



Redefining the Field: Coca-Cola's Lean Digital Transformation Journey

Lean Summit 2019





\$150M 2018 rev
30% annual growth



Local and Global

Offices in NYC, SFO, CHI and throughout the US, Europe, LATAM & Asia



Great Place to Work

12 consecutive years via GPTW Institute
Covered by Gartner and Forrester
< 6% attrition rate



96% Client Retention Rate

CIXT



15+
Fortune
500 Brands



A Digital Native
2,600 **strong**

Advanced Tech

Machine Learning, Computer Vision, Smart Assistants, API-driven architectures, Advanced Analytics and IoT



Top Technology Partnerships

Google Acquia





“One thing I love about **customers** is that they are divinely discontent. Their **expectations are never static – they go up.** (...) People have a voracious appetite for a better way, and yesterday’s ‘wow’ quickly becomes today’s ‘ordinary’. I see that cycle of improvement **happening at a faster rate than ever before.**”



How?

AMZN 1698.04

YAHOO! FINANCE
1,750.00
1698.04


1 "Put the Customer First"

2 "Invent"

3 "Be Patient"





A photograph of James Quincey, CEO of Coca-Cola, speaking at a podium. He is wearing a dark suit and a white shirt. Behind him is a large red Coca-Cola logo on a screen. The background is filled with a close-up of a Coca-Cola can's surface, showing the condensation and the iconic script logo. The lighting is focused on him, creating a professional atmosphere.

“Digital is changing the way you behave[...]”
“[...] that fear of failure is counterproductive at a time
when Coca-Cola has to take more risks.”

James Quincey
CEO
May, 2017

“In the eCommerce (and Retail) gamefield, LATAM will become what China is today.”

"Digital strategy is our biggest priority"



Henrique Braun
CEO Brazil

“I would be responsible for results, not a department. And I felt very strongly that in order to create transformation, I needed to begin with me. I needed to transform myself.”

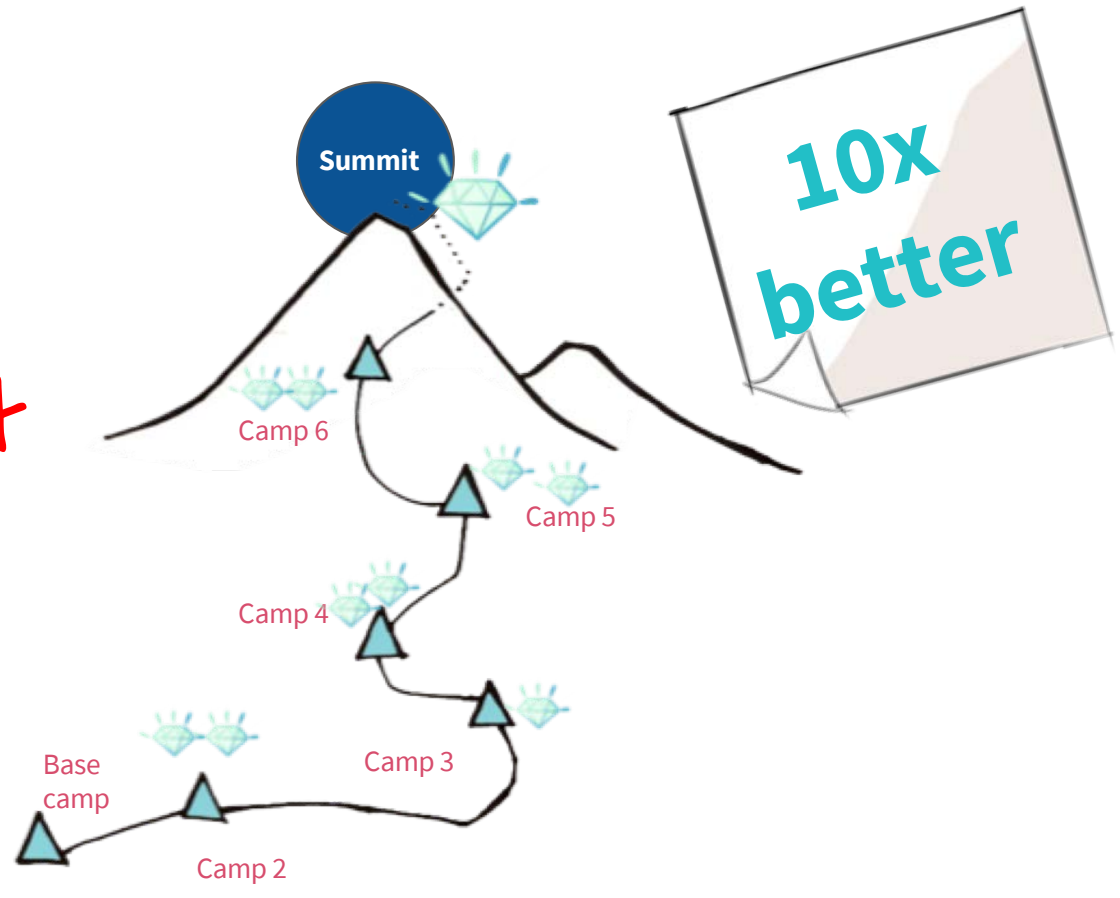


Adriana Knackfuss
VP Digital Transformation
Brazil



Long term **VISION**

Quarterly **impact**





Breaking down
the silos and
agreeing on the
problems



What is an **A3** ?

Purpose statement



Current and target state



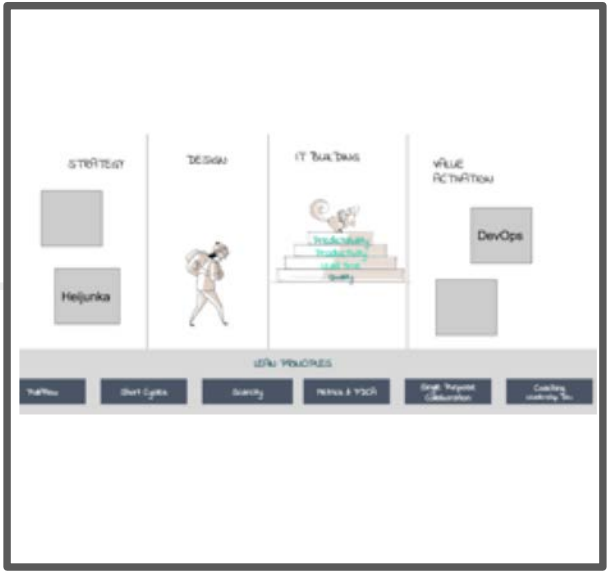
Summit 10x better



Gap Analysis



Candidate solution (new organization, new technology-enabled initiatives...)

