



The business of peace: Coca-Cola's contribution to stability, growth, and optimism

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Abstract This article reviews the role of a global commercial organization, The Coca-Cola Company, in contributing to national stability in developing markets through a strategic approach to social and economic contribution. The company's initiatives complement the role of policymakers, who are primarily responsible for the safety and prosperity of citizens, often using the Golden Triangle model that aligns government, civil society, and the private sector. Examples are drawn from the empowerment of women and youth; leverage of specialist expertise in water replenishment and in distribution and logistics; the impact of global standards of compliance; and the creation of high-value jobs throughout the expansive value chain. The Coca-Cola system is global in scale but multi-local in its operations, leveraging universal human traits with high relevance in individual markets.

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1. Coca-Cola: Promoting peace internationally

One morning in April of 2013, two delivery trucks simultaneously made their way through the streets of Lahore, Pakistan and Delhi, India, stopping outside a shopping mall in each city. From the back of each truck, a large, unmarked wooden crate was unloaded and workers set to assembling identical

red machines: Standing over six feet tall with an opaque glass front and a dispensing tray at the bottom, the machines sat silently as crowds of curious shoppers started to gather. With a flicker, the black screen of the machine in Lahore illuminated to reveal a live video feed of the scene in the mall in Delhi; at the same time, the machine in India came to life, revealing a view of the Lahore shopping center. A message flashed on the lower part of the machine in Pakistan: "Wave to someone in Delhi," it said. Across in India, viewers saw: "Wave to someone in Lahore." Intrigued, shoppers moved forward. One or two Pakistanis tentatively waved at the

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screen and were rewarded by the image of Indian shoppers doing the same back to them. They edged closer, following further instructions from the machine: “Touch hands.” They reached out and placed a hand on the graphic outline of a palm and five fingers just as someone else did the same, almost three hundred miles away. “Do a dance for someone in Pakistan.” They danced, watching their counterparts animatedly doing the same, mirroring their moves, smiling and laughing. “Share a Coke with someone in Delhi.” All it took was one touch on the iconic image of a can and in Lahore and Delhi, two people were simultaneously delivered a cold, refreshing Coke. They raised their cans and toasted one another, abruptly realizing that, thanks to what became known as Small World Machines, this was likely the very first time they had ever connected in any way with another person from a country that their governments and the chattering classes had identified as their enemies.

In November of 2013, at a border crossing between Israel and the West Bank, a convoy of vans navigated its way through the tortuous process of exiting Israel and entering the Palestinian Territories. The lead van carried precious cargo: the original, unique FIFA World Cup Trophy, awarded to the winner of the quadrennial global soccer tournament. For the first time in history, Palestinians were to enjoy an opportunity to share in the magic of one of the world’s most prestigious sporting events. A roadshow that covered over 150 countries around the world, with all the exhibits and interactive games and hoopla, would bring joy and fun to thousands of ordinary Palestinians for a couple of days. And none of it would have happened without the collaboration and facilitation of the Israelis.

What did any of this have to do with business and peace? It would be hard to find more implacable national foes, but for a few days in Lahore, Delhi, Tel Aviv, and Ramallah, these stories illustrated that business and peace can go hand in hand. Part of the connection, obviously, was The Coca-Cola Company, but the essential ingredients were the universal values of curiosity and shared desires and interests—the *commonality of humanity*—that transcended, even briefly, the dysfunction of separatism and nationalism.

This article seeks to describe some of the ways in which The Coca-Cola Company contributes to the general wellbeing and security of citizens in the more than 200 countries in which it does business. Insofar as peace in a national sense is the remit of government and policymakers, the private sector can and should play only a limited role: In principle and practice, The Coca-Cola Company eschews

political engagement outside of its business interest in the beverage industry. To that end, we will consider the role of the company in the underlying elements of national stability; of economic and social contribution; of employment and individual health; and of the Golden Triangle of government, civil society, and the private sector in harness.

