

# Managing change in mcdonalds company management essay



**ASSIGN  
BUSTER**

All organisations that wish to stay in the industry for a large amount of time all have to undergo change in different forms to stay in touch with and to cater to the always changing needs and wants of customers. Some very big examples are the constant promotional burgers that are present at different fast food restaurants such as in McDonalds introducing the “ Great tastes of America” promotion, or Gillette bringing new shaving cream ranges and shaving blades. This constant change is to bring a new product to the market such that it will boost sales.

In this report I will discuss different types of change and the background to change such as environmental turbulence and formal versus informal organisations. I will also discuss the strengths and weaknesses of the bureaucratic organisation and compare alternative forms of development in their different life cycles.

In the second section of the report I will identify and discuss the stakeholder analysis, develop and analyze approaches for involving appropriate stakeholders in change with the help of tools and systems such as multiple cause diagrams, functional and divisional structure, team development and cultural web.

In the final section I will draw up a realistic plan for the realization of change models and their outcomes such as business process re-engineering, learning organisations, Kotter’s eight stage model which will be most helpful for an effective change of the organisation. I will base my review and analysis on the business of McDonalds and will refer to it regularly. My main analysis will be of a chain of franchises owned by Mr. T Eagle.

## **Background to Change**

It is very important as mentioned in the introduction for an organisation to regularly introduce change in either management or in the structures and process of the business. This is because of constantly changing environment the business finds itself in. In these times of recession it is important for business to find ways to minimise costs and overheads as much as possible and thus large managerial changes have taken place to remove staff and increase the duties of existing staff as the duties of a few are delegated over a large number of people. This brings us on to the area of environmental turbulence.

“ Environmental turbulence refers to the amount of change and complexity in the environment of a company.” [Alexander P. and Daniel J. Power. (2004-06).] A significant change in environmental factors can be considered as advances in technology or changes in governmental regulations. As more factors are taken in to consideration, the level of environmental turbulence increases.

For a chain of McDonald's restaurants, current environmental factors are economic recession, the increasing price of fuel prices and the increase in the government taxation policies. The economic recession means that people are spending less as the media has created a fear of a lack of money and therefore people will either eat at McDonalds as it is a choice of choosing the cheaper option or choose to cook at home. To tackle this, a change in the pricing of the food is necessary, and to encourage people to come to

McDonalds by portraying an image that it is affordable. Due to increasing

fuel prices, the cost of deliveries will increase steeply as will the cost of  
<https://assignbuster.com/managing-change-in-mcdonalds-company-management-essay/>

electricity, thus the overhead costs will increase and therefore a change is needed to tackle this problem. Finally due to the government debt constantly increasing, the only method of acquiring money will be to increase taxation which will affect larger businesses more than it would as compared to individuals and small businesses.

Ongoing change is also necessary to ensure that the strategy fits the structure of the organisation. There are many different types of structures that an organisation can adopt and the strategy that is employed must cohere with the structure to optimise the resources available, which if not the case can lead to underutilization and inefficiency.

A formal organisation has advantages such that in a midlife or mature organisation, it helps to keep track and to have a log of actions and reactions. As there are many people, especially in a mature organisation, it is possible to have two individuals who do not converse such as the frontline staff in McDonalds and the regional manager, however in a formal organisation it is easier for the regional manager to see the efficiency of the crew member by checking his or her punctuality, length of breaks, and contribution from comments made by the observations from floor and shift managers. When it comes to changing the organisation it is possible to see who is a better asset in a position where they can be utilised more effectively as compared to someone who is not.

An informal organisation is easier to change as it is based on implicit understanding on social norms, and therefore there can be a change in the organisation which can be discussed and put into action immediately unlike

that in a formal organisation where everything must be passed down a chain of command which may take time which may prove to be inefficient.

However an informal organisation tends to be at the birth or the youth of the business where there are a few people involved in the organisation and harder to imitate in a larger organisation.

Bureaucracy is “ a form of authority using structures and sets of regulations in place to control activity.” [Lecture notes, organisational theories]The advantages of a bureaucracy are that the tasks are pre-defined and coordinated such that if a change is brought in it will be easier to implement as it will be pre-defined and the new manager in charge will have to optimise carrying out the task. Also due to its precision, speed and un-ambiguity, it is easier to bring about change as it separates production and decision making such that a change in the middle management or even the upper management will not impact too much on the frontline team.

