Pop

Constance L Hays

Chapter One
The Road to Rome

ON A BRIGHT FALL morning in 1994, Doug Ivester, the recently anointed president of the Coca-Cola Company, was driving himself to Rome, Georgia, spinning north along the interstate, the steel-and-glass towers of Atlanta receding behind him as the landscape became an uneven blanket of pines.

Ivester had his day all planned out. Like plenty of Coke executives before him, he had a certain fixation with Hollywood – the glitter, the lights, the adjustable distance between image and reality. And now he was going to star in his own short film, which he had already named The Road to Rome.

He had borrowed a sport-utility vehicle and hired a camera crew. Husky and hawk-nosed, he had dressed down for the occasion in a V-neck sweater and left his usual silk necktie at home. He aimed the boxy car toward Rome, pulling over every so often at all kinds of places to ask whether they served Coca-Cola.

It became an exercise in frustration, if you happened to be the second-highest-ranking executive at the company that owned the Coca-Cola brand. The cameras trailed Ivester at every stop, recording the scene at a karate studio where the flustered owner apologetically explained before the inquiring lens that he didn't sell Coke, and at the Kennesaw Mountain tourist attraction, where there was no Coke, either. In his reedy North Georgia twang, Ivester kept asking everyone in his path the same apparently simple question: What if people coming to these places wanted a Coke? What if they finished training for their black belt, looked around for a way to quench their thirst, and realized there was no place nearby to get their hands on a Coke?

There was only one right answer in the script that he had dictated: They'd be disappointed. So would hundreds, no, millions Pop (B) pages 4/11/04 10:36 Page 1 of other people across the globe, in all of the other places where Coke still wasn't for sale in every possible nook that it could be sold. The message of the film – that even right in its own backyard, a place presumably already saturated with Coke, the Coca-Cola Company still had plenty of room to grow – was an ongoing theme inside the company. And Ivester was going to make sure Coke got every last bit of that growth.

There would be no Oscars for The Road to Rome, which was completed on a modest budget that year and screened before limited audiences – Wall Street analysts mostly, and here and there a Coke bottler. But it was remarkable nevertheless, articulating something beyond the typical corporate statement of purpose. It was a graphic guide to the mentality of the Coca-Cola Company and the mind of the man who now occupied its second-highest position: a man who believed fervently and unremittingly in the supremacy of Coca-Cola.

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That the drink was more than a century old and was still not being sold absolutely everywhere hounded Ivester. People close to him claimed that he could not sleep at night if he knew that a store somewhere in the depths of the nation, any nation, was not selling Coca-Cola. Maybe it was the pizza parlor in Omaha that Warren Buffett, the legendary investor and Coke director, visited one day with his grandson, only to report back that it served nothing but Pepsi. Ivester made it his personal project to get the Pepsi out and the Coca-Cola in; within weeks, he had made the change. Maybe it was a country like Vietnam, where for years American business had been prohibited. Awaiting the day the embargo might end, Ivester had a plane loaded with Cokes and signs and other equipment intended to capture the new market. In 1994, a few hours after the State Department gave American companies the green light to invest again in Vietnam, the Coke plane took off. It was on a mission to restore the business that politics had inconveniently halted almost twenty years earlier.

Like many of the people at his company, Ivester had a relentless faith in the drink's appeal for people of all ages, races, cultures, and economic profiles. To him, if Coke was on the shelf, or in the vending machine, or in the dispenser down at the 7-Eleven, then that's what people would buy. But still, even in tried-and-true Coke country, like the hills of Georgia – the part of America where Ivester himself grew up – there were plenty of places that didn't stock it. And the key to filling in all those holes, to completing the program put forth by legions of Coke men culminating with Ivester, was to seal the gaps between the Coca-Cola Company and its historically feisty and independent bottling system.

