

# McDonald's organizational structure

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In 1940, Richard and Maurice McDonald opened the first McDonalds Bar-B-Q restaurant in San Bernardino, California. McDonald's offered hamburger, cheeseburgers, soft drinks, coffee, potato chips, and pie, which their big seller at that time was their 15-cent hamburger. McDonald's achievement is constructed on the groundwork of personal and professional integrity. In 1955, a businessperson named Ray Kroc purchased the company from Richard and Maurice and began to take the company to new heights.

Over the years McDonalds grew bigger and bigger and became what it is today which is the world's largest foodservice retailer with over 30, 000 locations in 119 countries. Below will outline McDonalds as a corporation and the organizational structure they have within the company. Functions of McDonalds McDonald's has over 30, 000 restaurants in 119 countries which most of the restaurants are normally franchises; which they all obtain their food and packaging from the same official vendors worldwide.

With that said, every McDonald's organizational structure is the same so a McDonalds in the United States is the same as a McDonalds in China which all of the important decisions comes from the corporate level in the United States. McDonalds believe their success is based on their business model, which is represented by a stool with three legs, which are owner/operators, suppliers, and company employees. McDonalds has not been always the giant in the industry in an annual customer satisfaction study, McDonald's was scored dead last among fast-food restaurants since 1992.

In the fourth quarter of 2002, McDonalds has disclosed its first-ever quarterly loss, one reason why McDonald's is struggling is that the consumers began to switch to its competitors, such as Burger King, Wendy's, and Subway

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(Han, 2008). These other companies emphasized on giving customers fresher, hotter, better quality foods at lower price along with faster service than McDonalds. With that being said McDonalds made the decision to close over 700 restaurants because they were performing inadequately.

When this happened, the corporate team was thinking that they might not be competitive anymore within the fast food industry. The major competitors of McDonalds are Burger King and Wendy's, who their structures are not much different from McDonalds because they are ran the same from a corporate standpoint. Burger king along with Wendy's has multiple locations around the world but where McDonalds has, the upper hand is they having more franchises around the world than both Wendy's and Burger King put together.

With along the companies having the same structure they all have different views on how they run their businesses. One thing is for sure that each company's decisions starts at the top and works the way down the change to each individual store or restaurant. McDonalds believes the best people lead to the best business results (McDonalds Corporate). McDonalds wants to guarantee that they have the best leaders that can move McDonald's into the future.

Over the decade, McDonalds has strategically improved their efforts and investments in talent management, from applying a reliable and precise talent planning process at their own learning academy, which is Hamburger University. These investments are part of a complete worldwide talent management strategy to ensure they have high-performing, dedicated

leaders, a diverse pool of candidates for the future and a culture that both requires and supports learning and development (McDonalds Corporate).

In the Marketing, function of McDonalds they are dedicated to communicating responsibly, along with they would like to use their brand to make a difference in everyone's lives. For years, McDonald's global marketing strategy has helped ensure that their advertising and marketing is clear, appropriate and that it addresses all ages from children to adults. To McDonald's, the most vital tactical method for sustaining their leading position is to preserve their major markets while at the same time increase their business into the other developing markets.

However, different consumer groups in different countries may have very different tastes and/or requirements (Han, 2008). Therefore, each full operating geographic unit of McDonald's was required to solely responsible for producing and marketing its products in that region. Through this regional structure, McDonald's could not only satisfy the local consumers' needs in different geographical areas but also pursuing 'maximum local development' (Han, 2008). In fact, each McDonalds produces and markets somewhat different kinds of products in different areas, along with they even have different prices.

McDonalds Competitors McDonald's organizational structure is a little different from most companies because McDonalds has so many different franchises around the world but the best structure that suits McDonalds I think is the centralized structure because McDonalds needs to make sure that control is supported through all of their franchises. McDonalds needs to guarantee that customer experience and quality is consistent at every

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McDonalds is maintained. At each location McDonalds has managers, assistant managers, and crewmembers.

For the bigger decisions such as marketing and advertising, these decisions, come from the corporate headquarters and then are passed down to each store. For example, if the marketing department is promoting a new product, they will test it out at a couple locations and if the new product is a hit with customers, they will have that product at every location. This is why customers see new products on the menu only for a limited time because corporate headquarters is testing the product in different geographic areas.

At McDonalds, each department has a particular job function and this allows McDonalds to be so successful around the world. In conclusion, for 72 years McDonalds has been growing bigger and bigger to become one of the largest fast food restaurants in the world. McDonald's achievement is constructed on the groundwork of personal and professional integrity. Although each franchise may have different menu items to suit, different customer needs.

All the stores are run from one place in the United States, which is the corporate headquarters and here is where the men and women plan their next move to bring McDonalds to new heights around the world. Hundreds of millions of individuals around the world trust McDonald's restaurants. McDonalds win that trust everyday by serving safe food, respecting our customers and employees and delivering outstanding Quality, Service, Cleanliness and Value (McDonalds Corporate). I believe that Richard and Maurice would be proud of what has become of their vision, which was to give individuals in San Bernardino, California a nice quick meal.