

Team 3 Executive Summary

McDonald's is a globally-known fast food organization catering towards markets all over the world. They have been criticized over the years for their overall performance, efficiency, food safety, marketing, and lacking to appeal to the health-conscience consumer. McDonald's has recently gone through a major restructure in their organization with plans to overcome the issues mentioned above. The team at the University of Toronto was engaged to conduct an analysis of the current state of McDonald's and provide recommendations on how to further improve the organization. The scope of the document will focus on the state of McDonald's after their restructure in order to analyze the issues still surrounding the fast food industry.

The report begins with a section on the history of McDonald's, including the organization's mission and overall goals, the iconic logo starring the golden arches and their well-known mascot, Ronald McDonald, the expansion of the organization's breakfast menu and McCafé, and McDonald's famous slogan: I'm Lovin' It.

The team then delve into the current state analysis of the organization. A SWOT and Porter's Five Forces analysis was conducted, and then the team evaluated McDonald's strategy and goals, their stakeholders, and identified financial factors that contributed to the restructuring. McDonald's was determined to follow a low-cost leadership and differentiation strategy in order to gain a competitive advantage over its competitors. The low cost strategy is achieved through economies of scale in their research, development and promotion. The results of the SWOT analysis indicated that McDonald's should focus on product diversification as an opportunity and expand into developing countries. According to the Porter's Five Forces analysis, McDonald's should focus on their competition and substitutes threatening to take over the industry. There were major stock price fluctuations which propelled the idea of restructuring the organization. The restructure promised to result in faster decision-making, clear management accountability provide divisions with an entrepreneurial spirit.

Following their restructure, the organization became a global matrix structure with the following market divisions: International and Lead Markets, High-Growth Markets, Foundational Markets and the US. Each division has its own IT, finance and marketing department. McDonald's also went through a rebranding focusing on making the organization modern by changing the uniforms, and design of the restaurant. The team then conducted an environmental and uncertainty analysis to identify areas that can impact the organization and ways to overcome them. The analysis included environmental sectors falling under task, general and internal environments. The uncertainty analysis proved that for certain leading markets, McDonald's is part of a simple-stable environment with low uncertainty, but for some developing countries there may be more risk since they are considered simple-unstable. Finally because McDonald's is considered a global organization, the team looked at how they can design for international concerns. This section includes labour relations issues McDonald's had regarding the franchisor and franchisee relationships. The change in fast food culture as more people are interested in healthier menu items, and global challenges was also outlined in the analysis.

The team recommends that McDonald's use their brand name and golden arches to expand into more markets and industries. McDonald's should focus on the millennial age group by exploring healthier food options. Finally, it is important for McDonald's to build trust with their customers to improve their reputation and to follow the transnational organizational model.