functions to perform.

To find new customers,

To retain existing ones,

To bring back the discontinued accounts.

Each salesman has to bring in at least three new accounts every month.

These may either be new customers or the reactivation of the discontinued accounts.

Sales manager is made responsible for the performance and achievement of operational goals and is assigned to set certain milestones for the salesman so as to give him proper feedback, which definitely helps the salesman achievement of the above-mentioned goals.

## **DECISION-MAKING**

Competing in the market place is like a war. You have injuries and casualties, and the best strategy wins. Purposeful selection from among a set of alternatives in light of a given objective. Decision-making is not a separate function of management. In fact, decision-making is intertwined with the other functions, such as Planning, Coordinating, and Controlling.

The decision-making process in COCA COLA is centralized. The model used is classical, whereby the top management takes their time while making



decisions and explore and evaluate all the possible alternatives before choosing the rationally economic and feasible solution.

Programmed decisions are made only by the top management with no consultation whatsoever with the line managers while the daily and routine decisions are made by the line managers at the middle level with the prior permission or approval from the general manager.

Decisions, which are normally taken at the top management, are related to

The package positioning

Trade discounts

Advertisements

Price reductions

Distribution

While recruiting new employees, we, the top management approves the vacancies and asks the Human Capital Department to conduct the written test and this test normally is conducted for the employees at the lower level. Then prospective applicants are short listed through the interview process. Then the Business and operations manager or general manager personally interviews the employees and then makes the final decision about the selection himself.

Hence, the decisions are made on the basis of the inputs provided by the lower level employees and the managers at the middle management level.

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Top management asks for the suggestions and ideas of his subordinates and then takes the final decision himself.

However, the remaining decisions, which are mainly related to the daily operations, are made by the respective managers who are eventually made responsible for the results.

The management is very much cooperative and encourage its employees to come up with new ideas related to their duties and the work they do so as to increase the overall efficiency of the organization and eventually increasing the profits.

## **TEAM BUILDING**

### **WORK TEAMS**

Employees especially in the production, sales and marketing department in Coca-Cola work in teams to achieve their goals.

### **CLARIFY RESPONSIBILITY**

Coca-Cola has very organized HR department and all major disciplinary actions are taken by it. Supervisors usually given oral warnings and written notices are issued by human resource department.

### **DEFINING PERFORMANCE EXPECTATIONS**

Employees' responsibilities are mentioned in the Job Description and the kind of work expected by them is communicated clearly through appointment letter and by orienting them properly.

## **COMMUNICATE DISCIPLINARY POLICIES, PROCEDURES AND RULES**

Coca-Cola appointment letter gives all the details of the disciplinary policies and rules. Employee is expected to sign that letter before he joins the organization. Company tells all its employees before hand that if they would violate company's rules and regulations and would engage in any kind of misconduct, immediate disciplinary action would be taken and that this may cause in termination of their services.

## **COLLECT PERFORMANCE DATA**

In order to start discipline action, company requires proof by the supervisor who thinks that disciplinary action should be taken against some person. For example, if the person has the habit of coming late, then the supervisor is required to give dates on which he arrived late and the time. Usually company verifies the cases of misconduct from various sources and makes sure that the information is correct.

## **ADMINISTERING CORRECTIVE COUNSELING**

Coca-Cola considers all its employees valuable, if somebody is unable to perform well problems in the meetings that are specially called to administer Corrective Counseling. During these meetings he can give reasons of his bad performance

## **KEY PERFORMANCE INDICATORS:**

**The key Performance indicators are as follows**

### **1. FINANCIALS/PROFITABILITY**

Coke pays special attention to the financials as important performance indicator. Coke controls the amount of money being paid out. All bills are reviewed to determine how much is being disbursed and for what purpose. Managerial efficiency is gauged by the financials and profitability of the plants as well as corporate office.

### **2. QUALITY INDEX**

Coke follows quality index to maintain quality standards and this is the performance indicator which is strictly adhered to. An independent body is invited to check the quality of the products being manufactured. A market team is brought in and a 95% to 98 % of quality indicates good quality.

### **SALES MONITORING**

Coke regularly checks as how sales are responding to marketing and promotional efforts.

Through these performance indicators Coke measures how an individual or a team is performing. Coke emphasizes that performance indicators play an important role in determining the efficiency of any individual/team.

### **NON-BUREAUCRATIC, OPEN DOOR POLICY**

The structure is non-bureaucratic and any employee can approach anyone from high level of hierarchy and present his problem or suggestion. This phenomenon is known as the " Open door policy". Coke also encourages its

key employees to take on important decisions as they feel necessary for the working of their own departments.

