

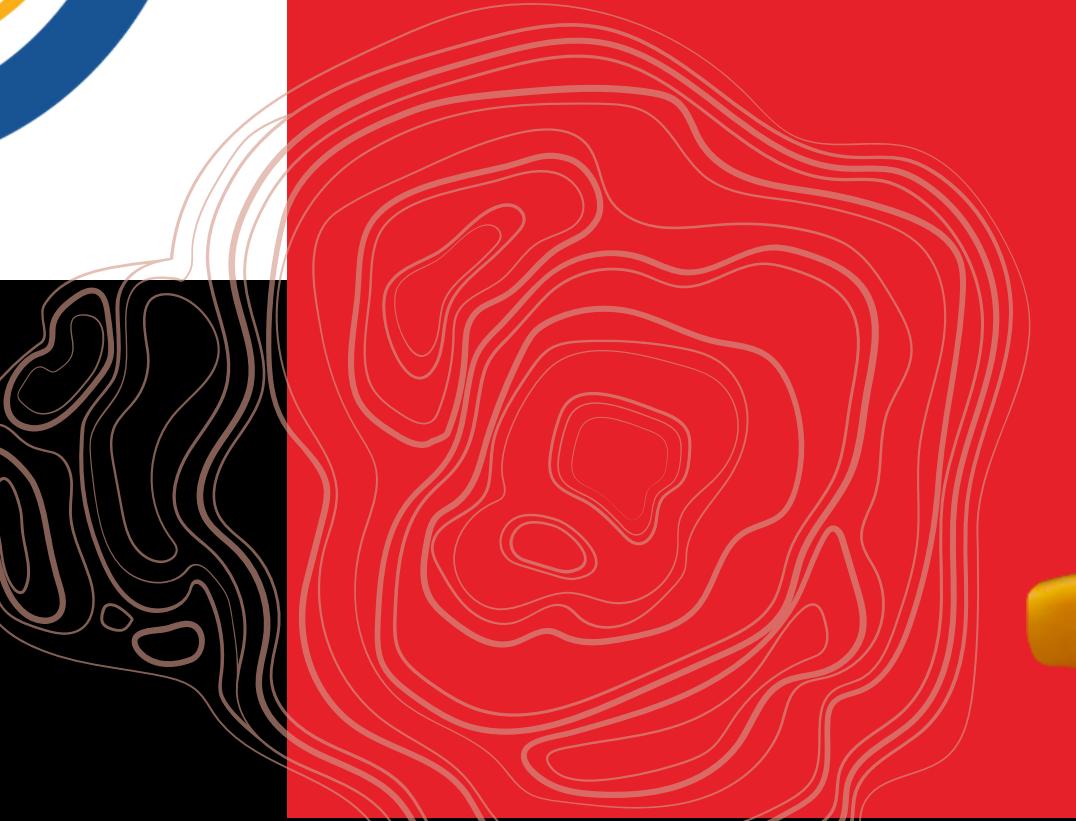
# Operations Management Comparison: McDonald's vs. Burger King

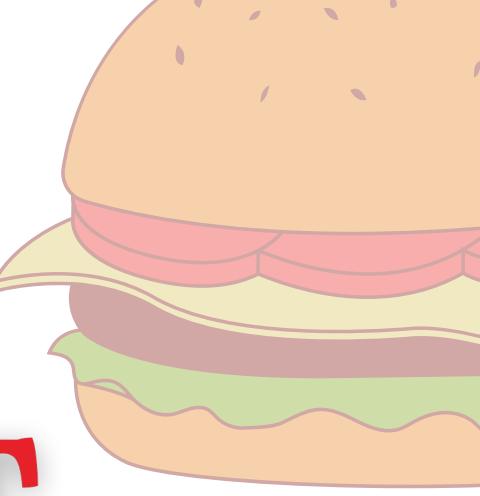


**Team Members**  
Aryaman Badkul  
Gautam Hinduja  
Kshitij Kaithal



**Roll Numbers**  
200195  
200384  
200526





## ABOUT THE PROJECT

McDonald's and Burger King are the fast food industry's most well-known and enduring global brands. A thorough and comparative analysis of their operations management approaches is the goal of this endeavour. In-depth examination of their operational procedures, including supply chain management, quality assurance, menu planning, and customer service, will be done in this study. The purpose of this study is to analyse the operational management strategies of these two fast food juggernauts and find the critical variables that have contributed to their success.

