McDonald's Corporation: Performance Management Plan (PMP) Proposal for McDonald's Restaurants in US Market

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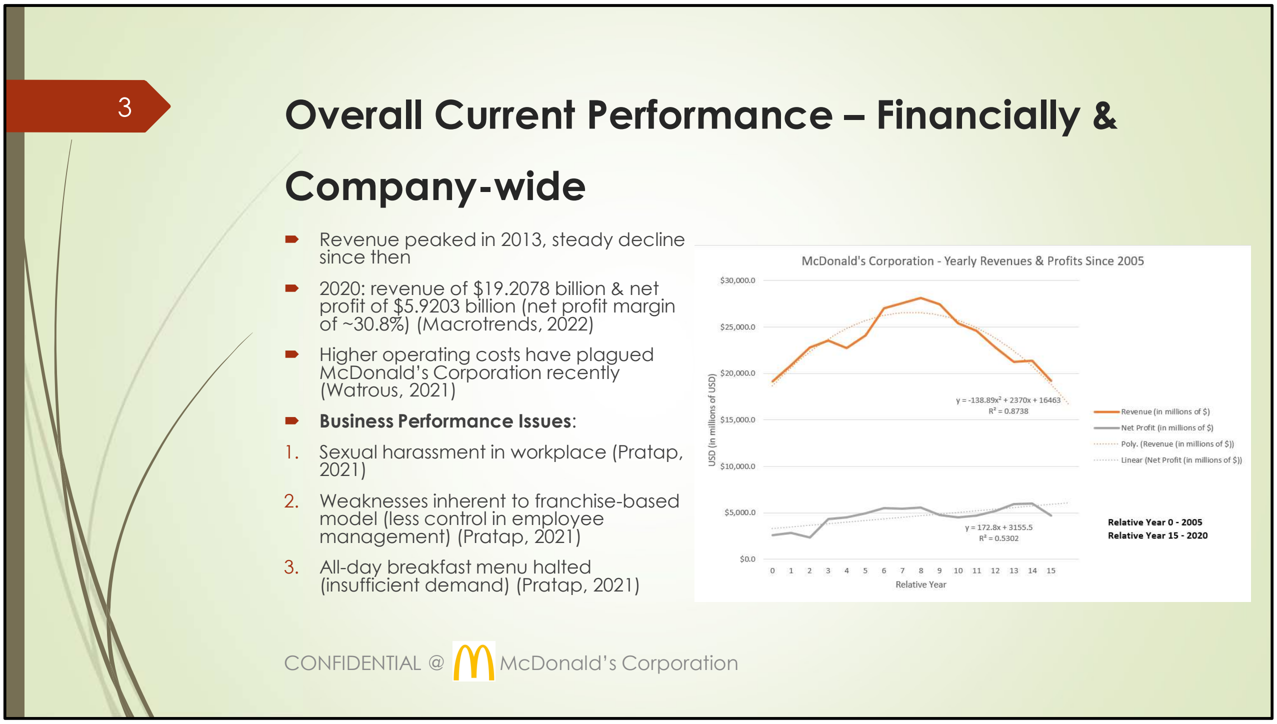
The "concept of fast food, which eliminated the need for wait staff," according to Downie (2021), has made McDonald's one of the biggest names in the fast-food industry, much through its' innovation, quick delivery of meals, and extensive recognition of its' brand by customers (Downie, 2021). 39,198 restaurants worldwide represent McDonald's Corporation (WallStreetZen, 2022), with approximately 80% being franchises (Vaujour, 2018) and over a third situated in the United States (~34.9% in total) (WallStreetZen, 2022). By converting most of its' restaurants to franchises over the last several decades, it has improved its' profitability significantly, much due to franchisees paying fees to set up and run the restaurant under the McDonald's brand and taking on most of the cost and risk (responsible for majority of restaurant operations) (Altimetry, 2019). Therefore, McDonald's Corporation generates much of its' "revenues from the rent, royalties, and fees paid by the franchisees although it also earns from the restaurants it directly owns and operates," according to Samson (2020). As for the mission and vision (strategies) of McDonald's Corporation, the company generally focuses on "[serving] delicious food people feel good about eating, with convenient locations and hours and affordable prices, and [working] hard to offer the speed, choice, and personalization our customers expect," according to McDonald's (2022c). The backbone of the company's brand consists of commitment to a set of five core values on how to run the business and restaurants, two primary ones being to serve, i.e., to put the customers and employees first, and integrity, i.e., always doing the right thing (McDonald's, 2022c). According to McDonald's (2022c), it is "committed to fostering a safe, respectful, and inclusive workplace," thus providing quality jobs for its' employees and investing in its' people with top priority (McDonald's, 2022d). McDonald's Corporation "[puts] people, processes, and practices [in] place to make quality food," is "dedicated to improving the way [it prepares its'] quality food and the ingredients that go into it," according to McDonald's (2022a). For example, McDonald's Corporation uses 100% fresh beef for the Quarter Pounder patty, employs food experts (chefs, dieticians, & suppliers) to ensure the right food is served, keeps nutrition in mind when compiling properly balanced Happy Meals for kids, and provides a wide variety of choices in the food it offers (McDonald's, 2022a). Most importantly and per the fast-food concept, effectiveness and efficiency is the key ingredient to McDonald's operations, i.e., "the mass production and preparation of ready-to-eat food products to accommodate a large number of customers and thus, increase sales volume, improve operational effectiveness and efficiency, and promote convenience by reducing wait time," according to Samson (2020).



Financial Performance

From a financial point-of-view, McDonald's generated sales revenue peaked back in 2013 and has been on a steady decline since then. However, their net income/profit has been on a steady incline since 2005. Based on the most recent income statement made available by McDonald's Corporation, the company raked in $19.2078 billion in sales revenue, with a net income of $5.9203 billion (a net profit margin of 30.8%) (Macrotrends, 2022). Projections for this past year's (2021) revenue and net profit, based on second-degree and first-degree linear regression modeling respectively (refer to Figure above), were $18.827.2 billion and $5.9203 billion. 2020 was a rough year for McDonald's Corporation in terms of sales, mainly due to the ongoing COVID-19 pandemic and resultant government restrictions (Watrous, 2021), but there was a "stronger operating performance in the US market," according to Watrous (2021). "Higher selling, general and administrative expenses, higher restaurant closing costs, and lower gains on sales of restaurant businesses" are some of the major financial issues McDonald's Corporation encountered and experienced in 2020 (Watrous, 2021). Other ones include higher labor and raw materials costs, higher costs incurred from supply chain operations and logistics, and technology-related costs (Pratap, 2021). At some point, McDonald's Corporation will not be able to sustain increasing profits with decreasing revenues, so a plan needs to be put into action to resolve such a financial issue immediately.

