

meet the ceo  
April 2004  
Terry Davis  
in conversation with  
Helen Trinca

Transcript

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1 Professor WHITTRED: Ladies and gentlemen, good evening and  
2 welcome. My name is Greg Whittred and I'm Dean of the  
3 Faculty of Commerce and Economics. Welcome to the  
4 University of New South Wales, most particularly welcome  
5 back to the Faculty of Commerce and Economics.  
6

7 My role tonight is really just to welcome a few  
8 special guests and to say a little about Meet The CEO.  
9 So, first, let me welcome in particular our special guests  
10 this evening: Terry Davis, CEO of Coca-Cola Amatil,  
11 and Helen Trinca, editor of the 'Financial Review's 'Boss'  
12 Magazine and our interviewer and moderator this evening.  
13

14 I'd like also to welcome amongst the audience those  
15 of our alumni leaders and distinguished alumni who have  
16 taken the time to join us tonight, and our new executive  
17 in residence, inaugural executive in residence,  
18 Steve Crane of ABN Amro; to our principal sponsor for the  
19 Meet The CEO series in 2004, Deloitte, and their CEO  
20 Giam Swiegers; to our media partner, 'Boss', and of course  
21 Helen Trinca; and, finally, to Lion Nathan for supplying  
22 the refreshments we have all enjoyed.  
23

24 Last, and certainly not least, I'd like to welcome  
25 members of our faculty advisory board. The board members  
26 here tonight include Peter Bergman, Michael Crouch,  
27 Mark Decure, Peter Maddock, Vicky McFadden and board chair  
28 Warwick Negus, and of course Terry Davis.  
29

30 The Meet The CEO series aims to give our students and  
31 alumni access to contemporary thinking in business by  
32 its leading practitioners, to the men and women whose  
33 innovation, entrepreneurship and leadership have  
34 fundamentally altered the way business gets done.  
35 The program runs four times a year, with a senior  
36 executive coming to the university to speak to an invited  
37 audience, largely of alumni.  
38

39 Meet The CEO is a key event in our calendar and  
40 a critical plank in the board's strategy for building  
41 and strengthening our already excellent relations with  
42 the business world. This is the second event in our  
43 Meet The CEO calendar. We made our first major attempt to  
44 reach out to our alumni with the launch of the series in  
45 December last year with Richard Branson. The alumni  
46 response to that event was overwhelming, and I am  
47 delighted to say that it remains just as strong

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1 this evening. I've asked Terry what he makes of that and  
2 how he should compare himself to Richard Branson, but he  
3 has modestly declined to comment.

4  
5 It's my pleasure now to introduce Warwick Negus,  
6 chair of our advisory board and principal of 452 Capital,  
7 to introduce Terry.

8  
9 (Applause)

10  
11 MR NEGUS: Good evening, everyone, and thank you, Greg.  
12 It's a real pleasure tonight to introduce to you  
13 Terry Davis, chief executive of Coca-Cola Amatil. It's  
14 a real pleasure because I think he has some very  
15 interesting things to say and share with us some of his  
16 experiences as a chief executive during his working  
17 career.

18  
19 Terry is the second speaker, as Greg said, in our  
20 Meet The CEO series and the person largely responsible for  
21 securing what I think is an amazing line-up of Australian  
22 chief executives over the balance of 2004. More about  
23 that later.

24  
25 Let me share with you a few brief points about  
26 Terry's career. He's been at the helm of Coca-Cola Amatil  
27 since November 2001. Since that time, the company has  
28 delivered a total return to shareholders of in excess of  
29 41 per cent, handsomely out-performing both the local  
30 sharemarket and his peer group. Not a lot of companies  
31 can actually say that.

32  
33 He has demonstrated already in his role  
34 the capabilities of a CEO. He is strategic and tactical -  
35 strategic in that he has set some very clear financial  
36 goals for the company and he has communicated those  
37 clearly to all the constituencies, and most importantly to  
38 the shareholders. More importantly, he has delivered on  
39 those goals and continues to deliver. Not a lot of  
40 companies can say that either.

41  
42 He is tactical in that he has been behind the launch  
43 of a range of new products for CCA and, importantly, their  
44 expansion into the non-carbonated beverage sector through  
45 a series of acquisitions in Australia and New Zealand.  
46 Prior to his time at Coca-Cola Amatil, Terry spent  
47 the best part of 14 years in the wine industry, his final

1 role being the managing director of Beringer-Blass, which  
2 at the time was generating more profits than any other  
3 wine company in the world.  
4

5 Outside of this, as Greg mentioned, Terry is also  
6 an extremely important member of our faculty advisory  
7 board - your faculty advisory board. His contribution  
8 so far has been invaluable, and the part he plays in  
9 developing the Meet The CEO series is having a material  
10 difference in bringing the business community and the  
11 Faculty of Commerce and its students closer together.  
12 He is already the envy of corporate Australia and it is my  
13 pleasure to welcome him here tonight. Ladies and  
14 gentlemen, please make welcome Terry Davis.  
15

16 (Applause)  
17

18 MS TRINCA: Now, Terry Davis, you're the head of a  
19 company that has the most incredible recognition factor  
20 probably in the world and an incredible brand power.  
21 In fact, I go back 70 years to 1932 to a quote from  
22 a journalist, which is still a good one 70 years on:  
23 "By what magic does Coca-Cola make its universal appeal?  
24 This surely must be something, for the demand grows  
25 and grows". So, Terry, what is that magic?  
26

27 MR DAVIS: Well, the fact is that the word "Coke" is the  
28 second most recognised English word in the world, outside  
29 of "okay", which is just extraordinary to me. Whether  
30 "okay" and "Coke" go together, I'm not sure. Maybe it's  
31 because originally it was sold as a brain tonic, and I'm  
32 sure there are a number of people that work for us who  
33 continue to believe that.  
34

35 But it's a machine. There is no doubt that the Coke  
36 system in terms of the way it's developed not just its  
37 American business but then really saw the opportunity of  
38 bringing carbonated beverages to the rest of the world,  
39 and now it's ubiquitous, and I think that's got a lot to  
40 do with it; it doesn't matter where you go, Coke tastes  
41 the same. The formula for classic Coke is the same  
42 in Australia as it is in America, as it is in England,  
43 as it is in India. So I think that's got a hell of a lot  
44 to do with it.  
45

46 MS TRINCA: And have you got a favourite jingle from one  
47 of those ads over all of those years?

1  
2 MR DAVIS: It's interesting. We actually had our AGM  
3 last week and we played some of the old ads. Coca-Cola  
4 Amatil have been involved with Coke for 40 years, and  
5 the company is 100 years old, and I can't get past the  
6 beach ads, the beach balls or the guys coming out of  
7 the aircraft with the escape boards.  
8  
9 MS TRINCA: You can't sing it for us, though?  
10  
11 MR DAVIS: No, I can't, but "Coke is the real thing", you  
12 know.  
13  
14 MS TRINCA: So you're the custodian of a terrific brand,  
15 but has that been a straitjacket at times? How much are  
16 you, as another journalist once said, somewhat of a slave  
17 to Atlanta, where headquarters for Coke obviously are?  
18  
19 MR DAVIS: Amatil is a publicly listed vehicle. If you  
20 could imagine, Coke is basically a large franchise system  
21 where various companies have franchise rights to produce,  
22 to distribute Coke around the world. We operate in six  
23 countries and have access to nearly 300 million consumers.  
24  
25 Now, that position with Coke has a lot of  
26 responsibilities for it in terms of how you develop your  
27 product, and I think that if you went back 10 to 15 years  
28 ago, the Coke company would have seen themselves as  
29 "the Coke company"; "we sell Coke, and that's it".  
30 But that's changed dramatically, particularly as they've  
31 launched into a lot of the south-east Asian markets where  
32 people haven't grown up with carbonated soft drinks as  
33 part of their culture and ready-to-drink teas. Water has  
34 been much bigger and juices have been much bigger.  
35  
36 So I think if you'd gone back 10 or 15 years ago,  
37 you would have said, "Yeah, real problems with what  
38 the business should look like". In Australia it's  
39 interesting: Coke's last product launch before I started  
40 had been in 1983, with Diet Coke. That was the last time  
41 that we'd actually done a product extension, and now we've  
42 done three in two years, so I think there is a willingness  
43 to accept that people want to drink different beverages  
44 at different times of the day. Our job is to make sure  
45 that we've got a beverage for each of those occasions,  
46 rather than say, "Hey, you must have this" or "You must  
47 have that".