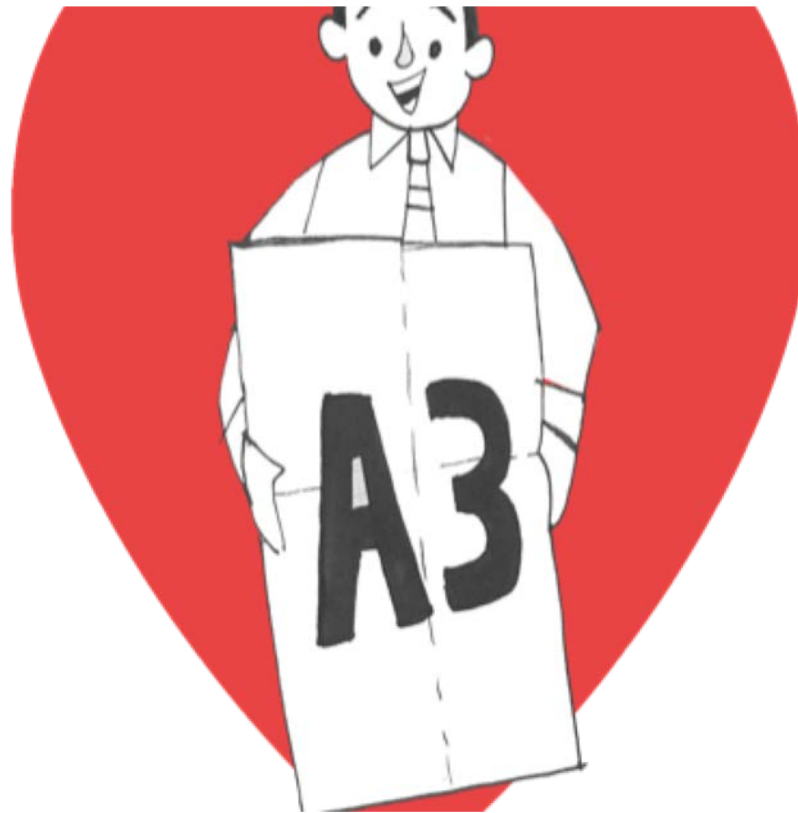


Action timeline





The Challenges in our Way





1. **Slow by Design** organization



- **18 months** to launch a new product
- **Multitasking**, multiple **handoffs** and **stove pipes** and few career incentives to boost continuous innovation
- Output perceived as outcome



Stable Teams



Short Cycles



Scaled Agile with control

2. Clung to the past



- **Perfectionism** and **Risk-aversion**
- Marginal continuous learning
- **Leadership** acting as **"gatekeepers"**
not as "coaches"



Camp by Camp/OKRs



Learn by Doing -
Shuhari



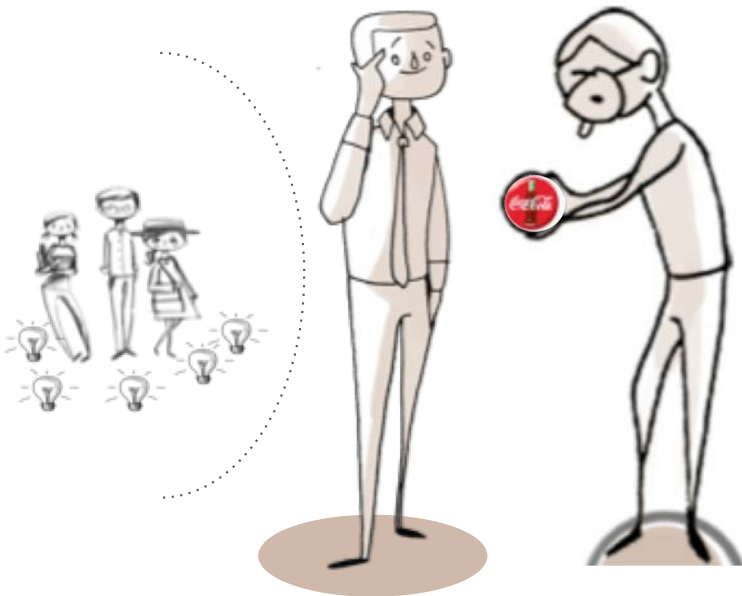
Gemba / Visual
Management



PDCA

"I'd Like to Buy the World a Coke"
Coca-Cola, 1971

3. Internally Focused



- Business decisions **vs** consumer needs dilemma
- Comprehensive research, but no validation with "real people"
- Almost no consumer involvement in the product creation process



