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

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Executive Summary

In accordance with the BSC process, a strategy map for McDonald's Corporation in the US market was designed (refer to Appendix E – Figure 17) to support creation of a scorecard to manage its' performance. 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 were 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 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). With such a PMP in place, McDonald's Corporation's performance would monitored/measured appropriately to ensure optimal performance from now and into the future. With additional scorecard elements of an automation tool, collection & monitoring plan, data analysis plan, and performance improvement plan embedded into the PMP, such a PM process can be automated, collected/monitored appropriately, analyzed correctly (by managers), and improved over time to increase its' effectiveness and utility for McDonald's Corporation.

Overview of McDonald's Corporation's Landscape

Background of McDonald's Corporation

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 (13,682, or $\frac{13,682}{39,198} * 100\% \approx 34.9\%$) 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).

Overall Current Performance – Financially & Company-wide

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 $\frac{\$5.9203\ billion}{\$19.2078\ billion} * 100\% \approx 30.8\%$) (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 1), were $18.827.2 billion and $5.9203 billion (refer to Table 1). 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.

Year	Relative Year	Revenue (in millions of $)	Net Profit (in millions of $)
2005	0	$19,117.3	$2,577.6
2006	1	$20,895.2	$2,866.1
2007	2	$22,786.6	$2,335.0
2008	3	$23,522.4	$4,313.2
2009	4	$22,744.7	$4,551.0
2010	5	$24,074.6	$4,946.3
2011	6	$27,006.0	$5,503.1
2012	7	$27,567.0	$5,464.8
2013	8	$28,105.7	$5,585.9
2014	9	$27,441.3	$4,757.8
2015	10	$25,413.0	$4,529.3
2016	11	$24,621.9	$4,686.5
2017	12	$22,820.4	$5,192.3
2018	13	$21,257.9	$5,924.3
2019	14	$21,364.4	$6,025.4
2020	15	$19,207.8	$4,730.5
2021 (projected)	16	$18,827.2	$5,920.3

Table 1 (McDonald's Corporation's Financial Performance Since 2005) (Macrotrends, 2022)

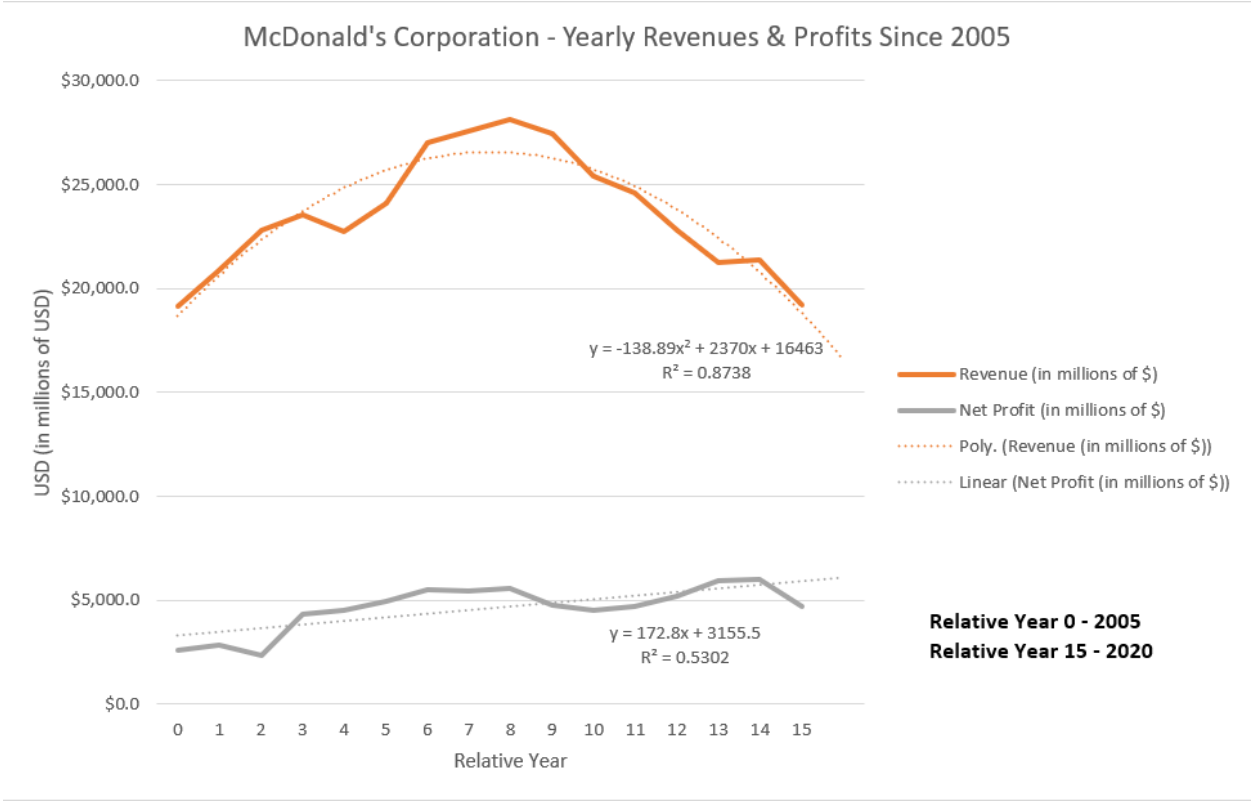

Figure 1

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.

McDonald's Corporation's Strategies

McDonald's Corporations strategies consists of both product and service strategies, namely to "serve delicious food people feel good about eating [at] affordable prices, by working hard to offer the speed, choice, and personalization our customers expect," according to McDonald's (2022c).

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).

Market & Competitor Analysis (US only)

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.

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).

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 (refer to Table 2). 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

("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 2). 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.

Company	Revenue (in 2020, in millions of $)	Estimated Market Share
Burger King	$823.0	1.19%
The Wendy's Company	$1,733.8	2.50%
Panera Bread Company **(in 2021)**	$2,100.0	3.03%
Yum! Brands, Inc.	$5,652.0	8.17%
Chipotle Mexican Grill, Inc.	$5,984.6	8.65%
Subway **(in 2019)**	$10,200.0	14.74%
McDonald's Corporation	$19,207.8	27.75%
Starbucks Corporation	$23,518.0	33.98%

Table 2

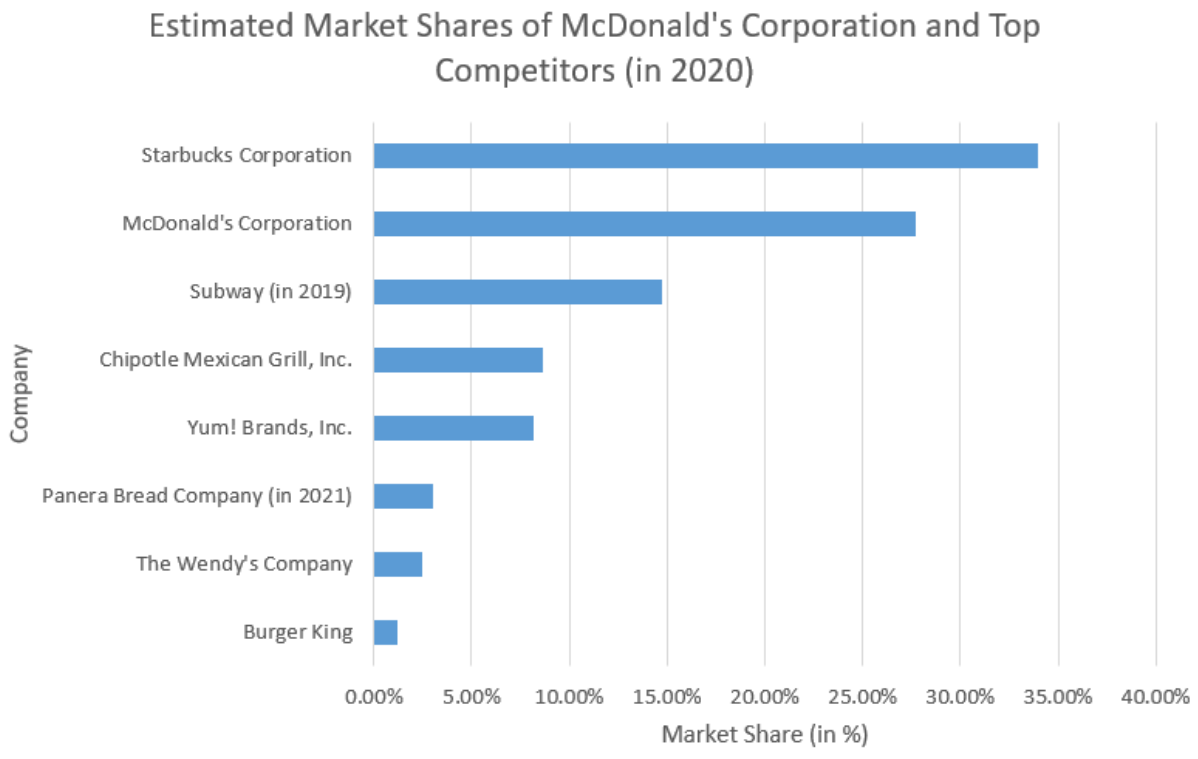

Figure 2

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.

