

Good Works

For Coca-Cola's
E. Neville Isdell,
corporate social
responsibility isn't
just about good
deeds—it's about
good business.

by **Tricia Bisoux**

A lifetime of global experience has given E. Neville Isdell a unique perspective on the global economy. A native of Ireland, Isdell attended the University of Cape Town in South Africa during the 1960s at the height of apartheid. As a student of the social sciences, Isdell was deeply concerned with the inequalities he saw there.

At the time, he envisioned a future career in social work, but he soon realized that he could effect greater positive change through enterprise than he ever could as a social worker. Little did he imagine that he would tackle social issues as the CEO of Coca-Cola, one of the most recognized brands in the world.

Isdell came to Coca-Cola in 1966 to work for its bottling plant in Zambia. Over the next 30 years, he rose through the ranks, becoming general manager of Coca-Cola Bottling of Johannesburg, regional manager for Australia, and then president of Coca-Cola's Central European Division in Germany. In 1989, he became a senior vice president and spearheaded the company's entry into markets in India, the Middle East, and Eastern Europe. In 1995, he was named president of the Greater Europe Group, and from July 1998 to September 2000, he served as chairman and CEO of Coca-Cola Beverages in Great Britain, overseeing its merger with Coca-Cola Hellenic Bottling Company. He retired as vice chairman of Coca-Cola HBC at the end of 2001. Even then, he continued with the company as a consultant.

It's no wonder that the company, headquartered in Atlanta, Georgia, called Isdell out of retirement in 2004 to lead it through one of the most important turnarounds of its history. At the time, the company faced stiff competition from PepsiCo and a growing market preference for more healthful drinks such as teas and bottled water. Its global sales of soda had slowed and the dominance of its brand seemed to be faltering.

Isdell helped the company rejuvenate its brand and reconnect with the changing preferences of customers. Under his leadership, Coca-Cola has acquired new product lines that tap into health and fitness trends, such as Glaceau's VitaminWater and Fuze juices and teas. Most recently, Coca-Cola bought a 40 percent stake in organic tea maker Honest Tea.

Isdell is now helping the company transition to new leadership. He has chosen Muhtar Kent, currently the company's chief operating officer, as his successor. "Succession planning is not something you do near the end of your tenure. It's something you should do right from the very start," he says. "Even as I returned to the company, I discussed with the board who would succeed me."

As Isdell oversees Coca-Cola's evolution, he is acutely aware of the company's responsibility to society. He has championed social responsibility in the pages of *The Wall Street Journal* and at the World Economic Forum in Davos, Switzerland. In 2006, Coca-Cola announced its support of the United Nations Global Compact, which outlines ten principles of corporate involvement in areas such as human rights, environmental protection, ethical labor practices, and anti-corruption. Issues such as water recycling, water conservation, and community building also are top priorities for the company. Businesses must "be a force for positive global change—one community at a time," Isdell wrote in Coca-Cola's 2006 Corporate Responsibility Review.

No company can sustain growth if it does not also contribute to the health and prosperity of its customer base, says Isdell. Business students, too, must be prepared to be active global citizens, he emphasizes, if they aspire to become successful global leaders.



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Before you came to the company in 1966, you had earned a degree in social sciences. What inspired you to transition from social work to business?

At university, I met people whose parents were involved with business, and I had friends who were pursuing commerce degrees. I looked at that with interest, and I tried to connect my new interest with my passion for helping people in difficult situations. I was on the student council, and I was involved in the anti-apartheid movement at our university as a student leader. It was a confluence of all these pieces—I suddenly realized that business added value.

In fact, when I went back and told my old sociology professor that I was with Coca-Cola, he asked me, “Why?” I told him that I believed I could add value to people’s lives to a far greater degree working for The Coca-Cola Company than I could working as a social worker. Of course, I never expected to end up as Chairman and CEO!

It seems that you made the right choice when you decided to work for Coca-Cola. Few other companies have its reach and social influence.

That’s absolutely true. I think people in business often miss the fact that we shouldn’t detach what we do in our private lives from what we do in our business lives. In our private lives, we help our churches, our local football teams, our favorite charities. If we do not connect what employees do privately to what they do for the business, we’re missing an opportunity to add tremendous value to society, to the business, and to the shareholders.

As Coca-Cola has become more involved in connecting with society, we’ve seen these actions resonate with our employees to a high degree. We’ve done research that shows us that our people feel much more committed to the company; more people are sending in their CVs to join us. They’re telling us that Coca-Cola wasn’t on their lists before, but it is now because of things we’re doing.

In a speech at the Global Compact Leaders Summit in Geneva, Switzerland, you noted that it was in the best interest of businesses to become “agents of transformation.” What role do you think business schools should play in this process?

I believe that some business schools have good global views—Thunderbird is one example. But, frankly, I don’t think business schools are dealing with this to the degree they need to be. They’re not dealing with issues like the economic and social interconnectivity of the world, the blurring of boundaries, the determination of what needs to be done to solve global problems.

Data show the benefits of trade. They show that, in the aggregate, the movement of jobs to cheaper venues is better for society. Business schools need to teach leaders at all levels—their students, NGOs, politicians—how these trends accelerate global growth and benefit all of us. If businesses don’t help people out of poverty, they won’t get the level of growth they want. This is a virtuous circle that people tend to miss.

Do you see a link between Coca-Cola’s socially responsible practices and its financial success?

I believe that committed employees who believe in the company they work for perform much better. We’ve seen improvement in morale and in the reputation of our brand. If you ask me how to measure these benefits in dollars and cents, I don’t know how

to do that. They’re not quantifiable. But I believe that they add to the value of the company.