2. CSR initiatives

2.1. Providing jobs

It is important first to understand the business model of the Coca-Cola organization, which is not just international but also truly *multi-local*. The Coca-Cola Company, headquartered in Atlanta, GA, is the marketing engine that produces and sells beverage concentrate to its bottling partners. The bottling partners, in turn, are responsible for production and distribution of finished product, having operations in every country in the world, bar two. Together, the company and its bottling partners make up the Coca-Cola system. The system directly employs more than 750,000 local people worldwide and generates more than half of its revenue internationally. Behind each one of those directly employed associates are another 10 jobs throughout the value chain, creating widespread economic opportunity. Herein lies the first, and perhaps most important, contribution to national stability: Few would argue that the provision of a good job, with fair wages, working conditions, and respect for workers’ rights guaranteed and mandated by universal standards globally, is generally recognized as the essential building block for a growth economy.

2.2. Investing in the youth

Investment in job creation demands a long-term horizon, especially in developing markets. In 2016, The Coca-Cola Company will celebrate 130 years since its foundation, and evidence of its far-reaching vision can be seen in historic investment internationally; for example, in Africa, bottling operations began in Egypt in 1942 and even earlier in South Africa in 1928. The Coca-Cola system continues to invest to this day, with a further \$17 billion committed to Africa between 2010 and 2020. On this continent and in regions like the Middle East and North Africa, including Pakistan, observers note the correlation between large youth populations suffering from high levels of unemployment and social and political disturbance. The creation of opportunity for youth is critical in not only mitigating the disaffection of the present but also in

Table 1. Coca-Cola MENA scholars

- *Hamza Karamti* (Tunisia): Pearl farm business; participated at the 2014 Global Entrepreneurship Summit in Marrakech.
- *Mohammed Elwan* (Egypt): Tourism services including World Sandboarding Championship in 2015.
- *Nihal El Tawal* (Egypt): Opened three restaurants.
- *Ahmad Alnoubani* (Jordan): Created Green Generation Foundation, an environmental NGO.
- *Marwan Al-Badwan* (Jordan): Training rural women to install and maintain solar lanterns.
- *Sarah Zineb Boumoja* (Morocco): Founded Global Premium Events, a marketing services company.
- *Abadallah Al Raggad* (Jordan): Ammerly.com, intermediates architects and construction firms.

insuring a more optimistic future and capitalizing on the business potential.

Two youth-oriented programs in these regions demonstrate how the company is investing in skills training and the promotion of entrepreneurship. The first, and newest, is Youth Empowered for Success (YES!), announced in July 2015. An initial grant of \$4.5M from The Coca-Cola Africa Foundation (TCCAF) will provide life and business skills training as well as access to employment and mentorship for 25,000 young Africans from six countries initially—Kenya, Tunisia, South Africa, Liberia, Nigeria, and Uganda—with the ambition to scale up and replicate the model to reach 500,000 young people by 2020. At the heart of the program is a digital platform that will facilitate access to the YES! curriculum even for those in remote areas with limited or no access to power, Internet, and hardware infrastructure by using solar rechargeable tablets and mobile devices using a homegrown, patent-pending application that operates independently of Internet access.

The second is the Coca-Cola MENA Scholars program, which is entering its fifth year in 2016. It is an example of the Golden Triangle model of private sector, government, and civil society in partnership. The Coca-Cola Company collaborates with the United States Department of State and Indiana University's Kelley School of Business to provide an annual cohort of 100 college-level students with a unique scholarship: Successful candidates selected from universities across the Middle East, North Africa, and near Asia participate in a one-month long, multi-faceted, and immersive residential program at a leading U.S. business school. In addition to refining their entrepreneurship skills, the students develop the tools to create their own business plans in support of their ideas to Make Tomorrow Better in their home countries, learn best American business practices, and build a network of their peers across a region notable for chauvinism and a lack of intra-regional trade. Critically, they are also exposed firsthand to the U.S. State Department and gain an understanding of geopolitical realities outside the lens of partisan media at home. Over the last

four years of the program, 390 of the brightest students from the Muslim world have been selected from Afghanistan, Algeria, Egypt, Jordan, Morocco, Pakistan, the Palestinian Authority areas, and Tunisia. Notably, these have included an increasing number of young women: Traditionally at a cultural and institutional disadvantage compared to their male peers, women made up almost 50% of the 2015 scholarship intake.

