

# Make every drop matter



## 1 Introduction

The Coca-Cola Company hardly needs an introduction! Arguably the world's most recognisable brand, it is the largest manufacturer and distributor of non-alcoholic drinks. In Australia, Coca-Cola Amatil is the principal Coca-Cola licensee and independently manufactures, as a 'bottling partner', a wide range of soft drinks, juices and mineral waters including brands such as *Coke*, *Fanta*, *Sprite*, *Powerade*, *Mount Franklin* and *Pump*. Its market share varies across the different product categories but is as high as 60 percent in carbonated soft drinks.

The Coca-Cola Company has developed a dynamic **sustainable growth strategy** that is underpinned by its vision. The various components of the vision are revealed in *Figure 1*.

In turn, and as part of the vision, Coca-Cola embraces its **social responsibility** as a central component, reflected in the words of the company's chairman.

**"The Coca-Cola Company must be both a great business and a great corporate citizen. We are committed to transforming The Coca-Cola Company into a sustainable growth company focussed on the future and respected as a leader throughout the world."**

E. Neville Isdell, Chairman

While the concept of social responsibility is seen in the broadest possible manner, a key aspect involves the management of water resources. This is of critical importance to Australia, the driest inhabited continent on earth, and is the focus of this Case Study.

Figure 1: The integrated vision of The Coca-Cola Company.



## 2 The need for socially responsible business

In recent times, companies such as Coca-Cola have had a heightened awareness of their social responsibility. Of course, as a business, it has a range of **stakeholders**, who influence the company's actions, behaviours and decisions. These stakeholders include company shareholders, consumers, employees, government and local communities, and all have an expectation that Coca-Cola will act responsibly with regards to protecting the environment and its resources. The range of water saving projects undertaken by the company is a clear indication of commitment to social responsibility in this area.

### Water facts

- Water is the most basic need for life
- 1.3 billion people around the world do not have access to safe drinking water
- 2.5 billion people lack access to adequate sanitation
- In Australia, industry and farming use 89 percent of our water.

### The Coca-Cola Company water strategy

In order to ensure that there is a clear understanding of its commitment to water management, Coca-Cola has developed a formal program called the 'Global Water Stewardship Initiative'. This program includes a focus on international leadership to raise awareness of water issues, while concentrating on local actions within the Company's, and its bottlers' production plants and the communities in which it operates. The strategy involves:

- Becoming best-in-class at water management – both in water-use efficiency and wastewater management
- Helping to ensure access to clean drinking water in underserved communities
- Supporting the protection of watersheds in water-stressed communities
- Helping to mobilise the international community to drive global awareness and action around water challenges.

The company's approach is built upon comprehensive **risk analyses** of water resources supplying the bottling plants in the Coca-Cola system. Since 2004, it has studied the annual renewable freshwater supply, supply economics and the social and competitive context of the business – the locations, production and water use of 811 of the bottling plants in the system. These assessments allow Coca-Cola to be guided by a clear understanding of water risks in its **business planning**.

So how does Coca-Cola achieve these challenging but crucial objectives? Essentially there are three main areas to the Global Water Stewardship Initiative. They are:

- Saving mains water at manufacturing plants through **operational efficiency**
- Maintaining the long-term quality and sustainability of water sources
- Working in partnerships with organisations, charities and government to implement global water saving action, sanitation, **productivity plans** and awareness.

Let us examine each of these in some detail with reference to both here in Australia and overseas.

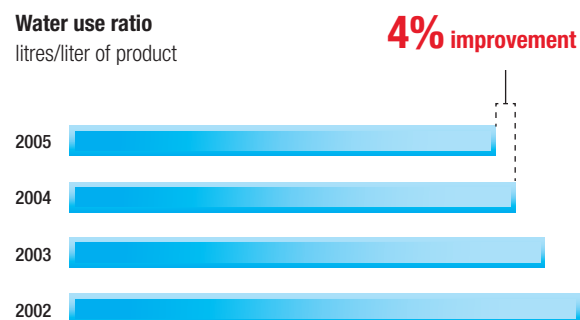


Water is a key ingredient in Coca-Cola production systems.



