TO BUY A COKE

The Life and Leadership of



I'D LIKE THE WORLD TO BUY A COKE

The Life and Leadership of ROBERTO GOIZUETA

CALL PLANTS

David Greising



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Preface

When I wrote Roberto Goizueta a letter asking him to cooperate with me in the preparation of this book, I used the word "biography" a total of five times. It was a word choice with consequences.

Goizueta agreed to meet with me to discuss the book before he even looked carefully at the letter, based on the recommendation of his public relations staff, who told me they favored my proposal. Now it was just a few days before our early February 1997 meeting, and Goizueta was finally focusing on the letter itself for the first time. He did not like what he saw. Taking a pen off his desk during a meeting with one of his public relations people, he circled the word "biography" every time it appeared. "Biographies," he told the staffer, "should not be written about people while they are alive."

It is, of course, a sad irony that Goizueta's words would prove so prophetic. Even though he ultimately decided not to cooperate with this book, Goizueta did not dismiss this project lightly. He tried, in his own way, to find a way to work with me so that the story of his career at Coke would be told accurately and well. In the end, though, he could not escape his own feelings about biographies, and his own discomfort at being the subject of a biography while he still was working at Coke.

Despite his misgivings about the nature of my project, Goizueta still kept his appointment with me. I spent much of our 45-minute meeting making a case that his education, life in Cuba and flight from Castro were an essential part of the story of his impact on Coke, because those events so strongly shaped his character. He carefully reviewed my preliminary outline for the book, and said he would be

willing to field all questions, except those that sought to probe his life before Coca-Cola. As the discussion continued, he allowed that he might talk briefly about his personal life, but only as it directly related to his career at Coke. I told him I expected the book would begin with him answering a blind advertisement for the job at Coke, would flash back briefly to his early years, and then would develop almost entirely as a history of his career and his company. The book, I told him, was a business biography, not a biography in the classical sense of the word.

He agreed to proceed, and the last words he said to me were this: "I'm not going to tell Olguita." His wife Olguita in Goizueta's later years had grown increasingly protective of her husband's image, even trying to dissuade him from allowing newspapers and magazines to photograph him for stories they were publishing about him. Intensely private and conservative people, the Goizuetas had understood early that image management was one of the costs of running a high-profile global enterprise like Coke. He opened the veil at times when he wanted or needed to: when he first became president of Coke, during the New Coke debacle, and as he was preparing for a personally meaningful speech to a citizenship ceremony at Thomas Jefferson's Monticello on July 4, 1995. But in his later years, as his dark hair thinned and grayed, as his wiry frame took on weight, and, not incidentally, as his need to promote himself diminished because of the strength of his performance as Coke's chief executive for more than 15 years, Goizueta grew ever more reluctant to share his personal life and thoughts with the public.

Goizueta did, however, agree to cooperate with me. He allowed me to begin researching in Coke's archives, and gave an OK for his top lieutenants to speak with me. Even so, it was clear even at this early stage that he was having second thoughts. Try as I might, I could never get a firm appointment with any of Goizueta's top people. Interviews with those further down the chain of command were scheduled, then canceled without explanation. And after two initial research forays at the archives, Coke's corporate library became inexplicably busy, and Coke's archivist called to cancel an appointment, explaining there was too much activity for the time being.

Then two related events changed Goizueta's stance toward this book for good. The Atlanta Journal-Constitution published a story saying Goizueta was cooperating with a biography of himself. The

six-paragraph story, which a Coke public relations staffer had leaked to the AJC, confirmed Goizueta's suspicions that the world would see this book as a biography, regardless of whatever I was calling it. The same day I had a telephone conversation with Goizueta's personal public relations assistant, who wanted to know what I would do if Roberto Goizueta's version of events differed from those of other sources I interviewed for the book. When I told her that I would first try to clear up any confusion, but ultimately would make a judgment based on the weight of the evidence, she told me that was unacceptable. "This is his biography," she said.

From that point on, Goizueta was not a participant in this book. In conversations with several people who worked for him and knew him, the thinking behind his actions has come through. He feared that a biography, scheduled for publication not long after he turned 66, would naturally raise questions about how much longer he could stay at Coke's helm. Coke's directors already had extended his tenure indefinitely beyond the company's mandatory retirement age of 65, and he quite clearly was not yet ready to step down. The concept of the celebrity CEO repulsed him, and he did not want to be seen as a chest thumper akin to Lee Iacocca. If he did work with a biographer, he wanted to make certain he had some editorial control over the outcome.

