

**Strategy and Project analyses-
Introduce MacDonal's in Bangladesh**

Authors
Maria Mehbin
Zahidul Hoque Molla

Degree of Master thesis (1 yr)
Stockholm, Sweden 2013

PREFACE

We would like to express our sincere to all who have supported and encouraged us during the process of this thesis. We are particularly indebted to Roland Lange, our tutor for guidance, encouragement and for inspiring discussion during the writing process.

Moreover, we would like to thank Macdonald's, Nybrogatan and especially to Emma Merkin and A.M.Zahidul Alam for being our contact person and letting us interview him. We are also very grateful to Rauli Lindgren and Tove Dahlin, who we also had the opportunity to interview for this thesis.

The authors would like to wish all readers an enjoyable reading.

Stockholm, September 2013

Maria Mehbin

Md Zahidul Hoque Molla

ABSTRACT

Masters thesis in Project management and operational development
School of business and health
Spring term 2013

Authors: Maria Mehbin,
Md. Zahidul Hoque Molla

Tutor: Roland Langhe`

Title: Strategy and Project analyses –Introduce MacDonald’s in Bangladesh.

Introduction: As one of the most successful fast food chain in the world, throughout the development of McDonald’s, we could easily identify many successful business strategy implementations. In this paper, we will discuss some critical business strategies, which linked to the company’s structure and external environment. The main objective for any company is to accomplish profit and to accomplish better performance the literature states that it is not enough with well management control system, it must based on good strategies that are communicated throughout the whole organization.

This paper is organized as follows: In the first section, we will give brief introduction to the success of McDonald’s in Sweden and our case company Tornado AB Sweden. In the second section, we will analyze some particular strategies used by McDonald’s and how these strategies are suitable to their business structure. We will then analyze why McDonald’s choose these strategies in response to the changing external environment. Finally, we will summarize the approaches used by McDonald’s to achieve their strategic goals and in the last part of the thesis we will figure out why MacDonal’d’s is not successful in Bangladesh as a project.

Literature review: Here, the authors have chosen to study a company in depth to see what an optimal strategy process can look like. The information used in the theoretical chapter has its starting point in the newly published article.

Methodology: In this thesis, used a qualitative approach and a case company is studied. Both primary and secondary data has been used here. The information gathered from the case company with the literature in the field.

Analyses and conclusion: Companies need strategies because they need an instrument that can control and organize their processes to head in the right direction. Companies change strategies and introduce new strategies as because the old strategies no longer serve the objectives, they are not well implemented or a decreasing profit, which can not be regained with the assistance of the old strategies.

Suggestions for further studies: In conclusion, we will give some research questions to precede the study in future .That thesis will be helpful for the new entrepreneur also.

TABLE OF CONTENTS

PREFACE.....	01
ABSTRACT.....	02
TABLE OF CONTENTS.....	03
1 Introduction.....	05
1.1 Background.....	05
1.2 Problem Discussion.....	05
1.3 Problem Definition.....	06
1.4 Aim of thesis.....	06
1.5 Presentation of the Case Company.....	06
1.6 Disposition.....	07
2 Literature review.....	08
2.1 Brief introduction of strategy.....	08
2.2 Implementation of strategy.....	08
2.3 Three levels of strategy.....	09
2.4 Strategic positioning.....	09
2.5 Generic strategy.....	10
2.6 Trades-offs and pitfalls.....	10
3 Methodologies	11
3.1 Choice of method.....	11
3.2 Data collection.....	12
3.3 Procedure.....	14
3.4 Selection of the case company.....	14
3.5 Selection of interview personals.....	15
4 Strategy analyses of case company	16
4.1 Implementation of Strategies.....	16
4.2 Supply chain management.....	17
4.3 Leadership management and cost estimating strategy.....	19
4.4 Product strategies.....	21
4.5 Quality control strategies.....	21
4.6 Glocalization strategies.....	23
4.7 New product launch	24
4.8 Product waste and recycling strategies.....	25
4.9 Human resource management strategies	27
4.10 Branding strategies.....	30
4.11 Business opening schedule.....	31
4.12 Calculate the target group as a customer.....	34
4.13 How the strategy is influenced by external environment?	35