Business Performance

As for McDonald's Corporation's most recent business performance, or how it's been performing to reach its' strategies, it has been both positive and negative. Positively, McDonald's Corporation has continued to "[subject] its' suppliers [to] strict standards . . . to promote quality across different branches," according to Samson (2020). Moreover, it has worked to improve drive-thru service times by investing more in "staffing, positioning, and order assembly," according to Watrous (2021). The fast-food restaurant's "customers [still] feel extremely satisfied with the customer service," according to Thomas (n.d.), and a bakery line was introduced into the McDonald's restaurant business model most recently, with a plan to further improve its' chicken sandwich menu items (Watrous, 2021). From a negative standpoint, McDonald's Corporation has been experiencing a multitude of issues, e.g., customers feeling more emphasis should be put on offering more "high-quality food with healthier options," according to Thomas (n.d.). Furthermore, innate issues lie within a franchise-based business model, such as employee management-related issues; this is due to the company have less control over franchisee-operated restaurants, which make up the bulk of its' restaurants. More specifically, occurrences of sexual harassment in McDonald's U.S.-based workplaces have surfaced in multiple reports, where 90% of McDonald's restaurants in the U.S. are franchisee-operated (Pratap, 2021). This "damages the company's reputation [while] the franchisees hardly bear any of the risk," according to Pratap (2021). Lastly, the all-day breakfast feature of their food menu was halted in March 2020 (Pratap, 2021), much due to its' lower demand during the COVID-19 pandemic and associated costs outweighing sales.

Product Strategies

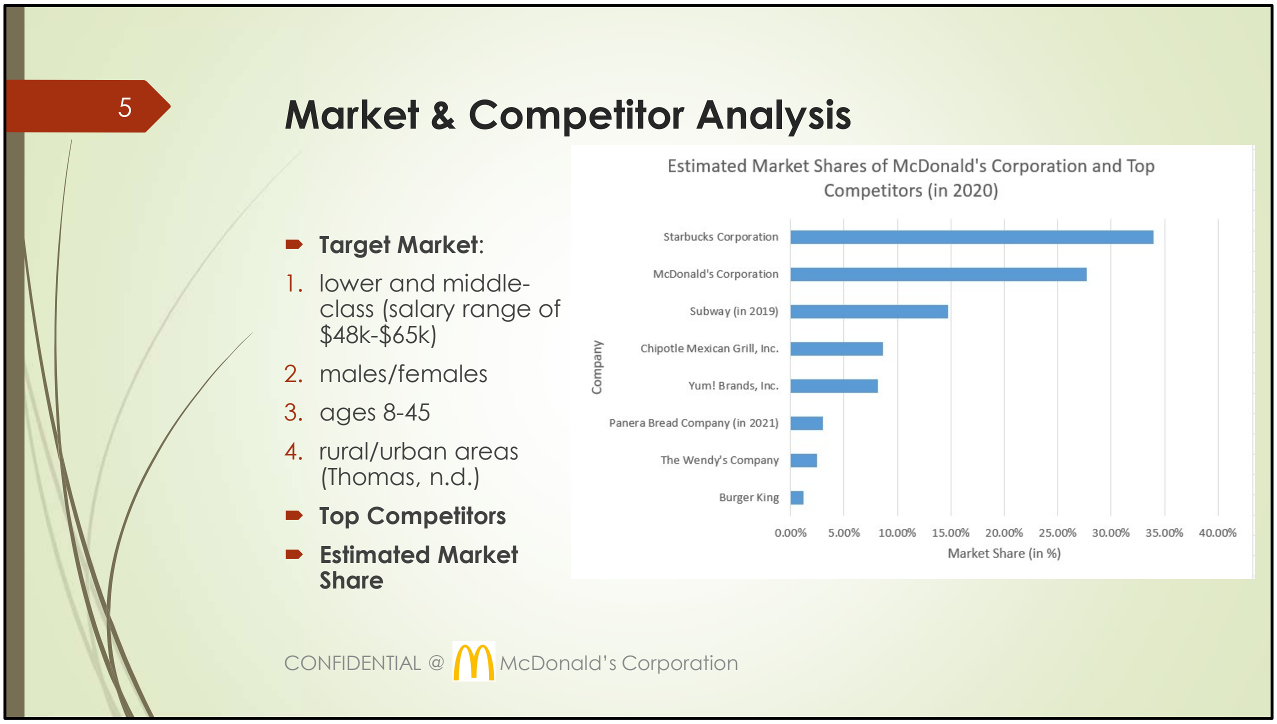
A main component of McDonald’s Corporation’s product strategies is a focus on localization, i.e., “[developing] food products based on the culture of the locality to address the preferences of consumers in specific geographic markets,” according to Samson (2020). Therefore, menus vary from country to country and from region to region. However, a major part of the food menu is still uniform globally. Over time, McDonald’s Corporation has continued to add healthy food products to its’ food menu to attract more health-conscious customers (Thomas, n.d.). Another primary focus (of its’ product strategies) is to cater to “a wide target market . . . [by offering] a [wide] variety of products,” according to Thomas (n.d.), each with varying prices (but with low prices) (Thomas, n.d.). Since the performance of McDonald’s Corporation will be managed within only the U.S. market by this PMP, focus (in terms of product strategies) will instead be mainly placed on McDonald’s standard of serving high-quality food with choice and personalization, all with low prices and variety of product offerings in mind (McDonald’s, 2022c).

Service Strategies

As for how McDonald’s Corporation formulates its’ service strategies, the company strives to relatively quickly get the customer’s meal made and served within minutes of ordering (Thomas, n.d.), i.e., with “speedy service and friendly staff,” according to Thomas (n.d.). Maintaining a clean environment for customers to eat their food in (Thomas, n.d.) is another crucial component of McDonald’s service, as well as serving the food exactly how a customer orders since integrity, or doing the right thing, is a core value of McDonald’s Corporation (McDonald’s, 2022c).

Additional Support Data

In the U.S., McDonald’s Corporation maintains the MyMcDonald’s Rewards program on the McDonald’s app. Such a program provides many free offers to garner users, i.e., offering free large fries when downloading the app and joining MyMcdonald’s Rewards and a choice of free “Hash Browns, Vanilla Cone, McChicken, or a Cheeseburger,” after a first purchase is made, according to McDonald’s (2022b). Points are earned after each purchase, where rewards can be redeemed if the user has sufficient points available (depending on the reward) (McDonald’s, 2022b). Customer profile information stored within the application provides McDonald’s with a plethora of customer type/segmentation data, as well as purchasing information to tie the purchasing behavior of such customers to their respective customer type/segment.



Target Market (of McDonald's Corporation)

As for a general target market of McDonald's Corporation, it is comprised of "lower and middle-class males and females between the ages of 8 and 45" in both rural and urban areas, with "both males and females [targeted] equally," according to Thomas (n.d.). To capture the lower/middle-class customer types (salaries ranging from $48,000 to $65,000 per year), McDonald's keeps prices low and affordable. McDonald's provides Happy Meals with toys and sweet menu items to appeal to children customer types and offers free Wi-Fi services at store locations to appeal to young student customer types. Many of McDonald's customers have a high degree of loyalty to the brand (Thomas, n.d.), which makes it possible for the company "to regain customers that were previously unhappy with the brand," according to Thomas (n.d.). Moreover, some of McDonald's customers are switchers, i.e., they eventually chose McDonald's over other restaurants due to lower prices and better deals (Thomas, n.d.). This market is targeted by McDonald's Corporation since these types of customers are most likely to eat and continue eating at McDonald's, thus generating the most sales revenue for the company.