However the disadvantages of a bureaucracy are that it discourages individual growth and initiative as all decisions are pre-determined and therefore if a change is brought about in the organisation, each individual must undergo training to their new position and therefore it will increase the overhead costs. There is also a risk of goal displacement taking place which is an “ inbuilt tendency to focus on means and not ends.” [Lecture notes, organisational theories]. This may lead to problems if changes in the organisation take place as it means that

## **Tuckman's Team Development Model**

From Tuckman's Team development model [Lecture notes, stages of team development], the different stages of development are:

Forming

Storming

Norming

Performing

### **Forming**

This is in the beginning stages of the life cycle and is where people are not committed to the team, there is not much trust and the individuals are not clear what they are supposed to do. To progress to the next step of storming, the group must set a mission and goals, establish roles and must build up a trust between figures. This is where each individual needs to decide if they wish to be a fully committed part of the team.

### **Storming**

At this stage the roles and responsibilities are articulated and agendas are displayed, however problem solving does not work well and people want to modify the team's mission. Competition is high and people are pushing for position and power. Due to this there is little team spirit and anxiety abounds. To advance from the storming stage to the Norming stage, leader must ask for and expect results, as well as actively support and reinforce

team behaviour. The team must buy into objectives and activities and must request and accept feedback.

## **Norming**

At this stage, success occurs and the team has all resources for doing the job. Appreciation and trust build along with the fact that purposes are well defined. The members self-reinforce team norms and the team is creative. The team gains commitment from all members on direction and goal. To advance from the Norming stage to the performing stage, the team must praise and flatter each other, communicate all the time and share rewards. Commit time to team and delegate freely within the team. The team must also be selective of new member and train to maintain the team spirit.

## **Performing**

This is the final stage in the team development and it is where members feel very motivated and individual defer to team needs. The team is very efficient and there is little waste and there is a high empathy, trust, openness and support. Individuals take pleasure in the success of the team and there is a big win.

## **System Development**

The stakeholder analysis is present to address the issue of who is affected by the business and to win their support. When carrying out a stakeholder analysis it is important to identify the stakeholder groups; are they large or small; and how to win their support to carry out the tasks that a business or organisation wishes to carry out. By identifying the most powerful stakeholder groups you can shape your strategy in such a way which will

allow you to gain their support. Stakeholder groups can be very large such as customers and employees or very small such as the chief executive or an important investor.

Each stakeholder may have a different power which can be generally divided into four different areas;

Position power

Resource power

Personal powers

Expert powers

Gaining support from powerful resources you can gain more resources allowing working more efficiently. Also involving stakeholders in change of the organisation is also beneficial as if you let them know your ideas and your plans early and they agree to the strategy, there is a likely chance that they will actively support you as they will understand the benefits of the change. It will also allow you to anticipate their reaction and allow you to make adjustments to your current plan of action to ensure that you win their support. [MindTool. (1995).]

Targets not agreed and vague

Low job satisfaction

Staff employed on minimum wage



Targets not communicated down the chain of command accurately

Store targets not met

Crew Members too friendly with the manager

Store manager present for too long

Not many chances of promotion for staff

Store manager cannot discipline crew members as they have built a relationship

Too many staff arriving late as no fear of manager

Poor effort from crew members and middle-management

Increase staff turnover and so increased training costs

Low sales and poor service from staff

From the “ Multiple cause diagram” it can be observed that the problem here lies in the fact that the manager of the store has been present too long and therefore a change in the store manager will bring about an increased efficiency in the work force. Performance reviews will allow the store manager to make decisions on which employees to promote or give a pay rise to as it will encourage those employees to stay.

Also the store manager should make clear the targets for all shift managers and floor managers such that they can also pass these targets on clearly, and so the targets of the business owners are met by all staff at every level.

Thus the appropriate stake holders that would be involved are the floor managers and the crew. As they will have to respond positively to the change in the management, and thus the owner of the franchised McDonalds must address and communicate with all levels of staff and ensure that they understand why the change has been made as a majority of staff may be bitter to see the store manager leave.

Other stake holders may include the technicians and engineers who have built a relationship with the previous store manager, and to encourage them to continue to work appropriately. The resources will be unchanged regardless of the change in store manager, and thus they will not be a major stake holder that will be approached prior the change.

## **Implementation**

The current system of McDonalds is based on a regulated set of relationships, and the upper management in this situation are content with current targets and therefore will not strive to increase sales or address areas where work is needed. Interacting between the kitchen crew members and the front of house crew members is strained and the kitchen crew members feel underappreciated and cannot ask anyone for help and therefore there is a current lack of commitment to the business. Also there is no structure in the management of the McDonalds in question and therefore there are certain managers which will run around taking orders from crew members and other managers who will only shout if it is to get busy and take a very backseat role, leaving crew members unaided in times of need.

