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Manuel Arroyo

'Transformational leadership: from perception to behaviour, with flexibility and talent as cornerstones'

Manuel Arroyo | Executive Vice President and Global Chief Marketing Officer for The Coca-Cola Company

Manuel Arroyo (Algorta, 1967) earned a bachelor's degree in Law and Business Management from ICADE and received executive training from IMD and Wharton-Emory. He is a member of the board of Coca-Cola EuroPacific Partners.

He began his professional career in 1992 at Johnson Wax and at Banco de Santander, before joining The Coca-Cola Company in 1995. He led one of the most ambitious marketing transformations in the company's history. With international experience spanning more than three decades, he has held top positions in Europe, the United States, Mexico and Asia-Pacific, where he has led key business units and refranchising, expansion and growth processes in an array of markets. Recognised for boosting a digital-first global market model and for modernising the brand portfolio, he has managed high-performance teams in complex environments, integrating data, technology, innovation and creativity. His leadership style combines a strategic, results-based vision and a strong commitment to talent and the brand culture.

What are the principles of a transformational leader?

The first principle is to carry out a conscious exercise of recognising the current reality of what things are working and what things are not working, recognising that what is not working and many of the current principles and beliefs are not going to lead to growth, and having the conviction and making the decision to change it.

The second involves the power of metrics. In this process, we realised, or I decided, that we needed to raise the issue, not just within the company but in the whole industry, that the metrics we had in marketing were inadequate. Basically, we went from a metric concerning perception to a metric involving behaviour because behaviour relates most to what people do. So we changed the metric to a behaviour metric that is much more directly related to growth, to sales.

'Often in marketing the great challenge is to differentiate between what people say and what they do, which is often quite different. The role of marketing is to help grow a company's sales and change that metric'

The third thing we did was to recognise and identify the fundamentals of the discipline of marketing that needed to be changed and how they were interconnected, from brand strategies to all the communication strategies, all the different ways of connecting with the consumer, either through the product, the point of sale, through live experiences, concerts, sports events, etc. and how the digital world was going to interconnect them, was going to be the common thread running through all these different experiences, from the product to the point of sale.

The fourth and final principle was the importance of people. Our business, like most FMCG companies, depends on people and depends on talent. And that talent has certain capabilities in some cases and perhaps doesn't have other capabilities needed for success in the future. An entire updating process is required for that talent which involves reskilling the existing talent and bringing in new people from outside which will also help us to do things we didn't know how to do. The whole area of human resources and people was absolutely critical. With these four principles, basically we made headway in a process that lasted four to five years.

How has your international experience affected your leadership style?

Clearly, having very varied international experience and, in my case, after more than 20 years, this changes you, not just as a professional but, above all, as a person. I think, generally, it helps you become more flexible, helps you understand that however proud and pleased you are about where you come from, there are many different ways of looking at life, and until you accept that you're not going change the sociology or entire culture of a country, and that, instead, your job or the first step, is to adapt culturally to them and focus on the good things, because in any country in the world you're going to find things you like and others that you don't. Concentrate on what you like and leverage and enjoy it, and understand it. Because, in the end, once again, a very large proportion of the work involved in, and the secret to, finding success in other cultures lies in the people. You have to get under their skin, understand them, and that respect and understanding, appreciation and recognition of their values, culture and how they think, of what they consider essential is very important, as is remembering that there's no one rule and there are very different people within every country. This respect, this starting point, spending time learning about their culture, who they are, how they work is time very well spent that has helped me not just in my professional life but also personally. It's been one of the things that has always fascinated me, seeing different cultures in the world, why they do things, the type of food they like and why, and you see the reality of different places in the world, and in the end, they are very different in many ways but in many respects, in terms of the basics, the essentials, we value the same things and care about the same things.

What skills are essential for leading a brand's strategy?

The world is changing very quickly and, perhaps because of the technological disruption we're starting to experience, it is even accelerating even more. Every day I have the impression that, even though I'm trying to do things very quickly, everything out there is moving even faster and I think that's going to be the trend and general theme we're going to have to learn to live with in the next few years. This means a series of things are needed. When there's so much change, it's essential to be very open and willing to learn, to spend

'Learn, focus, be flexible and be adaptable enough to make a change that's going to be critical in the next few years.'

time on learning, really invest time in it. The second thing I think is very important is to focus, because when there's so much change it can be overwhelming and generate ambiguity and uncertainty; the best recipe, in my humble opinion or in my experience of managing complexity, is simplicity, and that means as a professional, you make a conscious decision that you're going to do three or four things, not ten things, you're going to want to do ten but you'll be able to do three well, and then you have to define those three things. And the following and last point is flexibility. Because in a context of incredible change you're going to see things that we predicted and you decided to focus on those three or four things, which are still valid but some of them certainly won't be and you'll have to change them and changing quickly means maintaining that flexibility and being adaptable enough to make a change that's going to be critical in the next few years.

this technology as soon as possible, leverage it, use it, manage it and see it as a fantastic ally because I'm convinced it will be.

There will be some things about it we'll like more than others, and that will change over time. But the main task, in my case, with those 2,000 marketing professionals is to inspire them to adopt this technology and use it. In fact, it is not proving that difficult, because what's attractive or what I'm finding is that for the immense majority their adoption of these tools, which we're measuring and monitoring, is very high; over 90% of those 2,000 professionals use them every day and although some take more time than others, what we're seeing is that the growth and learning is not a linear curve but is almost exponential. This launch is already starting to bring such marvellous ideas and options that we can consider making even faster progress. I'm very, very optimistic about what's going to happen with the whole AI world in marketing and, specifically, at Coca-Cola.

