

# Capstone Project Sample: The Coca-Cola Company



It is difficult to find someone, who would not have been familiar with this logo: round white letters on the red background, folding in the words, so sacred to the most Americans, – it is Coca-Cola. This is one of the most successful and recognizable brands. According to *The Coca-Cola Company* (2012), the experts estimate it at more than 80 billion dollars USD. Now, in connection with this, it is very difficult to believe, that the first year of the most popular fizzy drink's existence was unprofitable for its creators. During the first year, the proceeds from sales were only 50 dollars, whereas on the drink production had spent 70 dollars.

According to Bell (2004), the story of this incredibly successful, by American standards, business, started as it often happens, with a trifle. It has started from the home recipe, compiled by an amateur chemist and part-owner of a small pharmaceutical firm, John Stith Pemberton, in Atlanta (Georgia, USA), on the 8 of May in 1886. A former Army cavalry officer, Captain Pemberton, after the Confederates' defeat, was out of work and was forced to spin in order to make ends meet. After moving from his native Columbus to Atlanta, he opened a pharmaceutical firm, as from a young age was fond of chemical experiments. He boiled the syrup and called his friend, and a part-time bookkeeper, Frank Robinson. He shared to him with his opening. Frank told him to write this wonderful recipe. The syrup was sweet and thick. John took it to the largest city pharmacy, "Jacobs" (Jacobs' Pharmacy). The same day, the first syrup portions were sold to visitors five cents a glass. During its first year of existence, the Coca-Cola bought up of nine glasses a day (p. 56).

The new drink's name was invented by a bookkeeper, Frank Robinson, who wrote the words Coca-Cola with beautiful curly letters that are still the drink's logo.

Business went up very quickly. According to *The Coca-Cola Company* (2012), the company's net operating revenues for 2011 year is 46,542 million dollars USD; the gross profit is 28,326 million dollars USD; an operating income is 10,154 million dollars USD; the income before income taxes is 11,439 million dollars USD; the consolidated net income is 8,634 million dollars USD; the net income attributable to shareowners of the Coca-Cola Company is 8,572 million dollars USD; the basic net income per share is 3,75 million dollars USD.

According to Ferrell & Fraedrich (2012), the Coca-Cola's human resources play a very specific and important role among all economic resources. As an economic development factor, human resources – are employees, who have certain professional habits and skills, and can use them in the labor process. The human resources studying is essential for market, assessment, and an appropriate population policy development, aimed to influence the population and employment reproduction's processes (p. 141).

According to Blanding (2011), the Coca-Cola Company attaches great importance to marketers. There is a direct relationship between the marketing activities' effectiveness and the Coca-Cola's business phenomenal success. In order to consolidate the existing company's success, with the support of SHL, Coca-Cola has introduced the technology of the evaluating and development center to identify talented and promising employees.

Coca-Cola has the reputation of the “talent's forges” company. The

Coca-Cola Company has an internal system, called People Development Forums (PDFs). Using this system, the management team is able to discuss the talents' development in the company, and identify training needs.

The marketing department was one of the first, where the project was implemented for the assessment and development centers, organized with the SHL consultants' help. The recognition of the fact, that appointments to senior positions also require additional evaluation by external experts, was a huge surprise to all the staff.

In this connection, the Coca-Cola Company focused its attention on the implementing of this assessment procedure, by which one cannot be identified only the “stars”, but also can plan their further development.

It was made to create a strong team of talented and creative staff, who would be able to take leadership positions throughout the world already tomorrow.

In conjunction with the service staff and the heads of Coca-Cola marketing departments, the SHL consultants have developed a two-day assessment and marketers' development center, having great potential and aspiring to occupy senior positions in marketing (p. 203).

On the marketing key managers' example, the SHL consultants identified a number of core competencies, in order to select the ideal skills and conduct styles of marketing executives in the company. Competencies have been chosen, taking into account cultural differences, to ensure equal conditions for all participants.

Eight marketing managers, who have passed a thorough pre-selection

successfully, participated in a two-day assessment and development center. Despite the fact, that the Assessment and Development Center was held in Paris, the participants represented the Coca-Cola offices around the world. Marketing departments' heads were designed to identify talented and promising employees from the company's offices around the world, and choose the best of them objectively and correctly as far, as possible.

As a result, the Evaluating and Development Center's project has been so successful, that the company SHL and Coca-Cola have decided to hold regular similar events every 3-6 months throughout the globe.

Each employee, who participated in the Assessment and Development Center, was pleased with the results. Now, the procedure of the development center is one of the main ways to develop company's employees, because it gives the confidence that the right people, with the right skills and behaviors are in the right place, at the right time.

