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CEO SPOTLIGHT | SATURDAY, MARCH 9, 2013

Cultural Ambassador

By DYAN MACHAN

Global in background and outlook, Coca-Cola CEO Muhtar Kent knows when to play the diplomat, and when to be the tough guy. Why his own secret formula works.

The son of a Turkish diplomat, **Coca-Cola** Chief Executive Muhtar Kent knows his social etiquette. When served with live, "wiggly" animals at a formal dinner in a foreign country, he recognized he had no choice but to slurp them down. Kent, 60, relates the story over a plate of trout, incontrovertibly dead, in the plush dining room of Coca-Cola headquarters, overlooking Atlanta's skyline. When representing a product that is served 1.8 billion times a day, and is sold in 207 countries, you behave as a good guest, he says.

A true citizen of the world, Kent has spent his life, and his career, adapting to others' customs. "His genes are international," says Dan Moskowitz, a Miami-based operations consultant, who has known Kent for 20 years.

Born in the U.S., Coke's CEO spent his early childhood in Thailand, India, Iran, and Turkey, and could chatter in Turkish, Urdu, Thai, and Persian, although he has since lost his facility with all but Turkish. He attended an American boarding school in Turkey and British universities, and later added English, French, and Italian to his adult linguistic repertoire.



Ken Reid for Barron's

Global in background and outlook, Coke's CEO knows when to play the diplomat, and when to be the tough guy.

That cultural immersion alone made Kent well suited to run Coke (ticker: KO), which earns 74 cents of every dollar outside of North America. "He can step off an airplane in Malawi, and will know what to do, and know people there," says Howard Buffett, a Coca-Cola director and son of Warren Buffett, whose **Berkshire Hathaway** (BRKA) owns 400 million, or 8.9%, of Coke's shares. Buffett sees similarities between Kent and his legendarily folksy father. "My dad can speak to 5-year-olds and the toughest New York analyst," he says. "Muhtar Kent is the same way."

AS CEO OF COKE since 2008, Kent does what is expected, and then some. But what the world expects of global brands like Coke, the world's largest beverage company, with \$48 billion of annual sales, has changed in the past five years. It isn't enough for Coke to sell more than 500 beverage brands—the list also includes Powerade, Minute Maid, and Dasani water. The company also must tackle poverty and improve the quality of life wherever Coca-Cola can be found.

Kent is on board with the program. "We have distribution that can get to every corner of the world," he says. "Why shouldn't we use some of that capability to make communities get stronger? Communities get stronger, our business gets stronger."

Instant, interactive communication has sparked the sea change, he adds. There is no going back to the days when consumer-product companies could merely dictate through advertisements what consumers ought to believe. "With social media, consumers talk to each other," he says. "To the extent that they hold you in a positive light, you win. It's a huge change."

Mindful of this, Kent announced two ambitious goals in 2010: Coke will double its revenue by 2020 and become "water neutral," replenishing as much clean water as its uses. At the same time, it will also empower five million women, mostly in the developing world, to become entrepreneurs. "Coke will be a stronger company 10 and 20 years from now because of his vision," says Howard Buffett.

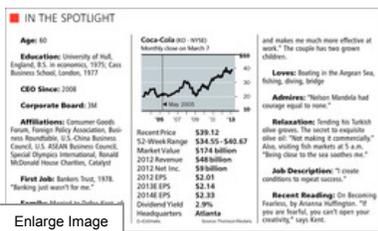
AT 7:30 ON A WEDNESDAY morning, Kent seems to sparkle before a bright, Coke-red banner as he introduces the mayor of Atlanta at a company-sponsored breakfast. When it appears the mayor is running late, Coke's suave CEO blames his watch, declaring to

Before he took the stage, Kent moved around the room, stopping here to whisper to a leader of Atlanta's Jewish community about a friend whose wife was ill, and there to pester an acquaintance for photographs of her children. "Kent's greatest strength was and is his genuine interest in people, whether it's a prince or a fishmonger," says John Hunter, a retired Coke executive who once was Kent's boss.

Back at his office, Kent cheerfully cottons to any Coke-related subject, but is reticent to speak about himself. "I look out the window, not in the mirror," he says.

Kent's single-minded focus on Coca-Cola has reinvigorated a company that suffered for more than a decade under a succession of poor chiefs. Five years after he moved into his cream-carpeted suite, the current CEO is being compared with Coke's greatest leaders—Robert Woodruff, a marketing genius who built Coke's foundation, and the legendary management team of Roberto Goizueta and Donald Keough, who transformed the company into a global juggernaut. "While no one person could possess the combination of their talents, Muhtar comes the closest," says former Georgia senator and Coca-Cola director Sam Nunn. "He's brought back excitement."

Kent also injected another ingredient into the then-listless company. Asked by Nunn some years ago what he would bring to Coke as its leader, Kent replied, "Tension."