KPI Process (Using BSC Framework)

BSC Process Overview

The BSC PM framework significantly benefits how a company manages its' performance with use of both financial and non-financial indicators, each assigned accordingly to one of four categories, i.e., the learning and growth, internal business processes, customer, and financial perspectives (of the company) (Kaplan & Norton, 1992) (refer to Appendix A – Figure 3). The learning & growth and internal business processes perspectives support the employees' interests, the customer perspective the customers' interests, and the financial perspective the shareholders'/owners' interests (Limberg, 2008). Achieving balance between these four categories/perspectives is the primary goal of the BSC (Limberg, 2008). According to Cokins (2009), "a balanced scorecard is designed to align the work and priorities of employees with the strategic objectives that comprise an organization's defined mission," (p. 8) all in a single document with appropriate sets of indicators assigned to each of those respective strategic objectives (Epstein & Manzoni, 1997). Before designing the company's BSC, it is crucial to construct the company's strategy map, which is "orders of magnitude more important than the scorecard itself," (p. 8) according to Cokins (2009). As for deriving the strategy map that will provide a solid foundation to then build the BSC, the mission & vision (or strategy) of the company will provide insight as to what strategic objectives should be set and measured performance-wise. It is also crucial to get this initial step right since it determines what relevant measurements, or Key Performance Indicators (KPIs), will be chosen and used for the BSC. A strategy map will consist of the same four perspectives of the BSC but will capture the cause-effect relationships between them (bottom-up), i.e., learning and growth → internal business processes → customer → financial (typically, but not always) (refer to Appendix E – Figure 17). On the other hand, the general form of a BSC will consist of goals/objectives (taken from the strategy

map) and respective KPIs assigned to those goals/objectives within each of the four perspectives (refer to Appendix D – Figure 16). If done correctly, the company will have first derived a strategy map, then BSC, subsequently followed by dashboards with relevant KPIs (Cokins, 2009), thus maximizing the utility of the BSC PM framework. Moreover," what [actions are suggested] instead of just [dial monitoring]" (Slide 8) is another feature to consider including when constructing the BSC, according to Sabuco (2021). A scorecard will typically "provide information lacking in dashboards . . . answering questions for deeper analysis, drill-down capabilities, traffic-light alert messaging, [and] forecasting for inferences of PM," (Slide 16) according to Sabuco (2021). However, this PMP will focus on constructing only the strategy map and BSC for McDonald's Corporation, with dashboard creation reserved for a later time (which will aid in providing supporting data visualization tools of KPIs).

EPM Intended Results

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 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.

McDonald's Corporation's Strategy Map

"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 (refer to Appendix E – Figure 17).

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 (refer to Appendix E – Figure 17).

Proposed Brainstorm of Key Measures

"Key Performance Indicators (KPIs) are the critical (key) indicators of progress toward an intended result," i.e., they "[provide] a focus for strategic and operational improvement, create an analytical basis for decision-making, and help focus attention on what matters most," according to KPI.org (2022). Setting of targets, or satisfactory levels of performance (KPI.org, 2022), as well as thresholds, or levels of unsatisfactory performance, are necessary to properly define a KPI. The following proposed KPIs could effectively measure/monitor the performance areas mentioned in the "EPM Intended Results" section above.

Learning & Growth Perspective

Employee Satisfaction Index. Employee satisfaction index is defined as the total number of points divided by the total number of questions (Marr, 2012). Employee satisfaction surveys would 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 (positive-oriented questions only) (Marr, 2012). An average score (of all employee satisfaction surveys within a given time period) ranging from 1 to 5 inclusively will indicate the overall employee satisfaction index. 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).

Internal Processes Perspective

Order Fulfillment Cycle Time (OFCT). Order Fulfillment Cycle Time (OFCT) is defined as the 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, which will be measured in 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). First Pass Yield (FPY) is defined as the percentage of number of non-defective orders divided by the total number of orders (Marr, 2012); thus, it is measured in %. "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.

Customer Perspective

Customer Satisfaction Index. Customer satisfaction index is defined as the 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 (positive-oriented questions only) (Marr, 2012). Each question is weighted equally (as is indicated by the formula to compute CSI), and an average score (of all customer surveys within a given time period) ranging from 1 to 5 inclusively will indicate the overall customer satisfaction index. 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).

Financial Perspective

Revenue Growth Rate. Revenue Growth Rate is defined as the revenue of the selected time period divided by the revenue of the previous time period (Marr, 2012), measured in %; for the seasonal timeframes of quarters and months, these time periods would be compared on a yearly basis instead, e.g., Revenue Growth Rate of Q1, 2020 = $\frac{Revenue\ of\ Q1{,}2020}{Revenue\ of\ Q1{,}2019}$. "The primary driver of 'making money' is to grow revenues," (p. 25) according to Marr (2012). More specifically, Net Profit = **Revenues** – Total Costs. This KPI will measure the growth or shrinkage of revenue.

Defined & Documented Selected Performance Measures

Based on the PMP layout utilized by USAID, Performance Indicator Reference Sheets were constructed for the 12 proposed KPIs used to measure/assess the performance of the 12 strategic objectives respectively (refer to Appendix B – Figures 4-15) (Britan & Mehdi, 2010). Below is the definition, unit of measure, related strategic objective, and rationale of each KPI selected for the PMP.

Learning & Growth Perspective

Employee Churn Rate. Employee churn rate is defined as the percentage of employees lost vs. total number of employees over a selected period (of time) (Marr, 2012), measured in %. This KPI measures the performance of how the company prevents employees from willfully leaving the company and working elsewhere (**strategic objective #2**). 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 (refer to Appendix B – Figure 4).

Average Employee Tenure. Average employee tenure is defined as the sum of all tenures divided by the number of full-time employees (Marr, 2012), which will be measured in years. This KPI measures how much the company is maximizing the ROI of employee base, i.e., via length of employment of its' employees (**strategic objective # 3**). 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) (refer to Appendix B – Figure 5).

Employee Satisfaction Index. Employee satisfaction index is defined as the 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 (positive-oriented questions only) (Marr, 2012). An average score (of all employee satisfaction surveys within a given time period) ranging from 1 to 5 inclusively will indicate the overall employee satisfaction index. This KPI measures how much the company is fostering a safe, respectful, welcoming, and inclusive workplace environment (**strategic objective # 1**). 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) (refer to Appendix B – Figure 6).

Internal Processes Perspective

Order Fulfillment Cycle Time (OFCT). Order Fulfillment Cycle Time (OFCT) is defined as the 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, which will be measured in minutes. This KPI will measure how the company is increasing and/or maintaining effectiveness and efficiency of food preparation and delivery processes (**strategic objective #6**). 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 (refer to Appendix B – Figure 7).

First Pass Yield (FPY). First Pass Yield (FPY) is defined as the percentage of number of non-defective orders divided by the total number of orders (Marr, 2012); thus, it is measured in %. This KPI will measure how the company is fully meeting customer demands consistently in terms of food specifications and quality (**strategic objective #5**). "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 (refer to Appendix B – Figure 8).

Quality Index. "A quality index will comprise a number of measures (perhaps between five and 10)," (p. 238) with each measure being weighted appropriately, according to Marr (2012); this quality index will be 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 (refer to Appendix C – Table 3). An average score (of all five measures within a given time period) ranging from 1 to 5 inclusively will indicate the overall quality index. This KPI will measure how much the company is ensuring food quality meets/exceeds both customer and company standards (**strategic objective #4**). Since "quality can be defined as 'the ability of a product or service to fully meet the customer's expectations, or fit for the intended use of the customer,'" (p. 238) according to Marr (2012), this composite KPI will consist of the following five equally weighted measures: First Pass Yield (FPY) since it 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 since it 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 with McDonald's products/services); and customer complaints (to focus more so on customer dissatisfaction). These five KPIs capture the general quality of McDonald's products/services from its' various stores (refer to Appendix B – Figure 9).

Customer Perspective

Customer Profitability Score. Customer profitability score is defined as the "difference between the revenues earned from and the costs associated with the customer relationship in a specified period," (p. 104) according to Marr (2012), thus it is measured in $. This KPI measures how much the company is focusing efforts on identifying customer types/segments and improving their sales revenue (**strategic objective #9**). "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) (refer to Appendix B – Figure 10).

Customer Satisfaction Index. Customer satisfaction index is defined as the 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 (positive-oriented questions only) (Marr, 2012). Each question is weighted equally (as is

indicated by the formula to compute CSI), and an average score (of all customer surveys within a given time period) ranging from 1 to 5 inclusively will indicate the overall customer satisfaction index. This KPI will measure how much the company is improving/maintaining quality of products/services (**strategic objective #8**). 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) (refer to Appendix B – Figure 11).

Customer Complaints. Customer complaints can be defined as the number of customer complaints (Marr, 2012), though there are other ways in measuring this KPI. It is measured as a whole number over a given period (of time). CSI will capture more in-depth level of customer satisfaction. This KPI will measure how much the company is ensuring customers always get what they demand in terms of products/services offered by identifying/correcting any shortcomings (**strategic objective #7**). 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) (refer to Appendix B – Figure 12).