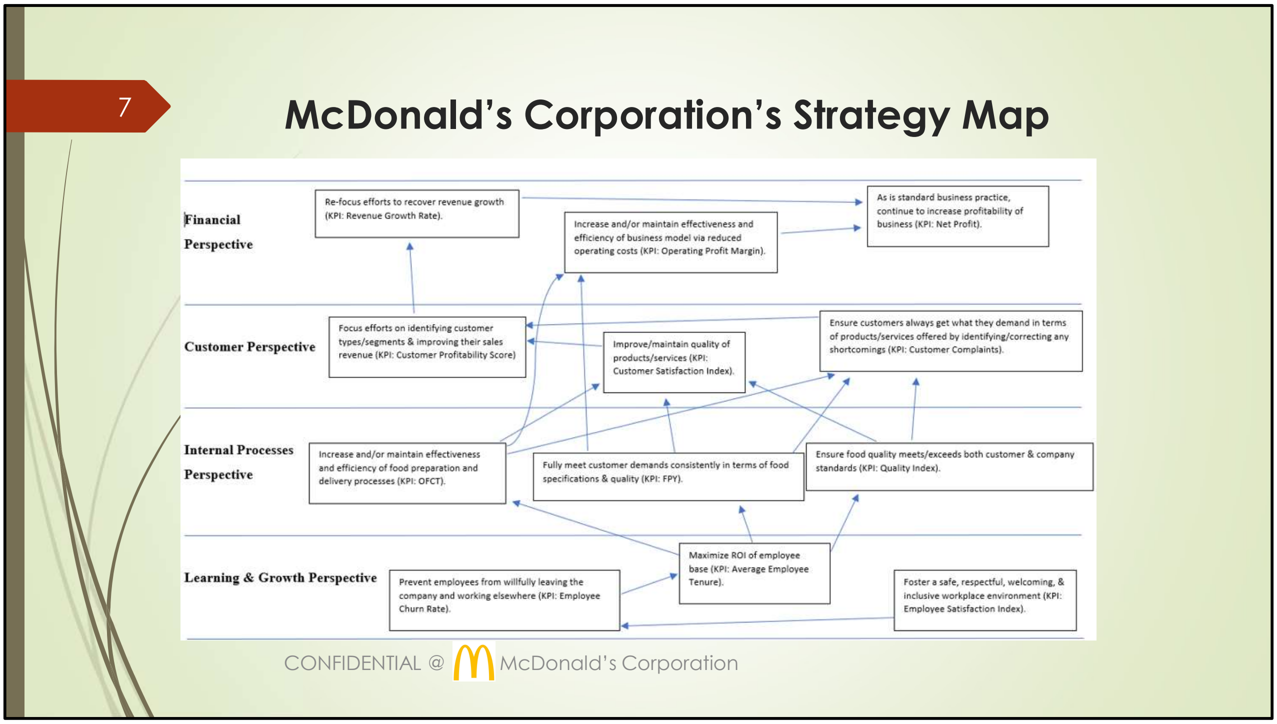
Top Competitors

However, McDonald's has many major competitors, esp. within this target market, that take away significant market share, e.g., “by offering healthier food and different choices to [fast food],” according to Downie (2021). Such top competitors consist of the following: Burger King, “the most direct competitor for McDonald’s” due to its’ “Whopper challenging the Big Mac in the burger war,” according to Downie (2021); Wendy’s, a direct competitor that offers “burgers, fries, and other classic American food” much like McDonald’s, according to Downie (2021); Panera Bread Company, an indirect competitor; Yum! Brands, Inc. (namely consisting of Taco Bell, KFC, & Pizza Hut), an indirect competitor; Chipotle Mexican Grill (Downie, 2021), an indirect competitor that serves “tacos, burritos, bowls, and salads,” according to Downie (2021); Subway, an indirect competitor that sells sandwiches/salads (Downie, 2021) (but more geared towards the healthier side); and Starbucks, a major indirect competitor that serves “coffee, espresso, cappuccino, tea, pastries, sandwiches, and other foods,” with “some offerings that overlap with McDonald’s,” according to Downie (2021).

Estimated Market Share

By analyzing the financial performance, i.e., revenue, of McDonald’s Corporation’s and its’ major competitors, an estimated market share distribution for McDonald’s Corporation and its’ top competitors can be calculated for 2020. With Starbucks generating sales revenue of $23.518 billion (“Starbuck’s Corporation (SBUX) financials”, n.d.), McDonald’s Corporation $19.2078 billion (Macrotrends, 2022), Subway (in 2019) $10.2 billion (Lock, 2021a), Chipotle Mexican Grill $5.9846 billion (“Chipotle Mexican Grill, Inc. (CMG) financials”, n.d.), Yum! Brands, Inc. $5.652 billion 11 (“Yum! Brands, Inc. (YUM) financials”, n.d.), Panera Bread Company (in 2021) $2.1 billion (Macroaxis, 2021), Wendy’s $1.7338 billion (“The Wendy’s Company (WEN) financials”, n.d.), and Burger King $823 million (Lock, 2021b), McDonald’s estimated market share was ~27.75% in 2020, second to Starbucks’ market share of nearly 34% (refer to Figure above). This signals that McDonald’s is being outperformed by Starbucks and should take steps to regain the #1 spot, perhaps through re-vamping its’ food menu/prices to better cater to customers of Starbucks (perhaps to churn them to McDonald’s instead), but without losing its’ current customer base.

With respect to the four perspectives of the BSC, a range of intended results for the PMP apply. Within the learning & growth (employee perspective), employee management-related issues inherent to the franchise-based model of McDonald's Corporation, as well as sexual harassment issues occurring in the workplace (Pratap, 2021), will be addressed by the PMP via assigned strategic objectives. As for the internal (business) processes and customer perspectives, McDonald's Corporation caters to "a wide target market . . . [by offering] a [wide] variety of products," according to Thomas (n.d.), each with varying low prices (Thomas, n.d.), as well as maintains high standards for serving high-quality food with "speed, choice, and personalization [the] customers expect," according to McDonald's (2022c). Moreover, with friendly service, a clean environment (Thomas, n.d.), and serving the food exactly as ordered (McDonald's, 2022c) also in mind, the PMP will maintain these components of the business model with appropriately assigned strategic objectives in these perspectives. Another factor that should be addressed by the PMP within the customer perspective With specifically is customers' opinion that more "high-quality food with healthier options" should be offered, according to Thomas (n.d.), as well as the customer profile information in the MyMcDonald's Rewards program/app that can be leveraged to characterize customer types/segments with purchasing behavior. In terms of the financial perspective, "higher selling, general and administrative expenses, higher restaurant closing costs, and lower gains on sales of restaurant businesses” in 2020 (Watrous, 2021) should be addressed, as well as higher labor and raw materials costs, higher costs incurred from supply chain operations and logistics, and technology-related costs (Pratap, 2021). Decreasing revenues since 2013 is also a matter that must be addressed by the PMP with an appropriately assigned strategic objective within the financial perspective.



