

The assignment of the mcdonalds business commerce essay



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This assignment based upon a company McDonalds. In today's economic competitive environment business go through structural and occupational changes, some are for the better and other for the worse. In with contract of managing change of McDonald's i am going to discuss history and background of the organisation , the changes that are being affected by todays economy, swot analysis , pest analysis, comparison of the alternative from of the organisational development, an investigation and evolution of purposed changes, adaptation of appropriate modal for recommended changes and planning of implementation of processes and possible changes.

Mcdonald's one of the largest fast food restaurant in all over the world, serving the best food every day. It was 1940 when two brother bother Dick and Mac started their first McDonald's restaurant in California, basically it was a BBQ restaurant. In 1948 they introduced the concept of speedee service system which was the step toward establishment towards the fast food restaurants. Till 1958 ther were 34 restaurants and afterword in late 1959 Kroc had opened 67 new restaurants total of 101. They indroduced world famous Golden arches logo in 1962. In 1961 McDonald's was the number one fast food chain of the country.

In 1965 went through publiclization, afterward McDonald opened 1000t restaurants. In 1975 McDonald introduce its first drive. In 1983 McDonald was the second largest retailer of the chicken in the world in 1987 McDonald has opened 600 new restaurants. In 1967 the first foreign restaurant in the British Columbia , Canada. By 1990 McDonald company had opened more than 3600 in more than 58 countries all over the world some of them were franchised agreements, some wholly owned subsidiaries and some at join

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venture. and the countries were Great Britain, Japan, Canada, Germany, France and Australia. Hapburger university was opened by the corporation in Tokyo in 1971 and in Munich in 1975 and in London in 1982. Most of the growth came outside from the USA and the number of the stores increased from 3600 to 1100 restaurants from 1991 to 1998 and the number of the countries went doubled from 59 to 114 in the late 1998 in all over the world including middle east and some parts of the Asia. In the urab countries for the restaurant chain they had introduce HALa menu, which is the according to the Islamic rule of preparation of the food.

In 1996 they introduced McDonald in the Indian market. In 2004 McDonald had continued opening new stores and took great concentration at the existing business. The number of stores increased from 30496 to 32478 from 2004 to 2009.

Changes at mcdonald's:

Every management system within the organization want to maintain its strength, capability and competencies. Changes most of the time plays the key role in the development of the organisation toward the fulfilment of organisational future goal. It is very important for every single individual of any organisation to be prepare their minds for any upcoming change that are necessary for the future development of that particular organisation. Most of the changes are easily adoptable because of the latest technology. Most of the time changes makes the tasks to be done very easier , to make the life easy. For many organisations managing the change is consider a primary activity in deeply understanding the future objectives and goals for any

organisation and even the implementation is consider physical step for the employment of an invention. The awareness of any part within the organisation for the improvement is consider the first step even in the change process. In the case of McDonald's corporation lots of changes had happened in terms of business management, business strategy, business competition and in term of product and services. Some of the changes are as follows.

1937 Patrick McDonald had opened hamburger stand in California

1940 two brothers Dick and Mac had opened McDonald as BBQ restaurant

1948 introduction of speedee service system

1953 McDonald's first franchisee with Neil

1954 the introduction of entrepreneur and milkshake mix by Ray Kron

1955 introduction of grillman in the store

1958 the sale of 100 millionth hamburgers

1959 beginning of billboard advertisement

1960 company become the McDonald's corporation

1961 Dick and Mac had sell business rights and the opening of hamburger university

1962 the ad in national magazine and introduction of first setting restaurant

1963 500 restaurants were opened

1968 introduction of big Mac

1971 first Asian restaurant in japan

1973 introduction of egg Mc Muffin

1974 McDonald's corporation had opened 3000th restaurant in Woolwich south east London

1976 first cash division

1977 addition of breakfast menu in US

1978 5000th McDonald's restaurant in Japan and the graduation of 15000 students from the hamburger university