The Coca-Cola Company was 108 years old on the morning that Ivester set off for Rome, and it was already the biggest softdrink company in the world. Nineteen ninety-four was its greatest year yet. People drank Coca-Cola morning, noon, and night in the United States, where Coke had gotten started. In many places Coca-Cola stood in for coffee as the way people began their day. It had replaced milk and fruit juice in many lunchboxes, even in baby bottles in some places, if everything you heard was true. Ivester liked to predict that one day, along with red wine and water goblets, a formal table setting would have to include a broadshouldered Coca-Cola glass.

That was just one of Ivester's goals. And he usually got what he wanted. Over the previous decade, he had transformed Coke from a nodding institution into a sleek and ultra-competitive global champion, envied and imitated by dozens of other American companies. Along with two colleagues, Roberto Goizueta and Donald Keough, he had created a monolith that tapped skillfully into emerging markets and pumped unexpected growth out of old ones. They had turned a well-known brand-name soda into a money machine, an ice-veined fountain jingling with cash. As Ivester drove along the road to Rome, Coca-Cola was the bestknown product in the world. The company was selling Coke at the rate of 850 million eight-ounce bottles a day, or 310 billion bottles a year. Stacked one on top of another, a year's worth of global Coke sales would create a tower reaching nearly all the way to Mars. Fourteen months of sales would get you all the way there.

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But that was not enough for Ivester.

Like Goizueta, he wanted the consumption of Coke to keep on growing. Now that Keough had retired, it was just the two of them, and they aggressively promoted the company's prospects, touting the opportunities to sell ever more Coca-Cola worldwide before an impressed Wall Street. The Coca-Cola Company was all about growth, the men of Coke insisted. With close to a billion servings sold every day, they believed that the company had only just begun to make its mark in the world. Two billion servings were just around the corner.

They made these kinds of promises publicly, and they programmed their company to fulfill them. They had kept those promises again and again over the previous thirteen years, posting spectacular gains in sales and in earnings, beating not just the competition but most of the rest of industrial America, as well. Ivester's movie was really just another reminder, in case anyone needed reminding, not to underestimate Coke.

So complete was their obsession that these men were tormented by the way Coca-Cola remained a distant also-ran to other beverages in many parts of the globe. It was not just a matter of vanquishing Pepsi-Cola; it was also about beating back drinks like coffee, tea, milk, and water. In fly-blown, malnourished parts of Asia and Africa, people still – inexplicably, if you asked Ivester – preferred tea or juice to Coca-Cola. In France, people might buy three kinds of bottled water in their supermarkets – and, incredibly, pass up the red cans of Coca-Cola. If Coke could capture those markets, persuading consumers to drink cola instead, then the brand would grow even more. That was what Ivester and Goizueta wanted. That was what their planning was all about.

They wanted Coca-Cola everywhere. In refrigerated cases in convenience stores, out on the street in barrels packed with ice, in vending machines in school hallways, in the basements and pantries of people's houses, and on tap at restaurants, ball parks, movie theaters, hotels, cruise ships, and all the other places where people spend their time. When a person drove into a gas station, they wanted him to think Coke first. When somebody stood in a movie line and had to choose something to drink during the 7:15 show, they wanted it to be Coke. They wanted Coke to be available every time somebody felt a stab of thirst. And, whenever possible, they wanted it to be the only beverage on the shelf.

To the two men who held the top jobs at Coke in 1994, this was not some eccentric, highly personal approach to commerce. It was the cornerstone of their business plan. They told people like Warren Buffett about it, and he applauded them, despite the risks. 'In given countries at given times there will be hiccups,' Buffett would say. 'But that doesn't take your eye off where you want to be ten or fifteen years from now, which is to have everybody drink nothing but Coke.' They had made their promises to people like him. They were going to make them come true.

Year by year, Ivester and Goizueta invested a lot in the outcome. For the more Coke people consumed, the more money would flow into the Coca-Cola Company, which produced the concentrate – a dark, sticky, undrinkable ooze – that became the soda.

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More money meant greater profits, which would lift the stock price, making all the people who had invested in it – the grannies in Atlanta; the great capitalists in New York, Los Angeles, and Omaha; and, not least, the grand executives of Coke, their accounts bulging with stock options, restricted stock, and ordinary stock – wealthier with every day that went by.