## **Job Description**

A job is a collection of tasks and responsibilities that an employee is responsible to conduct. Jobs have titles. A task is typically defined as a unit of work, that is, a set of activities needed to produce some result, e. g., vacuuming a carpet, writing a memo, sorting the mail, etc. Complex positions in the organization may include a large number of tasks, which are sometimes referred to as functions. Job descriptions are lists of the general tasks, or functions, and responsibilities of a position.

Coke has a very good policy as regards to job description. When a job is advertised it is properly described so that applicants know what the job requirements are. The advertisements properly lay out these descriptions. Applicants selected are those who fulfill the criteria of the given job description. Coke is very cautious when making job descriptions as it wants to induct only those people who are required by the company. Job description is prepared by HR managers and proper care is taken while defining the description of each job so that later when a person is inducted he properly fits the job requirements.

## **MOTIVATION**

If you want to make things happen the ability to motivate yourself and others is a crucial skill. At work, home, and everywhere in between, people use motivation to get results. Motivation requires a delicate balance of communication, structure, and incentives.

When an employee inducts in Coke, he is joining “Coke: The Company” meaning that it gives him recognition as he is working for a huge multi-billion corporation with huge profit turnover. Associated with Coke not only gives him career break but also excellent learning opportunities. So he becomes more marketable as an employee and thus this is a great motivating factor for him.

## **COKE’S CULTURE & ENVIRONMENT**

The culture and environmental setup of Coke is also very friendly and as already explained Coke has “open door policy” as a part of its culture. This culture is also very motivating for employees and thus leads to their higher productivity and they give out their best to their jobs.

## **PARTICIPATIVE MANAGEMENT**

When Employee feels that he is given adequate authority and responsibility in making key decisions of the organization he feels an important part of the organization. He feels he has a role to play in the organization and feels a part of the bigger picture. His suggestions are valued and efforts are acknowledged. Thus all these factors lead to high motivation in employees.

## **WELL PAY AND FRINGE BENEFITS**

Coke employees are offered excellent pay scales and job related benefits. The pay and the benefits match their job requirements and their pay scale is also very competitive as compared to other companies. Thus, this is an important factor in motivating employees.

## **JOB PROMOTIONS**

Each and every employee is given a fair chance to progress in his job. Job promotions based on their performance appraisals are a part of Coke's policy in motivating employees.

## **PAY RAISES, INCENTIVES AND COMMISSIONS**

Coke employees are given pay raises, incentives and commissions as per their performance, their goal achievement and if they out perform their jobs. All these factors lead to high motivation in Coke employees.

## **CONFLICT RESOLUTION**

Conflict resolution is part of daily routine in Coke. The conflict could be labor related as well as management related. The labor related matters are dealt by engaging a legal consultant whereas management resolves its own conflicts by sitting down and discussing the problem at hand thoroughly. The management related problems are not turned into open arguments and matters are not made personal, rather they are dealt professionally. The labor related matters are also dealt very professionally. Services of Legal Counsel are engaged in order to resolve matters relating to employees as well as labor as per government regulations. Negotiations are also a part of conflict resolution process. Peaceful resolutions are preferred over heated resolutions of conflicts. Following roles are involved in conflict resolutions:

Mediators: Coke utilizes the service of mediators as per the conflict requirements.

Consultants: Consultants play an important role in Coke in conflict related matters. Coke engages these consultants so that the conflicts that arise are skillfully managed through communication and analysis.

## **Compensation Plans**

### **Group Life Insurance**

Coca-Cola secures its employees through group life insurance in case of death/disability of any employee.

### **Free Sampling**

Coca-Cola provides its employees with free samples of its beverages on different festivals etc.

### **Volunteer Separation Scheme(Golden Handshake)**

In case of restructuring, if the employees need to be laid-off then Coke gives volunteer separation scheme (golden handshake) with extra benefits over and above their legal dues.

### **Gratuity/Provident Fund**

Coke gives its employees gratuity/provident fund.

### **Employee Old-Age Benefits**

When an employee retires, those employees who are secured through employee old-age benefits institution under the current law, 6 % is contributed by the Coke and 1 % is deducted from the employee's pay.

### **Performance Development Programs**

Coke provides its employees with performance development programs.



## **Annual Performance Incentive Plan**

Monetary awards are given to employees if they perform well and this is done through Coke's annual performance incentive plan.

## **Workers Participation Funds**

The company maintains workers participation funds so as to share its 5 percent of its profit with its employees.

## **9. Medical/Hospitalization**

Coca Cola reimburses its employees medical/health insurance.