"A strategy map is a simple graphic that shows a logical cause-and-effect connection between strategic objectives," where the "objectives in the lower perspectives drive the success of the higher ones," according to Balanced Scorecard Institute (2021). Based on the current state of McDonald's Corporation financially and in terms of business performance, as well as in alignment with its' vision/mission (strategy) and product/service strategies, the strategy map of McDonald's Corporation (specifically curtailed to its' restaurant operations) will consist of the following key strategic objectives (within their appropriate BSC perspectives): within the learning & growth perspective, (1) foster a safe, respectful, welcoming, and inclusive workplace environment, (2) prevent employees from willfully leaving the company and working elsewhere, and (3) maximize ROI of employee base; within the internal (business) processes perspective, (4) ensure food quality meets/exceeds both customer and company standards, (5) fully meet customer demands consistently in terms of food specifications and quality, and (6) increase and/or maintain effectiveness and efficiency of food preparation and delivery processes; within the customer perspective, (7) ensure customers always get what they demand in terms of products/services offered by identifying/correcting any shortcomings, (8) improve/maintain quality of products/services, and (9) focus efforts on identifying customer types/segments and improving their sales revenue; within the financial perspective, (10) re-focus efforts to recover revenue growth, (11) increase and/or maintain effectiveness and efficiency of business model via reduced operating costs, and (12) as is standard business practice, continue to increase profitability of company. In terms of cause-effect relationships between these strategic objectives, (1) -> (2) since happier employees will more likely stay working for the company. (2) ->(3) because fewer employees leaving over time will lengthen the amount of time they stay working for the company (plus maximize ROI of any employee training). Furthermore, (3) -> (4, 5, 6), i.e., maximizing ROI of employees will raise food quality standards, enable meeting food specifications of customers (having long-term, trained staff provides seasoned experience in making/serving food properly and correctly), and increase efficiency of food preparation/delivery (having long-term, trained staff provides seasoned experience in faster making/serving of food). (4, 5, 6) -> (7, 8) since quality of products/services will be improved/maintained and shortcomings will be minimized through achievement of these causal internal business process strategic objectives. Moreover, (5, 6) -> (11) because of the following: fully meeting customer demands/food specification requests prevents re-work/subsequently reduces operating costs; and increasing/maintaining effectiveness/efficiency of food preparation and delivery methods will also reduce operating costs. Within the customer perspective, (7, 8) -> (9) since minimizing errors in customer service and keeping customers happy (by improving/maintaining quality of products/service) drastically increases the likelihood of customers remaining long-term customers and adding more value to the company. With additional insights from identifying the customer types/segments, the company can execute additional customer strategies to further retain these customers. (9) -> (10) because by improving customer sales (through customer type/segmentation identification), more revenue can be generated. Within the financial perspective, (10, 11) ->12 since generating more revenue and reducing operating costs leads to higher profitability.

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Defined & Documented Selected Measures – *Learning & Growth Perspective*

KPI	Strategic Objective	Precise Definition(s)	Unit of Measure	Rationale
Employee Satisfaction Index	Foster a safe, respectful, welcoming, and inclusive workplace environment.	Total number of points divided by the total number of questions (Marr, 2012). Employee satisfaction surveys will be administered on a regular basis, assessing such areas as "leadership and direction, communications, 'local' line management, staff development opportunities, company working culture, facilities and environment, and conditions of service," (p. 266) according to Marr (2012); moreover, their scoring will be based on 1 = very dissatisfied/5 = very satisfied and 1=strongly disagree/5 = strongly agree (Marr, 2012).	Score ranging from 1 to 5 inclusively	It is critical to maximize employee satisfaction to retain employees (prevent quitting) to reduce costs in hiring/training new employees, esp. due to the recent labor shortage issues caused by the COVID-19 pandemic and lower employee satisfaction. "Employee satisfaction is the terminology used to describe whether employees are happy and contented and fulfilling their desires and needs at work," (p. 265) according to Marr (2012).
Employee Churn Rate	Prevent employees from willfully leaving the company and working elsewhere.	Percentage of employees lost vs. total number of employees over a selected period (of time) (Marr, 2012).	%	It is critical to retain employees to reduce costs in hiring/training new employees, esp. due to the recent labor shortage issues caused by the COVID-19 pandemic and lower employee satisfaction.
Average Employee Tenure	Maximize the ROI of employee base.	Sum of all tenures divided by the number of full-time employees (Marr, 2012).	Years	It is critical to retain employees to reduce costs in hiring/training new employees, esp. due to the recent labor shortage issues caused by the COVID-19 pandemic and lower employee satisfaction. Moreover, "long tenure will generally help to reduce recruitment and training costs," (p. 281) according to Marr (2012).

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Defined & Documented Selected Measures – *Internal (Business) Processes Perspective*

KPI	Strategic Objective	Precise Definition(s)	Unit of Measure	Rationale
Order Fulfillment Cycle Time (OFCT)	Increase and/or maintain effectiveness and efficiency of food preparation and delivery processes.	Average "amount of time from customer authorization of a sales order to customer receipt of the product," (p. 193) according to Marr (2012); more specifically, OFCT will be the length of time from input of order to delivery of order to customer based on timestamps.	Minutes	A crucial part of fast-food restaurants' mantra is to deliver food orders at fast, record speeds, thus requiring streamlining of the order-taking and food-making process. Meeting customer demands of delivering quality food at a quick pace ensures customer retainment and continued generation of sales revenue.
First Pass Yield (FPY)	Fully meet customer demands consistently in terms of food specifications and quality.	Percentage of number of non-defective orders divided by the total number of orders (Marr, 2012).	%	"Companies aim to optimize their internal processes to reduce defect rates and minimize any rework," (p. 229) according to Marr (2012). Defects result in dissatisfied customers and re-work costs time and money for the company, thus reducing operational efficiency. High employee turnover, lowly paid employees, and harsh work environments can increase the number of defects that occur.
Quality Index	Ensure food quality meets/exceeds both customer and company standards.	Comprised of the following five equally weighted measures: First Pass Yield (FPY); Order Delivery, Quality; OFCT; customer satisfaction index; and customer complaints. Since every measure will be measured by scores ranging from 1 to 5, FPY, OFCT, and customer complaints will be redefined accordingly with varying assigned thresholds of performance to each score, i.e., 1, 2, 3, 4, & 5.	Average score ranging from 1 to 5 inclusively	First Pass Yield (FPY) - generally measures how many customer orders are non-defective vs. defective; Order Delivery, Quality (quality of customer orders as determined by relevant customer survey information); OFCT - accounts for the time it takes from the customer fully placing an order to the customer receiving the order; customer satisfaction index (it measures general customer satisfaction/dissatisfaction); and customer complaints (to focus more so on customer dissatisfaction).

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Defined & Documented Selected Measures – *Customer Perspective*

KPI	Strategic Objective	Precise Definition(s)	Unit of Measure	Rationale
Customer Profitability Score	Focus efforts on identifying customer types/segments and improving their sales revenue.	"Difference between the revenues earned from and the costs associated with the customer relationship in a specified period," (p. 104) according to Marr (2012).	$	"By satisfying the needs of customers . . . organizations can make a profit and therefore grow and prosper," (p. 103) according to Marr (2012). Moreover, companies should make efforts "to move loss-making or break-even customers up the profitability categories," (p. 105) according to Marr (2012). Customer profitability score measures the level of contributions of customers to the well-being of the company, as well as gauges which customer types/segments the company should expand upon (with targeted marketing) or require additional attention (due to low or no profitability).
Customer Satisfaction Index	Improve/maintain quality of products/services.	Total number of points divided by the total number of questions (Marr, 2012). Customer satisfaction surveys/interviews will be administered on a regular basis, assessing such areas as "customer expectations, perceived quality, perceived value, customer complaints, and customer loyalty," (p. 98) according to Marr (2012); moreover, their scoring will be based on 1 = very dissatisfied/5 = very satisfied and 1=strongly disagree/5 = strongly agree.	Average score ranging from 1 to 5 inclusively	According to Marr (2012), CSI "is generally perceived as the most indicative non-financial measure of future financial performance," (p. 97) i.e., the higher the customer satisfaction, the increased likelihood they remain a loyal customer; therefore, the company will perform better financially. "It is significantly more expensive to attract new customers than it is to retain existing ones," (p. 97) so CSI is an essential metric to monitor/track, according to Marr (2012).
Customer Complaints	Ensure customers always get what they demand in terms of products/services offered by identifying/correcting any shortcomings.	Number of customer complaints (Marr, 2012)	Number of customer complaints (Marr, 2012)	Typically, customer complaints will mainly involve some issue with a product and/or service. This specific type of customer "can cause significant damage to an organization's reputation and ability to attract new customers," (p. 121) according to Marr (2012). On average, a company "needs two satisfied customers for every one that is dissatisfied just to maintain the [company's] current status," (p. 122) according to Marr (2012).