1  
2 MS TRINCA: So it hasn't been a particular problem  
3 in terms of expanding and broadening the base of Coca-Cola  
4 Amatil in the region? It hasn't been a problem?  
5  
6 MR DAVIS: No, in fact far from it. We set out - when  
7 I joined, you could see that non-carbonated drinks  
8 were growing at a much faster rate, predominantly in  
9 the bottled water area. The opportunity to take that  
10 growth and actually grow the per capita consumption was  
11 pretty significant. We've gone from I think five per cent  
12 of revenue in the year 2000/2001 to about 17 per cent  
13 in the three years, so we're making pretty good progress.  
14  
15 MS TRINCA: Has it actually helped being an outsider  
16 because you, of course, unlike a lot of people at the top  
17 of Coca-Cola, are not a company man, in the sense you came  
18 to it quite late in your career, and that's an unusual  
19 thing for Coke, isn't it, because it is such a company  
20 that almost preaches a religious-like zeal for the --  
21  
22 MR DAVIS: There are not a lot of senior people that  
23 leave Coke, voluntarily anyway. And I'm talking about  
24 from the system. There's a very collegiate view from not  
25 just us as a franchisee and Coke company but within  
26 the other bottlers around the world, and people, once  
27 having been in that system, why would they go and work for  
28 a number two? It's very hard when people get used to  
29 working for a number one, and the strategies that you  
30 develop for being the number one business is quite  
31 different to the type of follow-me strategies that you  
32 develop as a number two.  
33  
34 I think that a lot of people would really struggle,  
35 and that's what I saw as the opportunity: actually taking  
36 a brand that was number one, that had not quite lost  
37 its way, but certainly had not quite focused on giving  
38 the customer what they wanted.  
39  
40 MS TRINCA: We were talking before about the fact that  
41 in Atlanta, at headquarters, it used to be the case that  
42 you weren't supposed to mention the word "Pepsi", that it  
43 was very strict. How did you find going to Atlanta  
44 for the first time when you became the CEO here?  
45  
46 MR DAVIS: Well, I was lucky enough - I think two days  
47 after I started, I went to Atlanta with David Gonski,

1 the chairman, so it was a real quick initiation, and  
2 it's a different world over there. There's no doubt that  
3 Americans have a quite different view of life than  
4 Australians. That's not necessarily bad or good,  
5 but there is an incredible sense of importance of what  
6 the Coke community does, not just for its own businesses  
7 but what it does for local communities around the world.

8  
9 MS TRINCA: But was it strange being outside the culture  
10 in that sense?

11  
12 MR DAVIS: Yes. There is no doubt that Coke in itself  
13 is reinventing itself and, as a result, they are also  
14 bringing in people from outside. The COO came out of CNN  
15 and Steve Heyer has brought a quite different dimension  
16 of thinking to the business, much more myth and magic to  
17 the business and returning the myth and magic back into  
18 Coke.

19  
20 MS TRINCA: And we hear that Doug Daft's successor may in  
21 fact be an outsider?

22  
23 MR DAVIS: Yes, who knows. We have our own private  
24 views. Steve has done a fabulous job and I personally  
25 hope he gets the top job because I think he's done an  
26 excellent job of reviving an old brand.

27  
28 MS TRINCA: We hear a great deal about good management  
29 practice, but what does that mean to you in your job here?  
30 What are the keys to getting people to buy into your  
31 vision of what you wanted to do at Coca-Cola Amatil?

32  
33 MR DAVIS: Well, the first thing that I had to do was  
34 to suggest to people that just because you're number one  
35 didn't necessarily mean that you're the best at what you  
36 did. A lot of companies get to be number one and continue  
37 there in spite of themselves rather than having a defined  
38 path.

39  
40 As Warwick said, our returns to shareholders hadn't  
41 been all that good. In fact, I think \$1,000 invested  
42 in the same time frame would have delivered \$682  
43 for shareholders, so a negative return, and I wanted  
44 people to focus on that, that, ultimately, if you can't  
45 provide a return to shareholders, it doesn't matter how  
46 grand your strategy sounds; it didn't deliver.

47

1           I said about establishing new sets of parameters  
2           in terms of how the business was going to conduct itself  
3           and how I wanted people to think about their business.  
4           It really revolved not around market share; it was about  
5           how we were going to improve our levels of service to our  
6           customers, what were we going to do in terms of brand  
7           innovation, in terms of product innovation, and getting  
8           people to acknowledge that just because we're doing it one  
9           way doesn't necessarily mean that's the best way.  
10          Searching for a better way is something that we started  
11          off very early; let's find a better way.

12  
13          MS TRINCA:     How do you motivate people?

14  
15          MR DAVIS:     Well, there's always the carrot and stick.  
16          That's always useful. I think in corporate life there is  
17          no doubt that you must align the remuneration drivers with  
18          shareholder return. I think that's the very first thing.  
19          We were a little bit too out of line in that. So I think  
20          that - money is still a big motivator for people if it's  
21          not right. If it is right, people put it to one side and  
22          say, "What are the other things?".

23  
24                 I think you have to provide people with good working  
25                 conditions. It doesn't matter whether it's at the factory  
26                 floor, whether it's at the executive level. You need to  
27                 provide people with conducive areas for them to show that  
28                 they can make mistakes and still survive, that they can  
29                 get things right and be recognised, that they are not  
30                 frightened of having open debate just because the CEO says  
31                 something. My job in our type of business is just to  
32                 challenge people and hope that they challenge me back,  
33                 and I think you get a lot more mutual respect when you can  
34                 do that.

35  
36          MS TRINCA:     Interesting when you say that's your job  
37          because, of course, a lot of people out there in the big  
38          wide world sort of wonder sometimes what CEOs do.

39  
40          MR DAVIS:     So do I.

41  
42          MS TRINCA:     So I'm going to ask you: what do you do all  
43          day?

44  
45          MR DAVIS:     My secretary says that too, particularly when  
46          I'm not there. Every CEO has a different style and every  
47          company has a different style, and I think that to some



1 extent you have to moderate your style to suit  
2 an operating culture, to make sure that you're not too far  
3 out of whack with where the history and the heritage  
4 of the business is. You spend a lot of time on the big  
5 picture at certain times of the year, but frankly you also  
6 spend a lot of time on the detail these days.  
7

8 I think with the higher focus by boards, the higher  
9 focus by the community on corporate governance, on risk  
10 and compliance, you tend to have to spend a little bit  
11 more time on the financials than perhaps what you would  
12 have spent five years ago. You have to spend a little bit  
13 more time making sure that the strategies that you're  
14 putting in place can stand up to some rigour.  
15

16 I tend to take the philosophy of having pretty strong  
17 arguing and debate in the planning session and then get  
18 your best possible people out in the field to execute,  
19 and then just relentlessly execute and then you just keep  
20 on relentlessly executing. You know that sooner or later,  
21 even with mistakes that you may make, you'll get more  
22 things right than you'll get wrong.  
23

24 MS TRINCA: When you do your thinking, when is your  
25 thinking time?  
26

27 MR DAVIS: Somewhere between 4 and 4.30 in the morning.  
28 I wake up about 4 to 4.30 and I think for an hour to  
29 an hour and a half before I get up at 6.  
30

