



Muhtar Kent on Reinvention, Innovation and a Broad Worldview

Coca-Cola's formula may be a secret, but the parent company's president and CEO, Muhtar Kent, revealed his prescription for coping with the current financial crisis in his keynote address during the University of Miami Global Business Forum Jan. 15 - 16, 2009.

The key ingredient? A sense of optimism, Kent told his audience at the Forum luncheon sponsored by Bank of America and U.S. Trust, Bank of America Private Wealth Management. "Most financial experts and economists tell us that it'll probably get worse before it gets better," Kent said, referring to the impact of the "financial tsunami" on the global economy. "But, that said, in my heart, in my head, I also believe that America will come out of this crisis stronger and sooner than most people anticipate." He said the country's "wonderful entrepreneurial energy" and "heritage of innovation" will make that happen.



Kent's outlook is distinctively international. The American-born son of Turkish diplomats, who spent his childhood years in India, Poland, Thailand, Sweden, Iran and Turkey, he joined Coca-Cola in 1978. Before becoming chief operating officer in 2007 and then CEO in 2008, he worked for the company in various capacities, including marketing, customer service and operations. After the breakup of the Soviet Union he helped open markets in Russia and Eastern Europe; his bailiwick has also included the Pacific Rim countries.

When he started at Coca-Cola, Kent recalled, the U.S. economy was suffering from double-digit inflation, soaring interest rates and rising unemployment. "What happened was, America reinvented itself, re-innovated, re-innovated again, [and] replaced 40 million antiquated jobs with 80 million new jobs, and we had the greatest run for a long, long time. So I'm therefore a very firm believer that tough times like these are not an excuse to sit back and ride out the storm. This is a time to confront the current reality, head-on, with courage, with determination and with strategic dexterity."

Kent said that in recent months he has told the Coca-Cola community that the crisis must not be “wasted” by waiting for it to pass. Rather, it should be considered an opportunity to shed what is wasteful and unproductive, and that it was more important than ever to communicate with customers and stakeholders now.

Dipping deeper into history for an example of how a crisis can inspire innovation, Kent described how, during World War II, under the leadership of Robert Woodruff, Coca-Cola uncorked a campaign to make Coke readily available to U.S. servicemen and women abroad for just a nickel per bottle. To that end, the company built new factories in Europe and Asia. After the war ended those facilities helped usher in a period of “great international expansion.” A half-century later, Woodruff’s move remains a “global blueprint” that is “absolutely critical” for Coca-Cola’s competitive advantage outside the U.S., Kent said.

But what’s the formula for making the aftermath of the current crisis similarly sweet? First, one must recognize that most people in the United States and abroad now have a low opinion of corporations in general. Kent cited recent Gallup polls indicating that only 7 percent of Americans hold Big Business in high esteem. Seven out of 10 Americans and Europeans believe that global trade is not good for their nations; the percentage of such naysayers is only slightly lower in Asian and Latin American nations with emerging economies. Thus, he continued, companies with global aspirations must do a much better job of showing people how international trade can help them. Businesses, government agencies and educational institutions will have to “partner like we’ve never partnered before,” he said, to promote the social, economic and environmental benefits of international trade and investment.

Another ingredient is leadership based on the understanding that the planet is becoming “multipolar,” meaning that “economic, political, social and cultural influences now radiate from several nations around the world,” Kent said, mentioning in particular the authors Fareed Zakaria and Thomas Friedman, who’ve written on the subject. “How well future leaders comprehend, understand these new realities, how well they accept them and how well they are prepared for them, will determine their success and the success of our world in the coming years,” he predicted.

Coca-Cola is preparing for the multipolar future by seeking recruits who have an expansive worldview. “We look for people who want to know our business inside out ... but have also spent a lot of time in markets, soaking up knowledge and experience outside of the walls of our companies. People who naturally like to be close to what I call the point of impact, where money changes hands,” Kent said. “People who can speak the language of small, traditional mom-and-pops as well as huge, 200,000-square-foot stores. And at the same time, we need people who are flexible enough to understand the pressures and local cultural nuances associated with being a sole owner of a small street-corner bodega in Paraguay or Nairobi. We’re looking for people

with diverse backgrounds and diverse points of view.” He lamented the “disconnect” between the small number of women Coca-Cola has in high-level positions and the fact that women make most of the beverage purchases around the world.

The formula also requires being green, and Coca-Cola is keen reducing its carbon footprint and water consumption and expanding recycling efforts, Kent assured the audience. He cited a Sun Microsystems survey that found that nearly 75 percent of American workers want their employers to be environmentally responsible. “Our business in any market around the world, take any of the 200 markets, is only as healthy and sustainable as the communities that we serve. There is a one-to-one relation in terms of healthy, sustainable communities and healthy, sustainable businesses,” he asserted.

By Kirk Nielsen

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