# Location Management



**"Selecting the right location for an organization involves considering factors like availability of resources and proximity to skilled labour. Transportation costs play a role, too, especially if the facility is in a low-demand area. By considering the company's requirements, values, and goals, a suitable location can be determined to minimize costs and mitigate risks for manufacturing facilities."**

*Both McDonald's and Burger King are multinational fast-food chains, and as such, they employ location management strategies to ensure the success of their operations in different regions.*

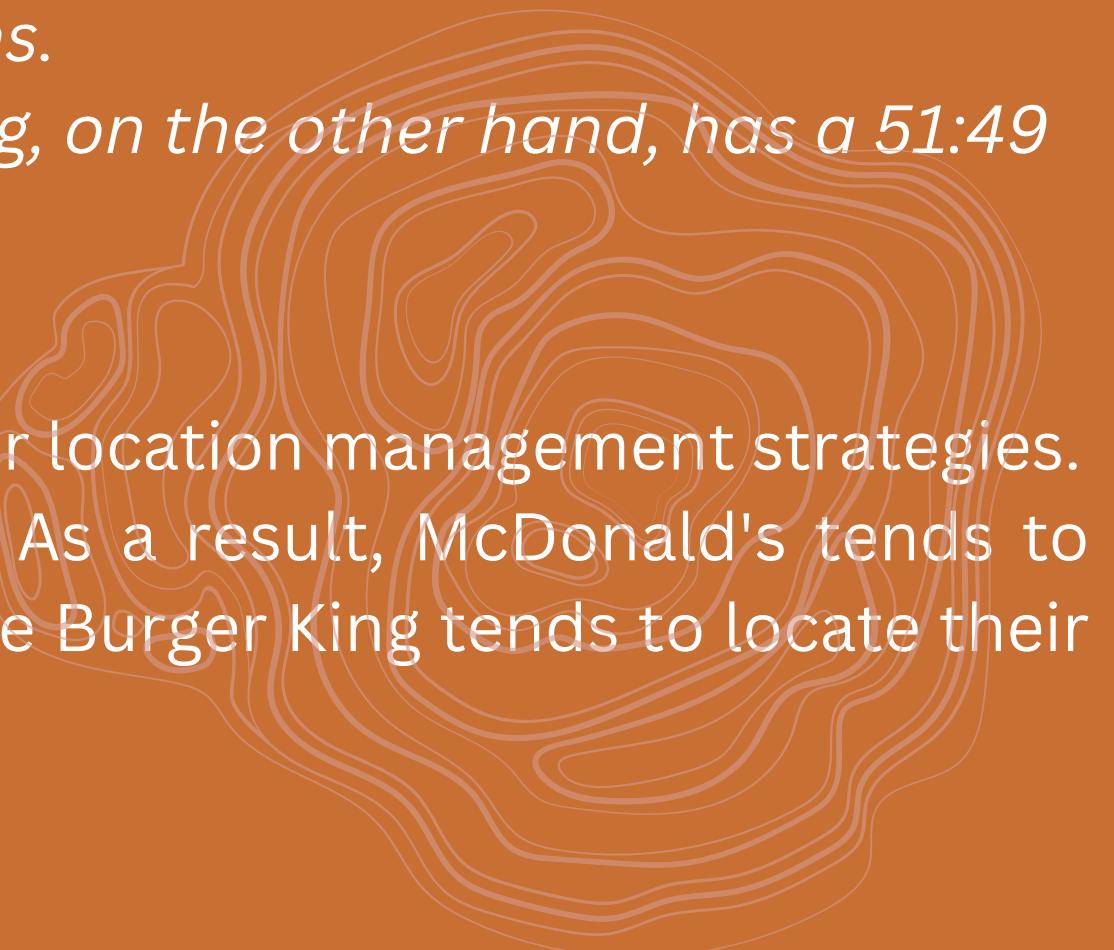
*McDonald's has around 200 family restaurants in India across 60 cities. Burger King, on the other hand, has a 51:49 partnership with DLF and operates on a Franchise Model.*

