Implementation, Strategic Controls, and Contingency Plans

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**Implementation Plan**

According to Hodgetts, Luthans, and Doh (2005), strategic management involves the process of determining the company’s basic mission and long-term objectives, and implementing a plan to achieve the mission and objectives. For companies like Coca-Cola that have gone international, this strategic plan has added dimensions to the process (Hodgetts et al., 2005). The formation and implementation of a strategic plan is a critical step in the global marketplace in order to stay effective and to incorporate the ever changing needs and preferences of customers (Hodgetts et al., 2005). The four common approaches to formulating and implementing a strategy are focusing on the economic imperative, addressing any political imperatives, focusing on quality imperatives, and implementing the administrative coordination strategy (Hodgetts et al., 2005).

**Economic Imperative**

For example, Coca-Cola’s worldwide strategy is based on differentiation. Hariharan (2013) reveals that Coca-Cola had established its trademark in 1886 and has become the largest manufacturer of non-alcoholic beverage company in the world. Coca-Cola uses the concentric diversification strategy to introduce new products, such as acquires new firms in order to introduce different but new products that relate to its own product line. For example, Coca-Cola acquired Glaceau, which was the maker of vitamin water. This strategy helps Coca-Cola to maintain its global dominance while expanding its product portfolio. If the soft drink market declines somewhat over the years as it did in 2006, Coca-Cola’s new products in bottled water and other non-carbonated drinks may steadily increase, again helping Coca-Cola to maintain its dominance over the market (Baah, 2015).}

**Political Imperative**

The political imperative approach is designed to protect the local market niches. When Coca-Cola, for example, returned to India in 1993, it bought the local Indian bottler of Thums Up, instead of pushing Thums Up, Coca-Cola put it on the back burner and pushed their own products (Hodgetts et al., 2005). Unfortunately, the local customers were not interested in Coca-Cola’s other products; they wanted to buy Thums Up. Coca-Cola had to relent and started offering Thums Up, which is now the firm’s biggest and fastest growth brand in India (Hodgetts et al., 2005). See more in chapter 8 by Hodgetts, R, Luthans, F. & Doh, J. (2005).

**Quality Imperative**

This approach involves the change of attitudes and expectations of service quality and the implementation of management practices designed to make quality improvement an ongoing process (Hodgetts et al., 2005). Product leadership involves a strategy where the focus is on the quality of the product and developing new innovative products. This process is known as the total quality management (TQM) where the quality strategy is formulated at the top management level (Hodgetts et al., 2005). The quality is operationalized by the company meeting or exceeding the customers’ expectations in products and service (Hodgetts et al., 2005). The techniques used in the TQM involve traditional inspections and statistical quality control using cutting-edge human resource management techniques.

[For example, Coca-Cola manages Strategic Business Units (SBU) in local environments all over the world, which effectively meet the needs and requirements for diverse countries. This allows Coca-Cola to distinguish tastes, lifestyles, income and various consumption patterns from region to region (Uzice, 2012). Effective because Coca-Cola can price, distribute and innovate their products that best fits the needs and circumstances of the global market and promoting the brand through local campaigns using consumers’ native languages (Uzice, 2012). On the local level, SBU’s are divided sub-divided into divisions, which aid in structuring and spreading other departments and production plants around varied regions. A local level of management, where a president overlooks and represents the entire company, allow for Coca-Cola to run more efficiently and enhancing the satisfaction of its customer (Uzice, 2012).]

**Administrative Coordination**

The administrative coordination approach involves the formulation and implementation that is based on individual situation rather than on the economic and political strategies (Hodgetts et al., 2005). The administrative coordination approach gives the company the ability to make a rapid and flexible decision when needed to close a sale (Hodgetts et al., 2005). For example, Coca-Cola soon realized in India how important it was to adapt to the local tastes in order to achieve its objective of growth in that country. While the products that Coca-Cola provided in North America have done extremely well, the Indian customers preferred a different taste. To make the sale, Coca-Cola had to change its strategy and begin selling Thums Up. For Coca-Cola to be successful in all markets and continue its growth globally, it may need to combine the economic, political, quality, and administration approaches to its strategy planning depending on where the market is located.