Financial Perspective

Revenue Growth Rate. Revenue Growth Rate is defined as the revenue of the selected time period divided by the revenue of the previous time period (Marr, 2012), measured in %; for the seasonal timeframes of quarters and months, these time periods would be compared on a yearly basis instead, e.g., Revenue Growth Rate of Q1, 2020 = $\frac{Revenue\ of\ Q1{,}2020}{Revenue\ of\ Q1{,}2019}$. This KPI will measure how much the company is re-focusing efforts to recover revenue growth (**strategic objective # 10**). "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 (refer to Appendix B – Figure 13).

Operating Profit Margin. Operating Profit Margin = $\frac{Operating\ Profit}{Revenue} * 100\%$ for the selected time period (Marr, 2012), measured in %. This KPI will measure how much the company is increasing and/or maintaining effectiveness and efficiency of business model via reduced operating costs (**strategic**

objective #11). 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) (refer to Appendix B – Figure 14).

Net Profit. **Net Profit** = Revenue – Total Costs (Marr, 2012) over the chosen time period, measured in $. This KPI will measure how much the company is increasing profitability, as is standard business practice (**strategic objective #12**). "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) (refer to Appendix B – Figure 15).

Defined Composite Indicators

Quality Index

The proposed quality index will be 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 (refer to Appendix C – Table 3). An average score (of all five measures within a given time period) ranging from 1 to 5 inclusively will indicate the overall quality index.

For FPY, a FPY $\leq$ 80% will result in a score of 1, (80% < FPY $\leq$ 85%) a score of 2, (85% < FPY $\leq$ 90%) a score of 3, (90% < FPY $\leq$ 95%) a score of 4, and a FPY > 95% a score of 5. As for OFCT (in-store), an OFCT $\geq$ 5 minutes will result in a score of 1, (4 minutes $\leq$ OFCT < 5 minutes) a score of 2, (3 minutes $\leq$ OFCT < 4 minutes) a score of 3, (2 minutes $\leq$ OFCT < 3 minutes) a score of 4, and an OFCT < 2 minutes a score of 5. For OFCT (drive-thru), an OFCT $\geq$ 6 minutes will yield a score of 1, (5 minutes $\leq$ OFCT < 6 minutes) a score of 2, (4 minutes $\leq$ OFCT < 5 minutes) a score of 3, (3 minutes $\leq$ OFCT < 4 minutes) a score of 4, and an OFCT < 3 minutes a score of 5. An average of these two OFCT scores would comprise the overall OFCT score (for use in the quality index). For the customer complaints KPI, (number of customer complaints > 20% more than set threshold) will result in score of 1, (10% more than set threshold < Number of customer complaints $\leq$ 20% more than set threshold) a score of 2, (set

threshold < Number of customer complaints ≤ 10% more than set threshold) a score of 3, (50% of set threshold < Number of customer complaints ≤ set threshold) a score of 4, and (number of customer complaints ≤ 50% of set threshold) a score of 5. In general, being at or above the threshold set for the respective KPI would warrant a score of 4 and meeting the KPI's target a score of 5.

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). (refer to Appendix C – Table 3).

Established Targets & Thresholds

Employee Churn Rate

Since it is natural for employees to come and go, a threshold of 10% will be assigned to this KPI (averaging past 3 years of relevant data can also be utilized to fine-tune the threshold – however, the goal is to improve, not repeat performance); a target of 5% will signify employees are churning much less than normal based on the aggregate applied (only 1 in 20 employees are leaving) – this applies across all aggregations/dis-aggregations.

Average Employee Tenure

As per the justification of employees coming and going naturally, thresholds of 2 years for lower-level workers and 3 years for managers will be assigned to this KPI (averaging past 3 years of relevant data can also be utilized to fine-tune the thresholds); targets of 3 years and 4 years respectively will signify employees are working for McDonald's much longer (on average) based on the aggregate applied – this applies across all aggregations/dis-aggregations.

Employee Satisfaction Index

Employee satisfaction can vary from location to location and is contingent on a myriad of factors (work environment/work culture/treatment by leadership), but it is essential to maintain a satisfactory level. Therefore, a threshold of 4 will be assigned to this KPI (averaging past 3 years of relevant data can also be utilized to fine-tune the threshold – however, the goal is to improve, not repeat performance); a

target of 4.5 will trigger an alert that employees are highly satisfied based on the aggregate applied – this applies across all aggregations/dis-aggregations.

Order Fulfillment Cycle Time (OFCT)

Since it is a requirement for fast-food restaurants to deliver quality food to customers rapidly, thresholds of 3 minutes for in-store and 4 minutes for drive-thru will be assigned to this KPI (averaging past 3 years of relevant data can also be utilized to fine-tune the thresholds – however, the goal is to improve, not repeat performance); targets of < 2 minutes and < 3 minutes respectively will signify that customer orders are taking much less time to be made and delivered based on the aggregate applied – this applies across all aggregations/dis-aggregations.

First Pass Yield (FPY)

Due to the requirement for fast-food restaurants to deliver quality food (and the right food) to customers (but no restaurant is perfect), a threshold of 90% will be assigned to this KPI (averaging past 3 years of relevant data can also be utilized to fine-tune the threshold – however, the goal is to improve, not repeat performance); a target of > 95% will signify that very few customer orders were defective and required re-work based on the aggregate applied – this applies across all aggregations/dis-aggregations.

Quality Index

Per the extremely high importance of maintaining high quality of products/services, a threshold of 4.25 will be assigned to this KPI (averaging past 3 years of relevant data can also be utilized to fine-tune the threshold – however, the goal is to improve, not repeat performance); a target of 4.5 will signify that quality of products/services is much higher than normal based on the aggregate applied – this applies across all aggregations/dis-aggregations.

Customer Profitability Score

It is essential for a fast-food restaurant to retain customers and maximize profitability of those customers, however a threshold of an average of the most recent 3 years (or quarters) of customer profitability-related data (based on the selected drill-down) will be set (since there's no other threshold/customer profitability-related data to refer to); a target of 20% more than the threshold will trigger an alert that a customer type/segment is much more profitable than normal based on the aggregate applied – this applies across all aggregations/dis-aggregations. Updates to the threshold will be made as more customer profitability-related data is obtained.

Customer Satisfaction Index

Customer satisfaction can vary from location to location and is contingent on a myriad of factors, the primary one being quality of products/services; it is essential to maintain a high level of customer satisfaction. Therefore, a threshold of 4.25 will be assigned to this KPI (averaging past 3 years of relevant data can also be utilized to fine-tune the threshold – however, the goal is to improve, not repeat performance); a target of 4.5 will signify customers are highly satisfied based on the aggregate applied – this applies across all aggregations/dis-aggregations.

Customer Complaints

Number of customer complaints can vary from location to location and is contingent on a myriad of factors, the primary one being quality of products/services; it is essential to minimize customer dissatisfaction. However, a threshold of the average number of customer complaints over the most recent 3 years of relevant data will be set (since there's no other threshold/customer complaint-related data to reference) – the selected drill-down will determine this threshold; a target of 50% less than the set threshold will signify customers are not complaining as much (on average) based on the aggregate applied – this applies across all aggregations/dis-aggregations.

Revenue Growth Rate

Since it is essential for businesses to continue to grow and expand their revenues (though more mature businesses like McDonald's Corporation are much harder to grow), a threshold of 2% will be set; a target of 5% will trigger an alert that revenue is growing much more than normal based on the aggregate applied – this applies across all aggregations/dis-aggregations.

Operating Profit Margin

It is essential for businesses to maintain and/or increase profitability. However, a threshold of the average operating profit margin over the most recent 3 years of relevant data will be set (since there's no other threshold/operating profit margin data to reference & McDonald's Corporation's net profit has been steadily increasing since 2005), i.e., $\frac{\$7,324+\$9,069.8+\$8,822.6}{\$19,207.8+\$21,364.4+\$21,257.9} = \frac{\$25,216.4}{\$61,830.1} \approx 40.8\%$; a target of 50% will trigger an alert that operating profit margin is much higher than normal (thus efficiency of operations has increased significantly) based on the aggregate applied – this applies across all aggregations/dis-aggregations.

Net Profit

It is crucial for businesses to maintain and/or increase profitability. However, a threshold of the average net profit over the most recent 3 years (or quarters or months) of relevant data will be set (since there's no other threshold/net profit data to reference & McDonald's Corporation's net profit has been steadily increasing since 2005), e.g., $\frac{\$4{,}730.5+\$6{,}025.4+\$5{,}924.3}{3} = \frac{\$16{,}680.2}{3} \approx \$5{,}560.1\ (in\ millions\ of\ \$)$ for the yearly threshold (across all stores) – as can be seen, the selected drill-down will determine this threshold; a target of 10% more than the set threshold amount will trigger an alert that net profit is much higher than normal based on the aggregate applied – this applies across all aggregations/dis-aggregations.

Mock-up BSC for McDonald's Corporation

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 (Refer to Appendix D – Figure 16).

Additional Scorecard Elements

Proposed Automation Tool

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.

Collection & Monitoring Plan

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).

Plan of Analysis of the Data

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).

Performance Improvement Plan

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.

Conclusion

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

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.