5 Possible opportunities and difficulties to introduce MacDonald's in Bangladesh	
5.1 Introducing MacDonal'd's in Bangladesh.....	38
5.2 Why MacDonal'd's is not successful in Bangladesh.....	38
5.3 Opportunities.....	40
5.4 Risk analyses.....	41
6 Conclusion and Suggestions.....	42
6.1 Conclusion.....	42
6.2 Important components.....	42
6.3 Recommendation and Suggestion.....	43
6.4 Suggestions for Further Studies.....	43
7. References:	44
Table no 1.....	22
Figure no 1.....	29

Chapter-1

1 Introduction

The first chapter is the introduction to this thesis. It consists of a brief background to the studied topic, followed by the problem discussion that leads to the problem definition. Thereafter is the aim of the study described, followed by an introduction to the case company, the delimitations and last but not least the disposition of rest of the thesis.

1.1 Background

In this thesis report we are going to discuss about McDonald's' glocalization strategy which is a worldwide popular fast food chain. The main objective for the company is to accomplish profit. The question is however, how can profit be achieved? Since most people do not consider it to emerge by itself, it is relevant also to pose the question 'what is required'? The answer to both questions is that the management of a company needs a way to guide and control its process. That is the main reason why management control systems exist.

1.2 Problem Discussion:

To spread their business worldwide, McDonald's is following the motto, 'Think globally, and act locally'. The authors to this thesis found it this motto very interesting. We wondered how the authorization could consider their strategies right, when they at the same time facing problem and thought that the strategy implementation was a failure. That is why we decided to study how strategies should be implemented in different countries by studying the case company.

To get a deep understanding of the importance of strategies and the implementation process, we decided to study the McDonalds glocalization strategy in different countries and their implementation. Also analyze some risk tools not to establish a project in different locations with different culture which is covered the project glocalization strategy. And all these empirical analyses have done by us as a project manager.

1.3 Problem Definition:

The following problem definition has been settled with the problem discussion as a background. The purpose of the subsequent questions is further more to compose a well defined structure that will be carried out through the whole thesis.

We are going to study these issues further,

1. How project manager utilize the local environment.
2. How project manager reduce the cost with respect to production.
3. How project manager follow the production with respect of sell.
4. Why McDonald's can not start their project in Bangladesh.
5. Comparison analyses between the case company's strategies to proposed project in Bangladesh.

1.4 Aim of thesis

Prepare a complete theoretical and analytical thesis document which shows how can be a company successful using the same strategy with respect of local environment. It would be also helpful for the entrepreneur who wants to start a new business like McDonalds and the students who are studying the project management course.

After the competition of the report we will get some research question that can be the future proposal to the master's student who wants to do some more work on the report. In short the thesis report is based implementation on strategy in different circumstance.

Our main goal is to analyses the effect of glocalization strategy on McDonalds in different countries. We will work on the strategy factors of McDonalds in different area in the world as project manager and finally conclude that why this biggest chain restaurant is not available in some countries such as Bangladesh.

1.5 Presentation of the MacDonalD's company

Since 1955 started the story of McDonald's. Its Corporation grew from a single drive-in restaurant in San Bernardino, California, to the largest food-service organization in the world in 1991's. Today it is around the corner and around the globe. It is a vibrant part of our communities. Now it is the world's largest fast food chain.

Founder Ray Kroc wanted to build a restaurant system that would be famous for food of consistently high quality and uniform methods of preparation.

He promoted the slogan 'In business for yourself, but not by yourself' and his philosophy was based on the principle of a 3 legged stool, one leg was McDonald's, the second was the franchises and the third, McDonald's suppliers. Ray Kroc based his empire on the fundamental principles of Quality, Service, Cleanliness, and Value

McDonald's management intends to continue growing by:

- 1) Maximizing sales and profits in existing restaurants,
- 2) Adding new restaurants, and
- 3) Improving international profitability.

Today McDonalds has become an accepted citizen of the world. Though they are following their main strategy which is, quality food in minimum price with fast service, they have some different strategies in different countries, such as India, European countries and Muslims countries.

They have a motto, 'think globally and act locally'. So we can say that local tradition, culture, environment and availability of local supplies playing a big roll on their business strategy.