## **Target Market:**

McDonald's & Burger King both have different target markets, and this influences their location management strategies. McDonald's targets families with children, while Burger King targets young adults. As a result, McDonald's tends to locate their restaurants in areas with high foot traffic, such as shopping centres, while Burger King tends to locate their restaurants in areas with high vehicle traffic, such as highways.

## **Brand Image:**

McDonald's & Burger King also have different brand images, influencing their location management strategies. McDonald's is known for its consistency and reliability, while Burger King is known for its edgy and rebellious marketing campaigns. As a result, McDonald's tends to locate its restaurants in areas with high visibility, such as busy intersections. In contrast, Burger King locates its restaurants in areas off the beaten path, such as industries.



# Location Management



## Size and Layout:

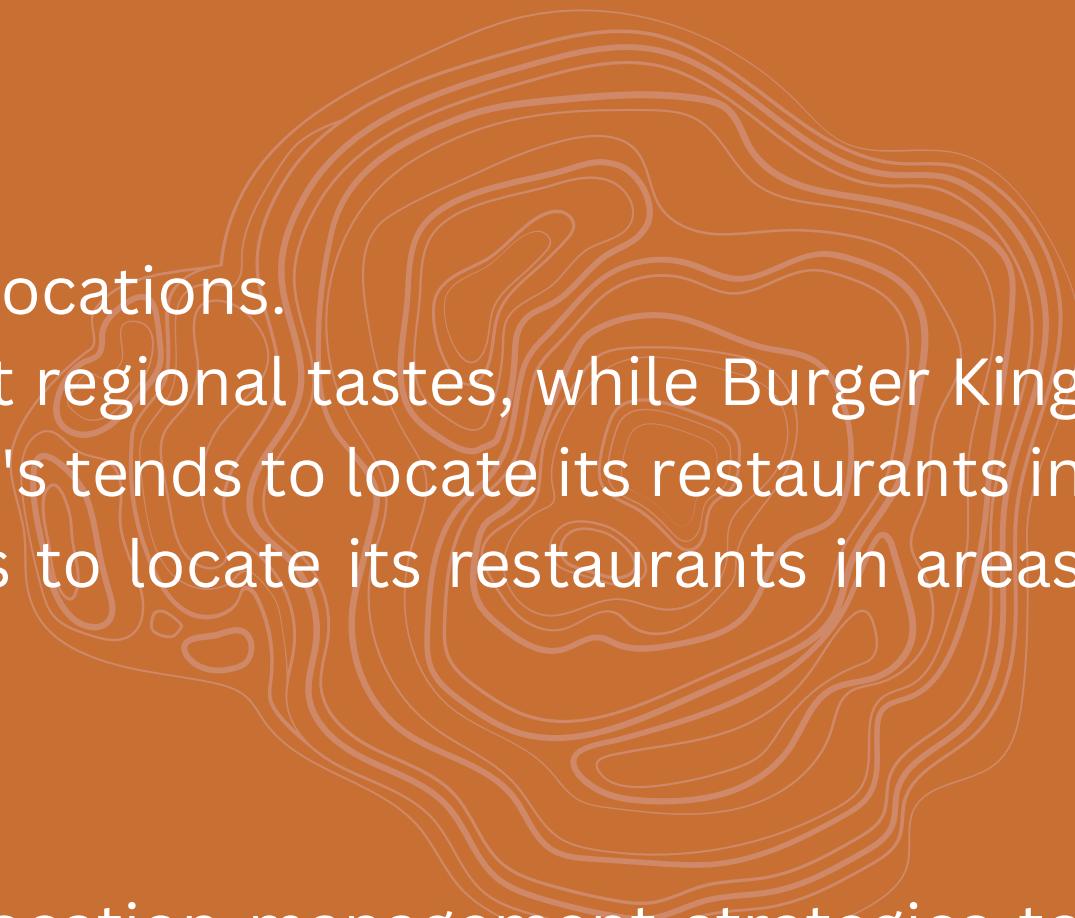
McDonald's & Burger King also differ in the size and layout of their restaurants, which influences their location management strategies.