Once Goizueta decided against participating, he tried to stop the book from coming out at all. Randy Donaldson, his top public relations person, telephoned John Wiley & Sons and told my publisher that Roberto Goizueta "is a very private person and does not want this book to be published." He and a colleague flew to New York to meet with Jim Childs, publisher, and my editor, Ruth Mills, to reiterate Goizueta's opposition to the book and to learn what they could about our plans for it. It is to the great credit of Childs and Mills that they stuck with this project despite the pressure from Coca-Cola. I know of other authors working with other publishers who have seen their projects vanish when the subjects of the books let it be known they opposed the projects.

Once Coke put the word out that Goizueta did not want this book written, doors slammed shut all over Atlanta and throughout the Coca-Cola system worldwide. The company's public relations office refused such routine requests as providing press releases, earnings statements and other matters of public record. Former Coke executives

canceled interviews, often without explanation. A secretary for one former executive, Sam Ayoub, said he had been called out of the country on business. When I phoned back a few minutes later and asked if he was in without identifying myself, she said he was on the phone. The secretary for former Coke executive Brian Dyson said he would not speak to me "because of the kind of book you are writing," even before I had an opportunity to tell Dyson or his assistant what kind of book I was in fact writing.

Despite this initial rough going, I did not give up and ultimately persuaded many of the people who had turned me down to grant interviews for the book. All told, I interviewed just more than 100 people, and tracked down notes from prior interviews with almost all of those who turned down interview requests because of Goizueta's noncooperation. By the time Roberto Goizueta died of complications from lung cancer on October 18, 1997, I had completed virtually all of my research and most of the writing for the book. Coke agreed after his death to help me to check facts in the book for accuracy, but after I sent Randy Donaldson a list of facts covering every chapter in the book in December, he never returned a phone call over the three weeks that remained before the book went to press. Even so, I was able to check the facts myself and stand by the book's accuracy in every respect.

His death was a grievous occasion for his family and a great loss for his company. But it also meant that some people who had declined to grant interviews because of Goizueta's stance might now come forward. I had a brief window in which I could reach out to a select few people before my publication deadline. Foremost among the few who did change their stance was Don Keough, once Goizueta's rival for the top job who went on to be his partner at the top of Coke for 13 of the 16 years of Goizueta's tenure. Don Keough made a principled decision that Goizueta's death had removed the chief reason for his noncooperation—his discomfort with a biography being published while he was still alive. He served the memory of his friend, and measurably improved this book, by helping to bring new insight and detail to the story of Roberto Goizueta's life and career.

Throughout this project, the comment from Brian Dyson's assistant about "the kind of book you are writing" has stayed in my head. The kind of book I have tried to write is one that presents Roberto Goizueta as the complex, three-dimensional character he was.

Goizueta's non-cooperation did not affect my view of him, or my reporting for the book, except to the extent it limited my direct contact with him and the people currently in his inner circle. He was a man of incredible drive and vision, someone who cared at least as much about his work as he did about anything else in his life. While aloof and independent, he also cared intensely about his public image, and the image of his company. He could be visionary and strategic at the same time he meddled in details or took sometimes petty swipes at his competitors. He was correctly regarded as one of the most imaginative and successful executives of this or any other time. This is his story.

This book has been at once the most difficult and most rewarding challenge of my career. I want, first, to thank Jim Childs, then publisher at John Wiley & Sons, Inc. for sticking with this project at the outset. I want to thank Jeff Brown, vice president of the Professional, Reference and Trade Division, for making the right call in giving me extra time after Goizueta's death to reach a few key sources who had previously not talked. My editor Ruth Mills, who brought the idea of a Goizueta biography to me just before the 1996 summer Olympics in Atlanta, stuck with the project and with me through all the challenges all the way through. I am grateful to her for that.

Robert Barker and Kevin Kelly proved, once again, that they are outstanding editors as well as incredible friends. As volunteer readers, they shared their expertise and effort in a way that dramatically improved the book. I want to thank Bob, a senior writer for *Business Week*, for not asking me to run the entire manuscript through my typewriter again, and Kevin, a journalist-cum-businessman, for his pointed and sometimes humorous comments about my various assaults on the English language.

Attorney Todd Musburger enthusiastically backed this project from the outset, provided wise counsel throughout, and represented my interests with the right mixture of accommodation and moral outrage. I thoroughly enjoy working with him.

My research assistants, Jennifer Rivera in Miami and Brad Wolverton in Atlanta, helped track down numerous people and stray facts that I never could have handled on my own. Jennifer, especially, succeeded in locating the help-wanted advertisement Roberto Goizueta answered when he took his first job at Coke, and the fine materials

from the Belen yearbook that contribute mightily to the photo spread. Other colleagues generously offered their insights and, in some cases, notes from interviews they had done relating to the subject of this book. These include Mark Clifford and John Pearson of Business Week and Maria Mallory, my former Atlanta colleague now of U.S. News & World Report.