Our case Company Tornado AB is a franchiser of MacDonalD's. This company established in 1995 and they are running ten MacDonalD's restaurants in central Stockholm in Sweden. Around 700 people working in this company.

1.6 Disposition:

First chapter concerns of the introduction to this thesis. It involves the author's thoughts, why study needs to be carried out.

The literature review behind the implementing strategies is revealed in chapter two.

Third chapter consists of the methodology section where the authors describe how they have accomplished the study.

In chapter four ,the analysis and discussion.

In chapter five we discuss Bangladesh as a project why MacDonald's is not successful in Bangladesh.

And in the last chapter the conclusions and suggestions for further studies can be found.

After that the list of the references and appendix can be found.

Chapter -2

2. Literature review

This chapter consists of the thesis's theoretical framework with a brief introduction of strategy. Further, three types of strategy are also discussed here and then lastly describes some pitfalls regarding strategies.

2.1 Brief introduction to strategy

'Strategy defines how organization should use their resources to meet their objectives.'

Companies must be flexible to respond rapidly to competitive and market changes. They must benchmark continuously to achieve best practice. They must outsource aggressively to gain efficiencies. And they must nurture a few core competencies in the race to stay ahead of rivals. Operational effectiveness and strategy are both essential to superior performance, which is the primary goal of any enterprise. But they work in different ways. In the article what is strategy? The primary purpose of all organizations established is to have 'superior performance' (Porter, November-December 1996 p.61). To accomplish desirable profit, two important needs are verified. The first critical success factor is the operational effectiveness within company. Operational effectiveness is described as 'performing similar activities better than rivals perform them' (Porter, November-December 1996 p.62). However, it is not enough just to learn how to perform the activities better today. The success in operational effectiveness must be sustained over time. Therefore, there must constantly be improvements in a company's operational effectiveness; otherwise there is a possibility for competitors to approach easily. Operational effectiveness means performing similar activities better than rivals perform them. Operational effectiveness includes but is not limited to efficiency. It refers to any number of practices that allow a company to better utilize its inputs by, for example, reducing defects in products or developing better products faster. On the other hand, strategic positioning means performing different activities from rivals or performing similar activities in different ways.

2.2 Implementation of strategies:

A strategy implementation framework encompasses by clear and quantifiable strategic goals, enabling strategic initiatives, enabling strategic assets and enabling change management competencies and tools,

After developing and formulating the strategies, the company has reached the second step of the cycle. Strategies can communicate to all employees within the organization. It is important to accomplish with good precision. Helpful instruments like, strategy maps, balanced scoreboards and strategic themes make the translating process of strategy easier. The strategy map for example, visualizes the chain of cause and effect relationship between strategic objectives and a balanced scoreboard is a tool that visualizes the target

for each strategic objective. The last suggested instrument is strategic themes, which can describe as a simplification of the strategic map.

Once strategies have been developed and communicated, the subsequent step is to make plans in how to achieve. At first the company needs to decide what processes should priorities on improving .Then plan operations which can be divided into four steps, such as, improving of processes, sales plans, resource capacity plan, dynamic operating and capital budgets.

To get more output of their input we need to eliminate wasted effort employ, more advanced technology, motivate employees better, having greater insight into managing particular activities or sets of activities. These are important source of differences in profitability among competitors because they directly affect relative cost positions and levels of differentiation.

2.3 Three levels of strategies:

The concept strategy is divided into three categories, such as corporate business and functional strategy.

Corporate strategy:

It express a company's general direction .The strategy at this level should answer to the question in which industry or market the organization should operate. It corporate strategy concerns how a company shall attain growth, stability and even retrenchment, if that is needed .The last part of the corporate strategy involves how the management in a company should coordinate the activities and allocate the resources.

Business strategy:

It implements at a business unit or at a product level. It helps to improve a company's competitive position .It point out that, improvements constantly need to be made, in order to sustain a competitive position. If a business strategy is not competitive, it ought to be cooperative. In order to develop a superior strategy, companies need to consider three aspects, the companies positioning, trade-off and fit.

Functional strategy:

It is the approach which describes how a functional area shall obtain the objectives within its unit .This strategy concept is not mentioned further in this thesis.