That surely was in evidence after Kent took the reins; he gutted top management, and instilled his trademark "get it done yesterday" focus among the rank and file. He also mended fences with bottlers, and bought CCE, Coke's North American bottler, for \$12.3 billion. The deal defied his predecessors and worried Wall Street, but gave Coke needed control in its largest market.

"He doesn't go into the bunker with his helmet, but is on the battlefield," says Nunn.

With carbonated-beverage consumption declining in the U.S., Kent invested in fast-growing alternatives such as Glaceau vitamin water, tea, coconut water, and dairy brands. He put \$30 billion to work in China, India, the Middle East, and Russia. He also expects to slice \$1 billion from costs by 2015. "He has all the skills of a diplomat and a hard edge when he needs it," says Coke director Keough.

Investors are drinking up the changes at Coke. The company's shares have risen 52%, to \$39, during Kent's tenure, compared with gains of 18% for both the Standard & Poor's 500 and **PepsiCo** (PEP) in the same five-year span. Coca-Cola's market value has swelled to \$174 billion. The company is expected to earn \$2.14 a share this year and \$2.33 in 2014, up from \$2.01 in 2012. The company pays a 2.9% dividend yield, and trades for 18.3 times this year's expected earnings, toward the top of its five-year range.

KENT'S FATHER, NECDET KENT, had an enormous influence on his only child. A secular Muslim, the elder Kent risked his own life repeatedly to save hundreds of Turkish Jews during World War II. Yet "he never wanted any attention for doing what was right," says Kent.

Self-aggrandizement was forbidden in the family, as was disrespect in any form—and sloppy dressing. "I learned to carry my own bag," says Kent, who often favors contrasting collars on crisp shirts, and bright solid ties.

The family moved frequently, and figuring out how to make friends quickly became Kent's survival skill. Sent to boarding school at 13, he not only learned to "eat fast," but also recognized that breaking bread together helped foster relationships. "People make the mistake of meeting someone and not following up because they think they may never see them again," says Kent, sipping a Coke Zero. "That is so wrong."

After college and graduate school in London, Kent briefly took a desk job at a New York bank, but found the work dull. Answering a help-wanted ad led him to a job at Coke in 1978, where learnings the ropes included a stint loading trucks. Six years later, then 32, Kent was running the company's bottling operations in Turkey. When he tried to fire Coke's bottling company, which was run by a powerful Turkish family, he received death threats, but he hired a bodyguard and persevered, ultimately succeeding. Sales rose exponentially.

Kent's landmark moment dovetailed with history, when the Berlin Wall fell in 1989 and Russia and the Baltic States became his territory. He opened 22 factories in 28 months. "It was an incredible time," he says.

By 1995, Kent was leading bottling operations in 12 European countries for Coca-Cola Amatil (CCL.Australia), an Australian bottler. But several years later, he resigned after selling short Amatil shares prior to a profit warning, a transaction his financial advisor reportedly assured him was legal at the time. "Life is not a straight line," says Kent, who cooperated fully with an investigation by Australian regulators and repaid profits from the sale.

Kent next ran Efes Beverage Group, a Turkish brewer with ties to the country's Coke franchise, vastly expanding its reach into the former Soviet Union and Eastern Europe. In 2005, he was lured back to Coke with the agreement that he would oversee its Asia and Middle East markets and have a chance at the top spot. He breathed new life into Coke's Japanese market and made inroads into

China. Kent became chief executive in 2008 and chairman in 2009.

KENT'S JOB HAS CHANGED dramatically from his predecessors', as the company has expanded into territories once considered the domain of governments and social agencies. In the water arena, for instance, Coke is installing purification units in gas-station-size kiosks called EKOcenters, in places where clean water is scarce. With less voltage than a hair dryer, the machines will be able to turn any foul liquid into pure drinking water by boiling and condensing the vapor. They will also provide refrigerators for vaccines and offer charging stations for mobile phones.

The pilot centers are operating in Ghana, and more will be heading to rural Africa, Latin America, and the Middle East. They might also sell Coke, although "it's not our primary objective," he says.

Kent wants women to run the EKO facilities, as a popular view in nongovernmental-organization circles is that women are more likely than men to direct their income to benefit their children and communities. "Investing in women is one of the most powerful ways to spur sustainable growth," he says.

Coke currently is working with governments and multiple NGOs, including United Nations affiliate U.N. Women. But the U.N. and many governments are best known for the type of bureaucracy that Kent stamped out at Coke. "We can complain, but as with capitalism, it's the best we've got," he says.

Traveling 75% of the time outside of Atlanta, Coke's chief has added more than 30 pages to his two U.S. passports, which are updated constantly with new visas. With Coca-Cola doing business in every country but Cuba and North Korea, Kent likely knows more heads of state than any other corporate chief. But it's hard to say for sure. The diplomat's son who knows when to swallow live creatures also knows when to keep his mouth closed.

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