**Objectives**

Coca-Cola’s main objectives are to be a globally known company that conducts its business responsibly and ethically, as well as accelerate sustainable growth to operate long-term (Coca-Cola, 2015). The Company wants to maximize share owner value over time, maximize long-time cash flow, and ensure it has the strongest and most efficient production, distribution, and marketing systems possible (The Coca-Cola Company, 2015). The Company is also focused on strengthening and satisfying the needs of more customers with different preferences by developing new eye-catching and “Functional” products (Lyle, 2010).

**Functional Tactics**

The functional tactics of the implementation strategies involves the areas of marketing, production, and finance (Hodgetts et al., 2005). The marketing functional tactics must be determined on a country-by-country basis and are based heavily on the market analysis. This strategy involves the four P’s of marketing: product, price, promotion, and place.

The production tactics involves exporting products or developing production plants in other countries. Coca-Cola accomplishes this task by developing bottling partners in others countries, as well as partnerships with convenience stores, grocery stores, movie theaters, and street vendors to create and use localized strategies developed with the company (Coca-Cola, 2015).

The finance tactics involve finance implementation strategies for some companies that are developed at the home office and involve the company buying currency options (for a price) guarantee convertibility at a specified rate (Hodgetts et al., 2005). Others develop countertrade strategies where they receive products in exchange for currency (Hodgetts et al., 2005). Coca-Cola, for example, uses funding strategies that target specific investor segments through diversification of tenor and currency, although the euro is the most important funding currency for Coca-Cola (Coca-Cola, 2015). The Company focuses on the unpredictability of financial markets and strives to minimize these risks by using derivative products like forwards, options, caps, and collars for the purpose of hedging underlying exposures to foreign currency exchange rate risk and interest rate risk (Coca-Cola, 2015).

**Action Items**

One of Coca-Cola’s action items is to streamline and simplify its operating model in order to speed up decision making and enhance the local market focus (The Coca-Cola Company, 2014). This will help to empower employees and link line-of-sight accountability to business results (The Coca-Cola Company, 2014). Another action items is to expand its current successful productivity program by targeting the annualized savings of $3 billion per year by 2019, which will focus on four key areas (The Coca-Cola Company, 2014). The first area is in restructuring the Company’s global supply chain, including its manufacturing in North America (The Coca-Cola Company, 2014). The other three areas involve the implementation of zero-based budgeting across the organization, streaming and simplifying its operating model, and driving increased discipline and efficiency in direct marketing investments (The Coca-Cola Company, 2014). The Company expects these steps will help fund the marketing initiatives and innovation required to deliver sustainable net revenue growth, and support margin expansion and increased returns on invested capital over time (The Coca-Cola Company, 2014).

Coca-Cola is also refocusing on its core business model of developing the world’s greatest beverage brands and leading an unmatched global system with strong local bottling partners (The Coca-Cola Company, 2014). This may require the Company to refranchise the majority of company-owned North American bottling territories by the end of 2017, and a substantial portion of the remaining territories no later than 2020 (The Coca-Cola Company, 2014).

Other key action items involve strategically targeting brand and growth investments in order to leverage its global strengths, and focusing on driving revenue and profit growth across markets (The Coca-Cola Company, 2014). These action items will provide plans to improve the quantity and quality of marketing by prioritizing spending in markets where Coca-Cola has the right price/package architecture and execution capabilities in place, while adding revenue growth (The Coca-Cola Company, 2014).