Our observation, while we working with Case company Tornado AB, Sweden, we found that MacDonald's is strongly following the corporate strategy. But to introduce MacDonald's in Bangladesh as a project, Business strategy would be more effective instead of corporate strategy. Because MacDonald's as a corporate company is not exist business in Bangladesh.

2.4 Strategic Positioning

In brief we can say that strategic positioning means performing different activities from rivals or performing similar activities in different ways. It can be based on customer's needs, customer accessibility, or the variety of a company's products or services.

Strategic positions emerge from three distinct sources, which are not mutually exclusive and often overlap. First positioning can be based on producing a subset of an industry's products or services. It calls variety based positioning because it is based on the choice of product or service varieties rather than customer segments. Variety based positioning makes economic sense when a company can mass produce particular products or services using distinctive sets of activities.

2.5 Generic strategy:

The competitive strategy introduced the concept of generic strategies such as, cost, leadership, differentiation and focus –to represent the alternative strategic positions in an industry. The generic strategies remain useful to characterize strategic positions at the simplest and broadest level. The bases for positioning –varieties, needs and access carry the understanding of those generic strategies to a greater level of specificity. Ikea and south-west are both cost –based focusers. But Ikea's focus is based on the needs of a customer group and southwest's is based on offering a particular service variety. On the other hand our case company MacDonald's focus is based on quality food with low price.

2.6 Trade-offs and fit

As we now trade-off are essential to strategy because they create the need for choice and purposefully limit what a company offers. A sustainable strategic position requires trade-offs. The idea of trade-off is that it is not possible to combine all activities of a company. If a business wishes to focus more on a specific object. The operational effectiveness, strives to accomplish the best in a company's individual activities. A business has no figure out what actions can influence each other and when put together, raise the company's profit. Porter discusses how a strategy composes a fit between the activities in a company:

'The success of a strategy depends on doing many things well-not just a few – and integrating among them. If there is no fit among activities, there is no distinctive strategy and little sustainability.' Source: Porter (November –December 1996 p.75)

In Sweden, MacDonald's trade facility is very convenient due to EU trade policy and this is very essential as we are going to discuss further in our report. But in Bangladesh, trade facility is not so convenient. They have good trade off with India and China. Because of MacDonald's glocalization strategy; it would not be successful in Bangladesh.

Chapter: 3

3. Methodology

This chapter methodology will help the readers to follow the process the authors have gone through to make this thesis come true. This chapter consists of choice of method, data collections, procedure and the selections regarding the case company and the interview persons.

3.1 Choice of Method:

Method is the instrument used to test whether a theory is good or not. It is the process by which data is gathered to generate a theory or used to test a theory. There are different ways of conducting research. The main purpose of research method is to gathering of coherent, verifiable information and, most importantly, the timely reporting of that information. However any method we use will be based on the systematic collection and analysis of data.

There are two different kinds of methods that can be used to write a thesis, such as qualitative method and quantitative method. The most significant difference between these two is to how figures and statistics are used. The purpose of using the qualitative methods is to get an understanding of what is studied. On the other hand, the purpose of using quantitative method is to gather data in order to be able to measure and do statistical analysis.

The methodology that has been adopted to conduct the research, It basically involves the selection of research questions, the conceptual framework that has to be adopted, the selection of appropriate research method such as primary research, secondary research etc.

Since the purpose of this research is to study McDonald's glocalization strategy and why it is not successful in Bangladesh, qualitative approach is found to be more appropriate for this study.

As we know there are two types of research methods using now a days, one is Qualitative and other is Quantitative. We will follow the Qualitative approach in our thesis report when we are going to collect the data and also analyzing it for coming up to conclusion and recommendation

The motivation for using qualitative method comes from the observation that, if there is one thing, which distinguishes humans from the natural world, it is our ability to talk. Qualitative research methods are designed to help researchers understand people and the social and cultural contexts within which they live.

Qualitative research involves the studied use and collection of a variety of empirical materials case study, personal experience,

Kaplan and Maxwell (1994) argue that the goal of understanding a phenomenon from the point of view of the participants and its particular social and institutional context is largely lost when textual data are quantified.