McDonald's typically has larger restaurants with more seating and drive-thru windows, while Burger King has smaller restaurants with fewer seating options and drive-thru windows. As a result, McDonald's tends to locate its restaurants in areas with more space, such as suburban areas, while Burger King tends to locate its restaurants in areas with limited space, such as urban areas.

## Regional Preferences:

McDonald's and Burger King also consider regional preferences when choosing their locations.

For example, McDonald's offers a wider variety of menu options to cater to different regional tastes, while Burger King offers limited-time menu items that cater to local preferences. As a result, McDonald's tends to locate its restaurants in areas with diverse populations, such as urban areas. In contrast, Burger King tends to locate its restaurants in areas with a strong regional identity, such as college towns.



## Technology Integration:

In recent years, McDonald's & Burger King have integrated technology into their location management strategies to enhance the customer experience.

McDonald's has invested heavily in self-order kiosks and mobile ordering, while Burger King has implemented mobile ordering and payment options, as well as the use of digital menu boards. This technology integration has influenced the location management strategies of both chains.



# Location Management



## Market Saturation:

McDonald's and Burger King also differ in their approach to market saturation.

McDonald's tends to saturate markets by opening multiple locations near one another, while Burger King limits the number of restaurants in a given market to maintain exclusivity. This approach is influenced by their target markets, with McDonald's seeking to provide convenience to families and Burger King targeting exclusivity-seeking young adults.

## Franchising:

McDonald's & Burger King rely heavily on franchising to expand their operations, influencing their location management strategies. McDonald's has a strict set of guidelines that franchisees must follow, including specific requirements for location and design. Burger King is more flexible in its approach to franchising, allowing franchisees to customise their restaurants to reflect local preferences better.

**Westlife Foodworld Limited** (formerly Westlife Development Limited) is an Indian fast food restaurant holding company. Its wholly owned subsidiary Hardcastle Restaurants Pvt. Ltd. (HRPL), holds the master franchise for McDonald's in western India and South India.

**QSR Asia, a joint venture between F&B Asia Ventures and Burger King Asia Pacific**, holds a controlling stake in Burger King India which secured the 25-year Master Franchise rights for Burger King in India in 2013.



# Total Quality Management



"TQM is a strategy used to create a customer-focused organisation and involves improving all employees and activities of the company to meet customer requirements. The focus of total quality management is usually on improving the processes rather than the outcomes and enables the organisation to work towards having zero defects. "

*McDonald's Quality management involves matching its products to the quality expectations and preferences of target consumers. The operations strategy applies policies and measures to ensure such matching is achieved at company-owned, franchised, and licensed locations. Product standardisation comes with quality consistency, contributing to the business strengths identified in the SWOT analysis of McDonald's Corporation. Such quality consistency helps the fast-food business satisfy consumers' expectations. However, McDonald's operations management faces the challenge of maintaining satisfactory quality despite cost minimisation, which is essential for competitive selling prices.*

*Burger King's Quality Management. This strategic decision area involves satisfying the quality expectations of target customers. To address this concern, Burger King's operations management maintains product tests. The company also collects customer feedback through the My BK Experience website.*

*Total Quality Management is the management of inventiveness and procedures that endeavour to produce high-quality products and services.*