This project proved that the company is able to substitute Coca-Cola's executive marketing positions, using only internal resources. And it is especially important to preserve the Coca-Cola's cult image, and maintains its successful business strategy.

According to Eldred (2008), to each employee the company gives an opportunity to develop and strengthen his professional skills. Since 2008, the Coca-Cola Company using a Leadership Pipeline model for managerial staff's evaluation and development. Leadership Pipeline model can effectively build an internal talent pool, keep track of talented managers in time, and provide them with an opportunity for further development. For these purposes, the evaluation of each head's activities is composed of its individual development plan, which includes



the managerial skills' development in the working process, project work, and training programs. This approach allows growing to leaders within the organization, motivating managers to achieve even greater results, not only in sales and profits, but also in areas such as team building, establishing effective relationships with subordinates and their development, innovative solutions' using (p. 275).

The company focused very carefully on the training's and development's issues. The company aims to create such an atmosphere, where people are happy to go for a work every day, being proud of their company, and developing not only professionally, but also personally. The company values the individuals, respects individual freedoms and human rights, gives equal opportunities, and does not accept any type of discrimination. According to the personnel's evaluation, the specialists, with the immediate supervisor, are planning the staff training, identifying appropriate trainings, programs and courses. HR specialists help to create an individual development plan for employees, by providing free trainings, implementing incentive programs and inviting to the incentive tours. The company has a Corporate Coca-Cola University, which satisfies almost all training needs. The university offers standard training in the classroom, and the distance programs. The company presents the training program in six areas.

Commercial Department focused on the development of technical (commercial) and leadership skills sales' staff. Allows working more effectively in the market to shape the ability of managing the profits' growth, developing negotiation skills.

Marketing Department trains marketing staff and provides them with knowledge about marketing, the market's results, the buyers' behavior in the outlet, and customers' understanding.

Technical Department enables to get acquainted with advanced technologies that exist in the modern soft drinks' production, to get skills on the newest equipment of leading world manufacturers, with the knowledge, necessary for effective control of production processes.

Education in the financial department allows to the Finance Department employees obtain professional certifications, and let to other staff functions learn how to manage their financial performance better.

The “Wind of Changes” program, based on the 8 steps of John Kotter's algorithm, helps to line managers operate with business processes and staff effectively in the dynamic market's conditions, and the company's constantly growth. In order to achieve the same results to the middle and senior managers, in the company was created a “Changes Management” program.

Since 2004, every year the Coca-Cola Company's best employees have unusual business training in Antarctica under the world-famous explorer's leadership, Robert Swan. In 1986, Swan became the first man on earth, who has visited the both extreme world points: North and South Poles. Once a year the traveler organizes training – the kind of expedition in the conditions of struggle for life, during which one he shows to the participants the real “team work's” meaning, and way to become a true leader.

According to Allen (2009), the Coca-Cola Company's love does not limited only to their brands' love, or love to people and companies, but also seeks to extend it throughout the world. It reflects in the environment protection programs, caring for children who need special medicine care and attention, raising a healthy lifestyle and sports development. Coca-Cola is trying to be an example not only for their employees, but

also for society.

The Coca-Cola Company works every time and everywhere only in accordance with the highest ethical standards and all law requirements. Company's history is a story of success, at which base is the fair competition. The company is not trying to achieve competitive advantage through the illegal or unethical using of business practices. All the basic principles of the company, their values and rules of operation, are described in the Business Conduct Code. Compliance with the Code is the responsibility of every company's employee (p. 166).

The Coca-Cola Company is the unique place, where you can start or continue a career. Employees are always happy to take energetic, motivated and talented people in the large Coca-Cola's family. The company is a leader of the carbonated manufacture beverages. Coca-Cola creates brands that bring joy to people. The company is proud of the fact, that Coca-Cola is the most expensive brand in the world, and people are the most valuable thing in the company. The main task is to determine the person's strengths, required for the company's success, and to create favorable conditions for his fulfillment and development.

Corporate life is replete with a variety of events. Employees come together not only during operation. The company organizes joint activities regularly, during which employees have the opportunity to socialize in an informal setting, to do something good for their city, to feel themselves like a part of a team, or just relax. Employees receive gifts on February 23, and March 8. And every year, the company invites the employees' children to the New Year's play, and gives them some delicious gifts. Together, they celebrate the 8 of March, the 23 of February, New Year, and the Day of Plant.

Occupational Safety includes the legal, social, economical, organizational, technical, medical, preventive-treatment, and other measures.