Pulled production and continuous flow



Value Engineering



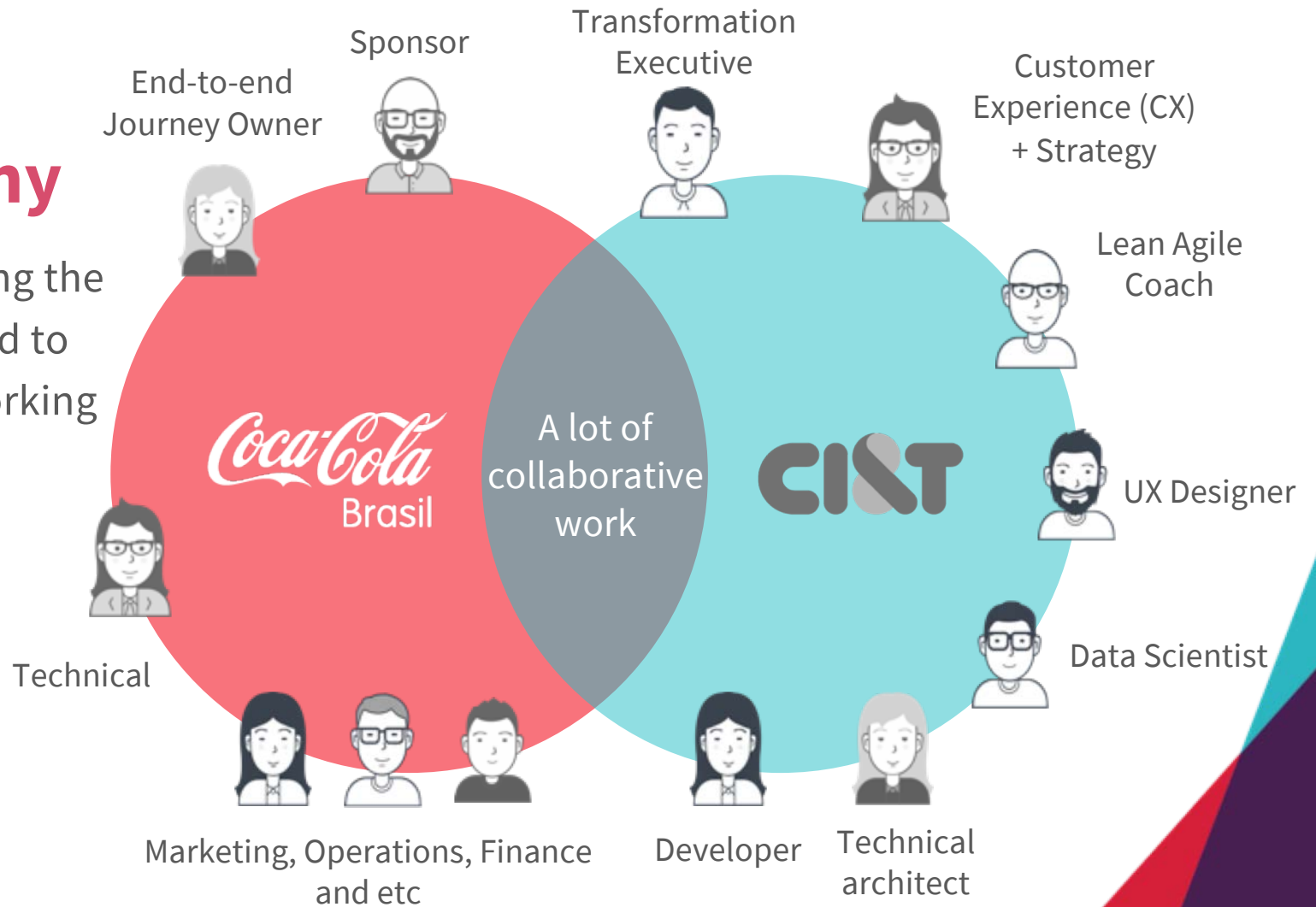
MVP, build, measure and learn



Experience Design

Mini-Company

Group of people sharing the same objectives, linked to business goals and working 100% integrated, with autonomy.



A3 Juices



3 months to launch a product



A new way of doing things



Let's
Learn!



100 in-depth consumer interactions/month



Freedom to be creative and get it done!



From farm to table - in the market in 3 months



Route to me: marketplace experiment

Valle del
ArmaZém

HOME MONTE SEU KIT SOBRE FALE COM A GENTE

LOGIN CADASTRE-SE

Café da manhã completo do seu jeito na Zona Sul do RJ e Barra

Kit de café da manhã onde você quiser, rápido e barato.

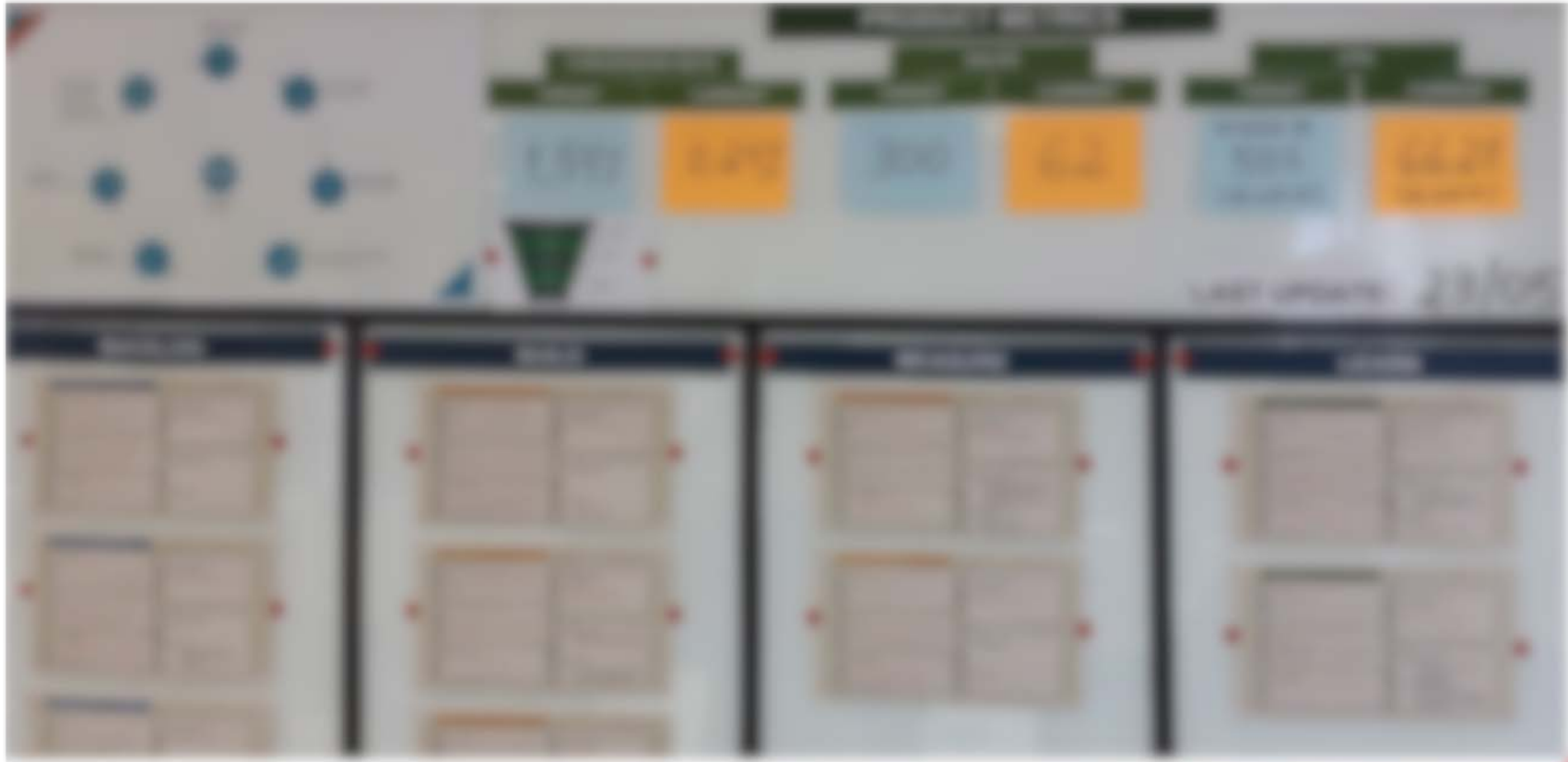
Veja se estamos atendendo em sua região:

Digite seu CEP

VERIFICAR ENDEREÇO

- 1** Escolha o kit de café da manhã ideal para o seu dia
- 2** Cadastre-se na plataforma e finalize seu pedido
- 3** Você receberá seu kit de café da manhã no local escolhido

From Mad Men to Math Men





And we killed
the marketplace!

Rest in Peace



From
idea to
market

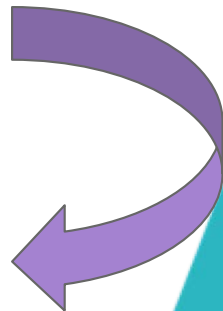
86%

Faster

Del Valle Juice
100% Natural



2018 sales
2.7x bigger



The Lasting Legacy

Speed at Scale

- ⇒ Fast beats perfect
- ⇒ Tech Company Operating Model
 - One team with the right incentives
 - Bold goals for impactful outcomes



Best-at-getting-better Culture

- ⇒ Growth mindset
 - Experimentation drive
 - Love for the problems!
- ⇒ From yell and tell to servant leadership

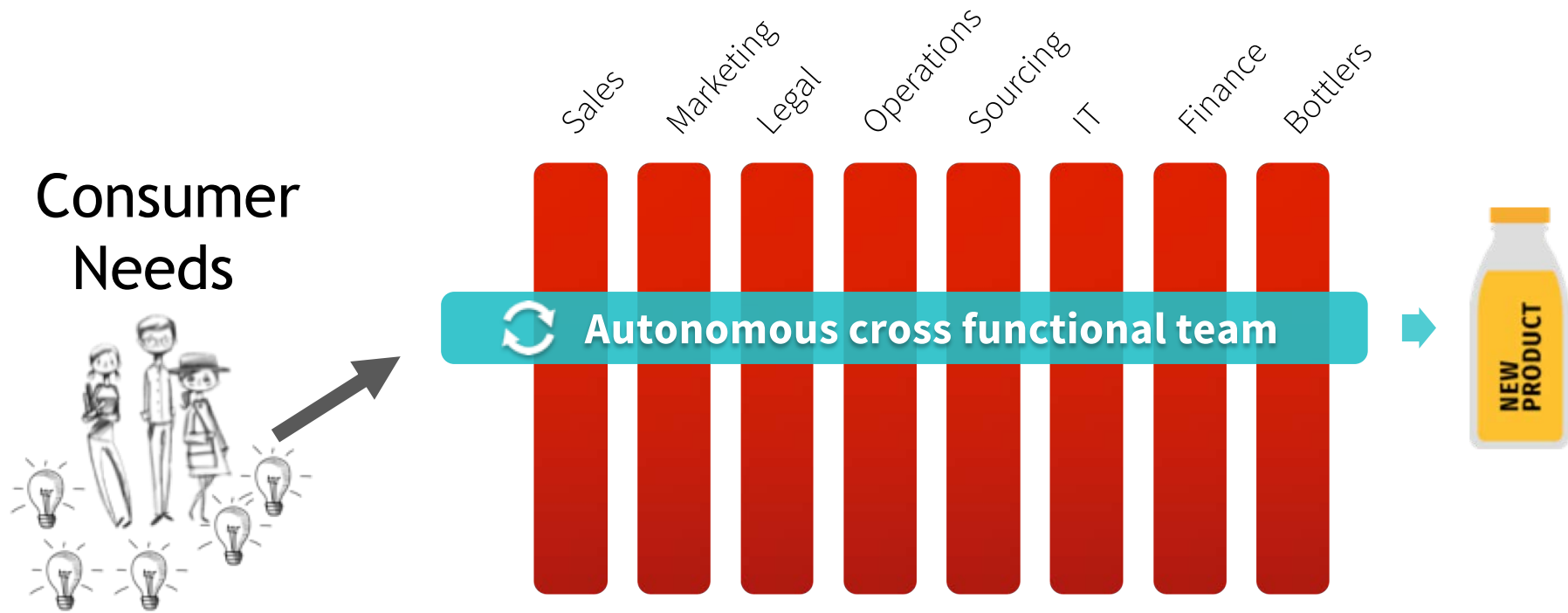


Customer Obsession

- ⇒ Externally focused
- ⇒ Qualitative research and market test institutionalized
- ⇒ Data-driven mindset

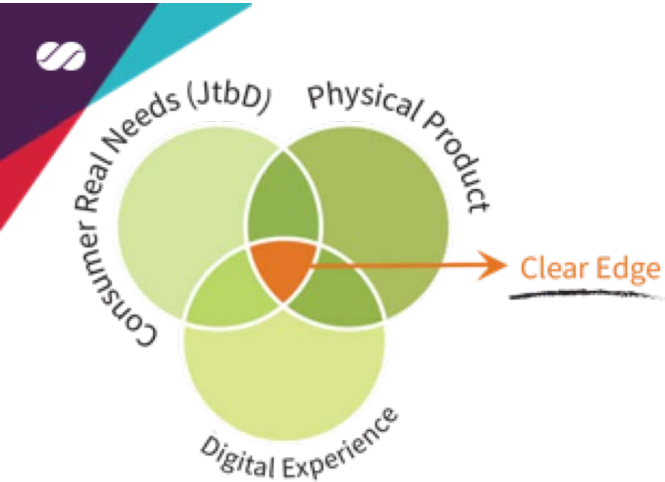


The Purposeful Mini-company





How to bring innovation to Coca-
Cola's core by obsessing with the
CONSUMER



Aligning on the problems and on the vision



ISABEL

HEC / 30-35 - Mother - Married, A/B

She cares about her children's health, being healthy and beautiful, living longer, balancing choices, reading labels, and willing to pay more for healthy products.