31 MS TRINCA: And then you continue thinking during the day  
32 but in a different way?  
33

34 MR DAVIS: No, I don't know about that, but I do my best.  
35

36 MS TRINCA: You've obviously got a tremendous board  
37 because your chairman David Gonski is here tonight.  
38

39 MR DAVIS: Yes, I've got to be really careful.  
40

41 MS TRINCA: You've got a fantastic board. But I wondered  
42 whether you could talk a little bit about the relationship  
43 between the board and CEO, because should management be  
44 driving strategy? Should the board drive strategy?  
45 How do you manage that tension?  
46

47 MR DAVIS: I think that everyone in the organisation in

1 their own way has a role to play in developing and driving  
2 strategy. I think, obviously, as the CEO the buck stops  
3 with you, but if you get it really bad, obviously given  
4 what we've seen in the paper over the last few weeks,  
5 it also stops with the board.  
6

7 I think in today's world that it's impossible to ask  
8 directors, who come together maybe once every six to seven  
9 weeks, to have such intimate knowledge of every component  
10 of your operation, that it places a lot more importance on  
11 the executive team of developing strategy, bouncing that  
12 through the board and doing that in such a way that  
13 you're not presenting fait accomplis, that you're actually  
14 bringing both management and board along the same path  
15 at the same time, rather than having things out of sync  
16 where one group of people are thinking one way and another  
17 group of people are thinking another way.  
18

19 I think you can avoid an awful lot of angst there.  
20 That doesn't mean that you can't have innovation and  
21 creativity. It just says that when you set that time  
22 aside, you know that you're going to come up with some  
23 ideas that are just going to be so off the wall that  
24 you put them into the too-hard basket.  
25

26 MS TRINCA: What about the balance in governance at the  
27 moment? Do you think we're in danger of being  
28 overregulating in governing?  
29

30 MR DAVIS: I think that regulators have a potential  
31 problem of listening too much to what public sentiment may  
32 be or creating their own public sentiment. It will  
33 dissuade talented people, particularly the cream of people  
34 coming through institutions like this, from actually going  
35 into public life, and having spent time both in private  
36 industry and public life, there's a lot to be said for the  
37 development of venture capital in this country to persuade  
38 more people to go into private business for exactly  
39 that reason.  
40

41 MS TRINCA: You've actually had quite an entrepreneurial  
42 streak I guess in your career, and would you talk a little  
43 bit about Cellar Masters, where you were for 14 years  
44 or so, before they became part of Fosters and just what  
45 was the excitement of that, building that business.  
46

47 MR DAVIS: Well, I didn't start Cellar Masters. A guy

1 called David Thomas started it, and David was a great  
2 thinker, a really good thinker, good intellect.  
3 He probably admitted that he couldn't run businesses  
4 all that well, and I just saw an opportunity - he had  
5 about 20 people working for him at the time - to take  
6 the concept that he'd developed of selling wine direct to  
7 consumers through direct mail, which at the time was  
8 leading - this is well before the internet and the fax  
9 machines were only just starting - and I took a risk.  
10 I came on board and saw an opportunity to diversify  
11 the product base and we turned into becoming a wine  
12 producer. Eighty per cent of the product we sold,  
13 we either produced or controlled the production of it,  
14 and that turned us into the most successful direct  
15 marketer of wine in the world, and certainly the most  
16 successful direct marketer in Australia.  
17

18 MS TRINCA: So we know your time at Fosters was great fun  
19 and you were touted - it was suggested in 2001 that you  
20 would be a successor actually to Ted Kunkel. So two  
21 questions: why did you leave then and why did you turn  
22 them down this time?  
23

24 MR DAVIS: Well, David Gonski's power of persuasion,  
25 of course, but it was quite a debate at the time. It was  
26 probably the hardest decision that I had to make.  
27 I've got three sons. Two of them were 11 and 13, so they  
28 thought it was wonderful because they could see their  
29 elevated status as being able to supply unlimited  
30 soft drinks for all their mates. My other son was 17 and  
31 he saw his beer and wine for his 18th birthday going down  
32 the tube.  
33

34 But I'd had a really good run in the wine industry.  
35 I was lucky enough to be part of the industry when  
36 Australian wine exports were just absolutely booming.  
37 They've come off a bit, but it's still an incredible  
38 success story and we've got to measure this over a long  
39 period of time.  
40

41 To be a CEO of a public company earlier was obviously  
42 a key attraction. To stay in Sydney - I think Sydney  
43 is the hub of what's happening in business in Australia,  
44 whether we like it or not, and I think it's going to  
45 continue to grow that way. They are influences.  
46

47 But I also saw - I'd been a shareholder in Amatil

1 back in the mid-'80s, so I'd followed the company and  
2 I'd followed it through its good times and its not so good  
3 times, and I just had a sense that with a little bit of  
4 tweaking here and there and a bit more aggressive  
5 management, perhaps we could do something with  
6 this company, and still do.

7  
8 MS TRINCA: We'll come back to that in a moment. I want  
9 to make sure we talk to you a little bit about the sort of  
10 people that you look for when you appoint people and  
11 a little bit of advice to people here who have started  
12 their careers, really many of them, about what  
13 is important in terms of moving through the ranks.

14  
15 MR DAVIS: Well, initially, when I look at resumes and  
16 when I talk to people, I try to see what have they done  
17 outside of the normal sphere of activity. Have they been  
18 successful at something in their early life, whether it be  
19 some community activity, whether it be sporting prowess,  
20 whether it be some award for doing something out of the  
21 ordinary? That always gives us a tick. That always says,  
22 "Okay, this is somebody that's had a little bit more  
23 dedication to excelling in a certain area", and I still  
24 say to people today, "Be good at most things but make sure  
25 you excel at something, particularly early on in your  
26 career, so that you get recognised early".

27  
28 It's hard, particularly when you've got various  
29 layers within organisations, to get recognised, and one  
30 of the challenges for a big business is to recognise  
31 its rising stars early so that it can take them through  
32 the training program - through an accelerated training  
33 program. I still don't think that there's any substitute  
34 for hard work and commitment. I don't think there's any  
35 substitute for passion. I look for people that care about  
36 their product. I advise people, "Never work for a company  
37 that you don't like their product or like some component  
38 of it because ultimately you won't come up with the ideas,  
39 so if you associate yourself with that, you've got  
40 a chance".

41  
42 Passion is a big thing, this perseverance to continue  
43 to hold your ideals and hold your ideas under pressure,  
44 because that's what working life is about, to be able to  
45 come up with ideas. Anybody can run businesses in fair  
46 weather, but it's in the tough times that you're looking  
47 for people that can hang in there, and that's a very

1 important thing because they come out of that better  
2 people, they come out of it more satisfied that they've  
3 achieved something, and if you can give people a sense of  
4 achievement, then those other areas of financial rewards,  
5 they actually come down the track.  
6

7 MS TRINCA: Can you, if you look back in your own career,  
8 find certain points in which you have made key decisions  
9 about where to go? I mean, obviously the most recent one  
10 to go to Coca-Cola Amatil would be high on the list.  
11

12 MR DAVIS: That was way on the list. I think the move  
13 into Cellar Masters - the move to sell Cellar Masters too  
14 because my two other partners were much older than I was.  
15 That was the debate, to say: do I take the money and go  
16 and sit on the beach somewhere and get my billabong shorts  
17 and go surfing, which sometimes has that appeal, even now.  
18 But I think that ultimately those sort of decisions come  
19 to you quite clearly because after you do all the debating  
20 you end up saying, "Well, that's what I'm going to do",  
21 and that's it, and you get on with it.  
22

23 MS TRINCA: What gets you out of bed in the morning?  
24 What do you really love about business?  
25

26 MR DAVIS: It's good to win. It's far better to win than  
27 lose. It's also good - businesses are about families.  
28 Ultimately the people you work with, you spend so much  
29 time with them that if you can enrich their lives, if they  
30 can enrich your lives and it's not a one-way street, and  
31 you can go home having completed a fair day's work for a  
32 fair dollar and feel satisfied, no matter what level you  
33 do, if you can get that team work within a business, where  
34 people are happy to debate and argue, and argue the toss,  
35 but at the end of the day have a beer with their  
36 colleagues or still say, "Hey, I respect your opinion",  
37 I think is very important to me.  
38

39 MS TRINCA: There's a great quote in here from a terrific  
40 book that I guess many people might have read. It's been  
41 around for a few years. It's called "For God, Country and  
42 Coca-Cola", by American Mark Prendergast, which is  
43 basically a history of Coca-Cola. There's a great quote  
44 that, again, I recognise came from the '50s when life was  
45 different, but this is how it goes:  
46

47 Two things make this business great. One is a

1 product, Coca-Cola, and the other is men.  
2 We have the product but we shall need more  
3 and more good men, men of character and  
4 intelligence, men who are industrious and  
5 hardworking, men of spirit and ambition,  
6 men of dedication. I see a bigger future  
7 with greater responsibility, and more  
8 and more men.  
9

10 So, Terry --

11  
12 MR DAVIS: Okay, I'm in trouble here.