# Total Quality Management



## Quality Standards:

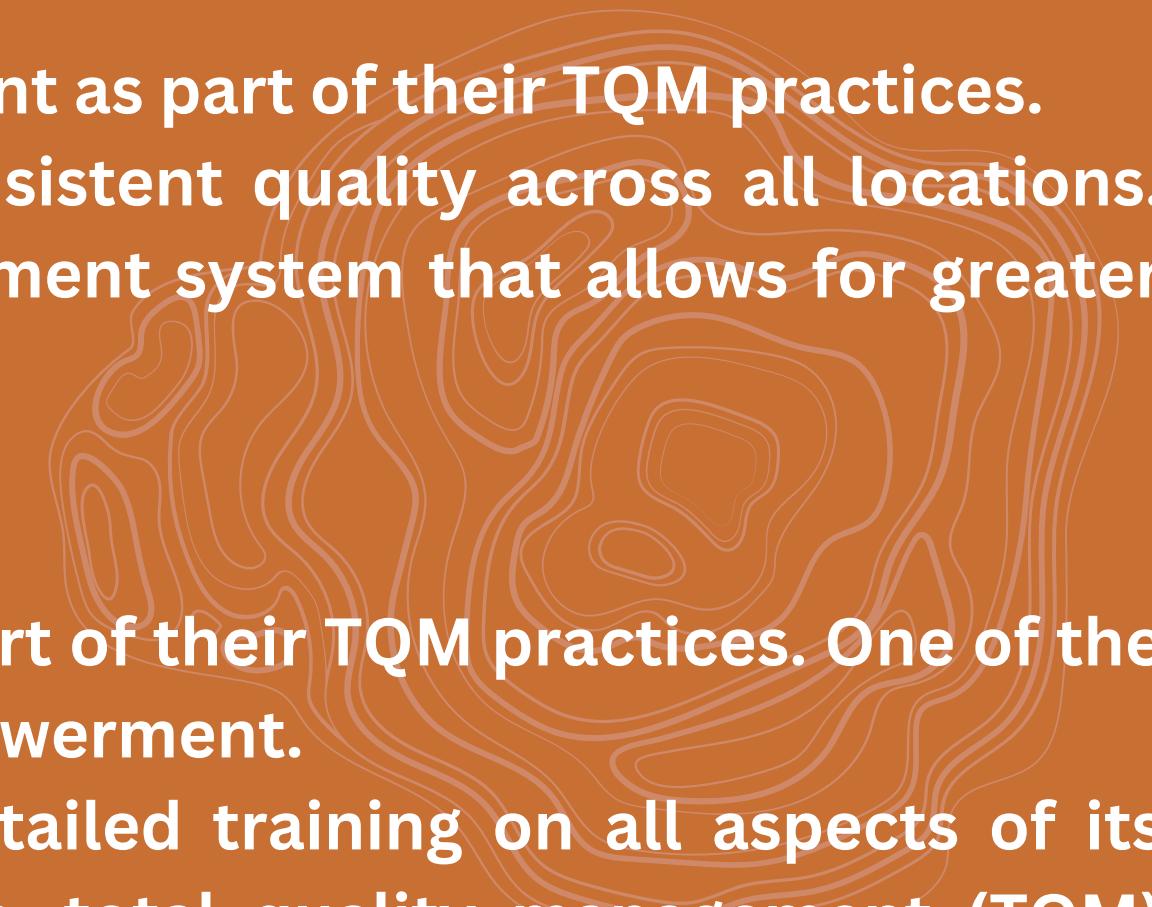
McDonald's & Burger King have different quality standards that they adhere to in their TQM practices.

McDonald's has a strict set of quality standardds that includes detailed specifications for every aspect of its products, from the ingredients to the cooking process. Burger King also has quality standards, which are less detailed and more focused on overall customer satisfaction.

## Supply Chain Management:

McDonald's & Burger King also differ in their approach to supply chain management as part of their TQM practices.

McDonald's has a highly centralised supply chain management system for consistent quality across all locations. Burger King, on the other hand, has a more decentralised supply chain management system that allows for greater flexibility in sourcing ingredients from local suppliers.