These students have gone on to realize the ambitions of the MENA Scholarship program: 73 alumni have started businesses of their own including technology solutions, tourism, outsourcing, marketing, environmentalism, food service, architecture and construction, agriculture, business acceleration, design, and retail. More than two-thirds of the alumni are actively involved in entrepreneurial activity and networking in the region. In addition to the Coca-Cola MENA Scholarships, several students have gone on to secure further grants: eight Fulbright scholarships, three Jefferson scholarships, and other awards from the London School of Economics, University of Bristol, and the British Council (Table 1).

2.3. Preserving water resources

It is right to acknowledge, at this point, that The Coca-Cola Company is by no means alone in leading initiatives in youth education and entrepreneurship, especially in developing markets. Companies like Unilever are also building a justifiably strong reputation in these areas and, collectively, many other large corporations are investing their own resources and foundations' grants to assemble a portfolio of best practices in Corporate Social Responsibility (CSR) that generate scalability, better governance, and more long-term perspective, and inspire others. There is a not-so-secret formula for how The Coca-Cola Company organizes itself in this regard—some at Coca-Cola would argue that the Company does not engage in CSR, at least in the way that CSR is often managed corporately—as an adjunct to the main business with an allocation of a percentage of revenues and profits dedicated to

‘giving back’ (as if something has been taken away and needs to be returned). The Coca-Cola Company is built upon the abiding principles that strong business is dependent on strong communities, and that economic and social contribution to the communities in which it operates is not only the right thing to do but is also the best enabler of business growth. This results, in practice, in the alignment of the Office of Sustainability within Strategy and Business Planning. In an industry that relies heavily upon the responsible use of natural resources, every business decision is a sustainability decision and vice versa. Consider, for example, the role of water in assuring national and personal security. Former UN Secretary General Boutros Boutros-Ghali’s much-repeated pronouncement in 2003 that “water will be more important than oil this century” may no longer be news, but is no less true at a time when oil is both cheap and plentiful and water stress is a continuing challenge across the world. Water is one of the Coca-Cola Sustainability Office’s three priority Ws—Wellbeing and the empowerment of Women being the other two—and in the context of peace and security, water may be the most important. Back in 2007, Muhtar Kent, Chairman and CEO of The Coca-Cola Company, set a publicly announced goal that by 2020 the Coca-Cola system would safely return to nature and communities an amount of water equal to what was used in finished beverages and their production. This 100% replenish commitment would be realized through a combination of improved water usage and recovery at bottling plants and investment in community water projects. In August 2015, Coca-Cola announced that the system had already reached the 94% mark and would meet the full target during 2016, years ahead of schedule. Since 2004, an estimated 153.5 billion liters of water had been replenished through 209 community projects in 61 countries; and in 2014, 126.7 billion liters of water used in manufacturing processes had been returned via wastewater treatment. Water efficiency across the system has improved by 21.4% for the last 12 years to an average of 2.03 liters of water used for every liter of finished product, and at bottling plants in the U.S., Mexico, South Pacific, Western Europe, and Turkey, the usage has been reduced to 1.7 liters or less.

