



Trailblazing in Sub-Saharan Africa

An Interview with Alex Cummings, Executive Vice President, The Coca-Cola Company, and President and Chief Operating Officer, Africa Group, The Coca-Cola Company

EDITORS' NOTE A native Liberian, Cummings joined the Coca-Cola Company in 1997 as a regional manager in Nigeria. Prior to that, he held several positions with the Pillsbury Company, including vice president of finance for its \$1.2-billion multinational branded-food business. Cummings holds a B.S. degree in finance and economics from Northern Illinois University and an M.B.A. from Atlanta University.

COMPANY BRIEF Based in Atlanta, the Coca-Cola Company manufactures, distributes, and markets nonalcoholic beverages and concentrates, including four of the world's top five soft-drink brands (Coca-Cola, Diet Coke, Fanta, and Sprite), waters, juices, teas, coffees, and sports drinks. With ownership interests in numerous bottling and canning operations around the world, the company reported net operating revenue of \$827 million in 2003, a 21 percent growth over the previous year.

How large are Coca-Cola's operations in Africa?

The Coca-Cola system, which comprises the company and our 40 independent bottling partners, is the largest private-sector employer in Africa, with about 60,000 permanent employees working in our marketing and bottling companies. It's estimated that for every one person employed by the Coca-Cola system, a further 10 to 15 people are employed in related industries.

U.S. newspapers rarely report any positive news about Africa. Are they missing anything good?

Yes. Unfortunately, most U.S. media devote little or no resources to reporting on Africa. This is not unique to the United States; it is true across the world. Against this backdrop, it's no wonder that only stories of crises, famine, and conflict on a large scale emerge from the continent. The international news media, for the most part, is not invested in uncovering other news. The Coca-Cola Company has shown that there is "good news" for business in Africa, and we make efforts to

ensure that this information is disseminated to as wide an audience as possible.

I believe that the absence of international reporting on business in Africa has contributed significantly to Africa's slow rate of growth over the last few decades. Without more positive international exposure, African economies will struggle to attract increased flows of foreign direct investment.

Which African countries are experiencing the most economic growth?

South Africa, Nigeria, Morocco, Kenya, Uganda, Angola, and Ghana have all seen growth, and that trend is likely to continue. Over the last five years, African stock markets have consistently offered some of the best returns anywhere in the world. In 2003, the stock market in Ghana delivered a 143.7 percent return on investment. In Uganda, the dollar return was 140.1 percent. This compares to 26.1 percent growth on the S&P 500 index in the United States.

Are there promising opportunities for Western companies in sub-Saharan Africa?

Africa is a continent with a population of more than 800 million, with natural resources and natural talent. This presents a significant consumer market, significant resources, and, therefore, significant business opportunities. Within Africa, there are many regions and countries, with different cultures and different levels of prosperity. This creates challenges in meeting individual requirements, but it also creates opportunities once those challenges are met.

What level of growth is Coca-Cola expecting in its African operations?

I have set a course to significantly increase our revenue contribution to the Coca-Cola system by the end of 2007. The outlook is good and I believe we can do it. Two countries, in particular, are driving economic growth and the expansion of our business in Africa; namely, South Africa and Nigeria. These two nations already account for about 50 percent of regional GDP, and their prospects are even more promising. I have recently reorganized our operating structure in Africa to capitalize on the opportunities that these two giant markets offer our business.

There is ethnic strife in various parts of your territory. How do you deal with that as a businessman?

Where there is strife, you have to recognize it. Where it presents a risk, there are ways to mitigate it, like any business risk. In extreme cases, that may mean scaling back operations, but as long as there is demand and our people are not in danger, we will endeavor to meet that demand. For example, we recently reopened our operations in Somalia to meet that country's demand.

This does not mean that I see conflict as an unavoidable part of Africa's future. The fact that many more investors are considering Africa as an investment destination means that they are looking past the pervasive image of Africa as inherently unstable. It is also important to note that Africa is not a single geopolitical entity – there are many states and territories in Africa that are stable and that have been for many years.

What is your view of Ghana's economic prospects under President John Kufour?

President Kufuor's government continues to be good for Ghana, its business community, and the ECOWAS [Economic Community of West African States] region at large. The close working relationship which Mr. Kufuor's administration has established with the private sector and the donor community has been good for the economy. The sound and predictable economic policies that are aimed at further liberalizing Ghana's economy and stimulating the growth of small and medium-sized enterprises are paying dividends.

Ten years from now, how much will the economies of sub-Saharan Africa have developed?

Africa has the potential to become the new Asia. The opportunities that Africa represents are slowly being recognized by the international investment community, with the success of the Coca-Cola Company as a prominent example of that potential. If Africa can leverage its available resources, both in terms of natural resources and the human potential of the African population, then there is no reason why, a decade from today, the whole continent of Africa should not be experiencing an economic boom. ●