

McDONALD'S RESTAURANTS (HONG KONG) LTD REPORT SUMMARY

McDonald's quality journey started in April 1955 when Ray Kroc opened his first McDonald's in Des Plaines Illinois, USA. Ray was relentless in his pursuit of providing the best product quality, delivering the best service in clean restaurants, anywhere in the world. Hence, the company's worldwide motto of QSC&V (Quality, Service, Cleanliness and Value) has been religiously followed till today.

Leadership is a paradox in that it needs to be directive and at the same time participative. Directions for the company require the senior leaders to understand the nuts and bolts of the business and what motivates the internal customers (employees) and external customers (suppliers and customers). Participation is necessary to ensure that directions are carried out effectively and sustainable.

A business cannot operate independently of its community. Good **Corporate Citizenship** is a critical element in the business philosophy of McDonald's Restaurants (Hong Kong) Limited ('MHK). It has always been McDonald's policy to contribute back to the community where it does business in. Since MHK first started in 1975, it has always been involved in charity drives that places children as the focal group. Also, in running their business day-to-day, MHK goes to great lengths in ensuring that it remains good stewards in protecting the environment through the use of equipment of the highest standards.

Without **Strategic Planning**, it does not matter what path a company chooses. In MHK, it is interested in determining its own future. In MHK, it has a 3-1-Q process (i.e. a-Year Strategic Plan, 1-Year Annual Plan, and a Quarterly Review Process); this annual process takes both a top-down and bottom-up approach.

Customer and Market Focus is the core strategy for MHK's existence, simply because the customer is the reason it is in business. MHK utilizes the services of an independent consultant to undertake a continuous customer attitude, awareness and usage study which tracks a list of attributes, comparing MHK with its competitors. MHK also collect other internal and external data to ensure that the pulse of the customer is always kept current, and strategic issues are dealt with.

The gathering of **Information and Analysis** of information serves as important benchmarks for continuous improvement for MHK as it travels along its quality journey towards total customer satisfaction. MHK has a very extensive database of information (internal as well as external) that provides timely information for each department to improve its competitive advantage.

The best work systems will not succeed if the recruitment, retention and development are not done right. **Human Resources Development and Management** is given strong focus in MHK. It is constantly looking at improving the work environment, ensuring that its employees function in a safe and fun environment. In addition to feedback and opinion surveys, MHK's open door policy promotes feedback on work environment improvements. MHK also has numerous awards handed out annually, which are monetary and non-monetary in form.

Process Management is a key to ensuring that not only in MHK doing the right thing, but also doing the right thing right the first time. In MHK it adopts the principles of the GAME plan (Gathering of facts, Analyzing the data, Making a plan, and Executing the plan).

The partnership between McDonald's and its suppliers is legendary. Its founder's philosophy of an open book policy, frank communication, regular meetings to calibrate shared expectations has resulted in a win-win situation; the fact that many of them are still MHK's principal suppliers more than 40 years later is testimony to the fact that it works.

MHK's ability to focus on the key business drivers has enabled it to produce strong **Business Results** since opening our first restaurant in 1975. McDonald's today, is the leading Quick Service Restaurant ("QSR") not only in Hong Kong but also the world. Having built its first restaurant in Hong Kong in 1975, today, MHK serves more than 150 million customers a year at more than 140 restaurants in Hong Kong.

The mechanics of selling hamburgers is really not very complicated when you get down to the essentials. MHK have to make the hamburgers and sell them to their customers for more than they cost them. That's about all there is to it, except for a few million details. Some of these few million details have been presented to you. MHK has achieved success because they take the hamburger business more seriously than anyone else. Their quality journey continues.