13  
14 MS TRINCA: The question is: how about the women?  
15 So what's happening these days in Coca-Cola Amatil for  
16 women?  
17

18 MR DAVIS: I think we - first of all, Coke systems had  
19 been a blokie system for a long time. It's changing  
20 as the role of the sales force is changing, with  
21 technology improvements, with merchandising being done  
22 outside of the sales force.  
23

24 I think we do an enormous amount to try to encourage  
25 women to come back after parenting, but it's a real  
26 challenge for businesses like us because of that conflict  
27 of motherhood and career. It's a very difficult thing  
28 to balance. We try to do it with job sharing. I think it  
29 works to a limited degree.  
30

31 The fact is that there aren't enough senior women  
32 in management roles in Australia at the very senior level.  
33 We've been recruiting for a CFO and found it just about  
34 impossible to even get appropriately qualified women  
35 on the list. I'm not sure how organisations best respond  
36 to that because ultimately our responsibility is to get  
37 the best person for the job, and that's one thing I won't  
38 compromise, whichever way you go. But, obviously, there  
39 are certain areas, particularly within marketing, where  
40 I've found women to be of a far higher quality, far higher  
41 calibre, and obviously we try where we can to do that,  
42 but it's an age-old problem and I'm not sure what the  
43 solution is.  
44

45 MS TRINCA: Now, some of our mothers used to warn us off  
46 Coke actually in the '60s but --  
47

1 MR DAVIS: They also warned you off a few other things  
2 as well.

3  
4 MS TRINCA: They warned us off a lot of things. I think  
5 the problem with Coke was that it was far too much  
6 connected with rock'n'roll and that sort of stuff.

7  
8 But, seriously, the question about the issues around  
9 health in recent years and the anxiety around obesity, as  
10 a social issue, how much does that impact, do you think,  
11 on the future of Coke and your own strategy basically  
12 to turn it into a broader beverage company?

13  
14 MR DAVIS: I don't think we set out to change Coke into  
15 a broader-based beverage company because of the obesity  
16 issue. The fact is that the obesity issue globally  
17 is a wide-ranging issue. The reality is if people don't  
18 exercise enough, if they don't eat and drink  
19 in moderation, they'll get fat. It doesn't matter  
20 what happens.

21  
22 And for us, though, to be able to acknowledge that  
23 people will look for different beverage solutions, whether  
24 it be alcoholic or non-alcoholic - you work through  
25 the same exercise in the alcohol business as well, I think  
26 if people can have a wider range of choice, then let them  
27 make their own decision about what they want at various  
28 times of the day. Obviously dietary product, Diet Coke,  
29 the variations that we do with Diet Coke these days -  
30 we've just launched Diet Coke with lime in response  
31 to that, with people looking for different flavour  
32 variations.

33  
34 I think bottled water has grown and continues to grow  
35 as a consequence of that, but if you look at, say, our  
36 bottled water consumption in Australia, we're still only  
37 a quarter of that of Europe, and only half of that of  
38 America, and both those areas have got high levels of  
39 carbonated soft drink consumption as well.

40  
41 MS TRINCA: Good. I think we might actually be in time  
42 to ask some questions. We have about half an hour for  
43 questions from the floor. There are roving microphones.  
44 If people could just put up their hand and then I'll  
45 identify someone, and let us know who you are when you ask  
46 the question.

47

1 Terry, while we're getting that sorted, I might just  
2 ask you a very easy quick question, which is: who are your  
3 sort of big role models in business? Are there people  
4 around who you think have just influenced you greatly?  
5

6 MR DAVIS: I think you obviously get influenced by the  
7 people that you work with early on in your career. I was  
8 lucky enough to work with some good people there. I have  
9 tended to read a lot about people that have been  
10 successful. Whether they become role models or not,  
11 whether you'd say that how Rupert Murdoch has developed  
12 his life is the way you'd like to develop your life, you  
13 may have a different point of view, but you read some of  
14 the books and you look at that.  
15

16 I had a good association with Greg Norman. We set up  
17 a joint venture with Greg online and I found him one of  
18 the most fascinating guys, somebody of incredible drive to  
19 make things work and how he transcended the sporting stage  
20 to being probably one of Australia's most successful  
21 businessmen.  
22

23 MS TRINCA: No particular gurus, the American gurus, have  
24 influenced you?  
25

26 MR DAVIS: No, I think if you look at the contemporary  
27 people here and the successful companies, then there are  
28 very few Australians who have managed to be successful for  
29 long periods of time, and maybe it's the business cycle.  
30 Roger Corbett has done a fabulous job of Woolworths and  
31 you look at Michael Cheney at Wesfarmers, who has done a  
32 fabulous job. All these people have been heavily focused  
33 on shareholder return. I think those that have kept their  
34 egos in check and kept on focussing on that, I look up to  
35 those more than anything else.  
36

37 MS TRINCA: And the sustainability of their careers.  
38

39 QUESTION: Michael Graze. Terry, you said that when you  
40 look at somebody's CV, you look for what they excelled in,  
41 something different presumably to what is just on the CV.  
42 What was the thing that you excelled in to be recognised  
43 yourself?  
44

45 MR DAVIS: I spent 30 hours a week rowing for many years  
46 in cold Tasmania, and it was one of my greatest regrets  
47 in life that I didn't make the Australian Olympic team,



1 and that gave me enough drive, but it also gave me a lot  
2 of recognition of what was required and what team work was  
3 required, and I suppose the other thing is at the age of  
4 about 12 I had the biggest paper run in Hobart, and  
5 I didn't do a lot of work but I had lots of kids that did.  
6 And I also made lots of money selling ginger beer  
7 at school in beer bottles because the kids thought it was  
8 cool.

9  
10 MS TRINCA: And their mothers wouldn't let them  
11 drink Coke.

12  
13 MR DAVIS: And I suspect that came out of desperation  
14 rather than anything else.

15  
16 QUESTION: Hi, Terry. I just wanted to first quickly say  
17 Coca-Cola has been a long-term sponsor of Accounting  
18 Co-op, and as a Co-op student I'd like to say thank you.

19  
20 MR DAVIS: Thank you.

21  
22 QUESTION: It's very much appreciated. I also just  
23 wanted to ask: Coca-Cola Amatil is a very successful  
24 Australian company and, as we are seeing News Corp moving  
25 to be listed on the New York Stock Exchange, how much  
26 pressure is there internationally to have Coca-Cola Amatil  
27 taken over by the global Coca-Cola brand?

28  
29 MR DAVIS: I'd hope it would be the other way around.  
30 I think the Coke company - I don't think there's any risk  
31 of that at all. I think that what's happened, though,  
32 is the franchise network over the years has consolidated.  
33 It doesn't make sense for us to be part of that  
34 consolidation over the next 10, 20 years. It probably  
35 does.