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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Appendix A

Balanced Scorecard

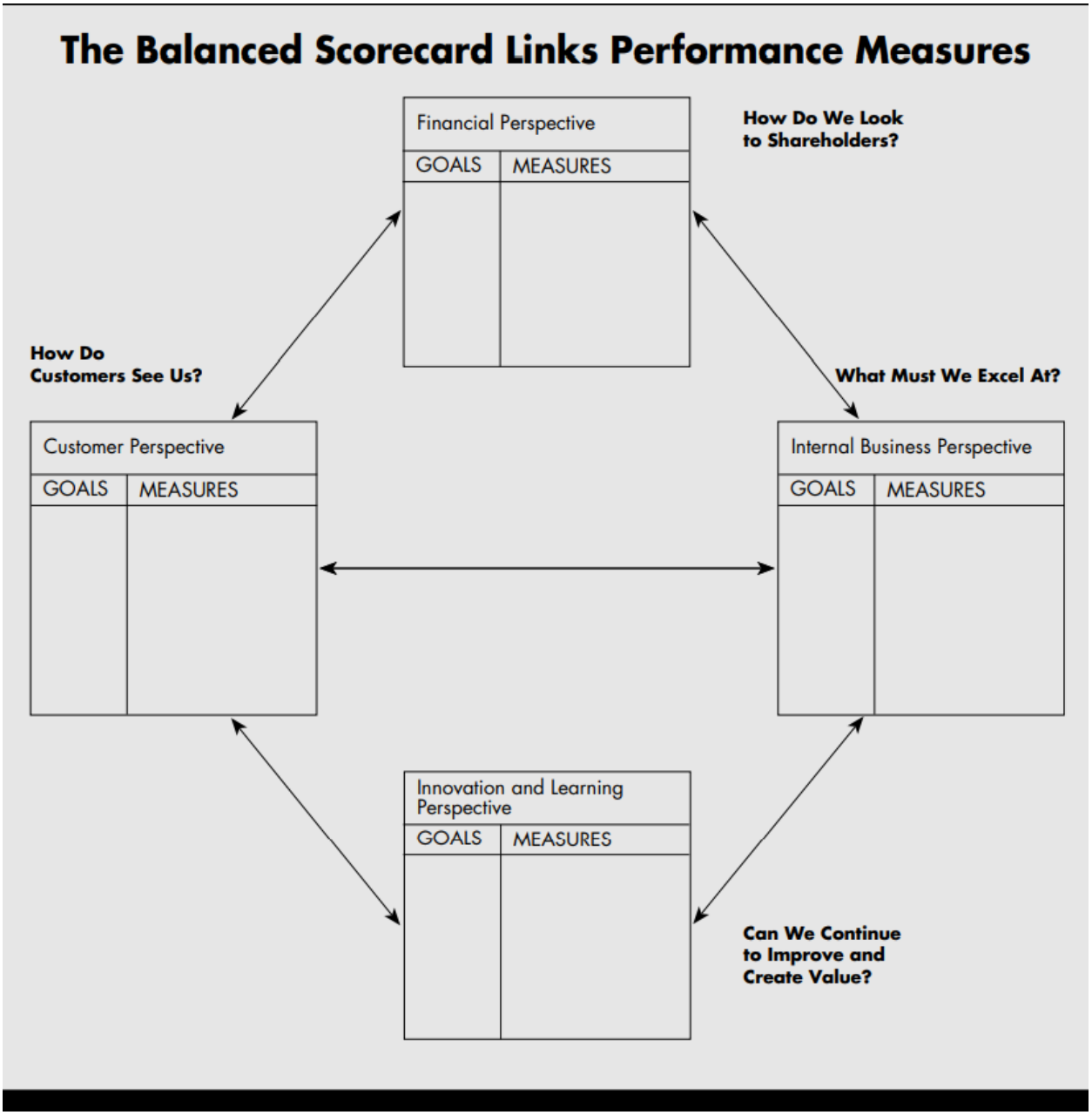

Figure 3 (Kaplan & Norton, 1992)

Appendix B

KPI Reference Sheets

Learning & Growth Perspective

Employee Churn Rate

PERFORMANCE INDICATOR REFERENCE SHEET	
DESCRIPTION	
Selected Indicator: Employee Churn Rate	
Precise Definition(s): Percentage of employees lost vs. total number of employees over a selected period (of time) (Marr, 2012)	
Unit of Measure: %	**Disaggregated/Aggregated By:** Region (SW/NE/SE/NW/Midwest US), State, County, City, Store (Corporate vs. Franchise), Year/Quarter/Month, job roles
Rationale: 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.	
PLAN FOR DATA ACQUISITION	
Responsible Person/Accountability: Store owners/managers, HR department	**Data Source:** Store employee payroll records/HR system
Frequency & Timing: Monthly	**Budget Implications (if relevant):** McDonald's Corporation already has HR system in place to collect/consolidate employee payroll record information from its' stores (low cost).
Data Collection Method: Stores & HR department are required to maintain accuracy (updated) and consistency of employee payroll records.	
Method of Data Acquisition: Store owners/managers and HR department are required to maintain employee payroll records (update accordingly upon new hires/fires or anyone quitting). Relevant data will be automatically acquired from stores'/HR employee payroll records.	
DATA QUALITY ISSUES	
Data Quality Assessment Procedures: Procedures to check for appropriate data types in respective cells, as well as any other internal checks of employee payroll record information, i.e., if the numbers make sense, will be performed to check for DQ.	
Data Limitations/Actions to Address These Limitations: The main limitation to consider is the possibility of errors in data input by store owners/managers and/or HR department for employee payroll records; proper and frequent training of store owners/managers & HR department will minimize these limitations. Random auditing by McDonald's Corporation will provide additional input if the training needs to be re-vamped or held more frequently.	
PLAN FOR DATA ANALYSIS, REVIEW, & REPORTING	
Data Analysis Issues: Proper aggregation and accuracy of inputted store employee payroll record data will need to be addressed, i.e., with appropriate data input into and data modeling for database.	
Data Use: Use by executives to ascertain and pinpoint any employee retention issues with drill-down capabilities. Upon discovery of abnormally high employee churn rate, McDonald's Corporation will take appropriate managerial action(s) to resolve the issue.	
OTHER NOTES	
Targets & Thresholds: Since it is natural for employees to come and go, a threshold of 10% will be assigned to this KPI (averaging past 3 years of relevant data can also be utilized to fine-tune the threshold – however, the goal is to improve, not repeat performance); a target of 5% will signify employees are churning much less than normal based on the aggregate applied (only 1 in 20 employees are leaving) – this applies across all aggregations/dis-aggregations.	
Other Notes: Definitions of geographical drill-down capabilities must be standardized to ensure consistent and accurate results of dis-aggregation.	

Figure 4

Average Employee Tenure

PERFORMANCE INDICATOR REFERENCE SHEET	
DESCRIPTION	
Selected Indicator: Average Employee Tenure	
Precise Definition(s): Sum of all tenures divided by the number of full-time employees (Marr, 2012)	
Unit of Measure: Years	**Disaggregated/Aggregated By:** Region (SW/NE/SE/NW/Midwest US), State, County, City, Store (Corporate vs. Franchise), Year/Quarter/Month, job roles
Rationale: 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).	
PLAN FOR DATA ACQUISITION	
Responsible Person/Accountability: Store owners/managers, HR department	**Data Source:** Store employee payroll records/HR system
Frequency & Timing: Annual/Semi-annual (Marr, 2012)	**Budget Implications (if relevant):** McDonald's Corporation already has HR system in place to collect/consolidate employee payroll record information from its' stores (low cost).
Data Collection Method: Stores & HR department are required to maintain accuracy (updated) and consistency of employee payroll records.	
Method of Data Acquisition: Store owners/managers & HR department are required to constantly maintain employee payroll records (update accordingly upon new hires/fires or anyone quitting). Relevant data will be automatically acquired from stores' employee payroll records.	
DATA QUALITY ISSUES	
Data Quality Assessment Procedures: Procedures to check for appropriate data types in respective cells, as well as any other internal checks of employee payroll record information, i.e., if the numbers make sense, will be performed to check for DQ.	
Data Limitations/Actions to Address These Limitations: The main limitation to consider is the possibility of errors in data input by store owners/managers and/or HR department for employee payroll records; proper and frequent training of store owners/managers & HR department will minimize these limitations. Random auditing by McDonald's Corporation will provide additional input if the training needs to be re-vamped or held more frequently.	
PLAN FOR DATA ANALYSIS, REVIEW, & REPORTING	
Data Analysis Issues: Proper aggregation and accuracy of inputted store employee payroll record data will need to be addressed, i.e., with appropriate data input into and data modeling for database.	
Data Use: Use by executives to ascertain and pinpoint any employee tenure issues with drill-down capabilities. Upon discovery of abnormally low employee tenure, McDonald's Corporation will take appropriate managerial action(s) to resolve the issue.	
OTHER NOTES	
Targets & Thresholds: Since it is natural for employees to come and go, thresholds of 2 years for lower-level workers and 3 years for managers will be assigned to this KPI (averaging past 3 years of relevant data can also be utilized to fine-tune the thresholds); targets of 3 years and 4 years respectively will signify employees are working for McDonald's much longer (on average) based on the aggregate applied – this applies across all aggregations/dis-aggregations.	
Other Notes: Definitions of geographical drill-down capabilities must be standardized to ensure consistent and accurate results of dis-aggregation.	

