

## **Case Study**

### *McDonald's: grilling an empire*

1. Discussion Describe some of the management challenges McDonald's has likely faced in its expansion internationally.

McDonald's opened its first restaurants outside the U.S. in Canada and Puerto Rico in 1967. The company opened its five thousandth restaurant eleven years later in Kaganawa, Japan, and already in 1983 McDonald's restaurants could be visited in 32 countries, including Spain, Denmark and the Philippines.

But McDonald's faced many challenges to become the “king of fast food.” In Moscow, the first McDonalds fast food restaurant was opened in January 1990, when political relations between the Soviet Union and the United States improved. According to Tony Royal, it cost them 14 years of difficult negotiations with a group of McDonald's managers.

Another important problem they faced was that when they expand their empire, they have to consider the changes in the management of their restaurants around the world. The company changed their brand to meet the needs of local customers in each country they enter, adding various local dishes to the menu, thereby preserving their signature food, and making the menu in each country unlike any other.

Despite all the difficulties that the company had to face, McDonald's successfully overcame them, becoming one of the most successful companies in the world.

2. Discussion What types of managerial levels do you think exist within the McDonald's corporation? How would these levels interact to accomplish the goals of the organization?

The article showed us such examples of managerial levels: company owners, board of directors and ordinary employees. But I think that McDonald's has the same management levels as other corporations. There are low-level management, mid-level management and top-level management.

The board of directors, president, vice president and general manager are examples of top managers. They are responsible for overseeing and supervising the entire organization. Among their functions can be highlighted the translation of managerial values and company rules, resource management, including human one, process management of departments, departments and directions, as well as setting goals and ensuring their achievement.

Mid-level managers are intermediaries between top-level management and low-level management. These managers devote more time to managerial and organizational functions than top-level managers; they are responsible for implementing organizational plans that are consistent with company policy. Mid-level managers include general managers, branch managers and department heads.

And the last level of management is low. This is the largest link, examples of which are supervisors, section managers, and superintendents. Low-level managers are focused on control and management. In fact, they monitor the execution of production tasks in order to constantly provide direct information on the correct implementation of these tasks. Managers at this level are often responsible for the direct use of their allocated resources, such as raw materials and equipment.

Thanks to the strictly defined responsibilities of employees at each management level, the company can achieve maximum success,

because everyone is doing his job, which he is likely to do at this time. In addition, such a system involves career opportunities for career growth, gradually increasing the load and responsibility of the two lower levels, introducing them more and more into the course of things. This approach helps the employee better understand the structure of the company and the state of affairs from the inside at each level of management and increase corporate productivity by solving existing problems. This allows McDonald's, like any other company, to achieve their goals better, better and faster.

3. *Problem Solving* How will McDonald's be able to develop managerial skills and competencies necessary to continue their success in the future?

McDonald's Corporation has made great strides, becoming the largest franchise chain of fast food restaurants in the world, included in the list of the largest US companies and has gained a reputation as an ethical, truthful and reliable company. But would they have achieved all this if the board of directors had not followed its code of conduct?

I don't think so. I believe that McDonald's has already achieved its goals through perseverance and following certain rules. Therefore, it seems to me that the company will be able to develop its managerial skills and competencies in the future if the board of directors continues to follow the code of conduct that was developed by the leaders of the corporation back in 1958. Ray Kroc, Exclusive Franchise Agent Time said: "The basic for our entire business is that we are ethical, truthful and dependable. It takes time to build a reputation. We are not promoters. We are business people with a solid, permanent, constructive ethical program that will be in style years from now even more than it is today. "

As time shows, a reliable, constant and constructive ethical program is what helped the company move on, develop, gradually gain

experience and achieve success. I believe that for the most part management skills and competencies should remain the same in essence, but take into account the situation in the world and the external state of affairs. In addition, I believe that McDonald's should not neglect emerging innovative ideas in employee training. This will help to make their employees more competent and suitable for generally accepted rules within the corporation with a low level of managerial ladder.

4. Further Research Review McDonald's international operations currently in existence. How do you feel what they have learned so far will assist them in further international expansion?

According to Eckhardt and Houston, summing up their problem in Shanghai: "...in rapidly changing societies, brands can take on disparate cultural values and may even be central to how these disparate cultural values (traditional or new) are evaluated. For marketers, it becomes a difficult task to control the image the brand has in the marketplace. Marketers need to be aware of the cultural and societal connotations the brand is taking on and the way these are changing or staying the same as norms of interacting are changing or staying the same".

Realizing this and understanding the differences in cultures, McDonald's began to clearly conduct his research before they enter foreign markets. Now, thanks to its cultural awareness, the corporation has created complements in almost all the countries to which they belong, fully satisfying the needs of local consumers. For example, in Canada, Egypt, Turkey, Hong Kong, and throughout Southeast Asia, there are special lines of toast sandwiches.

Strategic market segmentation is another component of the company's success not only in its own country, but throughout the world. McDonald's knows which audience is their largest consumer and is working to attract them. In almost all countries, McDonald's

target audience is children. The company meets the needs of children with Happy Meal, toys and even the image of the brand Ronald MacDonald - a happy clown. Other examples of meeting the needs of children include the Ronald Gym Club in France with dance floors, McDonaldland in Mexico with a dance floor and video console.

I think that precisely these two aspects, as McDonald's helped earlier in international expansion, help so now, because they are key. I also believe that if McDonald's follow the news in the world and introduce the most relevant and popular trends of each country and the whole world into their restaurants, they will be even more visited and may receive new customers. For example, now, with a growing public interest in plant nutrition and veganism, McDonald's could add more vegan items to its menu and make at least one vegan burger in those countries where it is most relevant.