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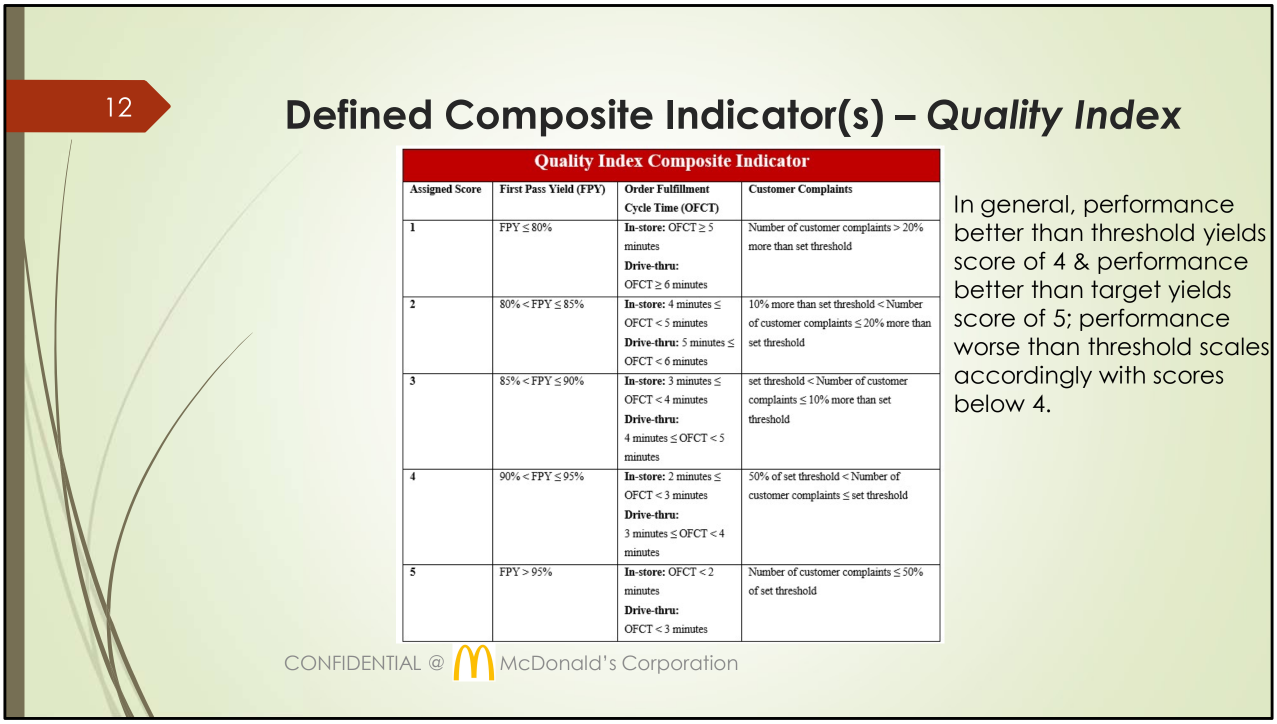
Defined & Documented Selected Measures – *Financial Perspective*

KPI	Strategic Objective	Precise Definition(s)	Unit of Measure	Rationale
Revenue Growth Rate	Re-focus efforts to recover revenue growth.	Revenue of the selected time period divided by the revenue of the previous time period (Marr, 2012); for the seasonal timeframes of quarters and months, these time periods would be compared on a yearly basis instead.	%	"The primary driver of 'making money' is to grow revenues," (p. 25) according to Marr (2012). More specifically, Net Profit = **Revenues** – Total Costs. Therefore, this KPI will measure the growth or shrinkage of such revenue.
Operating Profit Margin	Increase and/or maintain effectiveness and efficiency of business model via reduced operating costs.	Operating Profit Margin = $\frac{Operating\ Profit}{Revenue} * 100\%$ for the selected time period (Marr, 2012).	%	Operating profit margin "can provide insights into a company's operating efficiency and pricing strategy," (p. 17) i.e., "the ratio provides an insight into the profitability of sales generated from regular operations of the business," (p. 17) according to Marr (2012). A higher operating profit margin signals increased operational efficiency and more dollars per sale being earned by the company (Marr, 2012).
Net Profit	Increase profitability, as is standard business practice.	**Net Profit** = Revenue – Total Costs (Marr, 2012) over the chosen time period.	$	"Net profit (also referred to as net income) typically represents the most important measure of performance," (p. 3) according to Marr (2012). If the products/services sold by the company do not generate profit, then the business model most likely requires major modifications immediately before the company goes out of business. "Profits can then be reinvested to grow the company (called retained earnings) and used to pay a return to the company's owners or shareholders (called dividends)," (p. 3) according to Marr (2012).



Quality Index Composite Indicator

Assigned Score	First Pass Yield (FPY)	Order Fulfillment Cycle Time (OFCT)	Customer Complaints
1	FPY ≤ 80%	**In-store:** OFCT ≥ 5 minutes **Drive-thru:** OFCT ≥ 6 minutes	Number of customer complaints > 20% more than set threshold
2	80% < FPY ≤ 85%	**In-store:** 4 minutes ≤ OFCT < 5 minutes **Drive-thru:** 5 minutes ≤ OFCT < 6 minutes	10% more than set threshold < Number of customer complaints ≤ 20% more than set threshold
3	85% < FPY ≤ 90%	**In-store:** 3 minutes ≤ OFCT < 4 minutes **Drive-thru:** 4 minutes ≤ OFCT < 5 minutes	set threshold < Number of customer complaints ≤ 10% more than set threshold
4	90% < FPY ≤ 95%	**In-store:** 2 minutes ≤ OFCT < 3 minutes **Drive-thru:** 3 minutes ≤ OFCT < 4 minutes	50% of set threshold < Number of customer complaints ≤ set threshold
5	FPY > 95%	**In-store:** OFCT < 2 minutes **Drive-thru:** OFCT < 3 minutes	Number of customer complaints ≤ 50% of set threshold

Notes: Customer Satisfaction Index is already rated as a score ranging from 1 to 5 inclusively, so no re-defining of the KPI measure is needed for the Quality Index composite indicator. The Order Delivery, Quality KPI score will be determined by the average score of all questions related to products/services of McDonald's Corporation within customer surveys (random audits by McDonald's management that assess quality of goods/services with additional survey questions of similar scoring method can also be included in the computation of this KPI – in such a case, the average score across both of these data sources for the chosen time period will be the overall score computed for this KPI). For OFCT, an average of the OFCT scores for in-store and the drive-thru would be calculated for an overall OFCT score (for use in the quality index).