My research efforts at the Special Collections department of the Robert W. Woodruff Library at Emory University were aided immeasurably by the efforts of Linda M. Matthews, head of special collections, and her staff. Keith Nash, Kathy Shoemaker, and Beverly B. Allen guided me through the Woodruff papers, from which I drew much excellent material about Roberto Goizueta's early career. At Yale University, archivist Christine Weideman provided helpful guidance, and Julie Ann Ludwig followed through on a last-minute request for help.

While I could never persuade Roberto Goizueta to cooperate with me, my efforts to do so still benefited from the counsel and moral support of several people. Anthony Bianco of Business Week shared his success in persuading the reclusive Paul Reichman to cooperate in his book The Reichmans, and Wall Street Journal reporter Roger Lowenstein commiserated about his experience trying to persuade Warren Buffett to cooperate with his book, Buffett: The Making of an American Capitalist. Frederick Allen offered insight into the unique sociology and politics of The Coca-Cola Company, information he gleaned in his excellent history of the company, Secret Formula. Joel Koblenz of executive search firm Egon Zehnder International was a helpful sounding board in my effort to divine the various motivations that might drive a typical chief executive to extend or withhold cooperation.

In journalism, we do not often have an opportunity publicly to thank the people on whom we most directly rely for success in our work: the people we interview for our stories. Books do afford us that chance. Along with Keough, thanks go to Chaplin Tyler, who was there when Goizueta first started his trajectory in Atlanta, and filled in the details on a period that previously had never consumed more than a line or two of a resume in the numerous newspaper and magazine profiles of Goizueta's career. Richard Cook, Goizueta's Yale roommate, shared his recollections as well as some excellent photographs and the Goizuetas' wedding invitation. I also want to thank

the many people at various levels inside Coke who took a risk by sharing their thoughts and information with me. You know who you are.

I could not have completed this book without the generous support of the people at *Business Week*. Editor-in-chief Stephen B. Shepard graciously allowed me a six-month leave of absence from my job as *Business Week*'s Atlanta bureau chief, proving again that he values the personal and professional development of his staff as much as he does a timely and memorable story. Former chief of correspondents Keith G. Felcyn arranged the leave, and his successor, James E. Ellis, welcomed me back with a host of good ideas that should strengthen our coverage of Coke and other companies as we move forward. When I reached dead ends in my research, chief librarian Jamie Russell and her staff offered timely advice. My Atlanta bureau colleague, correspondent Nicole Harris, worked to pick up the slack in my absence and shared her knowledge of Coke as well as insights from some fine work she did about the company in my absence.

Among the many people who helped in personally meaningful ways, I want to thank those who offered sustenance and security while I toiled into the wee hours at Peachtree Center in Atlanta. They include Bayo K. Brown, Kyong H. Lee, and Edward Lee, and night guard Larry Savoy.

There are events in life that strip away everything else from our relationships and lay bare their very essence. Book writing is one of them. Gradually over time, the book consumes more and more of the author's energy and attention, until at the very end it becomes a compulsion that uproots virtually everything else in the author's life. In times such as these, we know for certain whether we married well, whether our spouse is truly a life partner willing to devote almost everything to the success of something that is, in the end, a somewhat selfish undertaking. My wife, Cindy, is my life partner and so much more. She took charge of our children, our house, and our lives, patiently shared her attention in endless discussions of the book, put up with my late nights, and did it all so well that Wesley, Greta, and Claire barely noticed anything amiss. I dedicated my first book, "For Cindy, for everything." For this book, she did everything, and much more.