EDUARDO

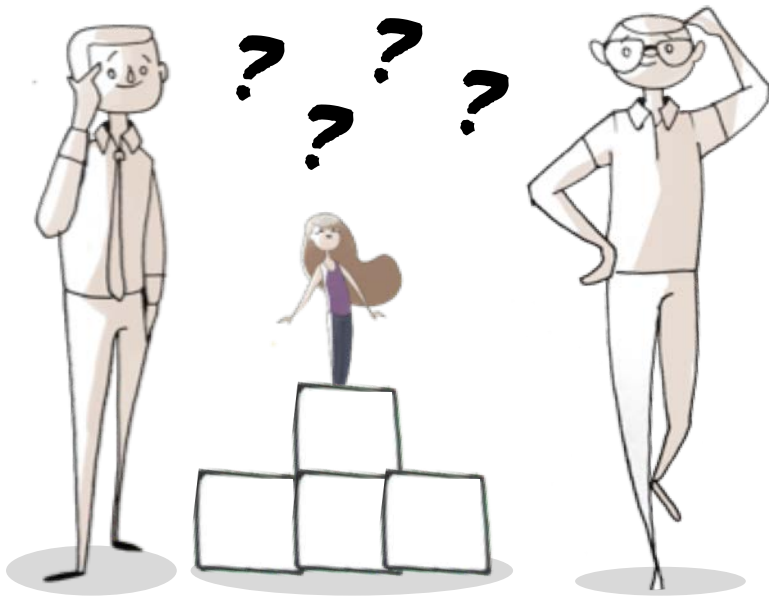
25-30 - Single, A/B

He wants to have memorable experiences and have alcohol as a tool of relaxation and socialization.





Lack of end-to-end Consumer Data



- **Fragmented and incomplete** customer data
- **Multiple versions** of the "truth"
- Data in the hands of thirty parties



