

# Good example of case study on mcdonalds organizational chart analysis

[Business](#), [Company](#)



## **Q1: Current Organizational Chart**

The analysis of the current organizational chart demonstrates direct report relationships between superior and subordinate person. McDonald's operates basic organizational chart structure, reflecting lean hierarchical relationships within the company. Top position in the company is occupied by a Chief Executive Officer (CEO) with six direct reports, responsible for particular organizational areas in the company. Based on the chart it is possible to determine that the company's management structure has the following divisions: 1) Operational Units- restaurant control, 2) council and secretariat, 3) Human Resource Management (HRM), 4) General Operations, 5) Financial Functions and Marketing. Lower organizational level, however, divides management responsibility by geographical region, creating four areas of delegation (McDonald's, 2013).

With the above observations in mind it is possible to conclude that McDonald's Organizational Chart is a mix of functional and divisional chart types that reflects reasonably small amount of managers and larger organizational functions on functional and tactical levels. Authority types reflect top-down approach with lean reporting structure (Madura, 2007, pp. 277-280). Division of management responsibilities in this type of organization is determined by the type of the performed function.

## **Q2: Recommendations for Improvement**

General structure of the McDonald's organizational chart is lean and simple that allows clearly see the organizational relationships hierarchically and horizontally. There are some aspects that could improve the visual

presentation as well as take out ambiguity from the reporting and functional responsibility reading. As such, it is recommended that McDonalds review the names of its top executives and leaves just the title of Chiefs for the top management. Currently, the chart demonstrates such functional names as “ Executive Vice President - Chief Restaurant Officer” and “ Executive Vice President and Chief Human Resource Manager”. These dubious functions create confusion and make the names of the function unnecessarily complex. It is recommended that all the strategic functions, reposting directly to CEO have the titles of Chief, while direct reports of Chief Officers are renamed to President.

Second possible improvement is related to the tactical level of the organizational chart. While upper operational level clearly demonstrates the functional chart structure, direct subordinates of COO have titles that do not reflect clear functional responsibility. As such, three out of four positions are determined by geographical scope of responsibility while Janice Fields takes the position that 1) has the same title as her superior COO and 2) her title is the only one that includes functional responsibility. This causes some confusion in reading and understanding the level and scope of her responsibility relative to the colleagues on the same organizational hierarchical level. Additionally, the position of the President McDonald’s USA contradicts with the role of Janice Field. It is recommended that this position is eliminated and the responsibilities are split between other operational managers. The recommended Chart is the following:

## High Level Objectives

Example of high level objectives for functional level could include the following:

Chief Unit Control high level objective could be opening x amount of store in Asia and Pacific region during the course of the year. To measure performance against this objective it is important to set exact figures of expectations. Chief Human Resource Officer Key Objective is developing and implement integrated Performance Management System that will standardize organizational measurement and feedback process across the locations. " Measurables" for these objectives could be based on meeting the implementation deadline satisfaction across operational management. High level target for Corporate Affairs Officer could include reduction of litigation cases between McDonald's and suppliers' by x percent with positive outcome. Possible way of measuring the target could be in percentage of reduction against previous year case and new occurrences. COO high level target example includes productivity improvement in on-field operations. This can be measured in real outcome of production and on-field operational measures. CFO high-level objective could be improvement on operational margin across the locations by 5% by the end of fiscal year. And finally, CMO could have a high level objective formulated as creating new marketing campaign for Big Mac that would result in 20% growth in sales in Latin America.

### **Q3: Positive Elements of McDonald's Organizational Chart**

It is possible to highlight the clarity and lean structure of organizational relationships in McDonald's Corporation. The chart is built in a way to outline the areas in which the company operates as well as core functions within the company. With that, the complexity of reporting is visible and clear not only for internal stakeholders, but also for external parties, such as evaluation authorities and audit and stakeholders. In general the chart reflects good understanding of the latest trends in the United States organizational structures, such as placing CEO in the top of organizational chart and creating a number of functional positions that report directly to the person in charge (CEO).

### **Q4: Type of Organizational Chart that Would Best Suit McDonald's**

Taking into account the size of the organization that operates on all the core geographical areas, as well as homogeneous product proposition it is possible to believe that McDonald's current organizational chart type reflects the need of the company. It is possible to argue that, while general idea of the chart is functional delegation of responsibility it is important that the company eliminates divisional aspect from the functional level of company's hierarchy, such as seen on " President" level and in the description of the Janice Field role specifically (Daivd, 2011).

### **References**

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