1979 the introduction of the happy meal in McDonald's menu

1980 addition in the menu with chicken Mc Nuggets

1984 the main sponsor of summer Olympics

1992 the world's largest McDonald restaurant in china after word in Africa. Saudi Arabia

1996 the first Indian McDonald restaurant in India

1997 Mc Furry by Canadian franchisee

2000 publication of the fast food nation and the opening of the 1000th British restaurants

2002 15th rank in food quality among the hamburger chain

2003 3% fallen in shares in past 5 years

2004 super size option

2006 nutritional information at packaging for all products

2007 42-ounce super size suda

2008 chichen biscuit

2009 three versions of the Angus burger

SWOT analysis:

Strenth:

McDonald had the great history and the achievement throughout its long experience period. Almost 67000 managers were promoted every year from the team members and McDonald is investing \$ 1 billion in training employees every years

2008 no. 1 food service company in fortune magazine

World's most famous logos

Community oriented and socially responsible organization contributing in care mobile programs in medical and in education of the children and sponsor of the Olympics athletes

Multinational corporation operating more than 119 countries all over the world having more than 32000 restaurants

Flexible culture adopted organization

Excellent food preparation style and food safety

Weakness:

Failure of competing with fast food pizza chain

Expenditure of the more money on training due to high turnover of employees

Capitalization to organic food

Negative impact between investors relationship due to decreasing ratio

Opportunity:

It is the great opportunity for the McDonald the introduction of healthy hamburger and it would be the first fast food to sell low fat low calorie hamburger with alternatives with FDA approval

McDonald had the opportunity to provide more upscale setting style instead of industrial Formica restaurant setting like they are providing in new York to capture more market share

They should add more value box meal in their menu in wide range of varieties

Breakfast menu, chicken, beverage and other convenience categories like special coffees etc are not only became the reason of the increase the sale in recession period but also is the reason in increase the number of the customers visting the restaurants

Threat:

Due to " cradle to grave" marketing they had created negative and criticized impression toward some of the parents of the children especially from some of the advocate parents which they thought is marginally ethical

Many times in the past they had sued due to unhealthy food containing additive additives

There is a documentary conducted by Michael Sulock" super size me " in 2004 in which he went through McDonald diet for one month and got cirrhosis of the lever. as the result from the documentary McDonald had to remove the super size option from their dive thru window

Food supply contamination

There is a huge competition among the competitors like burger king, starbucks, taco bell, KFC and Wendy's

PEST analysis:

Political factor:

The new government of UK has recently increased the taxes due to this increment cost of the raw material as well has increased. Most of the trading policies employment lows taxation corporation and the customers are in the favour of McDonald corporation and the company's revenue is also going up as compare to past.

Economic factor:

In 2009 McDonald had generated the revenue \$22. 7 billions where the operating profit was \$6. 8 billion and from the past five years the annual increment is 4. 9% while the interest rates are increased and the inflation is going down day by day. The economic growth is going up exchange rates are as well increased and in the business life cycle McDonald is at the maturity level.

Technological factor:

At this stage of competitor technological environment for the company success full operations technology is the key element because the company needs latest machines and other equipment to provide good and fast customer service satisfaction. Being a world's no. 1 and leading brand for the food service retailer company must need to consider the latest technology for the preparation and serving the food in more efficient way in challenging environment. UK government is spending more at research.

Social factor:

McDonald is well known brand all over the world and McDonald corporation is very conscious health & safety and welfare point of view. In every country <https://assignbuster.com/the-assignment-of-the-mcdonalds-business-commerce-essay/>

they had divided their marketing strategy demographically according to the related culture of that particular region. It differs according to challenging changing life style of different regions of the world. Like m the menu in term of taste and spice is totally different in UK as compare to Asia especially in India.