Coca-Cola’s signature community water program is the Replenish Africa Initiative (RAIN). It was launched in 2008 with a goal of improving access to clean water to two million people in Africa by 2015. Thanks to a commitment of \$30M by the Coca-Cola Africa Foundation and the support of more than 140 expert partners, the original target was met on schedule and new goals renewed and expanded to

support safe water access, sanitation, and hygiene to a further four million people by 2020. The combined grant of \$65M will not only benefit six million people directly but will also mitigate the deadly impact of waterborne diseases and the opportunity cost of time spent seeking out fresh water, and will help to realize the economic potential of thousands of small communities.

These examples demonstrate that private sector organizations are often repositories for institutional expertise that can be deployed to support and protect citizens and certain scarce resources and thereby provide some level of security. The Coca-Cola Company’s expertise in water is perhaps to be expected; however, its experience and expertise in other areas is no less valuable and, in some cases, quite surprising.

2.4. Outreach through distribution channels

The ubiquity of Coca-Cola products is legendary: Former Chairman Robert Woodruff’s vision was to put Coca-Cola “within an arm’s reach of desire,” and it has become axiomatic that wherever one may venture in the world, there will be a bottle of Coca-Cola available in the most remote locations.

Project Last Mile was born out of this belief that a solution to the problem of distributing medicine and supplies to remote communities could be solved using the Coca-Cola distribution network. Initial efforts focused on developing packaging for medical supplies that would fit into the bottle crates on their way to regular distribution. While ingenious, the first attempts at efficient delivery were flawed: Routine delivery cycles did not always match the immediate needs of the local communities and in some cases trucks would drop off medical supplies at a depot with no infrastructure in place to complete the distribution to clinics and medical professionals. The successful solution required a fresh look beyond the Coca-Cola system’s routes and trucks alone (although, globally, the Coca-Cola system operates more trucks than FedEx and UPS combined) and toward its expertise in total supply chain management, logistics, and marketing. A pilot program was launched in Tanzania in 2010. By addressing the problem from end to end and focusing on knowledge transfer rather than attempting to execute delivery within the constraints of managing its core business, Coca-Cola and its partners—The Global Fund, The Bill & Melinda Gates Foundation, USAID, and local ministries of health—were able to train local government agencies on how to more efficiently deliver vital drugs, medicines, and medical supplies

themselves; how to better market the availability of these supplies, thus creating demand; and how to maintain coolers to ensure the medicines and vaccines are stored at the correct temperatures. The initial results of the pilot program were extremely positive and distribution of medical supplies in Tanzania was transformed. Local government agencies reorganized and expanded distribution systems and increased the availability of medicines in clinics by 20%–30%. Prior to the training and reorganization, the delivery to approximately 150 warehouse drop-off points was expanded to distribute medical supplies direct to more than 5,500 health facilities around the country. The success in Tanzania resulted in expansion first to Ghana in 2013, and in June 2014 the partners committed to further investment of more than \$21M over five years to expand Project Last Mile to eight additional countries, beginning with Mozambique and, most recently, Nigeria.

2.5. Helping women

While good health and individual wellbeing are necessary components of stable societies, human and workplace rights are equally important. The Coca-Cola Company has acted upon the principle that it is not enough simply to adopt and enforce these rights policies within the company but that suppliers and partners who intend to do business with the company must also commit, in writing, to the same standards. These policies are universal, uniform, and applied equally in every country with the same commitment, for example, as the zero-tolerance adherence to the U.S. Foreign Corrupt Practices Act (FCPA) and UK Bribery Act. Local customs notwithstanding, there is no room for equivocation: Compliance is not only a legal requirement but also has the positive effect of an elevation of standards with a reduction of corruption in business and improvement in the fortunes of women and minorities. Simply entering a country and establishing operations can result in subtle but influential impact upon local business practice. In 2014, following the company's re-entry into Myanmar the previous year, a third party research firm was commissioned to conduct a study on the presence of children working in 'tea shops' in the country. These tea shops are small cafés that may serve Coca-Cola products. The study was designed to first understand if there was a problem with child labor issues; then to determine the scope and scale of any such issues; and with that, to help local management to comply with the global rights policies as they contracted with more tea shops to carry Coca-Cola products. This work supplemented the two Responsible Investment in Myanmar

reports filed with the U.S. State Department, which transparently addressed human rights issues and the company's mitigation efforts in Myanmar.