Timeline: Roberto C. Goizueta

1931	Born November 18, Havana, Cuba
: 1936	Attends Colegio de Belen, Havana
: 1948	Attends Cheshire Academy, Connecticut
: 1949	Attends Yale University, Class of '53
1052	I 14 - 1 01 1 0 1 1
1953	June 14, marries Olguita Casteleiro
1954	Works for father in Cuba
1959	July 4, joins Coca-Cola in Havana
1960	Castro Revolution
1900	Spring, sends three children to Miami October, Roberto and Olguita leave Cuba
	Works in Coke's Bahamas office
	works in coke's Danamas office
1964	Moves to Atlanta to redesign Coke's management systems
1966	Becomes Coke's youngest vice president (age 35)
1969	Becomes U.S. citizen
1970	December, four-year-old son Carlos dies of leukemia
1974	Learns "secret formula"
1979	Chairmanship fight
1980	May, becomes Coke president
	Fall, "Spanish Inquisition"
1981	March, becomes chairman and CEO
	April, Palm Springs conference
1982	January, buys Columbia Pictures
	August, launches Diet Coke
1983	August, sells wine business
1985	April 23, launches New Coke
1007	July 11, relaunches Coca-Cola Classic
1986	May, Coke Centennial
1007	November, Coca-Cola Enterprises spinoff
1987 1988	Backs Olympics in Atlanta
1989	March, Warren Buffett discloses he owns 7.7% of Coke June, buys 41% of Coca-Cola Amatil
1707	September, sells Columbia to Sony
	November 10, Berlin Wall falls, Coke invades eastern Europe
1991	Receives \$81 million bonus
1992	November, Coke overtakes Pepsi in eastern Europe
1993	January, launches Tab Clear
	February, "Always Coca-Cola" ads unveiled, makes a deal with China
	April, Don Keough retires
	July, Sergio Zyman returns
	October, recruits George M.C. Fisher to head Kodak
1994	April, extends his tenure as Coke CEO
	July, M. Douglas Ivester becomes president and COO
1995	July, first public discussion of Cuba
1996	July, Atlanta Summer Olympics
	August, purchases Venezuela bottler
1007	Goizueta Foundation (\$38 million in stock) set up
1997	July, Coke's sponsorship of Boys & Girls Clubs
	October 18, Roberto Goizueta dies, six weeks after diagnosis of lung cance

Prologue: The Song from the Mountaintop

He changed the formula.

Ever since he foisted New Coke on an unsuspecting and, as it turned out, an uncooperative world, his decision to change Coke's secret formula was the one part of Roberto C. Goizueta's story that had attracted universal notice. Quite clearly, we missed the point. While the rest of the world was transfixed by Coke's sweetness and fizz, Goizueta quietly and unrelentingly went far beyond changing the taste of the world's most popular soft drink. He changed the formula for how his company was run and, much more broadly, he changed the recipe for personal and corporate success in a global world.

Formulas were an important part of Goizueta's life from the time he was a small child growing up in Cuba in the 1930s. His grandfather, an immigrant from Spain who had made a fortune investing in sugar mills, filled his head with formulaic Spanish proverbs. "If your neighbor's beard is on fire, make certain yours is soaking wet," he would say. Or, "It is better to be the head of a mouse than the tail of a lion." Those truisms constantly popped out of Goizueta's mouth both in personal conversations and in his role as chairman and chief executive of The Coca-Cola Company.

As a student at Cuba's most prestigious school and then as a chemical engineering student at Yale University, Goizueta spent years memorizing formulas in textbooks. He expected to apply them while working at his father's sugar mill. But then Goizueta's life changed

dramatically, in a way that altered both his future and the course of one of the world's great global enterprises. He took a job at Coca-Cola and, a few years later, Fidel Castro took control of Cuba. At age 29, Goizueta fled Havana with his family and, armed only with intellect, political skills, and a powerful ambition, eventually seized control of Coke in one of the most jarring boardroom cock fights in corporate history.

Coca-Cola, when he took control in 1980, was in a mess. On the strength of the Pepsi Challenge, Pepsi-Cola had seized leadership in the key category of supermarket sales. A corporate-wide ban on borrowing money had restrained Coke's ability to reinvest in its operations, and his predecessor's ill-advised effort to make Coke a conglomerate had run aground. Announcing there would be "no sacred cows" at Coke, Goizueta launched Diet Coke and bought a Hollywood studio. Then the New Coke fiasco seemed to open his eyes to the value hidden at the core of his company: the universal power of the Coca-Cola name.

His unique gift as an executive was his ability to change his own formula, to quickly understand his mistakes, adapt, and ultimately triumph. From New Coke forward, for Goizueta as for his company, Coke was it. He designed every move to increase his ability to pour that bubbly, slightly bitter, caramel concoction down the throats of more people every day. He unloaded Coke's bottling operation, figuring someone else should bear the cost of actually bottling his soft drink. He sold Columbia pictures, and reinvested the money in a push to knock Pepsi-Cola out of the old Soviet bloc countries as fast as the Lenin statues fell. Then he hooked up with strong multinational beverage companies, "anchor bottlers" he called them, and used the power of their capital to multiply Coke's own investment in developing markets. From that platform, he hoped to find nirvana in utterly underdeveloped markets that he called "Coca-Cola heaven."