A comparison of the alternative form of the organization development:

Every organisation will have to undergo development and changes over the time McDonald had undergo through several changes in the past like in employees related matters in products and srevises vs the current changes or the proposed changes. Now a days the new marketing complain of the McDonald is to adopt the new health conscious sub image that would be the according to latest health awareness trend and the target market would be the children. The main goal of this proposed change is to introduce a new sprate low fat menu for the children. McDonald is aware this kind of strategy will give the awareness to consumers the importance of the health to both parents and children about the nutritional value of the meal and this marketing will introduce new McDonald to public. In order to implement this invention company need a particular departmental tasks to handle the necessary matters related to particular change. It is proved that the changes leve the different conflict before during and after the implementation. Thus it is the responsibility of the manager to have the ability to understand what need to be changed but also have the effective knowledge to introduce the change. In this situation the resistance can be occur thus might be some employees or customer are in the favour or against the purposed change. If

we compare different companies that are the competitors of the McDonald
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everyone is in huge competition and everyone is adopting the necessary changes to capture the market share and to fulfill its future organisational goal.

http://ivythesis.typepad.com/term_paper_topics/2009/04/corporate-leadership-and-change-management.html

Stakeholder analysis :

Stakeholders are the groups or individuals who have direct or indirect impact upon the organisation. Each stakeholder has different interest upon the organisation depending upon his status in that particular organisation one of the McDonald stakeholders is the employees because any change occur in the organisation it directly effect the employees because they want to be the business success full. Other stakeholders are the government , suppliers, social societies , NGO's , managers , shareholders , distributor and the local community. Any occurring change in the McDonald corporation leaves the direct effect upon the stakeholders. Change is necessary for the development of the organisation as it is playing in a competitive environment and business as well treat each stakeholder in different way because the business want to do anything they can do in order to win their arguments. Overall we can say most important stakeholder of the McDonald is its valuable customers any change in the corporation in term of menu in term of product , price , place and promotion will directly affect them.

Customers are the key elements of the business they bring the money to the company and without them the business will be unsuccessful and the company will lose their reputation and soon will have to close down. Effective

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communication is also plays a valuable role between the stakeholders. To implent the valuable in the organisation effective communication is necessary to understand the proposed changes and to implement it efficiently and effectively. And there should be the feedback and feed forward system. To bring a change there should be alternative course of action for a valid proposed change in the organisation and they should use appropriate control mechanism and the established budget system for the organisation and its stakeholders to implement efficient and effective change in the organisation.

An investigation and evaluation of proposed changes:

Change is constant and especially in the field of fast food every day people want to taste something new something different from the past that is the big reason why the change is needed in the chosen organisation. McDonald is inverting lots of the money at the reaserch every year to indroduce more healthy and nutritional food to its valuable customers the company is proposing the following changes

New products with delicious taste and valuable customer satisfaction

New look and image in the customer mind

New soft policies and procedures for the stakeholders

Locations and logistics

New business strategies

A senior McDonald's executive said " that recent changes to the fast food chain's menu were prompted not by a desire to appear socially responsible but by customer demand."

The scope of the change in the implementation of the integrated marketing communication (IMC)

As the part of the marketing strategy. The main purpose of this change is the promotional compain about the advertisement of the McDonald corporation. Normally these task are to be done by the open sponsorship of offering the products and services and those are all done by using different kind of promotional channels (media) that are use for the promotional compains and advertising. the main focus of this change is on advertising and sale promotion and this change will direct effect to IMC as the part of the marketing strategy of the McDonald.

<http://www.ethicalcorp.com/content.asp?ContentID=2043>

7-S model of change:

There are various school of thoughts developed over the years in order to establish the organisation successfully effect the change. 7-S model is the systematic management tool that is design to examine the organizational structure. In this seven key areas of the organization are discussed and their key elements and their internal relationship as well. These 7 are als divided in two categories hard and soft elements.

Hard element:

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Strategy

Structure

System

Soft elements

Shared values, skills, style and staff

Strategy:

In the changing environment the main strategy of the McDonald is the proper route map planning to attain the competitive advantage and the main aim to capture the more market share by providing then healthy nutritional food at competitive price with efficient service system.

Structure:

The hierarchy of the McDonald is from top down management any proposed change and its implementation is start from the top level management to the lower level management passing through the middle level. This is the positive point for the McDonald.