## Employee Training:

McDonald's & Burger King also differ in their approach to employee training as part of their TQM practices. One of the essential principles of TQM concerns employee involvement or often called empowerment.

McDonald's has a comprehensive employee training program that includes detailed training on all aspects of its operations, including food preparation and customer service. For McDonald's, total quality management (TQM) involves that the employees are at work on time, are neatly dressed, and are clean. The employees must make sure that the customers constantly receive safe food, which implies that the employees must wash their hands often to remain clean. Burger King also has an employee training program but is generally less structured than McDonald's, with a greater emphasis on on-the-job training.

# Total Quality Management



## Product Innovation:

McDonald's & Burger King also differ in their approach to product innovation as part of their TQM practices. McDonald's strongly focuses on product innovation and regularly introduces new menu items to keep up with changing consumer preferences. Burger King also introduces new menu items but is generally less focused on product innovation and more on the consistent quality of their core menu items.

## Customer Feedback:

McDonald's & Burger King collect customer feedback as part of their TQM practices, but their approaches differ. McDonald's collects feedback through various channels, including customer surveys and social media, and uses this data to identify areas for improvement. Burger King also collects customer feedback but relies more on informal feedback channels, such as employee comments or social media posts, to identify the issues.

## Food Safety:

McDonald's & Burger King have robust food safety protocols as part of their TQM practices, but their approaches differ somewhat.

McDonald's has a highly standardised approach to food safety, with detailed guidelines for everything from food handling to temperature control. Burger King also has food safety guidelines, but they are somewhat less detailed and more focused on overall cleanliness and hygiene.



# Factors that trigger implementing TQM

## Customer focus

Customer satisfaction is considered the primary purpose of TQM by many researchers. Therefore, leaders need to focus on both internal (employees, suppliers) and external customers (who buy the products).

## Leadership

This is the responsibility of management to lead people to do their job better. However, the success of changing culture is determined by leadership since “leadership has set clear goals.”

## Teamwork

Teamwork provides efficiency in tackling complex processes and problems through sharing skills, knowledge and experience of employees in process management, problem-solving & decision-making.

## Continuous Improvement

This is the life or driving wheel of TQM since it promises customers to deliver quality consistently, which implies satisfying customers continuously through involving all personnel and never-ending efforts towards quality improvements.



# Forecasting



"This component pertains to relying on historical data, facts, figures, and statistics to make decisions for production. Proper forecasting is necessary to know how much of a specific product should be produced. This will allow your facility only to produce what is needed to avoid being stuck with excess inventory or having too many shortages."

*Forecasting is based on using past information to estimate future demand. Therefore it is considered a critical process in food service since it has a significant role in determining managerial tasks: scheduling labour and ordering.*

***What is the demand forecasting of Burger King?***

*QSR business will increase yearly, and the young population favours this type of restaurant. Burger King stock is strong even in this market fall, and thus burger king stock prediction in the year 2022 is Rs 180 to Rs 200.*

***What is the demand forecasting of McDonald's?***

*The 30 analysts offering 12-month price forecasts for McDonald's Corp have a median target of 295.00, with a high estimate of 328.00 and a low estimate of 262.00. The median estimate represents a +12.04% increase from the last price of 263.30.*



# Forecasting



## Sales Data Analysis:

McDonald's and Burger King analyse sales data to forecast future demand, but their approaches differ.

McDonald's collects and analyses a vast amount of sales data from its locations worldwide then used to forecast demand at specific times of the day, days of the week, and even seasons of the year. Burger King also analyses sales data, but its approach is less data-driven and more focused on local market conditions.

## Menu Planning:

McDonald's and Burger King also differ in their approach to menu planning as part of their forecasting practices. McDonald's uses data analysis to identify trends and preferences among its customer base and then develops new menu items accordingly. Burger King also develops new menu items based on customer preferences, but its approach focuses on regional and local tastes.



