

Introduction to the selected organisation business essay

[Business](#)



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Introduction

Operational management is a vital function for any organisation because through this function, organisations are developing and implementing proper plans, strategies and business modules to ensure the effectiveness of the products and services to satisfy identified customer satisfaction. This report is based on the functions and decisions involved with operation management and the strategies and business modules which has adopted in the organisation to provide the products and services which to provide maximum satisfaction to the consumers while benefiting to the organisation to achieve its corporate and other functional objectives. Following outcomes are critically and broadly discussed under this report; Principal operational management tasks and activities to ensure the organisational objectives, especially how strategies of operations contribute to develop production plans and business modules to ensure customer satisfaction. Analysis of the strategies, procedures and business modules to ensure the tasks of operation management and how those strategies and procedures carried out efficiently and effectively. Major decisions and methods under operation management to ensure a smooth production process and how those methods and processes used to achieve corporate productivity. To gain a practical exposure to carry out this report it has been selected a world's leading restaurant chain, ' McDonalds' who are the leaders in fast-food retail chain in the world and operates around the world. Areas of operation management including purchasing, inventory control, supply chain management, capacity management, quality management and performance

measurements are briefly discussed within the selected organisation in this report and finally recommendations have been suggested for further improvements in the end of the report. This report has developed by the operations manager in Operations and production division which has integrated with all other activities and functions within the organisation in order to achieve corporate objectives and targets effectively and efficiently by always ensuring a proper production of products and services to provide the target consumer satisfaction.

Introduction to the selected organisation

' McDonalds' is a large US based organisation which operates around the world and is the leader in fast-food retail business. This was established in 1955 by Richard " Dick" J. McDonald and Maurice " Mac" McDonald in San Bernardino, Californiawith a small investment and now this company becomes the largest restaurant chain in the world with a global sale of \$7. 2 billion in year 2011/12. There vision is " to be the best and leading fast food providers around the global" while accomplishing their mission which is " to be their customers' favourite place and way to eat and drink" They are the world's largest public restaurant chain and franchise brand which have more than 33, 000 restaurants serving around 68 million everyday in more than 119 countries with a local and international customer pool including Europe, South and North America, Africa and Asian Countries irrespective of developed or non-developed they serve almost many of the countries in the world. Their aim is to provide an excellent service to the worldwide customers by aligned their worldwide operations around a global strategy which called as ' Plan to Win'. This strategy centered on exceptional

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customer experience including their values with people, products, places, price and promotions (marketing mix strategy) and committing to improving their business continuously and enhancing customer satisfaction. Their business is continuously growing and their market performs strongly in operating countries.

Importance of operation management

Operations management is concerned with planning, decision making, directing and controlling of operations to produce a quality product and services. Operations management can be defined as per Heizer, et. al. (2009: p. 4) all the activities that related to create value in the form of goods and service through the transformation of inputs to outputs in order to satisfy potential customer needs and wants. Operation management is an essential part of organisational processes and plays a vital role in achieving corporate as well as other functional and business level objectives and strategies. Particularly there are ten areas of operation management which is commonly called as strategic operation management decisions including products and service design, quality management, process and capacity design, location decision, layout decision, Human Resource planning, supply chain management, inventory control, staff scheduling and maintenance. In Figure 1. 1 Pycraft (2000) described the general process of operation management which involved in activities in transforming input into output. The production activities that go in the organisation irrespective of whether end product is service or good are often referred to as operation management. Figure 1: Operations Management Flow Chart Source: Pycraft, (2000)

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Operational strategy of McDonalds

According to McDonalds (2013) their operation and other strategies are drawn through their values of; Consider the customer experience as the centre of all what they do - Since customers are the key drivers of the business growth and the reason behind their existence, they always try to appreciate them by providing high quality food and clean and superior service with a welcoming environment. This they drawn through operational values of ' QSCPV' which described; Q - high Quality products S - fast and friendly Service C - Cleanliness V - great Value Committed to people - To ensure the corporate and operations modules and strategies effectively and efficiently they have established a proper working environment for their employees. They are provided with career development opportunities, training programmes to develop leaders among best talented employees. They highly encourage the diversity background and experience and provided employees with high level of engagement to perform their task and duties effectively in order to achieve strategic objectives. McDonalds system - As per McDonalds (2013) their business model has developed based on ' three-legged stool' concept of operators, that is owners, their employees and suppliers to ensure smooth operation and production to deliver superior service to satisfy their potential customers while ensuring the interest of these three parties. Ethical operations - To have a good business there should be a sound ethical conduct into the business. McDonald conducts and operates their business in high standards of integrity, honesty and fairness. Their ethical strategy is ' to responsible collectively and accountable individually'. Community engagement - Ensure the corporate social

responsibility as a responsible market leader of the restaurant retailing sector. They provide benefits for their consumers to build their life style, donating to charities and leverage their business growth in size to help the world to become a better place to live. Profitability – to ensure the shareholder interest, they always work to increase their profitability by focusing on customer requirements. Because any company can retain only if they are able to satisfy customer needs and wants. As per McDonalds (2013) they always focusing on customers and enhance the business strategies and systems' quality continuously. Continues improvement – Always strive to the learning to understand the changing needs and wants of customers and to respond them quickly and accurately. They always are doing innovations, surveys and evolutions to face effectively and efficiently for the customer requirements within the dynamic and complex environment.