Figure 5

Employee Satisfaction Index

PERFORMANCE INDICATOR REFERENCE SHEET	
DESCRIPTION	
Selected Indicator: Employee Satisfaction Index	
Precise Definition(s): 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 (positive-oriented questions only) (Marr, 2012).	
Unit of Measure: Average score ranging from 1 to 5 inclusively	**Disaggregated/Aggregated By:** Region (SW/NE/SE/NW/Midwest US), State, County, City, Store (Corporate vs. Franchise), Year/Quarter/Month, job roles
Rationale: 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).	
PLAN FOR DATA ACQUISITION	
Responsible Person/Accountability: Store owners/managers, HR department	**Data Source:** Store employees
Frequency & Timing: 10% of employee base (distributed evenly across job roles) 10 times a year (Marr, 2012)	**Budget Implications (if relevant):** Creation of surveys with most relevant questions concerning employee satisfaction will carry a cost, as well as constructing/implementing a data pipeline to store such data within the database (data modeling needed) – electronic surveys will enable this process.
Data Collection Method: Stores & HR department are required to administer surveys at set frequency/timing.	
Method of Data Acquisition: Store owners/managers & HR department will have to meet requirements to administer employee satisfaction surveys at set frequency/timing. Relevant data from survey results will be automatically acquired and routed to/stored in database.	
DATA QUALITY ISSUES	
Data Quality Assessment Procedures: Procedures to check for all questions beings fully answered (score of 1 to 5 clicked on/assigned to each question), as well as any other internal checks needed, will be performed to check for DQ.	
Data Limitations/Actions to Address These Limitations: The main limitation to consider is the possibility of all questions not being answered (in this case, the survey would be rejected until all questions are answered), as well as the lack of non-numerical survey questions (which will be added in the future), e.g., any general comments the surveyee would like to make about employee satisfaction – a textual analysis pipeline would need to be implemented to measure the sentiment score of such comments; proper and frequent training of store employees will minimize these limitations. Random auditing by McDonald's Corporation will provide additional input if the training needs to be re-vamped or held more frequently.	
PLAN FOR DATA ANALYSIS, REVIEW, & REPORTING	
Data Analysis Issues: Proper aggregation and accuracy of inputted employee survey data will need to be addressed, i.e., with appropriate data input into and data modeling for database.	
Data Use: Use by executives to ascertain and pinpoint any employee satisfaction issues with drill-down capabilities. Upon discovery of abnormally low employee satisfaction, McDonald's Corporation will take appropriate managerial action(s) to resolve the issue.	
OTHER NOTES	
Targets & Thresholds: Employee satisfaction can vary from location to location and is contingent on a myriad of factors (work environment/work culture/treatment by leadership), but it is essential to maintain a satisfactory level. Therefore, a threshold of 4 will be assigned to this KPI (averaging past 3 years of relevant data can also be utilized to fine-tune the threshold – however, the goal is to improve, not repeat performance); a target of 4.5 will trigger an alert that employees are highly satisfied based on the aggregate applied – this applies across all aggregations/dis-aggregations.	
Other Notes: Definitions of geographical drill-down capabilities must be standardized to ensure consistent and accurate results of dis-aggregation.	

Figure 6

Internal Processes Perspective

Order Fulfillment Cycle Time (OFCT)

PERFORMANCE INDICATOR REFERENCE SHEET	
DESCRIPTION	
Selected Indicator: Order Fulfillment Cycle Time (OFCT)	
Precise Definition(s): 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	
Unit of Measure: Minutes	**Disaggregated/Aggregated By:** Region (SW/NE/SE/NW/Midwest US), State, County, City, Store (Corporate vs. Franchise), Year/Quarter/Month, per item (average), drive-thru vs. in-store
Rationale: 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.	
PLAN FOR DATA ACQUISITION	
Responsible Person/Accountability: Store owners/managers/lower-level workers	**Data Source:** Built-in POS system
Frequency & Timing: Monthly	**Budget Implications (if relevant):** McDonald's Corporation already has POS systems in place for its' stores to collect/consolidate customer order information (low cost).
Data Collection Method: Requirement of stores, esp. lower-level workers, to always input sales order information correctly and honestly mark orders complete.	
Method of Data Acquisition: Store owners/managers/lower-level workers are required to always input sales order information correctly and honestly mark orders complete. Relevant data will be automatically acquired/collected from stores' POS systems.	
DATA QUALITY ISSUES	
Data Quality Assessment Procedures: Random audits to assess if stores' employees are truthfully indicating (with the POS system) when customers' orders are fulfilled will be performed to check for DQ.	
Data Limitations/Actions to Address These Limitations: The main limitation to consider is the possibility of dishonest indications of customer order fulfillments by owners/managers/lower-level workers; proper and frequent training of store owners/managers will minimize this limitation. Random auditing by McDonald's Corporation will provide additional input if the training needs to be re-vamped or held more frequently (or other more drastic action must be taken).	
PLAN FOR DATA ANALYSIS, REVIEW, & REPORTING	
Data Analysis Issues: Proper aggregation and accuracy of customer order information data will need to be addressed, i.e., with appropriate data input into and data modeling for database.	
Data Use: Use by executives to ascertain and pinpoint any customer order fulfillment issues with drill-down capabilities. Upon discovery of excessively long OFCT, McDonald's Corporation will take appropriate managerial action(s) to resolve the issue.	
OTHER NOTES	
Targets & Thresholds: Since it is a requirement for fast-food restaurants to deliver quality food to customers rapidly, thresholds of 3 minutes for in-store and 4 minutes for drive-thru will be assigned to this KPI (averaging past 3 years of relevant data can also be utilized to fine-tune the thresholds – however, the goal is to improve, not repeat performance); targets of < 2 minutes and < 3 minutes respectively will signify that customer orders are taking much less time to be made and delivered based on the aggregate applied – this applies across all aggregations/dis-aggregations.	
Other Notes: Definitions of geographical drill-down capabilities must be standardized to ensure consistent and accurate results of dis-aggregation.	

Figure 7

First Pass Yield (FPY)

PERFORMANCE INDICATOR REFERENCE SHEET	
DESCRIPTION	
Selected Indicator: First Pass Yield (FPY)	
Precise Definition(s): Percentage of number of non-defective orders divided by the total number of orders (Marr, 2012)	
Unit of Measure: %	**Disaggregated/Aggregated By:** Region (SW/NE/SE/NW/Midwest US), State, County, City, Store (Corporate vs. Franchise), Year/Quarter/Month, drive-thru vs. in-store
Rationale: "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.	
PLAN FOR DATA ACQUISITION	
Responsible Person/Accountability: Store owners/managers/lower-level workers	**Data Source:** Built-in POS system
Frequency & Timing: Monthly	**Budget Implications (if relevant):** Though McDonald's Corporation's many stores already have built-in POS systems in place to collect customer sales order information, it doesn't have a feature to record when orders are defective; such a feature will need to be designed and added (high initial cost).
Data Collection Method: Will require stores to indicate which past orders were defective (returned by customer) and required rework.	
Method of Data Acquisition: Store owners/managers/lower-level workers will be required to record which pasts orders were defective, returned by a customer, and required rework/fixing. Relevant data will be automatically acquired from the company's stores. Moreover, customer complaints to McDonald's Corporation concerning order item issues will also be relevant to this metric/KPI (and can be included with the other relevant data).	
DATA QUALITY ISSUES	
Data Quality Assessment Procedures: Random audits to assess if stores' employees are truthfully indicating (with the POS system) when customers' orders are defective and require rework will be performed to check for DQ.	
Data Limitations/Actions to Address These Limitations: The main limitation to consider is the possibility of dishonest lack of indications of customer order defects/re-workings by owners/managers/lower-level workers; proper and frequent training of store owners/managers will minimize this limitation. Random auditing by McDonald's Corporation will provide additional input if the training needs to be re-vamped or held more frequently (or other more drastic action must be taken).	
PLAN FOR DATA ANALYSIS, REVIEW, & REPORTING	
Data Analysis Issues: Proper aggregation and accuracy of inputted customer order information data will need to be addressed, i.e., with appropriate data input into and data modeling for database.	
Data Use: Use by executives to ascertain and pinpoint any high percentage of order defect issues (low FPY) with drill-down capabilities. Upon discovery of abnormally low FPY, McDonald's Corporation will take appropriate managerial action(s) to resolve the issue.	
OTHER NOTES	
Targets & Thresholds: Since it is a requirement for fast-food restaurants to deliver quality food (and the right food) to customers (but no restaurant is perfect), a threshold of 90% will be assigned to this KPI (averaging past 3 years of relevant data can also be utilized to fine-tune the threshold – however, the goal is to improve, not repeat performance); a target of > 95% will signify that very few customer orders were defective and required re-work based on the aggregate applied – this applies across all aggregations/dis-aggregations.	
Other Notes: Definitions of geographical drill-down capabilities must be standardized to ensure consistent and accurate results of dis-aggregation.	

