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The Real Thing

TRUTH AND POWER AT
THE COCA-COLA COMPANY

Constance L. Hays

BOOKNOTES
BRIAN P. LAMB
C-SPAN AIR DATE
____/____/____

Robert Woodruff
March 7, 1985 died
Don Krough left in '93 - came back

Coke - best known brand
in the universe

"Share price" drives
these companies

What was the culture?

"Wister" - don't say Pepsi
please tapped etc. p. 176

Roger Enrico

Doug Switzer

Roberto Goizueta
Goy Swicat aka

762. Constance Hays

The Real Thing: Truth and Power at the Coca-Cola Company

Taped: 03/01/04

Aired: 03/21/04

Tape #: 181013

Orange
Minute Maid
Sprite
Pepsi & Root Beer
Frustration

people feared social retribution if they talked p 347

850 million 8oz a day
310 B. a year

Term - soda pop
from beginning secrecy was cornerstone
Charles Howard Candler and Frank Robinson - had formula

new Coke p 05 - 1985 Pepsi 17.5 market share
Coke 22 (1978)

Pepsi - 12 yrs. younger

July 10, 1985 - old Coke would come back
within a year old Coke outsold new Coke 10 to 1

Partnership - Chap 2

Bottlers - Sweet's arrives in 79' - Bottles 500 down from 1200

Soda "pop" -

asa Candler purchased secret formula from John Pemberton in 1888
gave out free samples - tickets - stopped in 1931
where did name come from?

Benjamin Franklin Thomas - Chattanooga

Joseph Brown Whitehead (Kennesaw ~~factory~~ lounge)

Joseph Brudenbuck

Coke company didn't like it when Bottlers didn't pour all the
profits back into company p 24

Syrup - Fountain sales vs. bottle

Bottlers - feeds opposed caffeine

Both sides become wealthy

a standard bottle was introduced

Candler runs for mayor and wins in 1915

"the Candler error" - help bottlers too much

1919 - Candler sold comp. for 25 million to Bankers

1986 - Long Investor 39 yrs old est. a plan to show aside
the 300 Bottlers left.

Coca Cola Enterprises

Rome Georgia - 916 8oz glasses a year per person

Frank Barron - active in community

Investor and Goigneta - growth stock not blue chip

1 Billion drunk a day 1986 - 49 to solutions p 42

Woodruff - 1927 Foreign Dept.

WWII - see that every man in uniform gets coke wherever

he is and whatever it costs p 81

10 Billion - drank by troop between 41-45

Brought Columbia first 1981 - sold it 89

1986 - ~~1000~~ 100 years

Sugar/Coca/Caffeine/Cocaine

What coke wanted was complete control over
the price they charged for syrup. p 57

1971 - FTC sued coke Pepsi and 9 bottles

79' - House and Senate proposals to urge protection
of soft drink bottles from anti-trust to permit
exclusive territories

passed 317 to 314 and 89 to 3

CCE - went public in 86'

Keough Sioux City / Creighton / Alter Boy @ Bishops /
Julien at Omaha radio / Johnny Conroy

P 131

Don't mess with Gornjels -

Allan Kaplan - Merrill Lynch analysts

banned from meetings for a year

didn't answer question directly

Japan 25% profit on 5% of sales.

rule with iron fist - iron glove

Stock split 86' - 3 for 1

" " 90 - 2 for 1

Profit 8% of coke
made director in 88'

92' stock split

(CCE spin off - iron
Coke of 3 Billion debt)

96' another stock split

Linda Ingram along with 3 others files a racist
discrimination against Coke in Atlanta

~~Investor~~ Investor from University Council

Gonzalez - p69 Yale - Chem 1953

b Nov 1931 Cuba

got his job thru a spanish "wanted"

5 yrs at Havana Coke bottler

1960 to ~~Atlanta~~ Miami - 3 kids - had started spirits in Cuba

4 yrs. later to Atlanta

Carlos 4 yrs. old died - 5 yrs. after arrival in U.S.

new secret formula Vice Chair in 1979 (one of sup)

Chair / CEO 81' The Real Thing
Woodruff - 58 yrs.

p227

Warren said he will never sell a single share
goop for a dollar a case that it takes them ^{to} _{make}

Albert Meyer Elkhan, Ind p230

looked at structure and relationship of Coke to Coke Enterprises

Coke - next to no debt / CCE - mid 98' - 7 Pct.