Operation management decisions of McDonalds

As per Waters (2006: p. 145) McDonalds takes a resource view, with operation excellence as the foundation for their success. A resource based vies of operation strategy says that the organisation's success comes from both the ownership of resource and how they use those resource effectively for the operations. In practical scenario, resources can used effectively to build distinctive capabilities with the operation excellence which ensures superior performance to achieve competitive advantages. McDonalds' superior performance is guaranteed with their resource-based view of the operations. According to McDonalds (2013) they always believes in innovative products and the way of serving customers cleanliness and friendly all around the world which makes them differ than their competitors.

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This operation strategy includes following activities in order to achieve operation excellence. New product development and innovations Products design and performance Skills, abilities, experiences and knowledge of employees Excellent customer service Respond quickly for changing customer needs and wants Proper supply chain management Inter-relationship and balancing the interest of customers, operators and suppliers Procurement and trading procedure Marketing and promotional strategies to attract and retain potential customers McDonalds' original concept is to have efficient operations to give very fast service for a limited menu. People need not to wait for long hours to have a waiter service. In McDonalds they are served within second when customers enter into the restaurant. As per McDonalds (2013) they do not have big menus. They have designed limited menu to make standard operations easier and faster with restaurant around the world, serving well-known their own recipes of Quarter Pounder, Big Mac, Egg McMuffin, McFlurry, Chicken McNuggest, French Fries, and etc. Even though their business model is ' franchise' business, they maintain same format and business module for the operations almost every significant economy of the world where they have their restaurants. Following are the strategic decisions of operations which has adopted by McDonalds; Product and service design: As per Pycraft, et. al. (2007: p. 139) objective of designing products and services is to satisfy the potential customers of the firm, so products and services need to be designed to meet actual as well as anticipated needs and expectations of consumers. Here marketing plays a vital role on identifying consumer needs and wants to develop the suitable products and services mix for the company. According to McDonalds their

values are driven through their global strategy which called as ' Plan to Win' to enhance customer satisfaction they have a proper mix of marketing elements including people, products, promotions, place and price.

McDonald's restaurants offer standardized limited menu with some common fast foods including cheeseburgers, hamburgers, salads, desserts, chicken sandwiches and ice creams. And also they have some innovatory products of their own which has included into those menus such as Big Mac, Quarter Founder, Filet-O-Fist and etc. starting from 2008 they have introduced number of nutritious products such as Grilled Chicken Flatbreads together with Garden Side Salad. But when it comes to different countries according their culture they have designed and produce different menus of fast-foods to match with them. For example; In India they do not have ' Big Macs', because Hindu people do not eat beef, but they have ' Maharaja Mac' which is a Big Mac made with lamb or chicken meet. In Norway they have ' McLaks' which is a sandwich made of grilled salmon because Norway people are fish lovers. Quality: Quality is defined as per the Rawlins (2008: p. 03) the ability to address the true need of the customer. Customer opinion on quality is the best description and the trigger to requirement to concern more on quality. The customer satisfaction derived from the quality of the product. Their core of quality conformance is to meet customer requirements. McDonalds' operations and production procedure is controlled by Global Restaurant Operation Improvement Process (GROIP). So staff at any level is properly trained to prepare meals according to the national standards as well as to provide excellent service with high quality standards. For example; For a sandwich there should be only ten-minutes holding time and that ensures

the quality of the food they are serving Restaurants are designed with ultimate hygiene factors such as hand wash procedures. Human Resource: Normally human resource function is a separate entity in large organisations. But as indicated by Young (2010: p. 75) when an opening occurs in operations, the human resource function must recruit, select new employees and especially they need to design those employees' job designs in accordance with the operation tasks and requirements. As per McDonalds (2013) they have diversified work environment with different employees with different genders, cross-cultures and other demographic factors. Since they are operating in many regions and countries with different cultures they need to have employees with different skills and knowledge. McDonalds giving their first priority to train their employees in order to educate them about the company, their tasks, duties and responsibilities to achieve organisational goals and objectives productively. They highly encourage the concept of employee engagement of their own task and responsibilities to take their own decisions to achieve overall targets. For example they have following training programmes; Intercultural Learning Practice (diversity education) Employee Business Networks Online mentoring program Location planning: As described by Chary (2009: p. 31. 1) the location facilities for a operations is a large term capacity decision which includes arrangement and development of machineries, equipments, resources, labour skills, marketing and distribution channels and adjustments with environmental factors. The planning for where to locate the operation facility should align with the corporate strategy on the organisation. When it comes to McDonalds, they have selected their location where they can provide fastest and quality