EEmploy a “ Regional Manager” which will look after the stores in one area to analyse where the problem lies in each store separately and to see how it can be improved. Analyse the strength of managers to see if their qualities can be utilised better in a different store.

CChange the store managers around such that they will be managing another store in the chain. If there is a store manager that has proved to under achieve constantly then address the issue and either send them to a popular store or closer to the CEO office such that the problems the manager has can be observed.

CCarry out regular crew development programs such that aspiring managers from the current crew can be noted and trained.

Altering and changing relationships can only occur when there is a change in the management of the business to such an extent that current power figures are still seen as present powers, however even they should feel they are not free in the sense that they do not have to perform. Thus changing the store manager in this situation and allowing a regional manager to help control all of the franchises will help the CEO to keep a better eye on the restaurant. As the store manager has no relationship with the current team of staff, he will remain faithful to the CEO. Thus as the CEO has a divisional structure over his restaurants, he can change managers around between stores and therefore, they remain loyal and trustworthy to the CEO, which will mean there is a larger team that works hard for the CEO which he can rely on to boost sales.

Also this will change the flow of information and allow the CEO who is also the owner of the franchise to gain the information of performances from staff from several different sources and therefore will be able to assess the management situation between his stores regularly.

Thus it will allow the stores to be organised around outcomes and not around the tasks that are carried out. Also if parallel activities such as kitchen crew and front counter crew members are trained to carry out both tasks, it will allow the integration of results such that a larger understanding of the difficulties that either side experience.

This re-organisation will allow the geographically dispersed resources to be treated as centralised and will allow the CEO to take decisions for his chain of franchises as a whole and individually much more clearly and faster, thus optimising results and in essence his profit.

## **Kotter's Eight Stage Process**

**[[http://www.mindtools.com/pages/article/newPPM\\_82.htm](http://www.mindtools.com/pages/article/newPPM_82.htm)]**

### **Create a sense of urgency**

A sense of urgency needs to be created inside the organisation. This is the first and most crucial step. The shift managers, the floor managers and even the long term crew members must want a change in the restaurant. Honest discussions must be made about which managers the crew and other managers feel comfortable working with and where is there a need to change the managers and if so how. Support must be requested by the regional manager to start the process for change.

<https://assignbuster.com/managing-change-in-mcdonalds-company-management-essay/>

## **Creating a guiding coalition**

The leaders in the organisation must be identified in each store and these key people must be committed to the regional manager and support the change. Team building for change coalition is compulsory, and as with all great teams, there must be a range of different backgrounds and skills that each individual will bring to this team.

## **Develop a vision and strategy**

Create a strategy for central values and vision and make sure that the coalition knows the change vision and believes in the vision such that they all believe that it can be achieved. The values are central for change and for the future of the organisation.

## **Communicating the change vision**

The vision needs to be talked about often and it must be applied to all operations in the McDonalds stores and in the chain of command. The concerns and anxieties of each individual must be addressed and dealt with in the best and the most appropriate method possible. The change must be lead by example.

## **Remove obstacles**

Identify or hire managers whose main role is to deliver the change. Reward and praise those who ensure that change is taking place and inversely identify those who are obstructing the change and either help them see what is needed or remove the barriers quickly.

## **Generating short-term wins**

Create short term targets such as 100% scores on the gap buster, or improve sales on each day from last year, where there is little room for failure. After every win analyse what went right and where improvements can be made. Ensure that every win is rewarded.

## **Anchor new approaches in the culture**

Talk of change success stories and in support of company's leaders. Include the change ideals when hiring or training staff, and ensure that key members of the coalition are recognised and their contributions are remembered. Finally creating plans to replace key leaders of change as they move on will help ensure that their legacy is not forgotten.

## **Conclusion**

In conclusion, all organisations that wish to stay in the industry for a large amount of time all have to undergo change in different forms to stay in touch with and to cater to the always changing needs and wants of customers as I stated in my introduction.

In my opinion, and using the evidence stated in this report, it will be most effective to improve results and to gain a larger profit to bring about a change in the business as it will increase efficiency and encourage greater team morale of all the employees. If the steps for bringing about change in the implementation are employed then ongoing change can be sustained if Kotter's eight stage process is utilised.