There is a difference, of course, between legally required practice and the positions a business chooses to adopt voluntarily on sexual discrimination, gender equality, and so on, but Chairman Muhtar Kent has remarked that, when the question is the role of women and their rights, it's more than a legal requirement and ethical choice; it's also a good business decision. As he says:

Over 70% of consumer purchasing decisions on Coca-Cola products are made by women and women are two times more likely than men to do the majority of household grocery shopping, therefore it is imperative that our business reflects our consumer base.

The company not only reflects the consumer base in its hiring policies, with 40% growth in the number of women holding senior roles in the last seven years, but also actively promotes the creation of opportunity for women outside the system. As Kent further noted at the 2013 Women in the World Summit: "Each time you create a woman entrepreneur, the community gets stronger. . .and as a result of stronger communities, you have a stronger business." For this reason Kent has championed the development of the Coca-Cola 5by20 program which promises to create economic empowerment for five million women by 2020 throughout the entire Coca-Cola value chain of producers, distributors, recyclers, suppliers, retailers, and artisans. A typical example of the model offers women access to business skills training courses, financial services, and connections with peers or mentors together with the provision of a business starter kit—three cases of product, a table, a cooler, and an umbrella. Equipped with these essentials, the women are able to establish a microbusiness and expand at their own pace. While not every business follows the same trajectory, there are numerous success stories of women who have grown their business from a single point of sale to a café or chain that employs others, creating new jobs and opportunity. The program has been recognized as the Best Global Initiative for Women's Economic Empowerment at the Women in Leadership Economic Forum in 2013 and has now empowered over 950,000 women in 44 countries. Apart from the vision of Coca-Cola in developing the infrastructure and support for the women in the program, it is successful because of the ambition and discipline of the women themselves. Research and empirical evidence shows that women are generally more prudent with their earnings; they make positive choices to reinvest into their businesses and

Table 2. Coletivo facts

- Coletivo models drive 550 programs across Brazil, directly impacting more than 100,000 people.
- *Coletivo Retail*, *Coletivo Events*, and *Coletivo Logistics* currently operate 125 programs in 52 cities in Brazil. These models have trained more than 80,000 youth between the ages of 15 and 25.
- Coletivo is a Golden Triangle partnership with support of municipal governments and over 500 NGOs and recycling cooperatives hosting classroom space, assisting in recruitment, and supporting operations.
- *Coletivo Recycling* supports 10,000 members in 22 states in Brazil.

to use profits for education of their children and to support their families.

2.6. The Coletivo program

In Brazil, the Coletivo program is another example of the Golden Triangle model, employing many elements of the 5by20 initiative described above but on a broader scale. Coletivo is a transformational platform to strengthen local communities and build small local businesses based on a proprietary approach to community engagement, life skills education, and access to economic opportunity. Beginning with Coletivo Retail in 2009, the platform was designed to equip young people and women throughout the country with the technical and life skills required to access employment. Thanks to a \$16M investment partnership between The Coca-Cola Company and the Inter-American Development Bank, Coletivo has now expanded to include seven models across the system's value chain in Brazil and three other Latin American countries, tackling some of society's greatest challenges and reinforcing social stability. While the model includes distinct employment-based training, all Coletivo programs emphasize life skills and self-confidence to equip participants to build their own futures. Employment partnership alliances with more than 300 other companies have helped program participants, of which 70% are women, to achieve an almost 40% job placement rate upon graduating. These employment alliances include many of the Coca-Cola system's customers such as McDonald's, Subway, and others; Microsoft is also a formal Coletivo partner, providing in-kind software licensing and technical support (Table 2).