## Water facts

- In 2005, the water efficiency of Coca-Cola operations improved for the fourth consecutive year
- On average, in Australia bottler CCA's production plants use 1.55 litres of water per litre of finished product, which is considered world's best practice in the global Coca-Cola system.



Source 2005 Environment Report

- Globally, since 2000, production plants have used one percent less water, while volume of production has grown by 35 percent
- In 2004, 81 percent of plants globally had on-site effluent treatment facilities
- In Australia over the past six years, efficiency programs have produced cumulative water savings of around 13 percent.

## 3 Improving operational efficiency

Water is fundamental to the production operations of Coca-Cola. It is the most critical ingredient to its beverages, is also becoming a fast-growing product category itself and is utilised for the essential manufacturing processes used to produce the beverages, such as cleaning, cooling and rinsing at bottling plants. In Australia the company and its bottling partner Coca-Cola Amatil have improved operational efficiency in several ways. First, they have set water reduction targets. After an **audit** of water use at the Northmead plant in NSW, savings of 230kL of water a day or about two Olympic-sized pools, was achieved. Similarly at the Moorabbin plant in Victoria, water usage has been reduced by 25 percent through a range of initiatives. Secondly, strict **compliance** targets for effective waste-water treatment and conservation processes have been established. Very practical activities such as eliminating leaks in production equipment and replacing water with synthetic lubricant on production lines have been undertaken. Another practical approach is seen in a commitment to harvest rainwater at new facilities in NSW at Northmead and Eastern Creek. The new facilities are due for completion over the next few years.

## 4 Maintaining sustainability

Coca-Cola has a direct business interest in sustaining the world's supply of water. As the most important ingredient, any problems with water supply become issues to manage for the company. At another level water-stressed communities will not want to support companies that contribute to the problem and are not seen to be seeking solutions. The issue of sustainability is a complex one and this has been demonstrated in the Peats Ridge area of NSW, where Coca-Cola Amatil has an allocation of 66 megalitres per annum from an underground spring. There is some community concern about the level of water usage and the company now undertakes strict monitoring and reports to the local and state governments on its water levels. Coca-Cola encourages this monitoring across the community, where many other water users do not



Source: www.playpumps.org

## South Africa – Roundabout Pumps.

The Coca-Cola Company's Southern & East Africa Division has partnered with Roundabout Outdoor, a company that The World Bank recognised in 2000 for its innovative Playpump concept. The Playpump operates like an inverted windmill.

Children play on the roundabout – turning it and riding it like a merry-go-round – to create the pressure needed to pump fresh, safe drinking water out of the ground and into storage tanks for future use.

Last year, the company sponsored nine Playpumps in the Eastern Cape, a region of critical water needs, and has committed to sponsor a total of 50 pumps.

Roundabout Outdoor estimates that nearly 200,000 individuals will benefit from the company's contribution.

**“Water is essential to life, and as a company we are committed to finding solutions to help alleviate the scarcity of water in some of our neediest communities.”**

**Dave Govender, the Company's Division Manager for Environmental Affairs.**

“Coca-Cola also recognises the value of access to this precious resource for its business operations, and we believe that the Playpump concept offers communities and schools an excellent way to access fresh water for their needs.”

The Coca-Cola Company views this project as one example of how co-operative partnerships can help in identifying and providing solutions to the environmental and social challenges on the African continent and elsewhere.

currently monitor their usage. Environmental studies have been conducted to ensure the use of water by Coca-Cola is sustainable.

In addition, globally the Company supports sustainability by conducting water resource protection training to help local people and bottling partners to better understand and manage watershed issues. This training leads to the consideration of sustainability in the Company's business plans and the subsequent **execution** of such strategies.