Goizueta was single-minded about building Coca-Cola, but he was a multidimensional corporate strategist. He reinvented the way he ran his company and, on his tail, many executives around the world found new ways to run theirs. He used performance incentives to squeeze the most out of his executives, and personally benefited when Coke's runaway results netted him an \$86 million pay day for 1991, and more than \$1 billion in earnings for his career. He based strategic decisions on how much money he could earn, not how much things would cost. He turned the speedy transfer of information into

a competitive advantage. Toward the end of his career, he cultivated a worthy successor at a time when his peers in other executive suites either ignored the issue, or badly botched their efforts. In an age when corporate complexity is often seen as a virtue, Goizueta simplified. As a result, Coke's stock price during his reign had perhaps the greatest unchecked run in the history of American business.

Consistently, he was a person of contradiction. An aristocratic billionaire, he always vacationed in a rented villa at Sea Island, Georgia, where he listened to country & western music and refused to take phone calls. His flight from Cuba, it turns out, was more harrowing than most people ever realized, but he almost never talked about it. He had a remarkable grasp of the minute details of Coke's business, but virtually never meddled in the mundane. Unforgiving about errors in grammar or math, he did not trust any manager until he saw them make a major strategic mistake. He was scrupulously courteous, but wrote biting letters to reporters or analysts who dared criticize Coke. Goizueta was reverent toward his elders, particularly the Coca-Cola legend Robert W. Woodruff, yet he consciously debunked virtually every precept by which his predecessors had run the company.

Roberto C. Goizueta changed the formula by which chief executives will be measured from this point forward. More than anything, he did it by taking lip service about serving shareholders and turning it into a life's creed. All his life, his most valued possession was the 100 shares of Coca-Cola stock he bought, with money borrowed from his father, just after he began working at Coke. And he spent his life, to his last labored breath, working to make those shares grow in value. When Goizueta called someone a shareowner, he meant that he understood the tie between the lowliest widows and orphans who own Coke stock and the man at the top.

He did quite a job. By the time cancer abruptly ended his work and his life on October 18, 1997, The Coca-Cola Company during his 16 years as CEO had grown from a \$\frac{4}{7}\$ billion company to \$18 billion in sales. Goizueta broadened and deepened Coke's presence in almost every country on the planet. Coca-Cola's stock market value, the measure that mattered most to Goizueta, jumped from \$4.3 billion in 1981 to \$180 billion, a staggering 3,500 percent increase. Goizueta's early and earnest dedication to adding economic value to his company made millionaires out of thousands of Coca-Cola employees and

shareholders, and boosted the billionaire status of Warren Buffett, the revered Omaha investor who became Coke's largest single shareowner and one of Goizueta's biggest boosters. Impressed by Goizueta's consistent excellence, Buffett dubbed him and Coke "The Inevitables."

He earned such praise by adopting a formula that was as simple as it gets. Goizueta invested every ounce of his energy, money, smarts, and guts into the drive to sell more Coca-Cola to more people in more places every day. He liked to talk about the jobs and investment capital that Coke brought with it when it expanded around the globe, but that is not what drove him. All Goizueta really cared about was boosting Coke's sales beyond the one billion eight-ounce servings the world drinks each day. When he died, his next target was the two-billion-drink day.

In the mid-1970s, as Goizueta maneuvered his way to the top, Coke aired an advertisement featuring a multi-ethnic group of young people standing on a hilltop. "I'd like to teach the world to sing, in perfect harmony," they sang. "I'd like to buy the world a Coke, and keep it company." It was classic advertising, and it caught the mood of a generation. But Goizueta never particularly liked the ad because it did not sell much Coke. For him, perhaps, the message was not quite right. He did not want to buy the world a Coke. Roberto C. Goizueta wanted the world to buy a Coke.

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1

Cuba, Castro, and Coke

IMPORTANT

A food enterprise wants to hire a chemical engineer. A recent graduate. Must speak and write English correctly. Profitable opportunities.

The young Cuban scrutinizing the pages of Diario de La Marina did not typically read the help-wanted section of Havana's oldest and most conservative newspaper. But on June 18, 1954, Roberto Crispulo Goizueta was trolling through the want ads. For the first time in his 22 years, he was looking for a job. Not just any job, for Roberto Goizueta was a man of expectations. After graduating at the top of his class from Cuba's most prestigious academy and earning a degree from Yale University, he was not about to make a false step at the start of his career. Roberto Goizueta's new job would have to do more than feed, clothe, and house his family. It must declare his independence from his father, fulfill the promise of his schooling, and give substance to his ambition. And with his young wife Olguita just pregnant with their first child, the job must befit the standing of a young couple starting life together on the top rung of Cuban society.