Figure 8

Quality Index

PERFORMANCE INDICATOR REFERENCE SHEET	
DESCRIPTION	
Selected Indicator: Quality Index	
Precise Definition(s): "A quality index will comprise a number of measures (perhaps between five and 10)," (p. 238) with each measure being weighted appropriately, according to Marr (2012); this quality index will be 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.	
Unit of Measure: Average score ranging from 1 to 5 inclusively	**Disaggregated/Aggregated By:** Region (SW/NE/SE/NW/Midwest US), State, County, City, Store (Corporate vs. Franchise), Year/Quarter/Month, drive-thru vs. in-store
Rationale: Since "quality can be defined as 'the ability of a product or service to fully meet the customer's expectations, or fit for the intended use of the customer,'" (p. 238) according to Marr (2012), this composite KPI will consist of the following five equally weighted measures: First Pass Yield (FPY) since it 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 since it 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 with McDonald's products/services); and customer complaints (to focus more so on customer dissatisfaction). These five KPIs capture the general quality of McDonald's products/services from its' various stores.	
PLAN FOR DATA ACQUISITION	
Responsible Person/Accountability: Store owners/managers, Customer Service department	**Data Source:** Customer survey information, built-in POS systems at store locations, customer complaints information
Frequency & Timing: Monthly	**Budget Implications (if relevant):** Refer to "Budget Implications (if relevant)" section within FPY, OFCT, customer satisfaction index, & customer complaints' Performance Indicator Reference Sheets (refer to Figures 7, 8, 11, & 12); for obtaining relevant data concerning the Order Delivery, Quality KPI, the same budget implications of the customer satisfaction index KPI applies.
Data Collection Method: Refer to "Data Collection Method" section within FPY, OFCT, customer satisfaction index, & customer complaints' Performance Indicator Reference Sheets (refer to Figures 7, 8, 11, & 12); for the Order Delivery, Quality KPI, the same data collection method(s) of the customer satisfaction index KPI applies.	
Method of Data Acquisition: Refer to "Method of Data Acquisition" section within FPY, OFCT, customer satisfaction index, & customer complaints' Performance Indicator Reference Sheets (refer to Figures 7, 8, 11, & 12); for the KPI of Order Delivery, Quality, the same data acquisition method(s) of the customer satisfaction index KPI applies.	
DATA QUALITY ISSUES	
Data Quality Assessment Procedures: Refer to "Data Quality Assessment Procedures" section within FPY, OFCT, customer satisfaction index, & customer complaints' Performance Indicator Reference Sheets (refer to Figures 7, 8, 11, & 12); for the KPI of Order Delivery, Quality, the same DQ assessment procedure(s) of the customer satisfaction index KPI applies.	
Data Limitations/Actions to Address These Limitations: Refer to "Data Limitations/Actions to Address These Limitations" section within FPY, OFCT, customer satisfaction index, & customer complaints' Performance Indicator Reference Sheets (refer to Figures 7, 8, 11, & 12); for the KPI of Order Delivery, Quality, the same data limitation(s)/actions to address these limitation(s) of the customer satisfaction index KPI applies.	
PLAN FOR DATA ANALYSIS, REVIEW, & REPORTING	
Data Analysis Issues: Refer to "Data Analysis Issues" section within FPY, OFCT, customer satisfaction index, & customer complaints' Performance Indicator Reference Sheets (refer to Figures 7, 8, 11, & 12); for the Order Delivery, Quality KPI, the same data analysis issues of the customer satisfaction index KPI applies.	
Data Use: Use by executives to ascertain and pinpoint any general quality issues of products/services with drill-down capabilities. Upon discovery of an abnormally low-scoring quality index, McDonald's Corporation will take appropriate managerial action(s) to resolve the issue.	
OTHER NOTES	
Targets & Thresholds: Due to the extremely high importance of maintaining high quality of products/services, a threshold of 4.25 will be assigned to this KPI (averaging past 3 years of relevant data can also be utilized to fine-tune the threshold – however, the goal is to improve, not repeat performance); a target of 4.5 will signify that quality of products/services is much higher than normal based on the aggregate applied – this applies across all aggregations/dis-aggregations.	
Other Notes: Definitions of geographical drill-down capabilities must be standardized to ensure consistent and accurate results of dis-aggregation.	

Figure 9

Customer Perspective

Customer Profitability Score

PERFORMANCE INDICATOR REFERENCE SHEET	
DESCRIPTION	
Selected Indicator: Customer Profitability Score	
Precise Definition(s): "Difference between the revenues earned from and the costs associated with the customer relationship in a specified period," (p. 104) according to Marr (2012)	
Unit of Measure: $	**Disaggregated/Aggregated By:** Region (SW/NE/SE/NW/Midwest US), State, County, City, Store (Corporate vs. Franchise), Year/Quarter, customer types/segments
Rationale: "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).	
PLAN FOR DATA ACQUISITION	
Responsible Person/Accountability: Store owners/managers/lower-level workers, Customer Service department	**Data Source:** Built-in POS system/MyMcDonald's Rewards program customer profile information (McDonald's, 2022b)/customer survey information
Frequency & Timing: Quarterly	**Budget Implications (if relevant):** Though McDonald's Corporation's many stores already have built-in POS systems in place to collect customer sales order information, the marketing information to tie sales to customer segments/types must also be collected. Such information can be obtained from customer profiles of the MyMcDonald's Rewards programs (McDonald's, 2022b), as well as random electronic customer surveying results.
Data Collection Method: Collect/compile relevant data from MyMcDonald's Rewards program customer profiles, customer surveys, and built-in POS systems.	
Method of Data Acquisition: Store owners/managers/lower-level workers are required to always input sales order information correctly. Relevant data will be automatically acquired from stores' built-in POS systems, MyMcDonald's Rewards program customer profiles (responsibility of Customer Service department), and customer survey results (responsibility of store owners/managers & Customer Service department).	
DATA QUALITY ISSUES	
Data Quality Assessment Procedures: Procedures to check for all customer survey questions beings fully answered (customer type/segment-related questions), as well as any other internal checks needed (check for proper data entry by customer in MyMcDonald's Rewards program profiles), will be performed to check for DQ.	
Data Limitations/Actions to Address These Limitations: The main limitation to consider is the possibility of all customer type/segment-related questions not being answered in customer surveys (in this case, the survey would be rejected until all questions are answered); another limitation is incomplete MyMcDonald's Rewards program customer profiles (in which case, the customer would be e-mailed/notified to complete his/her profile – perhaps with a small reward).	
PLAN FOR DATA ANALYSIS, REVIEW, & REPORTING	
Data Analysis Issues: Proper aggregation and accuracy of inputted customer survey/MyMcDonald's Rewards program customer profile/customer sales order data will need to be addressed, i.e., with appropriate data input into and data modeling for database.	
Data Use: Use by executives to ascertain and pinpoint any customer profitability issues with drill-down capabilities. Upon discovery of abnormally low customer profitability for a customer type/segment, McDonald's Corporation will take appropriate managerial action(s) to resolve the issue.	
OTHER NOTES	
Targets & Thresholds: It is essential for a fast-food restaurant to retain customers and maximize profitability of those customers, however a threshold of an average of the most recent 3 years (or quarters) of customer profitability-related data (based on the selected drill-down) will be set (since there's no other threshold/customer profitability-related data to refer to); a target of 20% more than the threshold will trigger an alert that a customer type/segment is much more profitable than normal based on the aggregate applied – this applies across all aggregations/dis-aggregations. Updates to the threshold will be made as more customer profitability-related data is obtained.	
Other Notes: Definitions of geographical drill-down capabilities must be standardized to ensure consistent and accurate results of dis-aggregation.	

Figure 10

Customer Satisfaction Index

PERFORMANCE INDICATOR REFERENCE SHEET	
DESCRIPTION	
Selected Indicator: Customer Satisfaction Index	
Precise Definition(s): 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 (positive-oriented questions only) (Marr, 2012). Each question is weighted equally (as is indicated by the formula to compute CSI).	
Unit of Measure: Average score ranging from 1 to 5 inclusively	**Disaggregated/Aggregated By:** Region (SW/NE/SE/NW/Midwest US), State, County, City, Store (Corporate vs. Franchise), Year/Quarter/Month, customer types/segments
Rationale: 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).	
PLAN FOR DATA ACQUISITION	
Responsible Person/Accountability: Store owners/managers/Customer Service department	**Data Source:** "Customer surveys/interviews," (p. 99) according to Marr (2012)
Frequency & Timing: Monthly	**Budget Implications (if relevant):** Creation of surveys/interviews with most relevant questions concerning customer satisfaction will carry a cost, as well as constructing/implementing a data pipeline to store such data within the database (data modeling needed) – electronically based surveys & interviews will enable this process. Moreover, administering of interviews will carry a cost as well (time – salary).
Data Collection Method: Requirement of stores & Customer Service department to administer surveys/interviews at set frequency/timing. Such surveys/interviews will consist of "both quantitative (objective) and qualitative (subjective)" (p. 98) questions, according to Marr (2012). Qualitative questions will mainly consist of customer type/segment-defining questions.	
Method of Data Acquisition: Store owners/managers & Customer Service department will have to meet requirements to administer customer satisfaction surveys/interviews at set frequency/timing. Relevant data from electronic survey/interview results will be automatically acquired and routed to/stored in database.	
DATA QUALITY ISSUES	
Data Quality Assessment Procedures: Procedures to check for all questions beings fully answered (score of 1 to 5 clicked on/assigned to each question), as well as any other internal checks needed, will be performed to check for DQ.	
Data Limitations/Actions to Address These Limitations: The main limitation to consider is the possibility of all questions not being answered (in this case, the survey would be rejected until all questions are answered); improper administering of interview is also a limitation. Proper and frequent training of store owners/managers & Customer Service department will minimize these limitations. Random auditing by McDonald's Corporation will provide additional input if the training needs to be re-vamped or held more frequently.	
PLAN FOR DATA ANALYSIS, REVIEW, & REPORTING	
Data Analysis Issues: Proper aggregation and accuracy of inputted customer survey/interview data will need to be addressed, i.e., with appropriate data input into and data modeling for database.	
Data Use: Use by executives to ascertain and pinpoint any customer satisfaction issues with drill-down capabilities. Upon discovery of abnormally low customer satisfaction, McDonald's Corporation will take appropriate managerial action(s) to resolve the issue.	
OTHER NOTES	
Targets & Thresholds: Customer satisfaction can vary from location to location and is contingent on a myriad of factors, the primary one being quality of products/services; it is essential to maintain a high level of customer satisfaction. Therefore, a threshold of 4.25 will be assigned to this KPI (averaging past 3 years of relevant data can also be utilized to fine-tune the threshold – however, the goal is to improve, not repeat performance); a target of 4.5 will signify customers are highly satisfied based on the aggregate applied – this applies across all aggregations/dis-aggregations.	
Other Notes: Definitions of geographical drill-down capabilities must be standardized to ensure consistent and accurate results of dis-aggregation.	