36  
37 But David Gonski reminds me often that it's far  
38 better to be the acquirer than the acquiree because you  
39 tend to dictate process more than anything else, and  
40 that's our stated view at the moment, that we'd rather  
41 grow our business, provide shareholder return, and I think  
42 that if you continue to do that and outperform the index,  
43 you become very expensive for somebody else to buy, but  
44 what a nice result for shareholders if that is the case.

45  
46 I don't think companies should be worried about who  
47 the ultimate ownership is. So long as they've got a clear

1 strategy, clear execution, clear requirement to grow, then  
2 where your stated base is, I'm not so sure is so important  
3 these days.  
4

5 Global fund managers - if you're good enough, they  
6 find you. The reality in Australia is unfortunately we're  
7 a small cap for a global fund manager, and you can  
8 certainly empathise with what some of the larger companies  
9 have to do to get more international recognition, and  
10 I think that's a risk for Australia. No doubt about that.  
11

12 QUESTION: Terry, I have a question which has a global  
13 implication in a way. Coke has this worldwide appeal and  
14 name. Among them is copyright, patents, all  
15 the trademarks, all the other things. Some of them must  
16 be quite near expiry date. Can you tell me what your  
17 strategy will be when you do reach the expiry date.  
18 I know the Ivory Coast gives you 99 years, but not every  
19 country does that. Could you just give me some idea  
20 of what happens after that?  
21

22 MR DAVIS: I'm not sure, to tell you the truth. I'm not  
23 sure. I think that if you look at - what's the key  
24 differentiator for Coke? It's taste and the contour  
25 bottle. What do people associate Coke with? They  
26 associate it with the unique contour bottle, and that's  
27 patented and I'm not sure when that runs out. Maybe  
28 Mr Gonski could help me with that.  
29

30 The thing that you still have on your side is passing  
31 off, and I think that Coke is such an iconic brand that  
32 it would protect its rights pretty heavily, and that's  
33 something that we do and are very conscious of when we're  
34 looking at competitors who try to get too close to us.  
35

36 QUESTION: Hi. My name's Jennifer. Part of your stated  
37 strategy that has been in the newspaper recently is moving  
38 to acquisitions of fruit juice and bottled water  
39 companies, but given the ACCC's knockback of the Berri  
40 acquisition and the increasing focus on creeping  
41 acquisitions, how big a hurdle do you think the ACCC  
42 clearance will be to your strategy?  
43

44 MR DAVIS: That's a good question, and you're never quite  
45 sure what the answer of that is with regulators. All you  
46 can do is judge each acquisition on its merits and see  
47 whether it fits the current thinking of the time. What

1 I can say is that obviously there's been a lot of changes  
2 at the ACCC over the last two years, including the change  
3 of the head of the ACCC.

4  
5 I think it's a little bit of a myth that you reduce  
6 competition just because you're bigger. In fact, I think  
7 it's proven over time that big companies often are able to  
8 deliver higher levels of savings to the consumer.  
9 If you listen to Roger Corbett talk at Woolworths, he  
10 would be a prime candidate of how much has actually gone  
11 back to the consumer. So some of those debates have to be  
12 played out.

13  
14 I think what organisations like us have to be careful  
15 of is that we don't overstretch the mark in terms of  
16 market power, and that's something that from a board  
17 perspective, from a management perspective, we spend a lot  
18 of time on to make sure that we are hard competitors.  
19 That's what business is about. You're not in business to  
20 let your competitors grow, but on the other hand you must  
21 make sure that you play on a level field.

22  
23 For us, whether we grow by acquisition or we grow  
24 organically, we've got such a strong capability, whether  
25 it be its sales force, whether it be a distribution.  
26 We'll achieve our goals one way or the other. It's just  
27 a question of whether it takes a little bit longer.

28  
29 QUESTION: I'm visiting all the way from America and  
30 I came here just so that I could have the opportunity  
31 to ask you this question.

32  
33 MR DAVIS: Thank you.

34  
35 QUESTION: One of the buzz words in business these days  
36 is "voice of the customer". Do you believe that's simply  
37 a buzz word or there is real meaning and value in it?  
38 And what does your company do, what do you do, to bring  
39 the voice of the customer into your operations?

40  
41 MR DAVIS: We've got two customers, if you like: one  
42 being the ultimate consumer and one being our retail  
43 partner, so I think in the first instance, you listen very  
44 closely to what your retail partner has to say about how  
45 you're executing the level of innovation.

46  
47 We have a consumer information line and

1 the Coke website is one of the most popular websites in  
2 Australia, so the insights that we get from the chat  
3 rooms, from the feedback from that, is something that our  
4 people and I look at on a monthly basis, that says:  
5 what are our customers talking to us about? What are  
6 the things that are important to them? What are the  
7 things generally that we're not delivering, whether it be  
8 that they bought a flat bottle of Coke or whether their  
9 vending machine didn't work in San Souci? All those  
10 things help to make up the fabric of what changes you make  
11 in an organisation.  
12

13 I think the secret for people like us that have such  
14 strong consumer brands, I think - in our convenience and  
15 leisure channels, we have 19 out of the top 20 beverages,  
16 so it's very important that we then take that knowledge  
17 and moderate what we do, and a good example of that is  
18 we've just launched Fanta with five per cent juice. Why?  
19 Because our consumers were saying, "I love the taste of  
20 Fanta, but can you give me something that's got juice in  
21 it?".  
22

23 It's funny, I wander around our call centre a lot  
24 because I think that's the way I really hear about what  
25 customers have to say, and out of all that you condense  
26 certain amounts of information and hopefully you can  
27 encourage your people to act on it, and we do that pretty  
28 successfully.  
29

30 QUESTION: You mentioned Roger Corbett a couple of times.  
31 Do you find that the power of the major retailers in  
32 Australia is somewhat restrictive to your growth?  
33

34 MR DAVIS: No, I don't think so. I think there's  
35 no doubt - there would be a few other CEOs of food  
36 companies who would have a different point of view, and  
37 maybe we're just in a fortunate position, but our people  
38 have spent a lot of time making sure that the alignment  
39 in strategy of what we're trying to achieve and what  
40 the retailer is trying to achieve is close to the mark.  
41

42 I don't think you can ever get 100 per cent alignment  
43 because there will always be the natural tension that you  
44 have as a buyer and a supplier. But good companies  
45 continue to do well in any market, and the real secret  
46 there is to just make sure you've got one of the good  
47 ones, and if you're on the second and third or fourth

1           rung, you either decide to get bigger or you get out.

2  
3           QUESTION:    I guess there's a beauty in simplicity.  
4           You talk about what seems to be simple metrics to driving  
5           business, so shareholder return.  How do you drive that  
6           down through your organisation in a way that everyone  
7           throughout the organisation understands their  
8           contribution, because sometimes as you get down towards  
9           the lower levels it's not immediate obviously what your  
10          contribution is to shareholder value?  How do you do that,  
11          a balanced score card or what?

12  
13          MR DAVIS:    I think the first point that you made was the  
14          key: keep it simple, give people a few things to focus on  
15          rather than set up a score card that's got 100 different  
16          metrics on it.  Obviously the metrics that we use for our  
17          production centre would be somewhat different to what  
18          we use for our sales centre, so the key I've always found  
19          is to get people to focus on fewer things and do those  
20          better, get those to a point of excellence that you can  
21          say, "Okay, I can now move off that and then move on to  
22          the next stage".

23  
24                 In terms of getting people to understand what  
25          shareholder returns mean, you talk about the \$1,000  
26          invested five years ago is now worth X.  People can  
27          remember that.  We have an employee share purchase plan,  
28          that we encourage all our employees to hold shares in the  
29          company, and they pretty well soon tell you whether you're  
30          getting it right or wrong because it directly impacts on  
31          us.  So I think that's the important thing, to again  
32          impact on the hip pocket, plus and minus.  When things go  
33          well - when the shareholders benefit, the employee  
34          benefits from his shareholding or her shareholding within  
35          the company; making sure that at your senior management  
36          level you are doing as many state of the nation addresses  
37          as you possibly can.