To Ivester, careful planning was critical to making sure that happened. He saw potential in microscopic terms. He started with his employees, all 29,000 of them around the world. It was the duty and the obligation of every person associated with Coca-Cola, he asserted, to remember the Coca-Cola Company's mission and to do everything within his or her power to turn possibility into fact. He stocked the public areas in Coke's headquarters with monitors that displayed the stock price from the moment the market opened. He became notorious for walking around foreign markets, demanding to know why some tiny Chinese grocery store didn't have Coke on the shelves, or peering into the trash cans on the banks of the Nile to find out what people were drinking – how much Coke, and how much of everything else. He could be standing under a cloudless sky in the middle of a shantytown in South Africa, where desperately poor people nestled beside garbage heaps crawling with flies and vermin, and he would see, in addition to the problems, another great place to sell Coca-Cola. Reaching into the trunk of his limousine, he would produce a case of Coke and press it upon a local merchant, insisting that if the man could make a living selling ice cream or peanuts or dried squid or whatever he already had in his cart, he could do better with Coke.

By the time Ivester became Coke's president, the company was producing the concentrate for many other kinds of beverages – grape drink, orange juice, canned coffee, green tea – but to Ivester and Goizueta, center stage belonged to Coca-Cola. Part of the attitude was historic; this was, after all, the soft drink that had given rise to the company in the first place. Much of it was financial: The margins on Coca-Cola concentrate, which cost pennies a gallon to make, were the most enormous of all. For people who thought strictly in terms of numbers, Coke was it.

Robert Woodruff, the most legendary Coca-Cola executive of all, had preached putting Coke 'within an arm's reach of desire'; Ivester took that further, endorsing concepts like 'a 360-degree landscape of Coke', where Coke ads, products, and vending machines would assert themselves everywhere a person looked, making you buy a Coke even if you hadn't known that's what you wanted. He exhorted everyone in the company to remember that they were personally responsible for 'increasing shareholder value', which meant always selling more and more Coca-Cola. His directive included the basic administrative level, like secretaries and security guards. It fanned upward through the great superstructure of jobs and responsibilities, tapering to the corner office where he, Ivester, expected one day to sit. In case people forgot, there were reminders everywhere: the stock price beaming from the elevator lobby, and the admonitions, mild and severe, delivered to people who dared drink a beverage made by some other company or take their jobs less than totally seriously. It was supposed to be not one drink among many, but only Coca-Cola.

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Ivester epitomized the strict focus on Coke that he wanted to see across the ranks. He could cite the company's stock price at any given moment (he checked it constantly) and remembered when Coke first sold a million cases a year in Shanghai (1926). He leaned on Coke's customers – restaurants, vending-machine owners, airlines, supermarkets, hotels – to do more to sell Coke. He urged bottlers to take on more equipment and more accounts and to invest heavily in their businesses, again to sell more Coke. And he didn't like to take no for an answer.

He had made bottlers a critical element in his campaign, as they had been for most of Coca-Cola's history. The company made only soft-drink concentrate, sold as a dry powder or as a syrup. Both had to be transformed, with bubble-filled water and user-friendly packaging, into something that would fit into a consumer's hand and taste good going down. That was the bottlers' job. For generations, the bottlers had defined how they would get that done, and they prospered according to how well they performed.

But Ivester had come up with a better idea. He relaxed a little thinking about it, resting his left arm along the edge of the car door as northern Georgia unfolded past the window.

Sitting beside him in the passenger seat was a man named Jimmy Wardlaw. Wardlaw had once worked for an independent bottler, but now he was part of Coca-Cola Enterprises in Atlanta, a giant substitute for the independent bottlers that had been conceived, created, and spun off at the suggestion of Ivester. Wardlaw was the kind of bottler Ivester liked. Too many of the other bottlers out there were the kind Coke executives thought the Coca-Cola Company would be better off without.

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