## Technology Investment:

McDonald's and Burger King also differ in their investment in technology to support forecasting.

McDonald's has invested heavily in digital technology, such as mobile ordering and delivery platforms, which provide real-time sales data that can be used to adjust forecasts. Burger King has also invested in technology but is generally less focused on digital media and more focused on improving in-store processes.



# Scheduling



## McDonald's

- McDonald's follow Make to Stock strategy.
- Make to Stock (MTS), is a production technique wherein producers produce commodities on a large scale in accordance with anticipated consumer demand.
- Make to Stock production technique offers a quick response time and products have very little scope of cuistomisation.
- MTS is a “Push Supply Chain” strategy.

## Burger King

- Burger King follows Make to Order strategy.
- *Make to order (MTO), is a business production strategy in which the production of an item begins only after a confirmed customer order is received.*
- *Make to Order production technique is time taking process, but at the same time it allows production of customised prdoucts.*
- *MTO is a "Pull Supply Chain" strategy.*

# Scheduling



## McDonald's MTS Strategy

- McDonald's strategy in the supply chain reduces lead times.
- It aligns supply and demand in a better way. This reduces the risk of obsolescence.
- McDonald's can respond quickly to changes in demand and make necessary adjustments to production and inventory levels.
- At the same time, MTS also results in inefficient use of capital. It may tie up funds in inventory to stock food items that may not be sold for some time.
- Another limitation of the MTS strategy in a supply chain is reduced customization. This can limit manufacturers' ability to respond to specific customer needs and preferences.

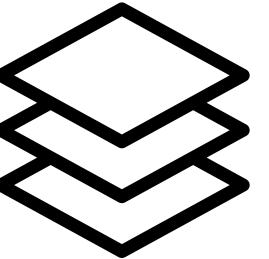
# Scheduling



## Burger King's MTO Strategy

- Burger King's MTO strategy allows them to respond dynamically to changing customer demand.
- It helps Burger King to allocate their resources more effectively, using this strategy they are not tied up in surplus inventory or overproduction.
- But this process is time taking. The orders take longer to process and hence lead time increases. This is also supported by a study, which shows in commercial areas, people tend to prefer ready to eat food outlets to save time.
- Make to order tends to be more expensive to prepare since it involves customisation and hence could not achieve economies of scale .

# Layout



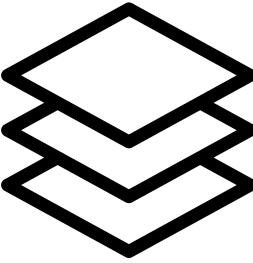
## McDonald's

Both the outlets have a similar layout, and their key goal is induce a pleasure spike to each customer.

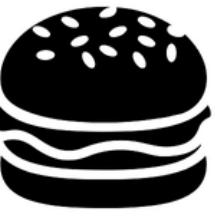
- Entry and Waiting Area
- Ordering Station
- Kitchen and Preparation Area
- Seating Area
- Restrooms
- Drive-Thru Service