Figure 11

Customer Complaints

PERFORMANCE INDICATOR REFERENCE SHEET	
DESCRIPTION	
Selected Indicator: Customer Complaints	
Precise Definition(s): Number of customer complaints (Marr, 2012) – CSI will capture more in-depth level of customer satisfaction	
Unit of Measure: Whole Number – over given period (of time)	**Disaggregated/Aggregated By:** Region (SW/NE/SE/NW/Midwest US), State, County, City, Store (Corporate vs. Franchise), Year/Quarter/Month, customer types/segments, pre-defined topic of customer complaint
Rationale: 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).	
PLAN FOR DATA ACQUISITION	
Responsible Person/Accountability: Store owners/managers/Customer Service department	**Data Source:** customer surveys (most likely reach out to McDonald's Corporation in some capacity to file complaint)
Frequency & Timing: Monthly	**Budget Implications (if relevant):** Creation of surveys with most relevant questions concerning customer dissatisfaction will carry a cost, as well as constructing/implementing a data pipeline to store such data within the database (data modeling needed) – electronically based surveys will enable this process. On the other hand, "setting up a customer services department (that will capture and act upon customer complaints) brings with it typical resource costs (people, equipment, etc.)," (p. 123) according to Marr (2012). Actively acting upon customer complaints is crucial in keeping customers loyal and from spreading negative opinion to other potential customers (Marr, 2012).
Data Collection Method: Requirement of stores & Customer Service department to administer surveys/interviews at set frequency/timing. Such surveys/interviews will consist of "both quantitative (objective) and qualitative (subjective)" (p. 98) questions, according to Marr (2012). Qualitative questions will mainly consist of customer type/segment-defining questions and the primary topic(s) related to the customer complaint.	
Method of Data Acquisition: Store owners/managers & Customer Service department will have to meet requirements to administer customer surveys at set frequency/timing, as well as directly receive and record customer complaints properly. Relevant data from electronic survey results will be automatically acquired and routed to/stored in database.	
DATA QUALITY ISSUES	
Data Quality Assessment Procedures: Procedures to check for all questions beings fully answered (score of 1 to 5 clicked on/assigned to each question), as well as any other internal checks needed, will be performed to check for DQ.	
Data Limitations/Actions to Address These Limitations: The main limitation to consider is the possibility of all questions not being answered (in this case, the survey would be rejected until all questions are answered); improper receipt and recording of direct customer complaint is also a limitation. Proper and frequent training of store owners/managers & Customer Service department will minimize these limitations. Random auditing by McDonald's Corporation will provide additional input if the training needs to be re-vamped or held more frequently.	
PLAN FOR DATA ANALYSIS, REVIEW, & REPORTING	
Data Analysis Issues: Proper aggregation and accuracy of inputted customer survey data will need to be addressed, i.e., with appropriate data input into and data modeling for database.	
Data Use: Use by executives to ascertain and pinpoint any customer dissatisfaction issues with drill-down capabilities. Upon discovery of abnormally high number of customer complaints, McDonald's Corporation will take appropriate managerial action(s) to resolve the issue.	
OTHER NOTES	
Targets & Thresholds: Number of customer complaints can vary from location to location and is contingent on a myriad of factors, the primary one being quality of products/services; it is essential to minimize customer dissatisfaction. However, a threshold of the average number of customer complaints over the most recent 3 years of relevant data will be set (since there's no other threshold/customer complaint-related data to reference) – the selected drill-down will determine this threshold; a target of 50% less than the set threshold will signify customers are not complaining as much (on average) based on the aggregate applied – this applies across all aggregations/dis-aggregations.	
Other Notes: Definitions of geographical drill-down capabilities must be standardized to ensure consistent and accurate results of dis-aggregation.	

Figure 12

Financial Perspective

Revenue Growth Rate

PERFORMANCE INDICATOR REFERENCE SHEET	
DESCRIPTION	
Selected Indicator: Revenue Growth Rate	
Precise Definition(s): Revenue of selected time period divided by revenue of previous time period (Marr, 2012); for the seasonal timeframes of quarters and months, these time periods will be compared on a yearly basis instead, e.g., Revenue Growth Rate of Q1, 2020 = $\frac{Revenue\ of\ Q1{,}2020}{Revenue\ of\ Q1{,}2019}$.	
Unit of Measure: %	**Disaggregated/Aggregated By:** Region (SW/NE/SE/NW/Midwest US), State, County, City, Store (Corporate vs. Franchise), Year/Quarter/Month, number of employees (derives revenue growth per employee), drive-thru vs. in-store
Rationale: "The primary driver of 'making money' is to grow revenues," (p. 25) according to Marr (2012). More specifically, Net Profit = **Revenues** – Total Costs. This KPI will measure the growth or shrinkage of revenue.	
PLAN FOR DATA ACQUISITION	
Responsible Person/Accountability: Store owners/managers	**Data Source:** Built-in POS system
Frequency & Timing: Monthly	**Budget Implications (if relevant):** McDonald's Corporation already has POS systems in place for its' stores to collect/consolidate customer sales order information (low cost).
Data Collection Method: Requirement of stores, esp. lower-level workers, to always input sales order information correctly.	
Method of Data Acquisition: Store owners/managers/lower-level workers are required to always input sales order information correctly. Relevant data will be automatically acquired/collected from stores' POS systems.	
DATA QUALITY ISSUES	
Data Quality Assessment Procedures: Random audits (to check for DQ) will assess if stores' employees are correctly recording customer sales order information with the POS system.	
Data Limitations/Actions to Address These Limitations: The main limitation to consider is the possibility of erroneous input of customers' sales order items by store owners/managers/lower-level workers into the POS system; proper and frequent training of store owners/managers/lower-level workers will minimize these limitations. Random auditing by McDonald's Corporation will provide additional input if the training needs to be re-vamped or held more frequently (the POS system is quite user-friendly and shouldn't really require this realistically).	
PLAN FOR DATA ANALYSIS, REVIEW, & REPORTING	
Data Analysis Issues: Proper aggregation and accuracy of customer sales order information data will need to be addressed, i.e., with appropriate data input into and data modeling for database.	
Data Use: Use by executives to ascertain and pinpoint any revenue growth issues with drill-down capabilities. Upon discovery of minimal or negative revenue growth rate, McDonald's Corporation will take appropriate managerial action(s) to resolve the issue.	
OTHER NOTES	
Targets & Thresholds: Since it is essential for businesses to continue to grow and expand their revenues (though more mature businesses like McDonald's Corporation are much harder to grow), a threshold of 2% will be set; a target of 5% will trigger an alert that revenue is growing much more than normal based on the aggregate applied – this applies across all aggregations/dis-aggregations.	
Other Notes: Definitions of geographical drill-down capabilities must be standardized to ensure consistent and accurate results of dis-aggregation.	