If you were to come into a business classroom for a day, what would you want to say to business students?

I would want to teach students to understand different backgrounds, cultures, religions, and perspectives, even if those perspectives are antithetical to their own. If students don’t listen to and understand other people’s points of view,



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it creates misinterpretation and confrontation. It certainly will cause them to lose business opportunities. They should never give up their own principles, but they need to be able to find common ground. It's what all good business leaders do to move business forward. It's what all good negotiators do to come to solutions.

Coca-Cola has committed itself to promoting global job creation and education, recyclable and reusable packaging, water recycling and conservation, carbon footprint reduction, and health and nutrition concerns. Among these, what is Coca-Cola's top priority?

There are two priorities, actually. One is water. The other is global education.

What does Coca-Cola plan to do in global education?

The need to spread the world's intellectual capital more broadly and more widely is one of our biggest challenges. We have a scholars program in the United States that awards scholarships to bright students who are often the first in their families to go to college. We support educational programs in Africa and in other parts of the world. We have our own training programs, some of which start by filling holes in basic education that haven't been filled by formal governmental educational processes.

How do you plan to manage Coca-Cola's use of water?

Water is an issue that's very important to us as a company—it's an area where we've got specific knowledge, expertise, and interest. We've been reducing our overall water usage by 3 percent to 4 percent a year for the last five years, because it makes good business sense. Water is a major resource, and we're working with NGOs to accentuate our water recycling and conservation programs. In Africa, we're identifying communities that have no easy access to water and working to put in systems to help them obtain water.

What can the business community learn from the way you've identified priorities?

If a company's social activities don't have this kind of "line of sight" connection with its business, then they're really philanthropy. That's different from responsibility. Philanthropy is important, but responsibility, accountability, and community partnerships move beyond that to find viable solutions for the business that also have a multiplier effect in helping society as a whole.

When Coca-Cola hires business school graduates, what qualities do you look for? How important is it that candidates show a commitment to social responsibility?

To be hired for leadership positions, they must of course have good business skills, but that's not enough. The differentiator is whether they are able to lead and manage people, whether they have genuine spark, drive, and enthusiasm. They must want to join our industry and have a real affinity with our business.

Most important, they also must have a sense of curiosity. They must want to travel and discover new societies and see the world. Curious people are engaged. They'll be the ones who'll challenge the status quo, come up with ideas, and make a difference.

They'll be among a new cadre of managers who will take the business forward. Those are the people we want.

To maintain its visibility in the market, it seems that Coca-Cola must constantly reinvent its brand, while staying true to its traditional iconic status. How difficult is it to strike that balance?

That's something that we've always done, but we've stumbled when we haven't understood the cultural transformations happening in different parts of the world. For example, the aspirations of the Chinese today are different from the aspirations of the average American. There is a technological competence among middle-class teenagers in both China and the U.S., but the Chinese are more driven by achievement and by money than their American counterparts. We've learned that we must understand those trends.



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I'm not the same person I was 30 years ago, and that's true for anyone, no matter what the demographic. As a company, we're all responding to a changing world, changing our ways and our views. We have to take risks to learn what our consumers are doing and thinking.

How is Coca-Cola doing that?

Our management team put in place a ten-year plan that we called the "Manifesto for Growth." Now that we're in the implementation phase, we call it the "Manifesto in Action." It lays down a clear path to what we want to achieve and where we want to go. In the first stage of this plan, we were stabilizing the business. We had negative momentum, and we had to reverse that. Now that the turnaround has gained traction, you'll see an overall acceleration of innovation as we bring new and more innovative brands to market more quickly. We'll build up our portfolio of nonalcoholic, ready-to-drink products.

For example, we're the No. 1 juice company in the world with brands like MinuteMaid, which I think surprises people. We'll do more with teas and value-added drinks like Diet Coke Plus, which adds vitamins and minerals to Diet Coke. We believe that non-alcoholic beverages like tea, juice, and water will help the company strengthen its health and wellness positioning.

You've noted that you'd like China to become Coca-Cola's No. 1 market. What are the main challenges your company faces as you pursue that goal?

We're very bullish about China. We have 37 manufacturing facilities there, together with our bottlers. We see strong double-digit growth in China going forward. It's our fourth largest business right now.

How important will the 2008 Summer Olympic Games in Beijing be to your objectives in China?

The Olympics will be China's "coming out" parade. It's diffi-

cult for me to articulate the immense pride in China as it prepares to host the Olympics. You have to go there to see it and feel it. This is going to be a defining moment for China.

It seems like it's also a chance for China to build good will, given the recent recalls of Chinese products.

My view is that some of the recent product recall issues have actually come about because of greater openness in China. I believe they've happened because China is engaging more with the world. And we've got to remember that the American democracy, for example, evolved over a couple hundred years. It did not come in an instant; we didn't have immediate freedoms of association. As I told you, I went to university during apartheid in South Africa in the 1960s. At the time, even the United States wasn't the United States that it is today. That's the perspective you have to remember.

As you said, even if their perspectives differ, businesses still need to find common ground.

Yes, although it doesn't mean that we in any way compromise our principles. I don't want to sound like an apologist, because I'm not. We still have to encourage people to do the right things. But we need to understand the evolutionary nature of these things. The only way we can work together is to

develop that level of engagement and cultural understanding. That's how we can move people forward.

What do you hope your legacy will be with Coca-Cola?

My legacy will be dictated by whether my successor is successful. If the strategies that we've put in place don't work and if my chosen successor is not the right individual—and I believe passionately that he is—then I will have failed. I take that very, very seriously. I'm working closely with Muhtar to help him take the company forward and make it a successful 21st-century company. [Z](#)