service to a maximum number of customers with full parking facilities. Customers can buy meals by driving through with having any waiting time. All of their restaurants are located with plenty of spaces to keep their raw materials and other items. Supply chain management: Accurate no of orders placed on the product should communicate timely to procurement to start the production process and manage it smoothly. So the supply chain management also plays a vital role when managing the suppliers, distributors and customers in operation process. McDonalds too have some suppliers who are supplying raw materials such as beef, patties, buns, sauce food packaging and etc. According to their values they always try to ensure proper link with their suppliers, operators and their employees under their concept of ' three-legged stool'. As per McDonalds (2013) this is their operating strategy. Layout decision: According to Mahadevan (2010: p. 115) a good layout decision will ensure that a vast majority of jobs in a manufacturing system will have to travel shorter distance before completing their process requirement. McDonalds have design their layout in a way that always attract customers to their restaurants. They have unique and different layout designs in their restaurants. Their layout was developed by site developers with described the optimal collaborative environment within the restaurants which customers can be relaxed and be served. For example; One of their restaurant in Chicago by Chipman Design Architecture has two floors, second one is representing of living room, family room, dining room, a corner conference room with high technological equipments and a McCafe which has special desserts and coffees. First floor is consisting the kitchen and the lobby. Inventory control: According to Yu-Lee (2002: p. 2) the

production capacity is naturally uplifting the requirement of equipments, machinery, labour, raw materials, warehouse space and technology. A proper inventory control system is vital for any organisations to provide products as a when required. McDonalds have proper inventory control system. McDonalds are the best example for using Just In Time (JIT) system for their inventory control procedure. McDonalds wait to cook food until it has been ordered. They are not keeping pre-cooked foods to serve customers. Due to the advance technologies, restaurant like McDonalds are use sophisticate machineries to cook food easily and fast such as burger making technology including bun toaster. So McDonalds would be able to provide better food at a very low price but with high quality. As per McDonalds (2013) because of the JIT system, they gain many benefits. Since McDonalds cook fresh food especially for the orders (they wait to cook till customer ordered), they can provide higher quality customer services and this method help to reduce the holding cost of the food items. Performance measurement: Performance measurement is also plays a vital role in operation management to identify the success of the activities and business modules and to identify the value addition activities to the operation strategy. According to Young (2009: p. 94) financial measures are not enough to have a full picture of the organisational productivity in efficient and effective aspects. The quality of McDonald's operations and products has improved because not like other restaurants the waiting time of customers in the restaurants to serve has an average of 2 to 4 minutes per an order.

Conclusion

As discussed in this report operation management and its all activities are very important for every organisation to achieve its strategic outcome. For this purpose operation management strategies should design and developed based on the corporate strategies, values, policies and procedures and there should be a proper link between corporate and other business and functional level activities including marketing, human resource, financial and etc. This link and interrelation is mostly shown in the operational environment of McDonalds as all of their business modules and operational strategic decisions such as product and service design, selection of location, process and capacity planning, layout design, quality management, inventory control and supply chain activities have been developed based on their corporate strategies in order to enhance the vision, mission and the core-values of the company. McDonalds are rapidly growing their size and as well as grow in profitability. The reason behind their success in business performances is the excellence of operation strategies and business modules.

Recommendations

Even though McDonalds are the worlds largest and leading most success restaurant chain, there are some more important aspect which they should consider in order to gain more competitive advantages. When they are merging into other countries it is important to know the culture and the customer preferences in those countries. They can conduct customer surveys to better know about the different needs and wants of customers before they start business or franchising in different countries. Without providing the standardised food menus, they have to serve different menus

in accordance with the different requirements in those countries. Meantime they should develop strategies to ensure the standards of McDonald's foods which always need to differentiate them with their competitors. Provide more and more innovative products to being unique from their rivals all around the world. It is important to invest in new innovative foods which ensure the health and nutritious requirements of people. These innovative foods should be identical for countries based on their social living conditions and customer needs. To ensure the quality and the McDonalds standards of cooking food, selling and serving foods in different franchisee restaurants, they need to be properly control franchisees' activities. Even though those franchisees should adopt their products and layout design of their restaurants according to the customer and environmental requirements of those countries, there should be a common standardised operation strategy for all the restaurants to enhance the corporate vision of McDonalds.