

Creating an effective organisational structure: A Coca-Cola Great Britain case study

Introduction

- The Coca-Cola Company is truly global, and its main product is recognised and consumed worldwide. The Company organises and structures itself in a way that reflects that fact. At the same time, the Company looks to meet the particular needs of regional markets sensitively and its structure also needs to reflect that fact.
- This Case Study illustrates the way in which the Company has built an organisational structure that is robust and yet also flexible enough to meet these particular requirements
- Read more: <http://businesscasestudies.co.uk/coca-cola-great-britain/creating-an-effective-organisational-structure/introduction.html#ixzz2PVwdgLwX>
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A global and local strategy

The Coca-Cola Company is the world's largest beverage company and is the leading producer and marketer of soft drinks. The Company markets four of the world's top five soft drinks brands: *Coca-Cola, Diet Coke, Fanta and Sprite.*

The success of The Coca-Cola Company revolves around five main factors:

- A unique and recognised brand - *Coca-Cola* is among the most recognised trade marks around the globe
- Quality - consistently offering consumers products of the highest quality
- Marketing - delivering creative and innovative marketing programmes worldwide
- Global availability - *Coca-Cola* products are bottled and distributed worldwide
- Ongoing innovation - continually providing consumers with new product offerings e.g. *Diet Coke* (1982), *Coca-Cola* Vanilla (2002).



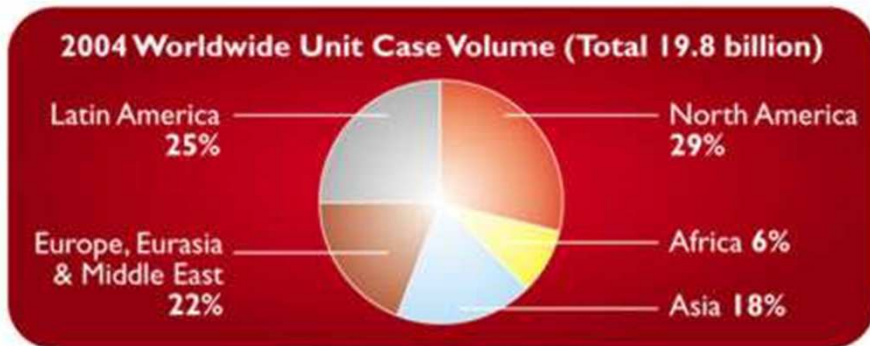


**The challenge facing
The *Coca-Cola* Company today is
therefore to continue to build an organisational
structure that will deliver
a global and local strategy.**



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Worldwide Annual Per capita Consumption of Company Products:75
Average number of servings consumed per person, per year



Geographic operating groups as of December 31, 2004

The illustration shows the worldwide distribution of sales of *Coca-Cola* products by quantity in 2003. Although *Coca-Cola* is a global product with universal appeal, the Company actually operates in local environments around the world, with each country having its own unique needs and requirements.



The relationship between strategy and structure



six strategic priorities into every aspect of its business:

- Accelerate carbonated soft drinks growth, led by *Coca-Cola*
- Broaden the family of products, wherever appropriate e.g. bottled water, tea, coffee, juices, energy drinks
- Grow system profitability & capability together with the bottlers
- Creatively serve customers (e.g. retailers) to build their businesses
- Invest intelligently in market growth
- Drive efficiency & cost effectiveness by using technology and large scale production to control costs enabling our people to achieve extraordinary results everyday.



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- **Organisational structures need to be designed to meet aims. They involve combining flexibility of decision making, and the sharing of best ideas across the organisation, with appropriate levels of management and control from the centre.**
- **Modern organisations like The Coca-Cola Company, have built flexible structures which, wherever possible, encourage teamwork. For example, at Coca-Cola Great Britain any new product development (e.g. *Coca-Cola Vanilla*) brings together teams of employees with different specialisms.**
- **At such team meetings, marketing specialists clarify the results of their market research and testing, food technologists describe what changes to a product are feasible, financial experts report on the cost implications of change.**



The corporate segment -Head Office



The Coca-Cola Company has a corporate (Head Office) segment that is responsible for giving the Company an overall direction and providing support to the regional structure.



Regional Structure

As a company whose success rests on its ability to connect with local consumers, it makes sense for The Coca-Cola Company to be organised into a regional structure which combines centralisation and localisation. The Company operates six geographic operating segments - also called Strategic Business Units (SBUs) - as well as the corporate (Head Office) segment.



A regional Strategic Business Units (SBUs)



This geographical structure recognises that:

- **markets are geographically separated**
- **tastes and lifestyles vary from area to area. As do incomes and consumption patterns**
- **markets are at different stages of development.**



At a more local level...

The management structure for Great Britain:



elements of centralisation
and decentralisation:
a matrix structure for each function



Region specific responsibilities/ decision making



various SBUs are responsible for region-specific market research, and for developing local advertising, e.g. using the languages of the countries in which The Coca-Cola Company operates. A major region like Great Britain has its own marketing structure



Product support

- owns or licences nearly 400 brands in non-alcoholic beverages serving consumers in
- over 200 countries.

An essential part of the organisation's structure therefore focuses on ensuring that individual products are given the best possible support in regional markets.

Within the Company, different teams concentrate on particular products and use their specialist knowledge of the brands and consumer needs to support the sales and promotional effort.

In some cases a product is developed solely for local consumption and an example of this is the product Lilt, which is only available in Great Britain and Ireland.

Examples of other products available in Great Britain include:

- Carbonated soft drinks- *Coca-Cola, Fanta, Sprite*
- Juice & juice drinks- *Schweppes' Tomato Juice Cocktail, Oasis, Five Alive*
- Waters- *Malvern*
- Energy drinks- *Burn*
- Sports drinks- *Powerade*
- Squashes/cordials- *Kia-Ora, Rose's Lime Cordial.*



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Structure and culture (1/2)

Structuring an organisation is not only about organising internal relationships, it also involves external ones.

The Coca-Cola Company has built well-structured relationships with a range of external groups including bottling partners.

The relationship The Coca-Cola Company has with its bottlers worldwide is a key source of strength.

The Company works together with them to ensure that concentrates and syrups are made into finished beverages that are produced and distributed to consumers around the globe with unmatched quality and service.



Structure and culture (2/2)

Important aspects of culture: emphasis on teamwork, and empowerment.

Motivated employees provide the engine that drives the Company's growth.

Organising people into teams (e.g. marketing, sales or product teams) encourages people to feel valued. Within a team they are encouraged to contribute ideas and to be innovative. If they feel that something could be done better they are encouraged to voice that opinion.

By creating a friendly, innovative culture, Coca-Cola Great Britain is able to depend on a high quality workforce that helps it to maintain brand leadership in Great Britain and in every other market in which it operates.

Trust is at the heart of every relationship, whether it be:

- customers' and consumers' trust that the Company will provide the highest level of service and attention to their needs
- bottling partners' trust that the Company is operating in the best interests of the Coca-Cola system
- employees' trust that their contribution is being valued in an open culture.



Culture based on relationships

Open communication channels provide the means to support a culture based on relationships.

***Coca-Cola* has a number of communication channels, including:**

- **monthly leadership team meeting (involving function heads)**
- **weekly department team meetings**
- **monthly employee team briefing sessions**
- **consultative employee groups for each region (with representatives meeting in a European Council)**
- **surveys to monitor employee views and feelings.**

