

# Learning team assignment control mechanisms of mcdonalds



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Control Mechanisms of McDonald's MGT/330 September 13, 2010 University of Phoenix Control Mechanisms of McDonald's McDonald's has become a leading competitor in the fast food industry. They are a household name famous for its signature " golden arches" and " supersized" fries. McDonald's is an international corporation that manages several hundred independently owned stores. To effectively manage this type of corporation, McDonald's must use several control mechanisms. Below is an analysis of McDonald's control mechanisms and how the management functions incorporate them.

Managers and corporations use four controlling functions to correct problems and achieve goals. Control is one of the Siamese twins of management. Planning is the other twin of management. Bureaucratic control involves rules, regulations, and formal authority to guide performance (Bateman & Snell, 2009). Market control involves the use of pricing mechanisms to regulate activities in organizations as though they were economic transactions (Bateman & Snell, 2009). Clan control works best when managers encourage employees that there is " no one best way" to do a job and employees are given the power to make decisions (Bateman & Snell, 2009).

McDonald's used the control mechanism in the corporation initial beginning when two brothers Dick and Mac McDonald spawned the idea in Ray Kroc mind in starting a franchise. Ray's fascination of the brothers' operation stimulated him to open a McDonald's retail store in 1955 (About McDonald's, 2009). McDonald's controlling continued their success by opening 700 new franchise stores 10 years later. Control remained a factor for McDonald's to expand their wings further into globalization opening stores in Canada and <https://assignbuster.com/learning-team-assignment-control-mechanisms-of-mcdonalds/>

Puerto in 1967, and later opens another store in Russia 1990 (About McDonald's, 2009).

McDonald's bureaucratic control standards helped the corporation by establishing independently owned franchises reporting earnings to corporate offices. The bureaucratic control hierarchy has enabled McDonald's to be one of the largest fast food stores in the world serving over a billion customers. Their success has enabled more stores to open in malls, Wal-Mart, and independent retail stores. McDonald's use of the bureaucratic control formal rules has created a structure bringing uniformity to operations on a corporate and store level.

McDonald's market control began in Des Plaines, Illinois, when the first franchise adventure retail store was opened with sales of \$316.12 (About McDonald's, 2009). McDonald's market control has taken the corporation into television advertising beginning with featuring Ronald McDonald's flying hamburger on a one-minute spot on NBC and CBS networks. The market control worked so well for McDonald's the corporation has opened 118 stores in foreign countries (About McDonald's, 2009). This can be contributed by understanding the need and wants of different countries and cultures.

The success of the market control for McDonald's has permitted the franchise corporation to celebrate 50 years of service in 2005. Each and every control mechanism is special to McDonald's in many ways. Businesses must determine which methods are appropriate for their own individual company. In this instance, McDonald's uses the bureaucratic control to its maximum potential. This control mechanism would be considered

McDonald's "bread and butter," because they use it so productively and efficiently.

Allowing people to franchise the company as well as individuals becoming an owner is a great way to expand the name of McDonald's with stores in every community rather than just keeping the name to one main corporation. This is a direct relation to the market control mechanism. If McDonald's uses their bureaucratic control to flood the market with stores, the market control will take full effect. For example, with so many different locations of McDonald's stores, they can market the fact that any person can get McDonald's in any community.

This exhibits a great marketing scheme for the company. Overall, each control mechanism that is used by the company is used to its fullest extent. McDonald's has figured out ways to survive a constantly changing economy, ups-and-downs in the food market, and many other business pressures. They have been able to survive as a result from exhibiting quality control mechanisms throughout the company. McDonald's has involved their employees in taking ownership of their stores. This was done by learning the cultures, the language, and taste buds of people in differing foreign countries.

Independent owners of the retail stores have also added their own touch of creating new food menus such as the egg McMuffin sandwich in San Bernardino, California (About McDonald's, 2009). Managers of McDonald's franchises can make decisions in offering specials on new food menus and current food menus. The functions in McDonald's organizational structure

allows top level management to make important decisions about the goals and vision of the company, but each division is responsible for carrying them out. The control mechanism deals directly with the planning function of management.

According to Bateman and Snell's book *Management: Leading and Collaborating in a Competitive World*, planning is "the actions or means managers intend to use to achieve organizational goals." Using the control mechanism helped McDonald's plan the business of being a fast-food hamburger restaurant. The bureaucratic control process directly helped McDonald's refine its organizational process. With McDonald's sales rapidly increasing throughout the years since its opening in 1955, a reorganization of the company was needed.

By bureaucratic control establishing corporate regional offices throughout the company, McDonald's could use effectively a horizontal structure to suit their fast-growing corporation. The market control aspect deals more with the controlling function of management. According to Bateman and Snell, control is "any process that directs the activities of individuals toward the achievement of organizational goals. (Bateman & Snell, 2009)" The goal of almost every business is to make profits.

The market control aspect helped in every function of management, but most notably controlling. Controlling helped McDonald's to adapt and change to a new, competitive environment of growing fast food chains. The clan control mechanism deals with all four functions of management, but most significant is leading. Leading is most effective here because good leaders

will listen to employees and let them participate in the “ brain work” of any process. The clan control mechanism is important in the leading function because it can help to keep employees positive and motivated.

It is evident in the success of McDonald’s that the utilization of the control mechanisms was maximized. McDonald’s has been successful with bureaucratic control. Advantages of bureaucratic control are that standard rules are set throughout the different franchises. This enables independent store owners to provide the same quality of service to their customers that any other McDonald’s would have. This also gives McDonald Corporate the advantage that all independently owned stores are operating at an acceptable level, as all stores must abide by the bureaucratic rules and regulations.

Disadvantages to this control mechanism are that it limits the creativity of the independent store owner to improve his restaurant. McDonald’s has also used market control to gain advantage over their competitors. According to Vijayarani: “...the “ four P’s” of marketing (product, price, place and promotion) provide a good starting point for consideration of the requirements of strategy implementation in the marketing function. The mix of these marketing elements should be appropriate and the plans for each of the elements should also be appropriate. Vijayarani, 2007)” By using the market to gauge sales of other company’s and with advertising on its side, McDonald’s has had great success. Also McDonald’s franchise owners are given an opportunity to use clan control within their own stores. Owners can use this management style when organizing and leading his or her staff. This is beneficial because although there are specific rules set in stone from a <https://assignbuster.com/learning-team-assignment-control-mechanisms-of-mcdonalds/>

corporate level, a manager can use the clan control function to bend certain aspects of his store to work for the employees and maximize profit.

No best control function exists, but McDonalds has weighed the advantages and disadvantages of all of them and built what is a household name in the food industry. McDonald's is a corporation that has used control mechanisms to make them one of the leading fast food restaurants in the world. They have used effective control mechanisms, bureaucratic control, market control, and clan control systems strategies. These controls are directly related to the functions of management and it is evident that McDonald's has incorporated them in their planning processes.

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