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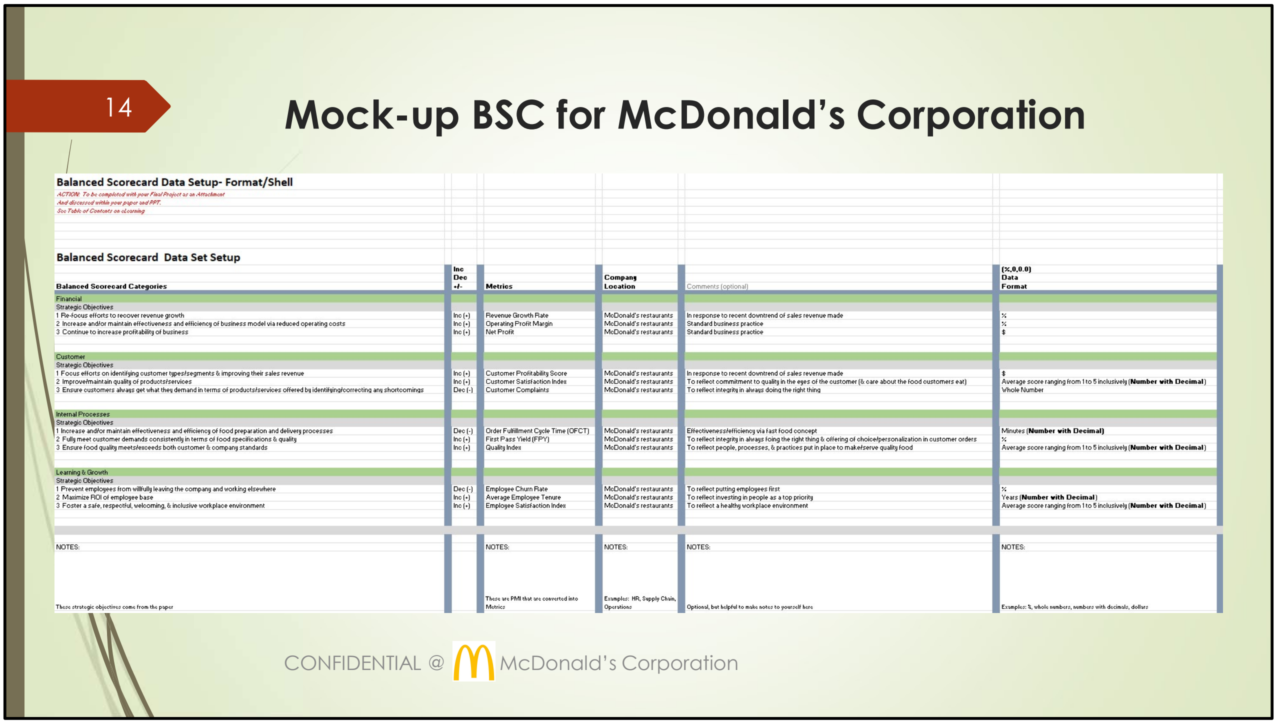
Established Targets & Thresholds

KPI	Threshold	Target
Employee Churn Rate	10%	5%
Average Employee Tenure	Lower-level workers: 2 years, Managers: 3 years	Lower-level workers: 3 years, Managers: 4 years
Employee Satisfaction Index	4	4.5
Order Fulfillment Cycle Time (OFCT)	In-store: 3 minutes, Drive-thru: 4 minutes	In-store: < 2 minutes, Drive-thru: < 3 minutes
First Pass Yield	90%	> 95%
Quality Index	4.25	4.5
Customer Profitability Score	Avg. of most recent 3 years (of selected drill-down of time – seasonality) of customer profitability score data	20% more than threshold
Customer Satisfaction Index	4.25	4.5
Customer Complaints	Avg. of most recent 3 years (of selected drill-down of time – seasonality) of customer complaint data	50% less than threshold
Revenue Growth Rate	2%	5%
Operating Profit Margin	Avg. of most recent 3 years (of selected drill-down of time – seasonality) of operating profit margin data	50%
Net Profit	Avg. of most recent 3 years (of selected drill-down of time – seasonality) of net profit data	10% more than threshold



Balanced Scorecard Data Setup- Format/Shell

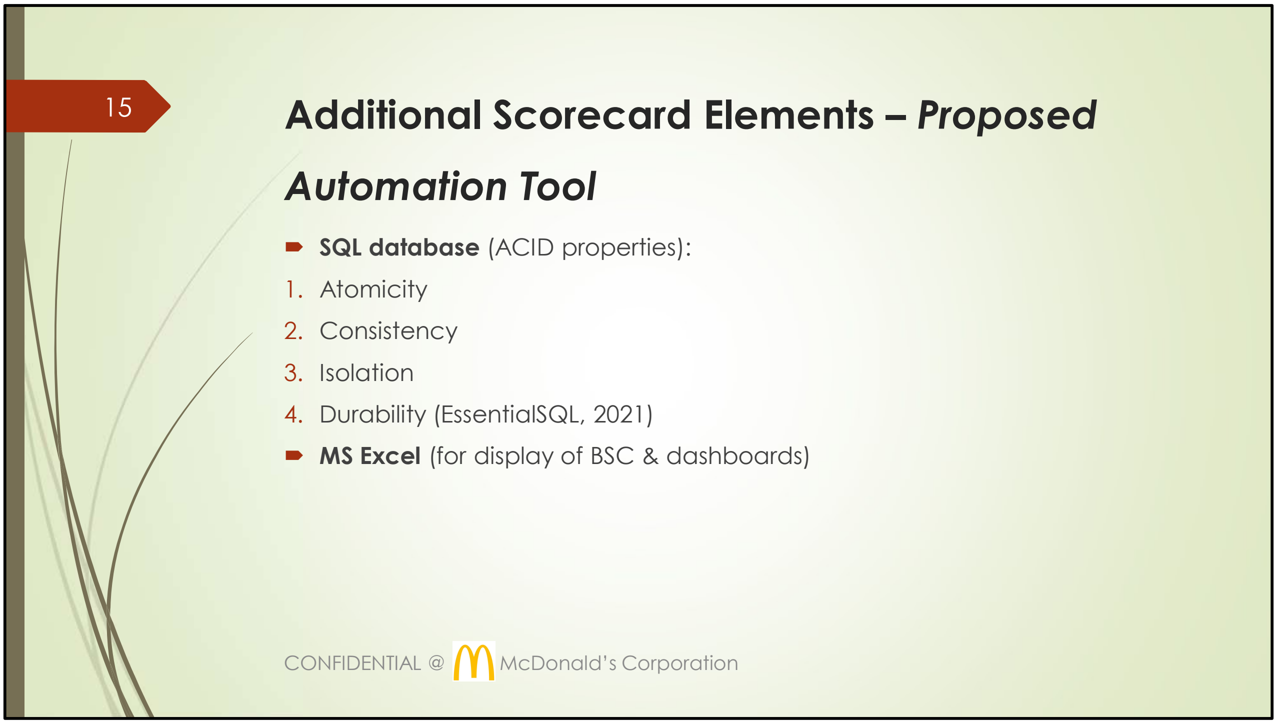
ACTION: To be completed with your Final Project as an Attachment
And discussed within your paper and PPT.
See Table of Contents on eLearning