Pulled production and continuous flow



Predictive Metrics



MVP, build, measure and learn



Experience Design

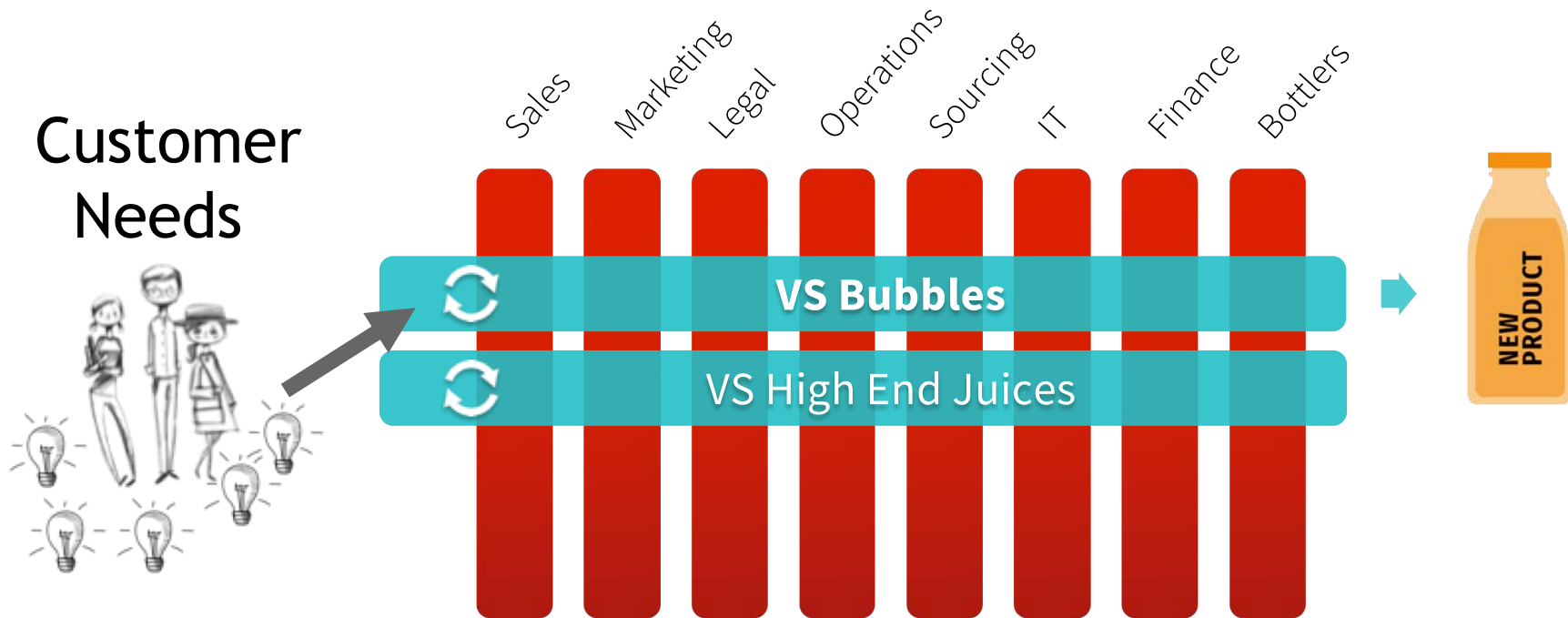


A3 Bubbles

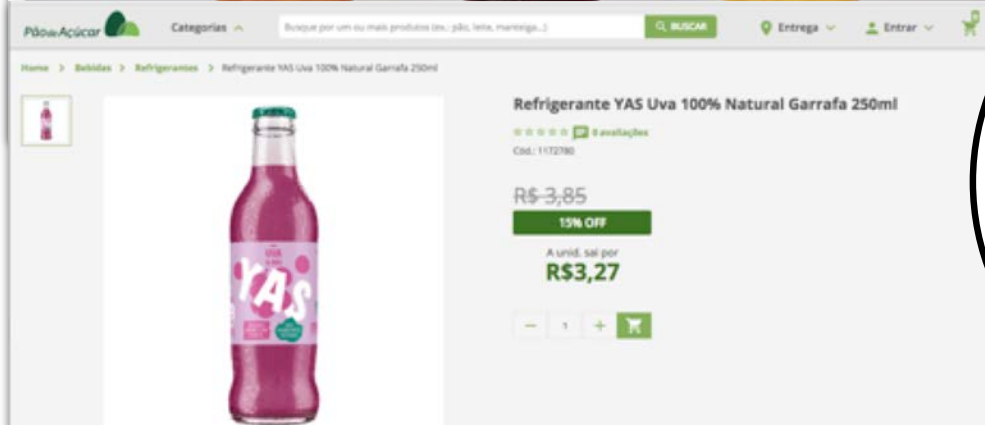
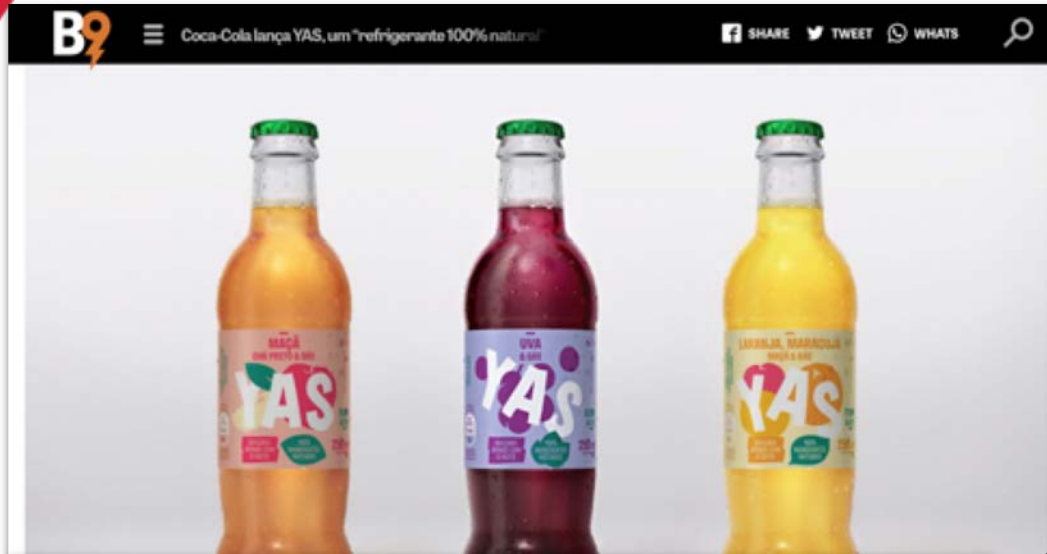


A new Purposeful Mini-company

Autonomous cross functional team



First to scale beats first to market(?)



New "soda" in the market in 3 months!



Enterprise-wide Learning

- ⇒ Old taboos being broken
- ⇒ System leverage new framework to "hack" traditional mindset and replicate winning strategy

How to
change a culture

The Lasting Legacy

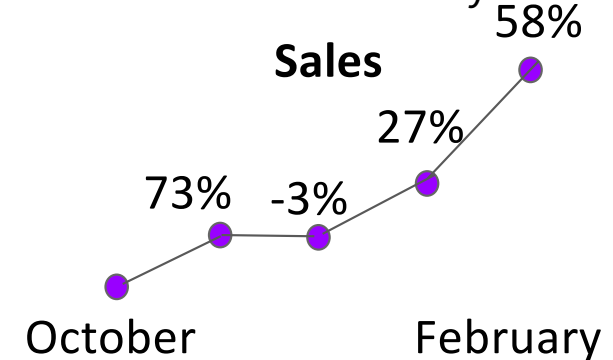
Nutritionists as advocates

- ⇒ Influencers referring and promoting the product



Acceptance of the market

- ⇒ 24% of people buying YAS don't drink regular soft drinks
- ⇒ in 5 months got the same share in supermarkets in SP of incumbent in market for 4 years



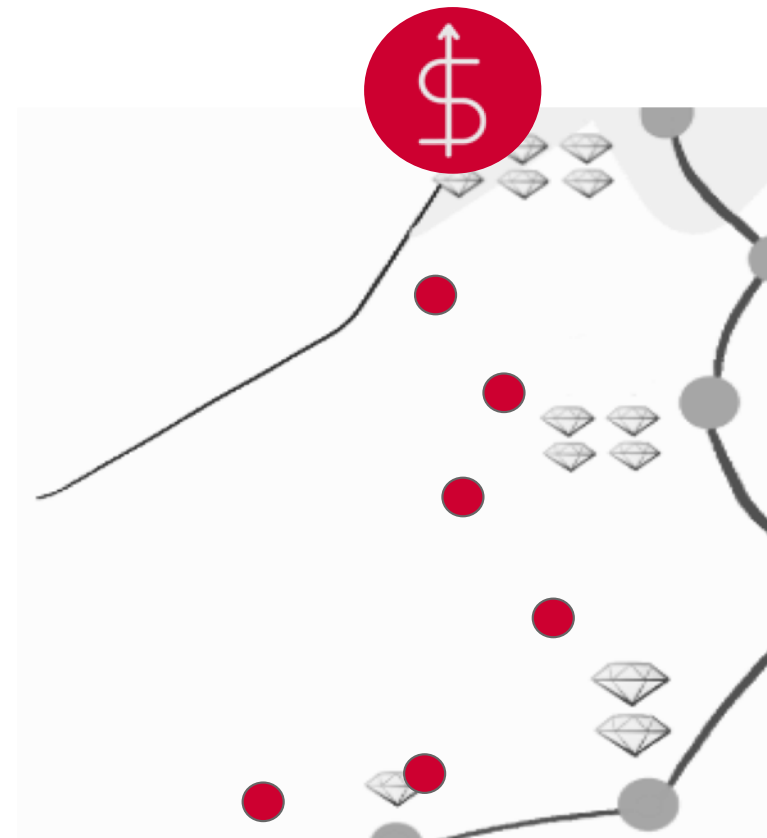


What can you do on Monday morning?