System:

McDonald Corporation is a system within the system every single task and the proposed change is performed in a systematic way. There could be one change that will help the organization to achieve its goal that is the processing system for the preparation of the food and the delivery system

need to be simplified in The day to day processes and procedure throughout the company.

Shared value:

There is strong need of the change in the share value in the McDonald for the effective communication and involvement of each single individual in the organization in order to discuss the core value of the company.

Style:

This is the soft element of the organization as will depend upon which management style the organization style the management the organization is having is either the leadership style or any other one. McDonald corporation have the leadership management style in which any proposed change is discussed inefficient way.

Staff:

McDonald consider its employees as the to success the business it is taking in consideration their employees and their board abilities regarding the future change.

Skills:

Skill and competencies of the employees are consider the soft element for the organisation.

McDonald is paying deep intension and investing huge amount of money at training of its employees for providing even batter products to their

customers in efficient way to get the require stasfaction from the customers and to full fill the company, s goal.

<http://www.lmcuk.com/management-tool/the-7-s-model-for-organisational-change>

kotter's 8- step model change:

the author of this model is consider guru in leadership and change management, he is the professor at Harvard business school and has introduced eight steps in the change process in his book 1995 " Leading change"

Create urgency

The change will happen successfully if every single individual in the organization (whole organization) or out side really want that change . to get the motivational step towards the things to move it is necessary to devepol the sense of urgency needed for that change. For that purpose the McDonald need to identify the potential threat and to do the future forecast. Than have the look at available opportunities. McDonald need to start the honest discussion so that the people can think and talk about that particular change and request for the feedback from all the stakeholders.

Form a power full coalition:

It is necessary to convince the people about the necessary change for the favourable leadership from the key persons for that McDonald need to identify the true leaders in the organization as for the emotional

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commitment building the team within its change in coalition and the most important thing is the availability of the staff in different departments at each level of the management require to perform particular task.

create the vision for the change:

a clear vision will help everyone to understand why when and where these changes these changes need to be done. It describes the value that are the reason for the change. McDonald need to adopt the short summery of the future forecast of the organization and to execute the vision.

Communicate the vision

Communication plays the key role in the success of the organisation. In McDonald corporation for the proposed changes day to day communication is necessary to discuss the change in the vision and need to tie everything back to vision.

5-Remove the abstracts:

Resistance in the change is as well constant in some how. The organization need to identify is there any resistance in the proposed changes for that purpose McDonald need to hire the change leader who plays the main role in developing the change and need to look in the structure of the change and description of the job, establishing reward and remove the business quickly.

6-Create the short terms-win

McDonald need to create short term target so that each single targeted change can be achieve easily and need to choose early target that are less expensive and reward the people to help to achieve the targeted goal.

7- build on the change.

Quick wins are just the beginning and are lead toward the fulfilment of the main goal of the organization. Every organisation need to consider ever small win in which what they have done and what the improvements are needed. Always keep the idea fresh discuss with the agents and the leaders for the coalition.

8- Anchor the change in corporation culture:

Finally for any change stick it should be the part of the organization for this purpose every thing must shown in day to day work sheet. McDonald need to discuss the change ideas and the value when hiring and training new staff and there should be the alternative of replacement of key leaders as the more on and this will be legacy and is not forggten.

http://www.mindtools.com/pages/article/newPPM_82.htm

Therefore, it is concluded that, changes of management is not bad as long as the changes made can really enhance the competitiveness and strength of an organisation. It is effective, if and only if, a thorough investigation and evaluation of the organization's performance has made. And if the study suggests that there is a need for change, then that is the only time, the organisation should imposed required changes to be done. Because, change

of management system is very critical or crucial, one wrong move, the <https://assignbuster.com/the-assignment-of-the-mcdonalds-business-commerce-essay/>

company, might faced its biggest downturn instead of strengthen and expand its business portfolio and survive to the stiff competition in the business arena.

It is recommended that McDonald must see to it that the changes are well planned and implemented carefully, because these will the basis for the success and/or failure of any organisation.