## **PERFORMANCE APPRAISAL**

Performance appraisal is an important part of performance management. In itself it is not performance management, but it is one of the range of tools that can be used to manage performance.

**[http://www.cipd.co.](http://www.cipd.co.uk/subjects/perfmangmt/appfdbck/perfapp.htm)**

**[uk/subjects/perfmangmt/appfdbck/perfapp.htm](http://www.cipd.co.uk/subjects/perfmangmt/appfdbck/perfapp.htm)**

Reviewing

Planning

Tracking

Reflection

## **The Performance Management System**

End of Cycle Review

Continuous progress and development

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Key Result Areas

Objectives

Competencies

Development Plan

Reaching Agreement

Tracking

Feedback

Coaching

Mid-year Review

[wikipedia. org/wiki/Total\\_quality\\_management](https://en.wikipedia.org/wiki/Total_quality_management)

## **Method**

Coca-Cola uses ' Management by Objectives' (MBO) method; evaluator is given five to seven areas on which he has to assess the employee. Evaluator is supposed to rate an employee on the job related objectives and he is also supposed to give tracking sources. This part is known as THE WHATS.

Evaluator also rates an employee on the key competencies required by the job and critical to the objectives, this part is known as THE HOWS.

Evaluator also mentions competencies required for development and development goals. It also focuses on the time frame in which the

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developmental activities would be implemented and the way these developed competencies /skills/knowledge would be used in achieving performance objectives, this is known as Development Plan.

## **PERFORMANCE RATING**

There are five areas on which employees are rated:

### **1. Consistently Exceeds-CE**

#### **Performance Objectives/ “ WHATS”**

Employee, whose contribution exceeds the stated objectives in terms of quality and timeliness and performs beyond the scope of the current role/department which benefits the company in a significant way.

#### **Competencies Skills and Knowledge/ “ HOWS”**

Demonstrates well-developed expertise to get outstanding results and consistently role models the above behavior and also coaches others.

### **2. Meets and Exceeds-ME**

#### **Performance Objectives/ “ WHATS”**

Employees who consistently meet the objectives and frequently exceeds objective and adds value beyond the scope of the current role, often benefit Division/Department.

#### **Competencies Skills and Knowledge/ “ HOWS”**

An employee frequently demonstrates an advanced ability in using Competencies Skills and Knowledge in order to achieve and exceeds results.

### **3. Successfully Meets-SM**

#### **Performance Objectives/ “ WHATS”**

Employee, whose contributions consistently meets and occasionally exceeds the objectives, which are based on challenging goals falls in this category.

#### **Competencies Skills and Knowledge/ “ HOWS”**

Employee demonstrates competence and applies skills and knowledge to achieve expected levels of performance.

### **4. Meets Some-MS**

#### **Performance Objectives/ “ WHATS”**

Employee who meets some but not all the objectives and performance, improvement is necessary. Performance is somewhat inconsistent and more than normal direction on job responsibilities and objectives is required.

#### **Competencies Skills and Knowledge/ “ HOWS”**

Demonstrates limited working knowledge of this area, observable gaps exists in applying some critical Competencies Skills and Knowledge areas to achieve expected results. Further coaching and development is required.

### **5. Fails to Meet-FM**

#### **Performance Objectives/ “ WHATS”**

Employee whose contributions frequently do not meet the stated objectives, performance requires frequent monitoring and substantial direction from the manager.

## **Competencies Skills and Knowledge/ “ HOWS”**

Employee demonstrates very limited ability in this area, significant improvement is required.

Coca Cola also uses the following methods: -

### **1. Multi-rater Assessment**

Coca Cola asks its Employee to nominate the people, who would rate him on his performance. Then the assessment from different people is given a form of summary or key useful and informative points are extracted from these people's evaluation, this is known as TOOL OF DEVELOPMENT in Coca-Cola.

**Coca Cola uses “ STARS” as the way to evaluate a person.**

**“ STARS= Situation-Task-Action- Result”**

### **2. Work Standard Approach**

### **3. Critical Incident Technique**

### **4. Essay Appraisal.**

### **Exit Interviews**

Coca-Cola also interviews employees leaving the organization and asks about their opinion about the way performance appraisal is conducted in the company to improve it if required.

## **Purposes of Conducting Performance Appraisal**

To Assess the employee

To develop and improve the employee.

## **Who are the People Involved?**

People who are involved in this process are Supervisors and Department Heads, also known as Grand Supervisors.

## **Training of people carrying out performance appraisal**

People, who carry out performance appraisal, are trained by head office and all sites are updated about this process.

## **How Often Performance Appraisal is conducted?**

Coca-Cola conducts performance appraisal once a year, but from now they are thinking to conduct it after every six months.