Balanced Scorecard Data Set Setup

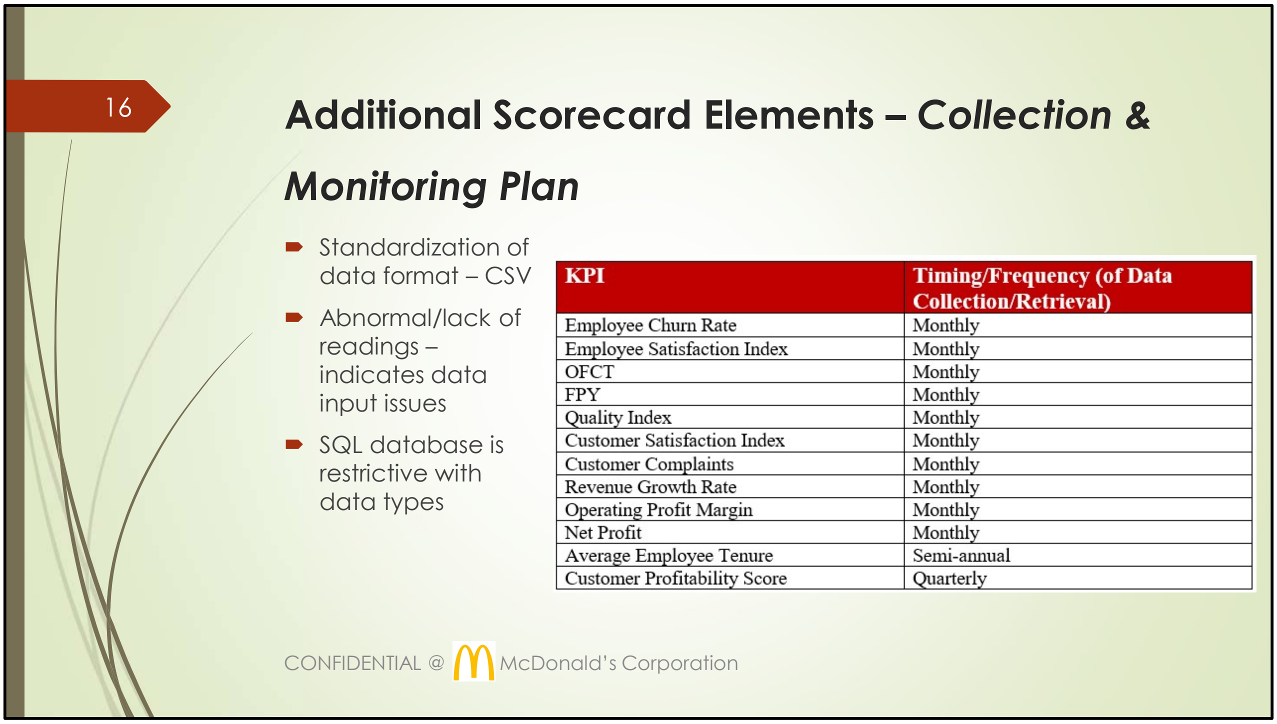
Balanced Scorecard Categories	**Inc Dec +/-**	**Metrics**	**Company Location**	Comments (optional)	**(%,0,0.0) Data Format**
Financial					
Strategic Objectives					
1 Re-focus efforts to recover revenue growth	Inc (+)	Revenue Growth Rate	McDonald's restaurants	In response to recent downtrend of sales revenue made	%
2 Increase and/or maintain effectiveness and efficiency of business model via reduced operating costs	Inc (+)	Operating Profit Margin	McDonald's restaurants	Standard business practice	%
3 Continue to increase profitability of business	Inc (+)	Net Profit	McDonald's restaurants	Standard business practice	$
Customer					
Strategic Objectives					
1 Focus efforts on identifying customer types/segments & improving their sales revenue	Inc (+)	Customer Profitability Score	McDonald's restaurants	In response to recent downtrend of sales revenue made	$
2 Improve/maintain quality of products/services	Inc (+)	Customer Satisfaction Index	McDonald's restaurants	To reflect commitment to quality in the eyes of the customer (& care about the food customers eat)	Average score ranging from 1 to 5 inclusively (**Number with Decimal**)
3 Ensure customers always get what they demand in terms of products/services offered by identifying/correcting any shortcomings	Dec (-)	Customer Complaints	McDonald's restaurants	To reflect integrity in always doing the right thing	Whole Number
Internal Processes					
Strategic Objectives					
1 Increase and/or maintain effectiveness and efficiency of food preparation and delivery processes	Dec (-)	Order Fulfillment Cycle Time (OFCT)	McDonald's restaurants	Effectiveness/efficiency via fast food concept	Minutes (**Number with Decimal**)
2 Fully meet customer demands consistently in terms of food specifications & quality	Inc (+)	First Pass Yield (FPY)	McDonald's restaurants	To reflect integrity in always foing the right thing & offering of choice/personalization in customer orders	%
3 Ensure food quality meets/exceeds both customer & company standards	Inc (+)	Quality Index	McDonald's restaurants	To reflect people, processes, & practices put in place to make/serve quality food	Average score ranging from 1 to 5 inclusively (**Number with Decimal**)
Learning & Growth					
Strategic Objectives					
1 Prevent employees from willfully leaving the company and working elsewhere	Dec (-)	Employee Churn Rate	McDonald's restaurants	To reflect putting employees first	%
2 Maximize ROI of employee base	Inc (+)	Average Employee Tenure	McDonald's restaurants	To reflect investing in people as a top priority	Years (**Number with Decimal**)
3 Foster a safe, respectful, welcoming, & inclusive workplace environment	Inc (+)	Employee Satisfaction Index	McDonald's restaurants	To reflect a healthy workplace environment	Average score ranging from 1 to 5 inclusively (**Number with Decimal**)
NOTES:		NOTES:	NOTES:	NOTES:	NOTES:
These strategic objectives come from the paper		These are PMI that are converted into Metrics	Examples: HR, Supply Chain, Operations	Optional, but helpful to make notes to yourself here	Examples: %, whole numbers, numbers with decimals, dollars

Proposed Scorecard Overview

The proposed BSC will consist of the following columns: "Balanced Scorecard categories," which will consist of the four categories of the BSC with assigned strategic objectives; "Inc/Dec (+/-)" to signify if positive or negative movement of the KPI is desired (for better performance); "Metrics" to indicate the KPI assigned to the respective strategic objective; "Company Location" to represent where the KPI measures performance within the company; "Comments (optional)" where the associated part of the company's mission/vision (strategy) applicable to the strategic objective chosen/assigned will be displayed; "Data Format" to show the unit of measure of the KPI; any columns related to the data of the KPI, e.g., the months throughout the year from January to December, to display the KPI's applicable data at the respective collection frequency/timing; and "Overall" to display the overall reading of the KPI (aggregated). To display other drill-down levels of the KPI, expansion of the BSC to dashboard format will enable this. This BSC will serve to measure performance in four key areas of the business, i.e., the learning & growth (employee), internal processes, customer, and financial perspectives, each with assigned strategic objectives that aim to improve the performance of McDonald's Corporation's restaurants.



Use of a SQL database would enable reliable automation of data collection and data computation/aggregation (with pre-programmed queries), much due to its' inherent ACID properties (A – Atomicity, C – Consistency, I – Isolation, and D – Durable). Atomicity is described by its' ability to enforce an "all or nothing" constraint on database transactions, i.e., a database will only save data if all of it is successfully written into the database (all transactions go through successfully) (EssentialSQL, 2021). Moreover, consistency is maintained since "saved data cannot violate the integrity of the database," according to EssentialSQL (2021). A SQL database is isolative due to transactions not being able to interfere/affect other transactions taking place, dependent on the type of lock applied (only one transaction can take place on the same tables/data in question). Lastly, the durability of a SQL database is held since "system failures or restarts do not affect committed transactions," according to EssentialSQL (2021). A way to automatically retrieve the data from all relevant data sources, i.e., the electronic employee surveys, electronic customer surveys, electronically recorded customer interviews, built-in POS system, electronic employee payroll records/HR system, and MyMcdonald's Rewards/McDonald's app, would need to be established with a correctly programmed, repeatable data pipeline. Data computations/aggregations using SQL can then be run in respective MS Excel cells to generate the required results of the BSC. Dashboards with constructed data visualizations can then be created within MS Excel to visualize the data, i.e., displaying varying aggregations of data across different time periods/granularities enables trend analysis.