The Coca-Cola Company's employees are the people, who make real miracles. Employees work hard to refresh the world, investing effort, enthusiasm and soul. The company has always built its relations with employees on the base of honesty, openness and willingness to engage the dialogue. Team's work is valued.

Employees enjoy a number of benefits: free transportation to the work in a comfortable bus; the company provides a car to employees, whose employment has an itinerant character; cellular communications are paid; the company insures their employees against the accidents; subsidized meals are provided; to employees' gifted children provides trips in summer camps, paying for training at music and sports schools; the earnings are stable.

According to *The Coca-Cola Company* (2012), the experts are estimating the company's future benefit payments for their plans as follows: in 2012 year, for pension benefit they will pay 486 million dollars USD; in 2013 – 501 million dollars USD; in 2014 – 521 million dollars USD; in 2015 – 537 million dollars USD; in 2016 – 553 million dollars USD; in 2017-2021 – 3,042 million dollars USD. For other benefit payments: in 2012 – 53 million dollars USD; in 2013 – 56 million dollars USD; in 2014 – 59 million dollars USD; in 2015 – 62 million dollars USD; in 2016 – 65 million dollars USD; in 2017-2021 – 342 million dollars USD.

For the company's management development is necessary to determine the need for training and development. If any are detected, it is necessary to evaluate the professional managers' level; to evaluate their business and personal skills; to develop recommendations on the need

and the direction of manager's training and development; to develop an educational program and training; to organize training events (lectures, seminars, trainings, etc.); to develop the learning outcomes' supporting system; to analyze the learning results; to held personal consultations on the outcomes' learning; in a case of necessity, to invite of the new talented managers in the company.

There is a famous saying, “Money talks”. It may be continued by the rhetorical question, “What are they talking about?” Regardless of how well the strategy spelled out the Coca-Cola’s compensation, workers can achieve the desired goals only, if there is a clear understanding of what is expected of them, and how they are rewarded for their work. Communication system of remuneration with the results is just a one more step forward in establishing of an effective payment system.

The Coca-Cola's compensation strategy of is pretty fair. The company builds its organizational structure and work processes around the workers' promotion, thereby, developing the payments' packages in order to concentrate on the direction of its staff energy. These companies expand the reward system concept beyond the traditional payment systems, including all the company's offers and all, that employee can to appreciate in this context.

Rewarding system focuses on the following factors: what work results are most important to the company; what reward systems are most important to employees; how the work results and rewarding system docked into a single unit to achieve business strategy. Taking into account the diversity-based employees' strategy, the Coca-Cola gets more competitive advantages. New professionals, new talents, and new people with their fresh views – all this are makes the company more professional. Staff is a making money machine, and if this machine is not

updated and does not improve, it could be broken.

It is difficult to imagine, what kind of human capital strategy can be recommended to such a powerful and inflexible company, like Coca-Cola. They have everything, and even more. The only thing, that may be advisable, is only to continue sparing no financial resources for the further development of the workforce and education (courses, workshops, seminars, etc.), and trains new employees, using modern techniques and technologies.

Money, invested in the working staff, will pay off several times. After all, bad prepared employee, who does not grow in his field, will come more expensive.

According to Blanding (2011), the Coca-Cola Company's manufacturers system is the largest and most extensive manufacturing and distribution network in the world. The company's human resources specificity, compared to other economic development's factors, lies in the fact that, firstly, people do not only create and consume the material and spiritual values, and, secondly, the human life's diversity is not limited to just employment.

The Coca-Cola Company is responsive for the needs of a man as a person, leveraging of the humans' work. Scientific and technological progress, and society humanization, are rapidly increasing the economical role of knowledge, morality, intellectual capacity and other employees' personal characteristics, that have been forming over the years and generations, and reveals by a human only under the favorable conditions (p. 192).

Competent coordination of social and economic changes with the needs and people destinies gets of particular importance these days, in



connection to the radical public relations restructuring. Major transformations are taking place in the social and labor spheres, touching the interests of millions people and displaying on the economic development results throughout the country. During the modern changes, the flexibility, the mobility, and a constant people's adaptation to the new economic development conditions, play a very important role.

According to *The Coca-Cola Company* (2012), today, the world Coca-Cola Empire looks as follows: 11 major companies, working across several states, and dozens of individual companies. For example, Coca-Cola Enterprises Inc. works in the U.S. (where it manufactures approximately 70% of consumed beverages), and in several Western Europe countries. In 1996, the company acquired concentrates on the 1,6 billion dollars USD. Another major Coca-Cola's bottler is Amatil Ltd., it occupies a similar position in the Asia-Pacific region. In Eastern Europe, the Coca-Cola Hellenic Botling Company works.

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