It's about Business Impact

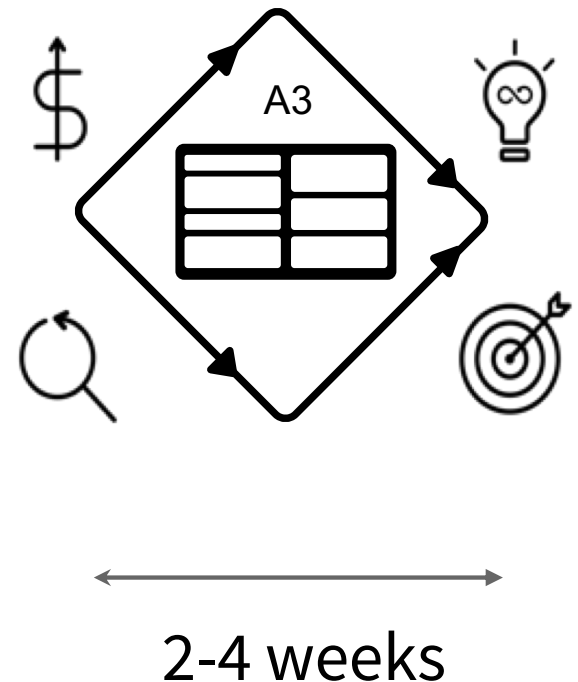
1 Pick a relevant
business problem





Collective Intelligence and commitment

2 Engage the right minds with the adequate incentives



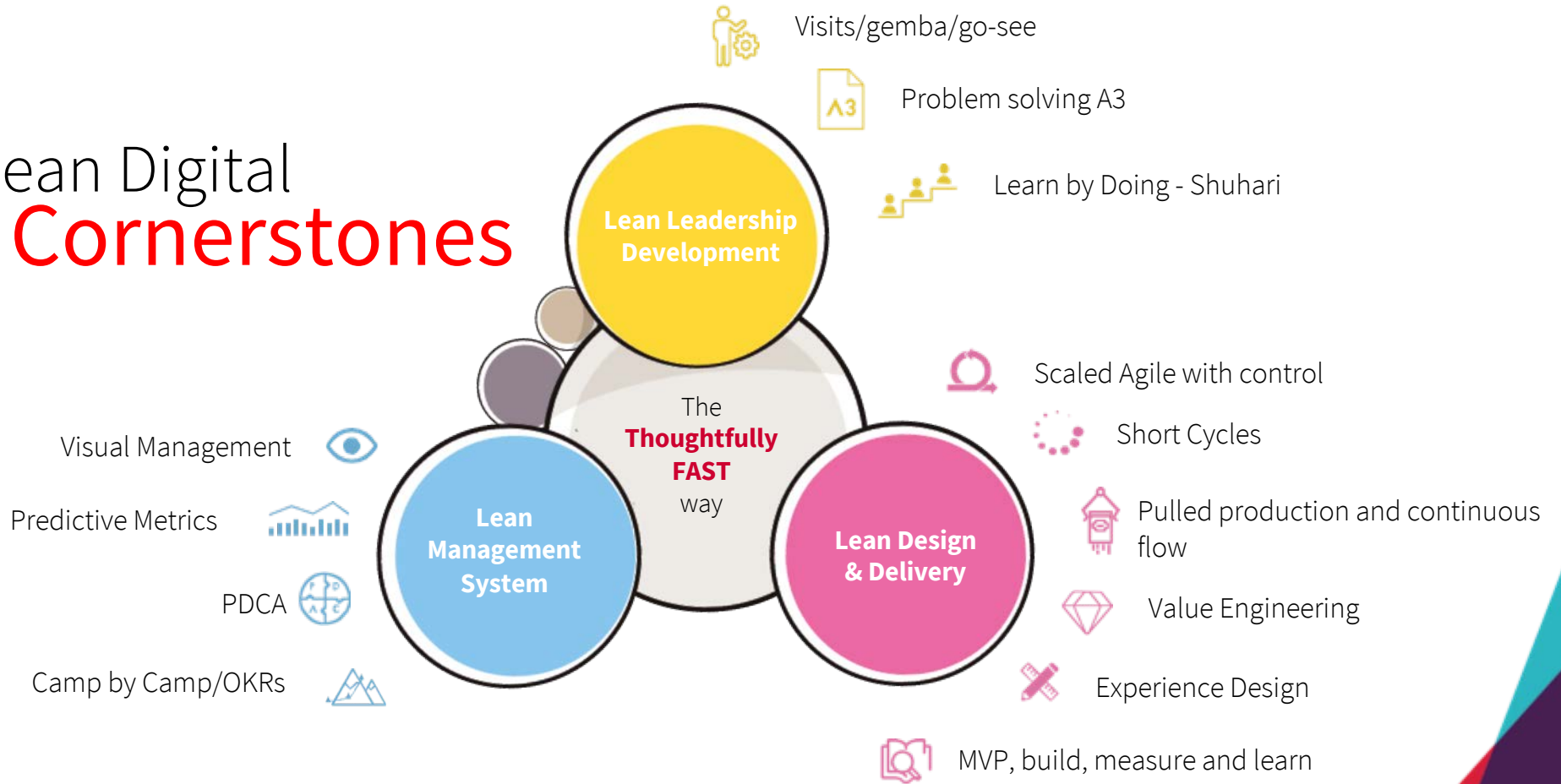
Climb, rinse and repeat!