## 5 Partnerships

The solutions to Australia's and indeed the world's environmental problems lie very much in the development of partnerships. The Coca-Cola Company partners with numerous **not-for-profit** organisations, industry peers, governments and international agencies to pursue its environmental commitments, particularly in regard to water use, sustainability and management. Some examples of specific partnerships are outlined below. First, as part of the 2005 water stewardship efforts, the company launched the Global Community-Watershed Partnership with the United States Agency for International Development (USAID). With over \$3.5 million of combined resources in the partnership's first year alone, this multi-year program aims to increase access to safe water supplies, promote sanitation and hygiene, and enhance and conserve local water resources. Secondly, Coca-Cola is helping to **leverage** community involvement, local expertise and technical knowledge with the Global Environment and Technology Foundation, a not-for-profit organisation that promotes technology to achieve environmentally sustainable development. The first project was in Mali, where support is provided for community water supply and sanitation, and small-scale

agriculture activities using cleaned and recycled wastewater from the Coca-Cola bottling plant. Thirdly and of particular significance, the company helped found the Global Water Challenge (GWC). The GWC is an initiative to save lives and reduce suffering in the developing world by providing safe drinking water, sanitation and hygiene education to people who lack these basic services. The initial pilot of the GWC, entitled the 'Water for Schools' program, addressed the water and sanitation problem in schools to have an enormous, immediate human impact in terms of health, nutrition and education of children and their surrounding communities. The first phase of this project was established in Western Kenya in 2005.

## 6 Conclusion

Sustainability of water resources is a serious environmental challenge for the global community. As a major company whose core business activities and products are so closely linked to this life-giving resource, The Coca-Cola Company has demonstrated a strong, ongoing and successful commitment to a range of water use, management and sustainability programs. Some of these relate directly to production systems, while others, mainly through partnerships, support communities. The Company continues to support efficient and effective water use.



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# GLOSSARY

**Audit** The formal analysis of systems and processes to gain insight into patterns of use. This can lead to adjustments to improve the operational efficiency of a system or process.

**Business planning** The role of establishing the future direction of the business that involves outlining the series of actions required in a given period.

**Compliance** To act in accordance with the requests of another party or legal and regulatory requirements.

**Execution** The practical management activity of 'getting things done' that allows a business to actually achieve its goals. The term was popularised by business leaders Larry Bossidy and Ram Charan.

**Leverage** A frequently used business or marketing term used when a business can use any asset or other obvious positive advantages (such as high brand awareness) to gain a foothold into a new area or market, and as a verb, means to exploit such an advantage, just as the use of a physical lever gives one an advantage in the physical sense.

**Market share** The proportion of the total market of a product or service that is held by an individual business. Usually expressed as a percentage.

**Not-for profit** Not conducted or maintained for the purpose of making a profit. Instead, it operates to serve a public good.

**Operational efficiency** A measurement where a business works to achieve the best use of resources in production process involving the lowest possible cost and using the minimum quantities of resources.

**Productivity plans** Intentions and actions the aim to maximise the average real production per worker per unit of time.

**Product categories** A clearly identifiable range of products that are part of the product mix of a business.

**Social responsibility** Where a business undertakes activities that are seen to not just have benefit for that business (such as adding to shareholder value) but have measurable benefit (or limited negative outcomes) for the broader society.

**Stakeholders** A person or group who has an interest in how a business operates or functions. Examples include management, owners, employees, customers, shareholders, the local community and government.

**Sustainable growth strategy** Business policy that ensures that any development of a business does not exhaust the natural, human and physical resources that it uses.

**Risk analyses** The systematic research, examination and measurement of the risk associated with different business activities. Allows business to make informed decisions and plans for the future.

**Questions and Extension Activities for Coca-Cola are on [www.afrbiz.com.au](http://www.afrbiz.com.au)**

**You will also find links to the Coca-Cola website**

'Coca-Cola', 'Coke', 'Sprite', 'Fanta', 'Powerade' and 'Pump' are registered trade marks of The Coca-Cola Company 'Mount Franklin' is a registered trade mark of Coca-Cola Amatil.

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