KPI	Timing/Frequency (of Data Collection/Retrieval)
Employee Churn Rate	Monthly
Employee Satisfaction Index	Monthly
OFCT	Monthly
FPY	Monthly
Quality Index	Monthly
Customer Satisfaction Index	Monthly
Customer Complaints	Monthly
Revenue Growth Rate	Monthly
Operating Profit Margin	Monthly
Net Profit	Monthly
Average Employee Tenure	Semi-annual
Customer Profitability Score	Quarterly

As for the periodicity of data collection, this will depend on the KPI being measured. For Employee Churn Rate, Employee Satisfaction Index, OFCT, FPY, Quality Index, Customer Satisfaction Index, Customer Complaints, Revenue Growth Rate, Operating Profit Margin, and Net Profit, any data associated with these KPIs will be collected on a monthly basis. Average Employee Tenure data will be collected on a semi-annual basis, and Customer Profitability Score data will be collected on a quarterly basis. Collecting data in CSV format would enable standardization of subsequent processing of the data. Abnormal (much due to NULL values) or a lack of readings will indicate the data is not incoming correctly, Since a SQL database is very restrictive about what data types can be entered into respective columns of a table (these are established beforehand), any errors in data type within the data will prevent "write" operations from executing (in which case, closer inspection will be needed to pinpoint the issues in the data, then corrected accordingly).

In general, if a KPI were to read below/above its' established threshold (depending on if a + or – change in the indicator is desired respectively), managerial/procedural action(s) would be taken to resolve such poor performance (depending on the KPI being read). If a KPI were to read above/below its' established target (depending on if a + or – change in the indicator is desired respectively), further investigation into why the KPI is showing such good performance could be initiated (the chosen level of drill-down would pinpoint where to investigate); management would then try to disseminate such findings to applicable poorly performing areas of the business to provide a means to improve their performance and recreate the exemplary performance. If readings are abnormal and/or not showing, further investigation into any issues with the data sources would be initiated (this is most likely origin since all SQL queries would be unalterable and pre-programmed).

McDonald's Corporation has "one of the world's best supply chains," according to Shrum (2018). Moreover, McDonald's has strategically placed warehouses across the world to distribute its' raw products to stores efficiently. To maintain this good performance, inclusion of Inventory Shrinkage Rate within the PMP should be included future revisions (it would be applied across the entire lifecycle of the products – starting with the supplier and ending at the store). "Inventory shrinkage refers to the loss of products between the point where a product is produced or purchased and the point where it is sold," (p. 201) according to Marr (2012), thus unnecessary loss of products could be measured/monitored by this KPI. On the other hand, expanding the PMP to other regions of the globe where McDonald's Corporation conducts business would be warranted to manage performance globally rather than just in the US market (though further financial, market & competitor analysis would need to be performed for each region to best design the PMP). Lastly, adding specific managerial procedural actions in response to each strategic objective/KPI and its' readings/measures (above/below threshold or target) would be warranted.

Plan Recap

As per the proposed PMP, the following strategic objectives (derived from the mission/vision of McDonald's Corporation and any pertinent issues in recent business performance) and respective KPIs are assigned to the four BSC perspectives accordingly: within the learning & growth perspective, (1) foster a safe, respectful, welcoming, and inclusive workplace environment (KPI: Employee Satisfaction Index), (2) prevent employees from willfully leaving the company and working elsewhere (KPI: Employee Churn Rate), and (3) maximize ROI of employee base (KPI: Average Employee Tenure); within the internal (business) processes perspective, (4) ensure food quality meets/exceeds both customer and company standards (KPI: Quality Index), (5) fully meet customer demands consistently in terms of food specifications and quality (KPI: FPY), and (6) increase and/or maintain effectiveness and efficiency of food preparation and delivery processes (KPI: OFCT); within the customer perspective, (7) ensure customers always get what they demand in terms of products/services offered by identifying/correcting any shortcomings (KPI: Customer Complaints), (8) improve/maintain quality of products/services (KPI: Customer Satisfaction Index), and (9) focus efforts on identifying customer 28 types/segments and improving their sales revenue (KPI: Customer Profitability Score); within the financial perspective, (10) re-focus efforts to recover revenue growth (KPI: Revenue

Growth Rate), (11) increase and/or maintain effectiveness and efficiency of business model via reduced operating costs (KPI: Operating Profit Margin), and (12) as is standard business practice, continue to increase profitability of company (KPI: Net Profit). “Effective managers and decision-makers understand the performance of all key dimensions of their business by distilling them down into the critical KPIs,” (p. xxv) according to Marr (2012), and this PMP harnesses such an important concept of PM fully.

Request of Approval

This PMP would be helpful to McDonald’s Corporation for a myriad of reasons. Within the learning & growth (employee perspective), employee management-related issues inherent to the franchise-based model of McDonald’s Corporation, as well as sexual harassment issues occurring in the workplace (Pratap, 2021), are addressed by the PMP. As for the internal (business) processes and customer perspectives, McDonald’s Corporation caters to “a wide target market . . . [by offering] a [wide] variety of products,” according to Thomas (n.d.), each with varying low prices (Thomas, n.d.), as well as maintains high standards for serving high-quality food with “speed, choice, and personalization [the] customers expect,” according to McDonald’s (2022c). With friendly service, a clean environment (Thomas, n.d.), and serving the food exactly as ordered (McDonald’s, 2022c) also in mind, this PMP will maintain these components of the business model. Another factor that would be addressed by the PMP within the customer perspective specifically is customers’ opinion that more “high-quality food with healthier options” should be offered, according to Thomas (n.d.), as well as the customer profile information in the MyMcDonald’s Rewards program/app that can be leveraged to characterize customer types/segments with purchasing behavior. In terms of the financial perspective, “higher selling, general and administrative expenses, higher restaurant closing costs, and lower gains on sales of restaurant businesses” in 2020 (Watrous, 2021) are addressed by the PMP, as well as higher labor and raw materials costs, higher costs incurred from supply chain operations and logistics, and technology-related costs (Pratap, 2021). Decreasing revenues since 2013 is also a matter that is addressed by the PMP. To implement such a PMP, the first step will be to set up any data sources not already in place, e.g., creation of electronic customer/employee surveys and any features lacking in the current POS system (such as marking when order is defective or not). Following this step, any data storage capabilities not already in place would need to be incorporated, i.e., setting up a SQL database with proper data modeling and sufficient data storage volume. Thirdly, designing a correctly programmed, repeatable data pipeline to retrieve and store the data within the SQL database would be warranted. The fourth and subsequent step would be to code any SQL queries needed to compute/aggregate the chosen KPIs within the PMP’s BSC. 29 Lastly, programming of the thresholds/targets of the KPIs within the BSC would be needed to indicate poor/satisfactory/exemplary performance. In conclusion, approval is sought to immediately proceed with the incorporation of this proposed PMP into McDonald's Corporation's PM system for the US market only from now and into the future. Do I have your approval to proceed with this plan?

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