Coke owned less than 50% of bottles but had control
Howard Buffett - Ch. of CCE.

Meyer decided there was a conflict of interest - Meyer
had to leave Frank Martin's co. - moved to Dallas
~~under~~ uncovered Tyco

Don Keough - retired in 93' at 65

86' - a lot of bottles on market

Ch. of Allen and Co.

Jack Lupton / Frank Barron / BCI all wanted out
bottles

Investor's idea - CCE - buys bottles with 49%

The Pepsi Challenge

BOOKNOTES
2004-03-21

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LIBRARY OF CONGRESS CATALOGING-IN-PUBLICATION DATA

Hays, Constance.

The real thing: truth and power at the Coca-Cola Company /
Constance L. Hays.

p. cm.

Includes bibliographical references and index.

ISBN 0-375-50562-8

1. Coca-Cola Company—History. 2. Soft drink industry—United States—History. I. Title.

HD9349.S634C639 2004

338.T766362'0973—dc21 2003046609

Printed in the United States of America on acid-free paper

Random House website address: www.atrandom.com

9 8 7 6 5 4 3 2 1

FIRST EDITION

Book design by Barbara M. Bachman

Bottlers - concentrate prices escalated
with the needs of Coke

CCE. Henry Shimborg
Summerfield Johnston, Jr. and III

Bill Schmidt - sued coke over 10 years
Elizabethton, Ky.

CCE - started 86'

System established -
marketing support
rebates at end of year

Syrup sold at beginning of year - Coke could show
good forecasts

It was hard for analysts to understand what
Coke was actually doing

By 1998 - debt at CCE grew to 7 Billion on
revenues of 13 Bil.

By 1999 - coke had 11 anchor bottles

10% of business overseas
mix of 7 continents - leading soft drinks
USA 5% of world's pop

China -

Russia - Nixon and Pepsi / Ronald Kendall

Romania -

Ho Chi Minh in Armoured Ametrucii Car

Compensation 19 to 96 - \$1 Billion 11.7% share of stock

About the Type

Warren Buffett

Jimmie Wallerstein - Sun Trust

Herbert Allen

This book was set in Bodoni, a typeface designed by Giambattista Bodoni (1740-1813), the renowned Italian printer and type designer. Bodoni originally based his letter forms on those of the Frenchman Fournier, and created his type to have beautiful contrasts between light and dark.

Charles Duncan - Duncan Forder

Peter Hebenoth

James Laney - Emory U.

Paul Oreffice - Dupont

James Robinson -

Susan King - Steubens - Corning

Calhoun Black - Hearst

Donald McHenry

Paris, TX - antitrust suit - p240

CCE -

Coke used to be made with sugar - now high - fructose
corn syrup

signs	health concerns
vending machines	labeling of calories
exclusive agreements	caffeine
beginning bonuses	

120,000 convenience stores
TX 12,500 - CA. 9,000

summer of 2000 - guilty verdict against Coke - Paris, TX.
Wudley 2nd \$15.6 mil. in damages - The trader

Chap 10

1992 - Hoi - gets 1 million shares
Klongke 1 1/2 millions

Blacks don't get ahead - it remains a Southern Comp.
Mgmt gets perks - private plans - addressed by Miller

Carl Ware - secret committee of blacks to
study Coke

women - no pants allowed

Linda Ingram - p207 - Comments by Elaine Jones

Ingrid Saunders Jones - ran Coke Foundation

Ingram joined Cyrus Mehri to suit Coke - with
3 others

Invester - came to take in 79' - big accomplishment - 200 Coke
Plecker

Keough - backgrounded Fortens and other reporters on
leading problem with Invester P 228
Orangema / Cadbury / Belgium

"There will never be a day care on this campus"
Almost always white men in leadership positions

Coke 44% Pepsi 31% - market rate
(1970)

"CCE grew from 30% to 70% of Coke products control (1997)

"I don't need a filter" - no number 2

Long ettes - shop with members

Invester wouldn't choose a Pres.

He gave an interview to Vega - Braichin - told him about
weather controlled machines (11%)

Senior V.P. James Chestnut / Doug Daft / Jack Stahl -
Block VP Carl Wore resigned

Quaker - after Daft and Keough assumed that Coke would
buy them the board turned them down.

Pepsi owns Quaker - Buffet led revolt (he lost
it Miller in 02)

Wid Steve Hoyer from Turner to be Pres.