Figure 13

Operating Profit Margin

PERFORMANCE INDICATOR REFERENCE SHEET	
DESCRIPTION	
Selected Indicator: Operating Profit Margin	
Precise Definition(s): Operating Profit Margin = $\frac{Operating\ Profit}{Revenue} * 100\%$ for selected time period (Marr, 2012)	
Unit of Measure: %	**Disaggregated/Aggregated By:** Region (SW/NE/SE/NW/Midwest US), State, County, City, Store (Corporate vs. Franchise), Year/Quarter/Month
Rationale: 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).	
PLAN FOR DATA ACQUISITION	
Responsible Person/Accountability: Store owners/managers/lower-level workers	**Data Source:** Built-in POS system
Frequency & Timing: Monthly	**Budget Implications (if relevant):** McDonald's Corporation already has POS systems in place for its' stores to collect/consolidate customer sales order information (low cost); moreover, COGS and operating costs are already recorded automatically by McDonald's built-in accounting methods/system.
Data Collection Method: Requirement of stores, esp. lower-level workers, to always input sales order information correctly. COGS and operating costs are recorded automatically by built-in accounting methods/system.	
Method of Data Acquisition: Store owners/managers/lower-level workers are required to always input sales order information correctly. Relevant data will be automatically acquired/collected from stores' POS systems, as well as the built-in accounting methods/system.	
DATA QUALITY ISSUES	
Data Quality Assessment Procedures: Random audits (to check for DQ) will assess if stores' employees are correctly recording customer sales order information with the POS system, as well as automatic recordings of aggregate costs in accounting system.	
Data Limitations/Actions to Address These Limitations: The main limitation to consider is the possibility of erroneous input of customers' sales order items by store owners/managers/lower-level workers into the POS system; proper and frequent training of store owners/managers/lower-level workers will minimize this limitation. Random auditing by McDonald's Corporation will provide additional input if the training needs to be re-vamped or held more frequently (the POS system is user-friendly and shouldn't require this realistically).	
PLAN FOR DATA ANALYSIS, REVIEW, & REPORTING	
Data Analysis Issues: Proper aggregation and accuracy of customer sales order information data & COGS/operating cost data will need to be addressed, i.e., with appropriate data input into and data modeling for database.	
Data Use: Use by executives to ascertain and pinpoint any operating profit margin issues with drill-down capabilities. Upon discovery of minimal and even negative operating profit margin, McDonald's Corporation will take appropriate managerial action(s) to resolve the issue.	
OTHER NOTES	
Targets & Thresholds: It is essential for businesses to maintain and/or increase profitability. However, a threshold of the average operating profit margin over the most recent 3 years of relevant data will be set (since there's no other threshold/operating profit margin data to reference & McDonald's Corporation's net profit has been steadily increasing since 2005), i.e., $\frac{\$7,324+\$9,069.8+\$8,822.6}{\$19,207.8+\$21,364.4+\$21,257.9} = \frac{\$25,216.4}{\$61,830.1} \approx$ 40.8%; a target of 50% will trigger an alert that operating profit margin is much higher than normal (thus efficiency of operations has increased significantly) based on the aggregate applied – this applies across all aggregations/dis-aggregations.	
Other Notes: Definitions of geographical drill-down capabilities must be standardized to ensure consistent and accurate results of dis-aggregation.	

Figure 14

Net Profit

PERFORMANCE INDICATOR REFERENCE SHEET	
DESCRIPTION	
Selected Indicator: Net Profit	
Precise Definition(s): Net Profit = Revenue – Total Costs (Marr, 2012) over the chosen time period	
Unit of Measure: $	**Disaggregated/Aggregated By:** Region (SW/NE/SE/NW/Midwest US), State, County, City, Store (Corporate vs. Franchise), Year/Quarter/Month
Rationale: "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).	
PLAN FOR DATA ACQUISITION	
Responsible Person/Accountability: Store owners/managers/lower-level workers	**Data Source:** Built-in POS system
Frequency & Timing: Monthly	**Budget Implications (if relevant):** McDonald's Corporation already has POS systems in place for its' stores to collect/consolidate customer sales order information (low cost); moreover, any incurred costs are already recorded automatically by McDonald's built-in accounting methods/system.
Data Collection Method: Requirement of stores, esp. lower-level workers, to always input sales order information correctly. Any incurred costs are recorded automatically by built-in accounting methods/system.	
Method of Data Acquisition: Store owners/managers/lower-level workers are required to always input sales order information correctly. Relevant data will be automatically acquired/collected from stores' POS systems, as well as the built-in accounting methods/system.	
DATA QUALITY ISSUES	
Data Quality Assessment Procedures: Random audits (to check for DQ) will assess if stores' employees are correctly recording customer sales order information with the POS system, as well as automatic recordings of aggregate incurred costs in accounting system.	
Data Limitations/Actions to Address These Limitations: The main limitation to consider is the possibility of erroneous input of customers' sales order items by store owners/managers/lower-level workers into the POS system; proper and frequent training of store owners/managers/lower-level workers will minimize this limitation. Random auditing by McDonald's Corporation will provide additional input if the training needs to be re-vamped or held more frequently (the POS system is user-friendly and shouldn't require this realistically).	
PLAN FOR DATA ANALYSIS, REVIEW, & REPORTING	
Data Analysis Issues: Proper aggregation and accuracy of customer sales order information data & incurred costs data will need to be addressed, i.e., with appropriate data input into and data modeling for database.	
Data Use: Use by executives to ascertain and pinpoint any net profit issues with drill-down capabilities. Upon discovery of net profit measures at or below the threshold set (based on drill-down selected), McDonald's Corporation will take appropriate managerial action(s) to resolve the issue.	
OTHER NOTES	
Targets & Thresholds: It is essential for businesses to maintain and/or increase profitability. However, a threshold of the average net profit over the most recent 3 years (or quarters or months) of relevant data will be set (since there's no other threshold/net profit data to reference & McDonald's Corporation's net profit has been steadily increasing since 2005), e.g., $\frac{\$4{,}730.5+\$6{,}025.4+\$5{,}924.3}{3} = \frac{\$16{,}680.2}{3} \approx \$5{,}560.1$ $(in\ millions\ of\ \$)$ for the yearly threshold (across all stores) – as can be seen, the selected drill-down will determine this threshold; a target of 10% more than the set threshold amount will trigger an alert that net profit is much higher than normal based on the aggregate applied – this applies across all aggregations/dis-aggregations.	
Other Notes: Definitions of geographical drill-down capabilities must be standardized to ensure consistent and accurate results of dis-aggregation.	

Figure 15

Appendix C

Quality Index Composite Indicator

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

Table 3

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).

Appendix D

McDonald's Corporation's Mock-up BSC

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 Up

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 doing 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

Figure 16

Appendix E

McDonald's Corporation's Strategy Map

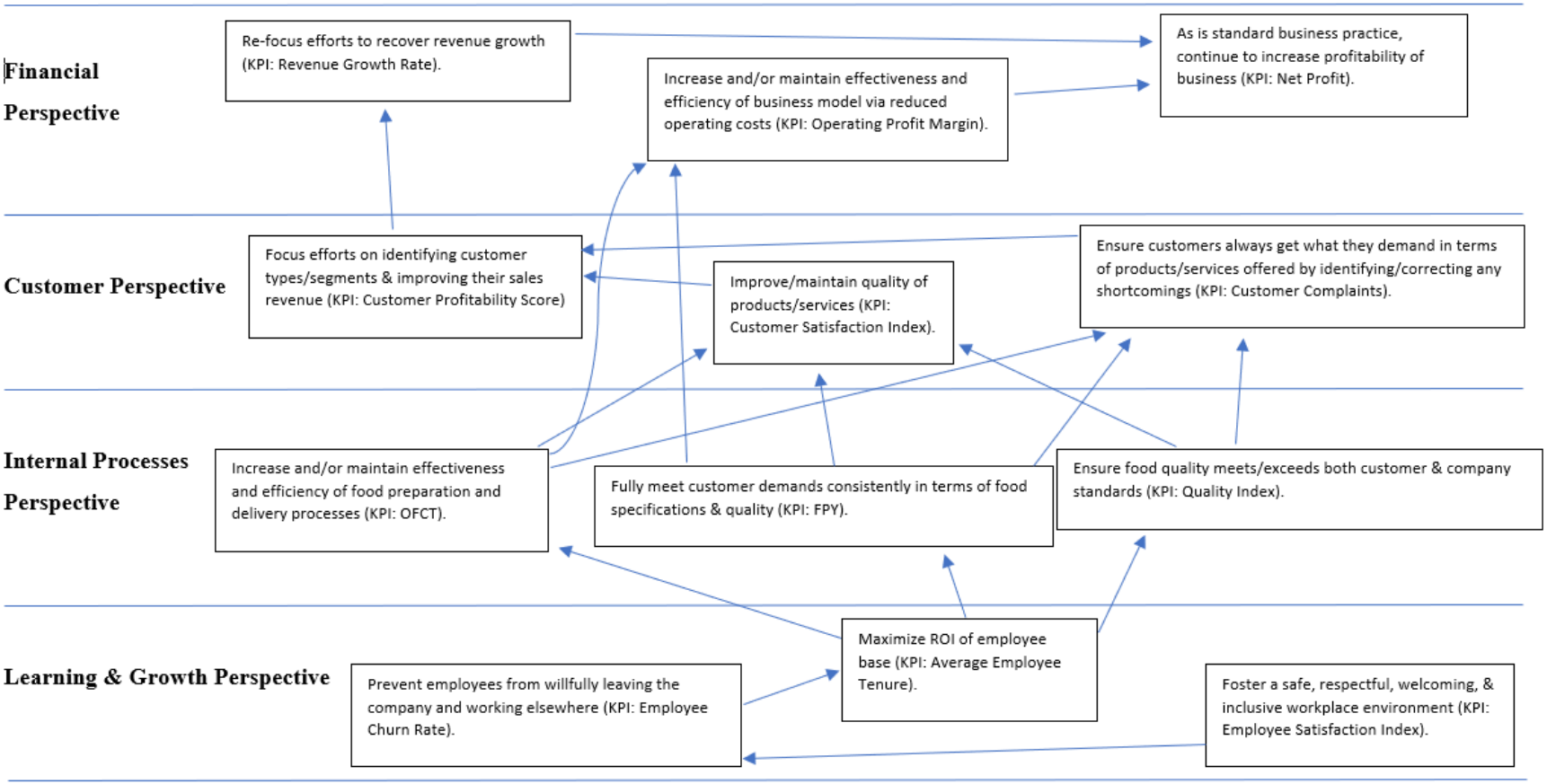

Figure 17