38  
39                 I spend a lot of time, my head of Australia spends a  
40          lot of time, out in the marketplace, talking to people,  
41          both at the factory floor, at the sales level, and  
42          it doesn't take you long, once you get that sort of  
43          attitude within companies, to migrate down to the floor,  
44          people taking that little bit of extra effort, but it's  
45          a challenge, and not everybody believes the story.  
46          There's no doubt that you're not going to get 100 per cent  
47          success rate with this.  All you can hope for is you get

1 the majority of people coming your way, and if you can get  
2 that, then you'll probably be as far in front as you can  
3 possibly hope for.

4  
5 QUESTION: Hi. My name is Andrew Kim. What time do you  
6 go to bed and how many hours of sleep do you get?

7  
8 MR DAVIS: I nap well. I can sleep for 20 minutes  
9 in a cab from meeting to meeting. It depends whether -  
10 the type of role that you have is that you're often on  
11 the road travelling or going to functions, so on those  
12 non-function nights, on those non-travelling nights, which  
13 aren't as many as you'd like, I'd like to be in bed by 10,  
14 get six hours sleep.

15  
16 MS TRINCA: Is there any way out of the long hours  
17 culture for CEOs, because a lot of the thinkers are now  
18 saying do you really have to put in those hours?

19  
20 MR DAVIS: I think you have to be careful about what  
21 the stress levels are within the hours. A lot of it is  
22 fun, a lot of it is interesting, so it's not just "Oh,  
23 gee, another report to read", although there's a hell of  
24 a lot of that too, that if you make your day varied,  
25 if you can make your people's day varied, and they make  
26 your day varied by what they upwardly delegate, then  
27 you've got a chance of - it doesn't really matter how long  
28 you go.

29  
30 I try very hard not to do more than an 11-hour  
31 straight day, and I discipline myself to say, "7 o'clock  
32 comes, I'm finished", because I want to go home and see  
33 the boys anyway, that's if I'm in Sydney, but obviously  
34 if you're on the road, then it's 7 o'clock to whenever,  
35 and that goes with the territory.

36  
37 MS TRINCA: It does seem that way.

38  
39 QUESTION: Terry, Josh Cardwell from Deloitte. Given  
40 the company's diversification away from Coke and your  
41 experience in the alcoholic beverage market, is there any  
42 incentive for your company to move into the alcoholic  
43 beverage market?

44  
45 MR DAVIS: That's a question that we certainly ask  
46 ourselves and have asked ourselves. I think that when we  
47 started we said we wanted to become a broader-based

1 beverage business but we didn't necessarily say a  
2 broader-based non-alcoholic beverage business, but one of  
3 the things that I've learnt over time is probably do fewer  
4 things better, and what we've done in our Australian  
5 business, particularly our New Zealand business, is really  
6 have a step-change of what people thought was a mature  
7 business. We had 19 per cent growth in our Australian  
8 business last year.

9  
10 There comes a time when you won't get those growth  
11 rates, and then you say, "Okay, what's next after that  
12 and is the prize good enough"? In Australia, beer  
13 consumption has been declining for 10 years. Is that  
14 because the marketing hasn't been as good as what it could  
15 have been or is that because there's some demographic  
16 shift that says, "Hey, this is maybe not a market that you  
17 should be actively promoting because it's not going to be  
18 a growth area".

19  
20 When we continue to get - we see bottled water growth  
21 rates of 10 per cent, so, gee, do I want to go and take  
22 a risk over here with that strategy versus growing my  
23 business that I already have a defined competitive  
24 advantage on? And today we say that our energies are best  
25 spent here. Maybe in five years time or three years time  
26 we'll have a different point of view. I think that's  
27 something that those sort of decisions are ones that  
28 boards and management constantly revisit, so there comes  
29 a time when it makes sense; there comes a time when it  
30 doesn't.

31  
32 QUESTION: Hi, Terry. The earlier question asked about  
33 the power of retailers, particularly in supermarkets.  
34 How does the business respond to the challenge of  
35 increasing, I guess, bottom line growth without increasing  
36 prices at a retail level?

37  
38 MR DAVIS: I think in our case what we've done, and again  
39 that's a very good question, is that you've got to make  
40 sure that you've got enough products within your mix that  
41 are a combination of higher volume/lower priced,  
42 lower volumed/higher priced, lower volumed/higher margins.

43  
44 The way we've done it - and a good example is if  
45 you went to a Coles supermarket today you'd see a Mount  
46 Franklin dedicated water fridge. Now, that's at full  
47 margin for the retailer; it's at full margin for us.

1 Yet if you went down the aisle and you saw 1.25 litre or  
2 2 litre Coke and it would be nearly the same price as it  
3 was five years ago.  
4

5 So the challenge for people like us is to make sure  
6 that we have within the balance of our program enough  
7 products on promotion - because Coke is obviously a store  
8 driver, an incredibly powerful store traffic driver for  
9 retailers, whether they be the majors or whether they just  
10 be the independents, and we spend a lot of time making  
11 sure that if we've got multipack cans, that it's a  
12 value-add, that you can get a free Big Mac or two free  
13 tickets to the movies. So you end up having that  
14 combination within your business of value-added products  
15 and promotional products and full shelf-price products as  
16 well, and continually innovate that so that the consumer -  
17 first of all you don't get delisted. That's the important  
18 thing, that the product category in itself is growing, and  
19 that gets more attention for the retailer because you say,  
20 "I can deliver you extra product. I can deliver you extra  
21 profit".  
22

23 A good example of our nearest competitor, which is  
24 Pepsi, for instance: if you went to a fridge in a Shell  
25 service station or a BP, they will be selling it at  
26 exactly the same price, but nine out of 10 people will  
27 take a Coke versus a Pepsi, and the retailer knows that,  
28 and we make sure the retailer knows that - well, we better  
29 make sure that he knows that - and of course we then drive  
30 that in terms of how we get more shelf spacing for our  
31 type of product versus something that's perhaps further  
32 down the food chain.  
33

34 QUESTION: Terry, Phil Armstrong, Sydney Consulting.  
35 Just a question on manufacturing. Can you tell me the  
36 commitment to total quality manufacturing and Six Sigma.  
37 Where are you and are you satisfied with the efforts that  
38 are being made to continually enhance the quality of your  
39 manufacturing processes?  
40

41 MR DAVIS: We look for ISO accreditation in all our  
42 plants. We find that the Coke quality system is actually  
43 of a higher standard than the ISO standard because when  
44 you have a beverage that is just so prominent as Coke,  
45 your standards actually have to be higher than the  
46 industry average, and we put more store in that. I think  
47 at a manufacturing level we're very good. I think at a



1 materials handling and distribution level, we're not quite  
2 state of the art but we're close, and we spend an awful  
3 lot on technology and are spending an awful lot of  
4 technology to automate those functions, as much to reduce  
5 OH&S issues.

6  
7 I think the way of the future will be no forklifts.  
8 There will be automatic pick and automatic pack for our  
9 type of businesses, and which is large capital  
10 expenditure, but businesses our size can't afford not to,  
11 and to give you some idea why not, in the month of  
12 December, just out of Sydney alone, I think we will send  
13 out eight million cases of product, and of course  
14 the logistical requirement of that is an incredibly  
15 complex set of instructions that you need to get  
16 absolutely right.

17  
18 MS TRINCA: And it's the case too that you've brought  
19 your software outsourced IT back in-house, haven't you?  
20 Can you talk about that a little bit.

21  
22 MR DAVIS: Yes. That was the thing that really surprised  
23 me about Coke. Coke has a global IT platform that's  
24 a legacy based platform but it's very cheap because it  
25 doesn't cost us anything, as opposed to an ERP platform  
26 that would cost us \$50 million to \$100 million to  
27 implement. But, as a result, it comes with all  
28 the hang-ons for that.