# Layout



# Offerings



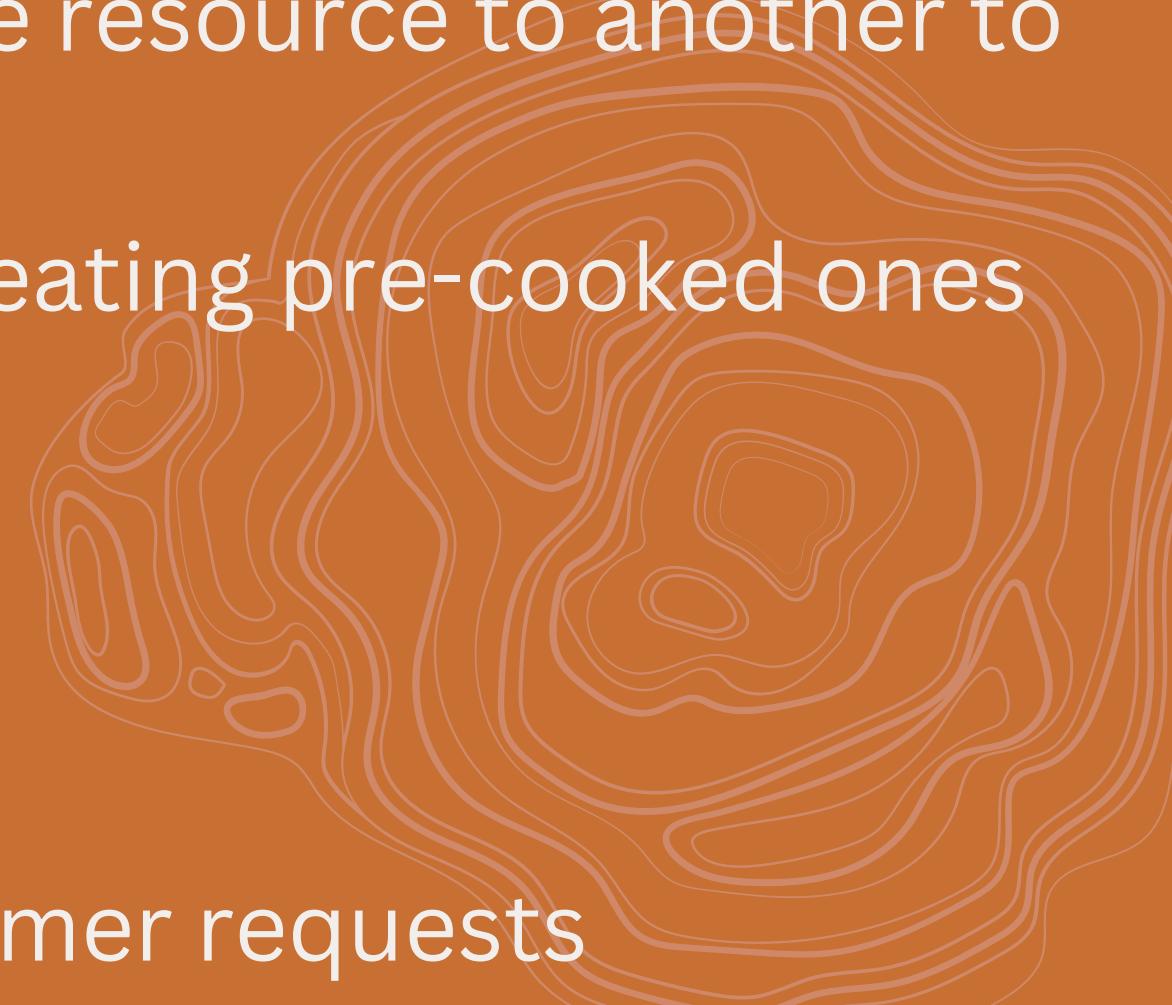
- Quality and main offerings are essential for companies to conform to product specifications and maintain favorable customer relations. Having quality products or services usually means that they meet your customer's demands.
- BK focuses on customer requirements. They have increased the quality of their products at the cost of streamlining their menu.
- MCD, on the other hand, continues to develop new items which increase complexity.
- BK is adapting to the ailing economy and capitalizing on consumer trends while MCD is taking an IBM approach to design thinking[it is a scalable framework to help an organization understand and deliver continuously].

# Just-in-Time (JIT)

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- JIT refers to the process of scheduling the operations in a manner such that they are completed "just in time". This technique ensures the work-in-progress(WIP) items are limited so that the materials can flow from one resource to another to avoid large inventories for WIP items.
- Cooking burgers only when it is ordered rather than reheating pre-cooked ones ensures food is fresh and cuts down on the waste.
- Both BK and MCD follow this strategy.
- JIT ensures-
  - a. improved quality - as the food served is fresh
  - b. personalization - making special orders as per customer requests
  - c. cost reduction - due to significant reduction in wastage as uncooked material has longer shelf life





# Thank You