**Milestones and a Deadline**

Since its early beginning in Athens, Greece in 1969 where Coca-Cola granted the Hellenic Bottling Company bottling rights, Coca-Cola has achieved many milestones through the acquisitions of different bottling companies throughout the world. For example, in 1998 Coca-Cola Amatil Limited, as Australian-based bottler, de-merged its European operations to form the Coca-Cola Beverages Ltd (Coca-Cola, 2015). The new company’s territories now covered Austria, Switzerland, Croatia, the Czech Republic, Hungary, Poland, Slovakia, Slovenia, Belarus, Bosnia and Herzegovina, Ukraine, and a part of Romania. Coca-Cola Beverages also acquired the Northern and Central Italian bottling operations, which resulting in the Company has bottling operations in 13 countries with a total population of 200 million people (Coca-Cola, 2015). As of 2000, Hellenic Bottling Company acquired Coca-Cola Beverages, renamed the Coca-Cola Hellenic Bottling Company S.A., and resulting in becoming the second largest bottler of The Coca-Cola’s products company in the world (Coca-Cola, 2015). Since then, Coca-Cola has continued to growth, making important acquisitions, and as of 2014 has been included in the Dow Jones Sustainability Indexes, and for the first time in both the World and European indices (Coca-Cola, 2015).

In 2011, Coca-Cola reached another important milestone where its wants to create a more sustainable tomorrow, and lead the food and beverage industry toward the same goal (Coca-Cola Enterprises, 2011). Although Coca-Cola has already made solid progress towards reducing its environmental impact, Coca-Cola is looking ways to make changes at every stage of its value chain operation, from how its sources ingredients to what happens after the drink is enjoyed (Coca-Cola Enterprises, 2011). Coca-Cola has committed its company to reducing the carbon footprint of drinks by 35% and the carbon footprint of the core business by 15% by the year 2020 (Coca-Cola Enterprises, 2011). The Company is also committed to reducing the amount of material it uses for packaging by 25% and ensuring all cans and bottled are 100% recyclable by 2020, as well as reducing water usage by manufacturing every liter of product using an average of 1.2 liters of water (Coca-Cola Enterprises, 2011).

**Tasks and Task Ownership**

The ownership belongs to the Company, as well asevery employee and partner they have. Owning a task means that the employees and partners are responsible for their work. Coca-Cola seeks to get empower all their employees and partners to share in the commitments for a better and more sustainable company in the future.

**Resource Allocation**

Resource allocation is the assignment of available resources to various uses. Coca-Cola has given the authority to its managers to use the resources of the company where ever and whenever they are needed (The Coca-Cola Company, 2012). The only requirement is that the managers get the approval from those department managers where the asset belongs (The Coca-Cola Company, 2012). These resources can include capital, labor, machinery, or anything else (The Coca-Cola Company, 2012).

**Any required organizational change management strategies that would enhance successful implementation**

As mentioned above, Coca-Cola needs to make all employees and partners aware of the task ownership policy. This step empowers the employees and partners and helps them to take ownership of each project and task they are responsible for.

**Risk management plan, including contingency plans for identified risks**

The risk management plan can prevent many potential risks from ever happening by providing employee training, requiring background checks, safety checks, equipment maintenance, and maintenance of the physical premises. A risk manager should be appointed in each department and a risk management team formed with members assigned to specific tasks, along with the requirement that the team members report to the risk manager. However, since the supply chain business, and especially Coca-Cola, is complex and encompass several countries and business partners, in addition to preventive risk management, it is most imperative for Coca-Cola to establish disruption management capabilities (Chen, Defee, Gibson, & Hanna, 2014). These supply chain disruptions involve events like natural disasters, cataclysmic weather, labor strikes, supplier failures, and many more actions that can negatively affect the flow of goods and make the company vulnerable to financial, reputational, and relational damages (Chen et al., 2014). Coca-Cola, along with their different partners across the global, can collaborate on security and safety issues, build redundancies into their supply chains, and invest in people through cross-training. For all the known risks identifies by the teams, Coca-Cola and its partners can design resilient supply chains that are flexible enough to bounce back quickly from major events (Chen et al., 2014). For any common or unlikely risks, Coca-Cola and its partners must have a contingency plan in place that they have tested to ensure it will work. This plan may have things like a list of secondary suppliers to reduce risks of inventory shortages, or the ability to leverage inventory as a shared resource, using distributed order management technology to fill orders (Chen et al., 2014).

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