29  
30 It's an area that - I've been surprised how  
31 companies, particularly in the dynamic areas, why they  
32 would outsource, because if you have your IT people as  
33 part of your business planning process and understanding  
34 your business, it's not something that I'd want to have  
35 outside, and we've brought all that back inside.  
36 We've taken out our consultants, taken out of contractors  
37 and of course now we're getting a sense of feeling from  
38 our IT team that feels that they're part of the overall  
39 team and getting them out of their cage, as I say, and  
40 getting them actually out into the working place, and as  
41 a result, we're getting things fixed and done that we  
42 couldn't have contemplated three or four years ago.

43  
44 QUESTION: Hi, Terry. To a lot of us sitting in this  
45 room your job is really the pot at the end of the rainbow.  
46 What I'd like to know is: for people who obviously would  
47 like to get on a similar career path and end up in

1 a position like yours at some point in their future, what  
2 advice would you have to offer them?

3  
4 MR DAVIS: I'm not sure whether it's the pot at the end  
5 of the rainbow, but it's not bad. There are times in your  
6 life where you have to make decisions that you take  
7 a risk at. The secret is to know when you're ready to do  
8 something, when you've got the capabilities to trust your  
9 judgment.

10  
11 I think that in a lot of times you are a function of  
12 what the cycle is at the time. Look at all those people  
13 that jumped ship in the dot-bomb days - the dot-com days,  
14 sorry - that are now out there looking for jobs because  
15 they saw that there was a different future for them,  
16 and it turned out that for some that was absolutely right.

17  
18 I think that if you can excel at something, that if  
19 you can be so determined that you are going to be the best  
20 at that, and therefore it's not so important about how  
21 good you are now but how good you want to be, and what  
22 you're prepared to sacrifice along the way - there's no  
23 doubt that this comes with sacrifice. You have to work  
24 incredibly long hours. You have to dedicate your time.  
25 It means that you can't burn both ends of the candle, that  
26 you have to be dedicated to your task, and not everybody's  
27 prepared for that commitment.

28  
29 So I think you will know within your own mind -  
30 I don't think I set out to be a CEO of a public company  
31 at the age of 15 or 20, but what I did set out was to have  
32 financial independence by the time I was 25 because I came  
33 from a reasonably poor family and I didn't want to go  
34 through the same heartaches that my parents went through  
35 and my brothers and sisters went through. So I think  
36 there's always some determining factor in your life that  
37 you either get influenced by somebody to go and do  
38 something different or that you just see an opportunity  
39 and you're lucky; You're in the right place at the right  
40 time.

41  
42 Somebody once reminded me that there are a lot of  
43 rich people who are not necessarily as smart as you are,  
44 but they are, and I don't think that absolute wealth is  
45 a determinant of success. I think what's inside of you  
46 and how you deliver that success, how you deliver on that  
47 success, that's the thing that I get most satisfaction out

1 of.

2

3 QUESTION: Hi. My name is Natalie. I was actually just  
4 wondering how you communicate with people on a daily basis  
5 to keep on top of exactly what's going on every day.  
6 Obviously you're in charge of a huge company and there's  
7 so many aspects that you need to be on top of. How do you  
8 communicate with everyone?

9

10 MR DAVIS: There are 16,000 employees at Amatil,  
11 so that's a reasonable sized number of employees. I have  
12 a wonderful bring-forward system. That's the way that  
13 I use most of all - when I send an email to somebody,  
14 I have a bring forward, whether it's a day or two days or  
15 five days, because your memory can't be that good, and you  
16 end up just having to take a whole lot of notes on what  
17 you bring forward, to not necessarily remember the issue,  
18 but remember that you should deal with that issue and  
19 knowing where to look for that issue.

20

21 Also I've got an open door policy with all my staff,  
22 so we don't have a hugely formal structure of how people  
23 can come in and share their problems or share the issues,  
24 and so I find that the conversation that you started with  
25 tends to lead into a whole range of other things as well  
26 because you can have that open and frank dialogue with  
27 people; they feel comfortable about bringing the issues  
28 to you. What I try to get with people and myself is best  
29 judgment rules apply. When they feel that there's  
30 an issue that they can't deal with because of either  
31 their authority levels or their competence levels for that  
32 topic, there's some mechanism that that gets to me.

33

34 Now, does that happen all the time? Yes, most of the  
35 time because you encourage people that it's a no fear or  
36 favour, and that's where you communicate, and so you end  
37 up having most of your communication of people coming to  
38 you rather than you having to go to them.

39

40 MS TRINCA: I think we have time for two more questions.

41

42 QUESTION: Terry, I'm interested in the difference  
43 between water and Coke. Water is new for Coke, and I  
44 guess at Fosters there's beer and wine, but historically  
45 organisations have tended to either sell water or sell  
46 some other beverage. That's my understanding. I wonder  
47 for Coca-Cola Amatil what future do they see in terms of

1 water sales? It seems a very different dynamic to selling  
2 Coke.

3  
4 MR DAVIS: There are people who have woken up in the  
5 morning with a headache from self-inflicted purposes  
6 who say, "I want a bottle of Coke" and others who say,  
7 "I want a bottle of water". I don't know whether there is  
8 too much difference.

9  
10 Going back to my earlier point about people wanting  
11 different beverages for different times of the day, I have  
12 a bottle of water on my desk for the whole day,  
13 and somebody comes in and gives me a new one when one is  
14 finished. The thing about water is that you can drink it  
15 cold and you can drink it ambient. So that's the very  
16 first thing.

17  
18 We see now - we do a lot of business in petroleum  
19 stations where people on a journey will buy their bottle  
20 of Coke for their refreshment, but they'll buy a bottle of  
21 water for hydration for along the trip, and I think the  
22 thing about water is that it's expandable consumption.  
23 There is no such thing as over-drinking water. And we  
24 hear all the doctors and medical evidence to suggest that  
25 drinking your couple of litres of water a day is good for  
26 you, or it's certainly not bad for you. There are  
27 a number of people that also drink a couple of litres of  
28 Coke per day, and I won't comment whether that's good  
29 or bad.

30  
31 Now, for us, historically the European countries  
32 where water has been traditionally seen as a healing  
33 agent, particularly in the spas like in Spain and Italy,  
34 that has four times the consumption of Australia. I think  
35 we've got some cultural issues to deal with in terms of  
36 how we drink water with meals, how we drink water during  
37 the day, but I tell you what: Australians are taking that  
38 on pretty rapidly.

39  
40 We're just launching a sparkling water under  
41 Mount Franklin. Why? Because I'm sick of going to  
42 restaurants and getting San Pelligrino shoved down  
43 my throat, and I said to our people, "We better fix this",  
44 and it happened. Why? Because Australians have found  
45 that we're great supporters of our own product. We've  
46 seen that right through in terms of what's happened with  
47 wine, what's happened with beer, and I say, "Well, why do

1 people have to have something that's been on a ship for  
2 six weeks coming out of some mountain in Italy other than  
3 prestige?". Now, who would have thought that water would  
4 have had that prestige? The fact is that water today  
5 sells at higher prices for bottled water than petrol does.  
6 So somebody must be getting it right.  
7  
8 MS TRINCA: Those Italians, hey.  
9  
10 MR DAVIS: Yes, it's the Italians.  
11  
12 QUESTION: I'm a student from the University of New South  
13 Wales and I just came to Australia for two months. During  
14 the two months I always drink Coca-Cola, so I'm very happy  
15 to meet you here.  
16  
17 MR DAVIS: Are you looking for a job?  
18  
19 QUESTION: That's what I'm going to say, that after I  
20 graduate I hope to work in Coca-Cola. But before that  
21 I hope to have the opportunity to take a picture with you  
22 after the meeting. Can I?  
23  
24 MR DAVIS: That's fine.  
25  
26 QUESTION: Okay. My question is: when I am in Australia,  
27 when people talk about Coca-Cola they always lean towards  
28 you and when people talk about you, they always connect to  
29 your company. To that extent, your goodwill is connected  
30 with Coca-Cola's goodwill. Do you agree with  
31 this opinion?  
32  
33 MR DAVIS: No, I think companies are far more resilient  
34 than people are. I think the reality is that CEOs are  
35 custodians of companies for really a very short time,  
36 and the reality is that companies tend to survive  
37 with those changes.  
38  
39 Now, sometimes they do better and sometimes they do  
40 worse, and probably the most important role of the board  
41 is to make sure that the succession and the appointment  
42 of the CEO and the management team are well executed, but  
43 I think to some extent CEOs are identified in Australia  
44 with companies but not to the extent they are in some  
45 other countries.  
46  
47 QUESTION: Okay, thank you. And in my lectures, in my