One notable element in Coletivo's success is the linkage between programs and the potential for end-to-end solutions underpinned by the common training programs, evident in the chain of Coletivo Recycling, Coletivo Arts, and Coletivo Retail, where scrap becomes art which is sold for profit. The Recycling Model creates viable economic opportunities for those who would otherwise be unorganized, individual trash-pickers: Coletivo assists the development of cooperatives and incubates the transition to self-sustaining businesses by providing

investment in materials, infrastructure, and life skills training. Coletivo Recycling is active in 330 communities across 22 states in Brazil, and has 10,000 cooperative members whose incomes have increased by 17% since 2002 thanks to the program's tools, guides, and investment. In addition to increased productivity and economic empowerment, the Coletivo program raises the self-esteem of the participants due to the increase in financial autonomy and better work conditions, and instills a sense of dignity and honor previously unassociated with the profession.

Recycling, especially of reclaimed beverage containers, offers a ready source of raw materials for the participants in the Coletivo Arts course, in which training is given to groups of artisans to improve design skills and the manufacture of a range of handcrafted items. Management training also is provided so students can build businesses as well as access to markets to sell their products. The market for authentic handcrafted materials continues to grow year on year and Coletivo Arts participants have realized a 50% increase in family income since 2011. In many ways the Coletivo program is the embodiment and validation of Coca-Cola's business strategy: strengthening communities by creating opportunity for under-served constituencies, addressing environmental challenges critical to its business (reaching a goal of 75% recovery rate of bottles and cans in developed markets), and creating economic activity that will allow the core business to grow.

3. Conclusion

To conclude, the role of the private sector as a contributor to global peace and security must be examined both at the local level in its practices and, in the case of multinational organizations, through the lens of globally implemented policies. The Coca-Cola system is well-positioned to exert a positive influence everywhere it operates in over 200 countries. The anchor strategy of cementing the bond between strong business and strong communities is not only fundamental to Coca-Cola's business success, but this principle also supports the assumption

that true security—and peace—grows from the compact between government's wise policies and citizens' sense of opportunity, optimism, and freedom from threat. The Golden Triangle model, which aligns the interests and intentions of governments, civil society, and the private sector, is the preferred and much-repeated approach adopted by Coca-Cola in its social contributions particularly; but, as has been noted, the Golden Triangle model also creates economic opportunity (Coletivo). The integration of specialist expertise from the private sector (e.g., Project Last Mile) encourages best-in-class solutions, the adoption of real-world metrics, and responsible evaluation of ROI. The model is highly effective when it works from within a community—and the benefit to each partner, and the ultimate beneficiaries, is clear. That is not to say that global programs such as Special Olympics (of which Coca-Cola was a Founding Partner back in 1968) cannot be equally effective provided that the needs of the local stakeholders—particularly beneficiaries and government—are not subordinated to the rigid nature of the program.

Any enlightened businesses can adopt these principles, contribute to improvement in the lives of their constituents, and be a force for good. Large,

experienced, multi-national (and multi-local) organizations may achieve even more if, like The Coca-Cola Company, they are able to capitalize upon the added advantages of a wide geographic footprint, the ability to scale, and marketing skills that reflect a deep understanding of real human needs, desires, and behavior. Reflecting again on the story of the Small World Machines, it seems only natural that it was Coca-Cola with the insight to recognize the latent commonality amongst ordinary Indians and Pakistanis, the resources to be able to create the connection, and the marketing expertise to tell the story. Even if Small World Machines and soccer trophies alone are not enough to resolve the differences between countries and forestall further conflict, at least there is the comfort of knowing that there is some hope; that there are perhaps more similarities between Indians and Pakistanis, Palestinians and Israelis than might ever have been imagined; that young students from the least cross-border trade-friendly region now see opportunities beyond their borders; and that it took a large business with strong local roots and connections all over the world to break down barriers, create opportunity, and lay a path to greater security—and peace.