3 Validate hypotheses,
realize incremental
transformation & plan
next quarter

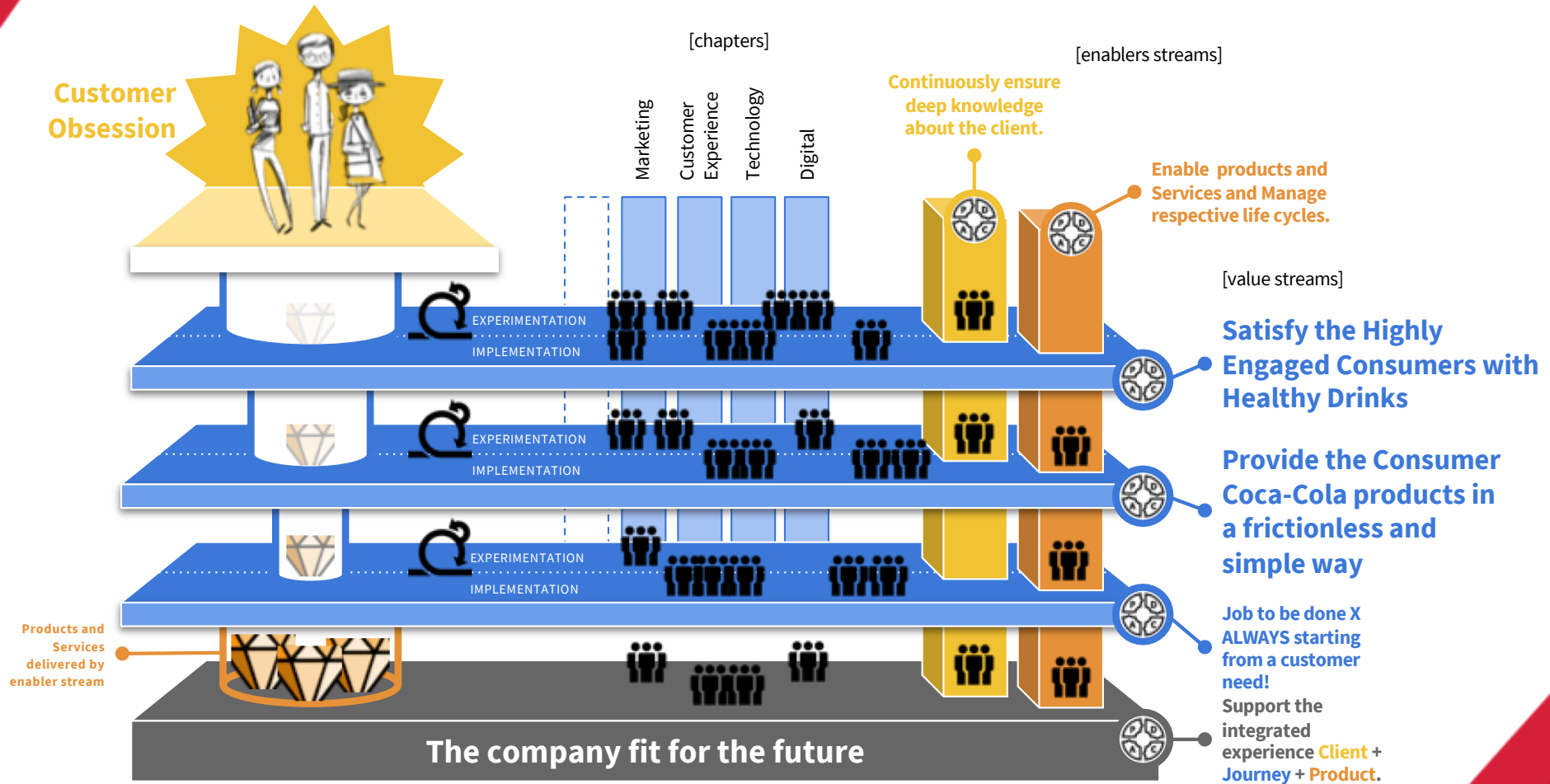


12 weeks

Lean Digital Cornerstones



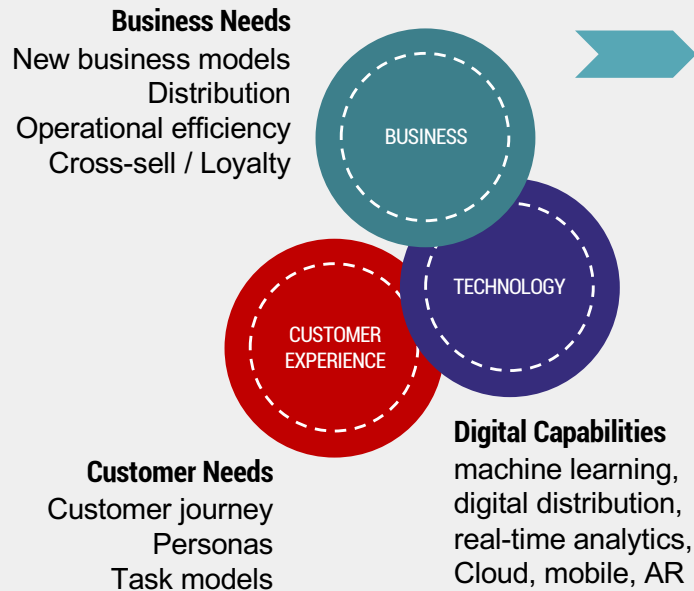
A new operating model for impact at scale



Incremental Transformation

ADAPTABLE STRATEGY

Foundational Vision



QUARTERLY BUSINESS IMPACT

Funding, Prioritization and Measurement

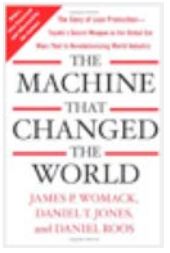
Strategy
Digital Opportunities
Impact Analysis



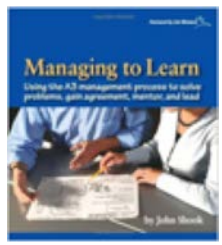
Revenue growth
Cost reduction
Faster time-to-cash
Value-to-customer

Digital program execution
Process optimization
Software development

Recommended books



* Available Soon!



“My real love is leading people. And lean digital has opened my eyes to a completely new role for leaders. We can be close to the work and the teams, coaching people to succeed. ”



Adriana Knackfuss
Group Digital Director
LATAM



The best at getting *better*

Thank you!

