

McDONALD'S RESTAURANTS (HONG KONG) LTD

REPORT FROM THE BOARD OF EXAMINERS

McDonald's Hong Kong being one of the leading Quick Service Restaurants (QSR) in Hong Kong, demonstrated her company-wide commitment to Total Quality Management and being elected by the Board of Examiners to be one of the two Overall Winners for the 1998 HKMA Quality Award. The particular strengths of McDonald's Hong Kong are highlighted in the following categories.

1. Leadership

Comprehensive Strategic Template illustrated the relationship of various components to support the three corporate pillars of growth. The mission to provide Total Quality Satisfaction through Quality, Service, Cleanliness and Value; and the 3-1-Q Planning Model demonstrated the vision and commitment of the senior management.

2. Strategic Planning

The overall Strategic Development Process is well defined with intensive considerations on customer/market requirements, competitive environment and supplier capabilities. Moreover, action plans and performance measures are well thought through and structured to support the committed strategic plans. Quarterly management reviews with all the department managers are being held to monitor the process relative to plans.

3. Customer and Market Focus

McDonald's has engaged in extensive customer and market effort. Furthermore, the implementation of the customer focus groups should further improve her understanding of the market and customer requirements. On the other hand, McDonald's management has demonstrated personal commitment in reviewing customer complaints.

4. Information and Analysis

An in-house developed IT system is able to capture key operation data, and support all current and new initiatives. These information are easily accessible by authorized staff. Benchmarking against competitors as well as internally is conducted continuously. Monthly management meeting reviews the operation data against company's financial and non-financial goals and objectives.

5. Human Resource Development and Management

Sound reward and recognition system such as the Target Incentive Programme emphasizes on performance, thus enhancing motivation. Management is very much committed to promoting open dialogue and direct communication; flat organization structure, open office layout, restaurant visits and face-to-face sessions are some clear examples. Training is one of the most important aspects of McDonald's quality. Extensive training programmes and dedicated training centre demonstrated the commitment to develop a competent and quality workforce.

6. Process Management

McDonald's has developed very detailed work steps governing the production and service process. Together with the appropriate training to front line crew members and close supervision by the operation management, service quality can be ascertained while building a long-term and reliable supplier relationship in ensuring superior quality service. McDonald's is able to create competitive advantages against her competitors.

7. Business Results

All financial and market data, as well as company-wide results, showed improving trends. McDonald's growth in sales and market penetration is evident. Comparative results of market position as compared with general and hamburger QSR competitors indicate the market leader position and continuous year-on-year improvements. "AUU" survey results reflect the overall customer satisfaction towards McDonald's is higher than her competitors.