1 management lectures, my lecturer told us the opinion that  
2 a good CEO should make sure the company will perform  
3 better after he leaves. Do you think it's too difficult  
4 for a CEO to be a good CEO? Thank you very much.  
5

6 MR DAVIS: I think that's an ideal outcome, that you'd  
7 like to think that you could leave as a legacy with  
8 an organisation that you've made a difference whilst you  
9 were there. The reality is that organisations do go  
10 through cycles and it takes different people to lead  
11 companies through different stages of the cycle, depending  
12 on what's happening with the economy and what's happening  
13 in the marketplace. I would hope - and certainly one of  
14 my objectives is to make sure - that the company's in  
15 better shape when I leave than when I started. So far so  
16 good.  
17

18 QUESTION: Thank you so much. On behalf of all  
19 the students in the University of New South Wales,  
20 we warmly welcome you to come here. Thank you very much.  
21

22 MR DAVIS: Thank you.  
23

24 MS TRINCA: Thank you. I think, Terry, that is a perfect  
25 note to finish on and thank you. Could I invite  
26 Giam Spiegers to the stage, please, just for the formal  
27 vote of thanks to you.  
28

29 MR SPIEGERS: Well, good evening and what a wonderful  
30 evening. At Deloitte we're really very proud to be  
31 associated with this Meet The CEO program and even prouder  
32 so to share the stage with one of our clients this  
33 evening.  
34

35 I have been to Harvard Business School quite a few  
36 times on different courses and it has always been very  
37 interesting to see how proud they are to show you  
38 the video material of the top class CEOs that make  
39 the time to go and speak to the students in America,  
40 and it has always bothered me quite a lot that we do not  
41 have that opportunity in this country. There doesn't seem  
42 to be much opportunity for students to listen to top-class  
43 business leaders. So, as a result of that, we were very  
44 keen to be involved in this program, and the quality  
45 leaders that they've assembled is just fantastic.  
46

47 I do not think you can ever underestimate the value

1 of listening to what successful people have done and  
2 learning something from them. Nobody's a perfect role  
3 model, but there's always something to be gained.  
4 I'm pretty new in my role and I know I still try and spend  
5 a fair amount of time with successful people because there  
6 is so much to learn. I guess a lot of the people that  
7 work for me that are here this evening will also say that  
8 I have so much to learn.  
9

10 But I can say I had the privilege a few weeks ago,  
11 about four or five weeks ago, to spend a Saturday evening  
12 at the Taronga Zoo with Terry at the ABBA Revival, of all  
13 things. What I can report is that we have one thing  
14 in common: we both have a dislike of dancing. We  
15 discovered that that evening.  
16

17 On a more serious note, Helen, this was brilliantly  
18 done. The range of questions was very entertaining, and  
19 I hope you've enjoyed it as much as I have.  
20

21 MS TRINCA: Thank you.  
22

23 MR SPIEGERS: Terry, this is fascinating. I've watched  
24 your success for a long time. Learning about what you're  
25 doing and how you're doing it at Coke is fantastic.  
26

27 If I could give you some advice - in the whole time  
28 this evening if there was one bit of advice that you  
29 should take and should listen to should you want to be  
30 successful, it's about in the middle of Terry's  
31 presentation. He said, "Never take a job that you're not  
32 passionate about". If you're at your age and you're in  
33 a job you're not passionate about, get the hell out of it  
34 and go somewhere where you're passionate and where you can  
35 perform to the best of your ability.  
36

37 I've been around for a fair amount of time, longer  
38 than I'd like to admit, and I have seen so many people  
39 with great potential that have really not lived up to  
40 their potential because they were willing to spend one  
41 more year in a job they had no passion for. So, Terry,  
42 that was great advice and I really believe it was  
43 worthwhile.  
44

45 So all and all, thank you for a great night and  
46 we are proud to be associated with it. Thank you.  
47

1 (Applause)

2

3 MR WHITTRED: Thank you, Giam. It falls to me to make  
4 a very small presentation to both of our guests tonight,  
5 and you'll be perhaps unsurprised to learn that in those  
6 30 hours a week rowing in Tasmania, Terry must have  
7 obviously acquired some understanding of how to fish, and  
8 he's somewhat passionate about flyfishing and so we have  
9 managed to acquire a text on the topic which we hope will  
10 be of some assistance.

11

12 MR DAVIS: Thank you.

13

14 (Applause)

15

16 MR WHITTRED: Ladies and gentlemen, I don't want to keep  
17 you too much longer, but I do want to just remind you  
18 a little bit about why we're here this evening.  
19 The reason we are here is largely due to the passion  
20 and enthusiasm of our advisory board. The board and  
21 the faculty have a very clear sense of what we're trying  
22 to do. We seek to be the leading business faculty in the  
23 Asian region, a compelling place to work, to learn,  
24 to return, and the return part is about getting the alumni  
25 back here, getting them engaged and wanting to come back  
26 and re-engage with us.

27

28 To us, being the leading faculty is really about  
29 engaging, and the board has taken that mission  
30 very seriously. In the last 12 months it has worked  
31 with the faculty to engage the business community with  
32 the launch of our Thought Leadership Initiative; with our  
33 Executive in Residence program, and I've already mentioned  
34 that Steve is with us here this evening; a series of  
35 industry networking events with each of our schools.

36

37 We've likewise sought to engage with our alumni  
38 with the launch of our alumni leaders network, and I've  
39 already mentioned that some of our distinguished alumni  
40 and alumni leaders are here this evening, and I'd like in  
41 particular just to acknowledge the participation of  
42 Peter Barnes, Robert Farrell, Daniel Gochet, David Gonski,  
43 Max Goslin, all the way from Japan but not specifically  
44 for this event, I'm sure, Michael Grace, Julian Mitten,  
45 Bruce Morgan, Kathy Rossi-Harris, Colin Ryan,  
46 Keith Skinner, Bob Sutton, Bruce Watson and Albert Wong,  
47 among many others I'm sure.



1  
2           These are alumni leaders, people who are graduates  
3 of this faculty who have chosen to come back to re-engage  
4 and lend their support to our initiatives. It's with  
5 their support that we're able to do the sorts of things  
6 we're doing here this evening. The Meet The CEO program  
7 is clearly another of the kinds of initiatives that we are  
8 working on.  
9

10           Finally, there's a revitalised website. If you want  
11 to hear anything again from this evening's presentation,  
12 click on the website in the next day or too and you'll be  
13 able to see it all again. Go there, re-engage, sign up,  
14 stay connected.  
15

16           Ladies and gentlemen, it may have been some time  
17 since you engaged with the faculty. Indeed, you may well  
18 have been far from interested, possibly even  
19 disinterested, in being engaged. We're going to try  
20 and move you from being bystanders to being a friend,  
21 an ambassador and indeed possibly even one day a champion  
22 of the faculty. We recognise that this will take time  
23 and a vision, but we do have both, and we look forward to  
24 sharing them with you.  
25

26           Ladies and gentlemen, thank you for your attention  
27 this evening and your time. We look forward to seeing you  
28 at another event.  
29

30 THE PRESENTATION THEN CONCLUDED  
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