'We listen to our youngest professionals, whatever their experience, as advisers who are able to influence our strategic decisions.'

How do you lead technological implementation in a global marketing team?

To deal with this reality you need to remember two things. The first is, while recognising the marvellous opportunities that technology and AI offer, you need to be clear that marketing and our business is fundamentally carried out by and for humans, for individuals of flesh and blood, for people, for consumers, carried out, in our case, by sales and marketing professionals and those people are made of flesh and blood. And that technology out there is going to be exactly the same for everyone. The differentiating factor in what we do is the human element.

We sell drinks and brands that basically connect with people on an emotional level. The idea is to touch their hearts, to make them feel something. Technology, particularly AI, is going to help us do it much better and much faster, but won't replace us totally. Therefore, it's essential to help all our human teams adopt

How can we build authentic relationships with the younger generation?

The first thing is, obviously, to be really interested in that generation. That generation is nothing like ours. That generation has been educated and has grown up in a different society, with a series of values and principles, some of which may be the same, but have evolved, and they see life differently. We need to spend time on this and at Coca-Cola we make sure we spend a lot of time listening to and talking to consumers, with people from Gen Z. This is an essential component, the starting point for our business. Internally, we have many programmes and for many years we've had what we call "reverse mentoring", which basically means that many of our executives have two or three Gen Z employees who, regardless of whether they have six or twelve months or five years of experience, it doesn't matter, we use to be our advisers, to tell us, without any filter or barriers, what they really think about what we do, what they think is good, what they really don't like, and what they would

change if they were in our position. And I think this really helps us to gauge the reality of what's happening around us in people's daily lives. It's a formula I believe many companies use and it's very effective.

What value can an in-depth knowledge of marketing, operations and general management bring to successful leadership?

After nineteen years in general management positions and a total of sixteen in marketing, in the FMCG industry, they are incredibly important and are interrelated because in the world of FMCG, everything starts with the consumer; everything starts with marketing and the importance of brands.

This is the reality in the United States today. A study was done recently in large US companies that reported that in at least two-thirds, more than two-thirds of the leading companies in the United States, the area, function and executives in the marketing team did not have the support or belief of the CEO or the board of directors and, there's been a widespread conversation in the community, above all in North America, in the United States, about why that is, how and why this occurs and how it should be changed. And, humbly, when I've been asked, I say that, fortunately, I'm not in that group, because marketing is clearly one of the key drivers at Coca-Cola, and I've felt incredibly supported from the outset by our CEO and the Board of Directors, even though the transformation has obviously not been easy and has had its different phases, as is logical. But what I normally say is that there's no more powerful place to start than looking in the mirror. And perhaps when someone doesn't have that support or doesn't have their superiors' trust it's because of something they've done or they've said about the role of marketing. Therefore, one of the main lessons I recommend is that marketing is there to aid growth. It's not an end in its own right, it's like any other profession, it has its own paradigms, and its own convictions which I often think need to be reconsidered. We come from a world in which most marketing teams are still valued by how they move or manage to change metrics and numbers that measure consumers' perceptions. And, although perception is very important, if that perception is not converted into growth, it's absolutely worthless.

I always use the same example: there are hundreds of millions of people who say they love Coca-Cola, adore Coca-Cola and would be delighted to wear a T-shirt with the logo, but they wouldn't drink a coca-cola in their lives. The people who do drink it, all end up loving Coca-Cola, they adore it. So, why for the next 20 or 30 years are we going to continue to look at the metric that doesn't necessarily generate any growth, when if I change that metric, I make it less important, although the industry thought this almost sacrilegious, and I change the metric, a metric of consumption, then, surprise, surprise, the metrics work, they change people's behaviour, consumption is generated, we grow much more than the rest of the FMCG industry in general and that becomes a virtual circle, because growing more means you can invest more, you can hire more people and you can generate value for everyone.

"In the FMCG industry everything starts with the consumer and the importance of marketing and the importance of brands."

What would you like your legacy as a leader at Coca-Cola to be?

I've never been and I'm still not a person concerned with great legacies; I have to say that first of all. This comes from the culture at Coca-Cola, which has been encapsulated by the different leaders we've had in our history; we had one president who spent 60 years at the company, 40 as president of Coca-Cola, called Robert Woodruff, who is very well-known as he led the whole international expansion from the United States to the rest of the world. He was a very low-profile man, not at all public. And this was because he learned early on that when we were trying to expand, as such a large company, and being so successful with great communication, there are always going to be people who won't like you, who won't like that and, above all, such a large company can be looked at unfavourably. There's nothing like the power of people discovering for themselves the value you bring or don't bring them. He was an incredibly humble person who said that a man can go as far as he wants if he doesn't mind who takes the credit or who gets the recognition.

What's important is the company that has given me a job I enjoy every day, that has also allowed me to create financial well-being for my family, including the education of my children in the different countries around the world where we've lived. That's what's really important. That's the legacy that matters. It's a legacy more of gratitude to the company and of recognition of the company which, together with my efforts and work, has put food on the table for me and my whole family.

Besides that, I would like to be recognised as someone who made a great difference in each of the challenges I've faced. I've been very lucky that all of the positions I've had, without having been aware of it and without having asked for it, provided me with really difficult

"The company is very successful due to its collective legacy"

challenges, things that the five, six or seven executives in the post before me had not been able to tackle. And perhaps that has been due to that absence of awareness or optimism, that's what I like. But once again, regardless of the matter of legacies, Coca-Cola has had a tradition of extraordinary leaders for many decades who've done extraordinary things, and the company is very successful due to that collective legacy.

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