## **At Which Level Performance Appraisal Is Conducted?**

Employees of all management categories undergo process of performance appraisal.

## **For how long it has been Part of Organization?**

COCA COLA was established three years ago since then performance appraisal is part of this organization.

## **DIFFERENCE BETWEEN THE PERFORMANCE APPRAISAL OF COCA COLA AND OTHER MULTINATIONALS**

Performance appraisal conducted in Coca Cola is very thorough as compared to other multinationals.

**Developmental Plan and Career aspirations Coaching Log, Interim Review, end of cycle review are all part of performance appraisal.**

## **CHANGES AND IMPROVEMENT IN PERFORMANCE APPRAISAL PROCESS BY COCA-COLA**

Coca-Cola is introducing a change in this process. It is planning to conduct performance appraisal twice a year instead of once a year, they are naming this change as mid-year review. Lastly Coca-Cola claims that its employees are satisfied with this process that has also helped the organization.

Performance appraisal method is same for new employees (recently joined company) and for old workers (those who are working for many years).

Performance appraisal method used by Coca-Cola is same worldwide.

## **TRAINING**

Coca Cola has its own training specialists and employees are trained usually on need basis. It has huge budget allocated towards training of its employees; it amounts to \$200, 000 per year. Whether the employee belongs to middle level management or senior level management, training is provided because company believes that it would benefit both the company and the employee in the long run. Employees are usually sent to Europe or Middle East for training. Coca Cola has its In-House Training Head Office in Atlanta, where they have their own training specialists. They also use local training facilities like they often send their employees to LUMS for special courses so that they can update their skills; others include PIMS, CMD, Informatics for computer Courses. Another important source of training is seminars.

## **PERFORMANCE APPRAISAL**

Performance appraisal is done at the end of the year in Coca-Cola that usually helps in identifying the areas where training can bring improvements.

## **OBSERVATION OF BEHAVIOR**

Supervisors usually report to the HR department about their employees, those who need training. By watching them performing their work, they can easily identify the problem areas that can be corrected by putting them on training.

## **On the Job Training**

### **Job Rotation**

Job rotation is very commonly used to train the employees in different areas so that they can learn skills that can help in their development.

## **CAREER GROWTH**

### **Job Rotation**

Job rotation is very commonly used to train the employees in different areas so that they can learn skills that can help in their development. Company provides with no additional benefits when employee learn skills other than his original job during Job Rotation because company believes that it is in the benefit of this employee, and its ultimately him who is going to benefit.

## **MENTORING**

Operational manager in Coca-Cola in consultation with HR department is responsible for mentoring.



## **JOB INSTRUCTION TRAINING**

Coca-Cola uses Job Instruction Training for middle-level, lower-level management and worker class, supervisors usually gives this training.

## **COMMITTEE ASSIGNMENTS**

Coca-Cola very often puts its middle-level managers and lower-level managers on committee assignments so that they can learn.

## **Apprentice Training**

Supervisors are responsible for apprentice training in Coca-Cola; worker class is trained by this method.

## **EVALUATION AND CONTROL: QC**

### **Total Quality Management**

TQM is a set of management practices throughout the organization, geared to ensure the organization consistently meets or exceeds customer requirements. TQM places strong focus on process measurement and controls as means of continuous improvement

### **<http://managementhelp.org/quality/tqm/tqm.htm>**

Coke believes in always motivating to anticipate present and future needs of customers and consumers, to be nimble, dynamic and growing, always in a state of continual evolution. Developing and maintaining an environment, which enables full participation and development of all backgrounds, cultures, styles and views, leveraging the capabilities, insights, and ideas of all member Consumers are given foremost importance. COCA COLA focuses on TQM in order to deliver TCS (Total Consumer Satisfaction). The Company

value creativity and risk taking to fulfill this motto. To meet the consumers' changing demands, COCA COLA has adaptable and flexible structure. The authority is at the right place.

The employees are given empowerment by virtue of which they feel themselves as part of organization: consequently they put all the efforts to prove their worth. Young and junior employees with high potential are entrusted with senior assignments. At COCA COLA risk taking and out of the box thinking is encouraged. New and creative ideas are always welcomed. Top management supports the innovative process and appreciates employees to " THINK DIFFERENT" and to be " INNOVATIVE". The Company is in the process of increasing in its culture the element of the trust, maximum collaboration among individuals and groups, increased sense of organizational ownership, allowing people to exercise self-direction and self-control at work.

Decision making at Coca-Cola is very participative due to friendly atmosphere. Anyone can give suggestions without any hesitation. Employees exchange views with each other and recommend the final decision to the senior managers. If any decisi