According to Yin (2003), Qualitative research is the search for knowledge that is supposed to investigate, interpret, and understanding the phenomena by the means of an inside perspective. Qualitative methods are often related to case studies, where the aim is to receive thorough information and thereby obtain a deep understanding of the research problem.

Denzin and Lincoln (1994) define qualitative research: Qualitative research is multi-method in focus, involving an interpretive, naturalistic approach to its subject matter. This means that qualitative researchers study things in their natural settings, attempting to make sense of or interpret phenomena in terms of the meanings people bring to them. The goal of qualitative research is to discover patterns, which emerge after close Observation, careful documentation, and thoughtful analysis of the research topic.

In qualitative method, the empirical data collection can be approached in different ways Yin (2003). Depending on the character of research questions, to which extent the researcher has control over behavioral events and to which degree the focus is on contemporary events.

A case study is a comprehensive description and analysis of single situation. In case studies the aim of the research is to seek conformity between the results and the theory. Helps to identify other similar events to the result that can only be generalized Yin (2003). This study is designed to proceed through interview.

After analyzing of Kaplan and Maxwell (1994), Yin 2003 and Denzin and Lincoln (1994) we conclude that our thesis would be a qualitative research. Because, here we focus on investigate, interpret, and understanding the phenomena of the case company. According to Yin (2003) this is qualitative research. Our research is also designed to proceed through the couple of interviews with company persons.

3.2 Data Collection

A major strength of case study data collection is the opportunity to use many different sources of evidence. The use of several sources of evidence means that the researcher has the opportunity to obtain multiple measures of the same phenomenon that adds validity to the scientific study

Yin (2003) claims that data collected by case studies can be via six different sources:

- Documentation,
- Archival records,
- Interviews,
- Direct observations,
- Participant observations and
- Finally physical artifacts.

Findings or conclusion resulting from a case study is likely to be more convincing and accurate if based on several different sources of information. No source of information has a complete advantage over others. The different sources are highly complementary; and therefore a good case study will rely on as many sources as possible.

The information gathered to the theory chapter was retrieved from books and journals which were found with the assistance of the library catalogue and collected from the library at the Royal Institute of Technology, Stockholm

The articles came from different journals which were found with the help of internet site. The most important sources for case study information are interviews (Yin, 2003). According to Kumar (1999), in case study interviewing is a commonly used method of collecting information from people. Interviews are classified according to the degree of flexibility such as unstructured and structured.

In an unstructured interview, also known as an in-dept interview, the interview develops a framework, called an interview guide, with in which to conduct interview, within this structured the interviewer formulates questions spontaneously during an interview.

Unstructured interviews can be carried out in a one- to-one situation or collectively with a group of respondents (called group interviews or focused group interviews). This approach to data collection is extremely useful in situations where either in dept information is needed or little is known about the area.

In a structured interview the investigator ask a predetermined set of questions, using the same wording and order of questions as specified in the in the schedule.

Not that an interview schedule is research tool or instrument for collecting data, where as interviewing is a method of data collections. On of the main advantage of structured interview is that provides uniform information, which assures the comparability of data.

Structured interviewing requires fewer interviewing skills than does unstructured interviewing Kumar (1999).

In order to take appointment for taking interview we sent mail request including the subject area of our study and we got consent from them to take interview. Most of the time of our interview session we talked with General Manager (Marketing) and Senior Manager (Marketing) and little bit with Assistant Manager (HRD). We have also talked with some of our friends who were doing work there and have good understanding about their activities. Actually they have manages most of the talks. We have send questionnaire detailing

Questions concerning our purpose both through e mail and through people employed by us to reach the officials and in most cases through our friend, we have ensured answer.

In collecting data, we faced a great constraint as it was not easy to collect data through formal e-mail there. We tried to collect data through our own media. In many cases, officials did not disclose our asked question. Even after that we tried to collect data to our possible extent. A detail of answer has been attached in annexure in our modified structured language.

To implement strategy or to introduce as a project manager ,data collection plays an important role. We followed Yin 2003 concept to collect data for our thesis report. We collected data as a participant observations and direct observations, and we also used archival records and interviews.

3.3 Procedure

According to Yin, (2003) states that, every case study should begin with a general analytic strategy. These general analytical strategies, with regards to the cases studied, provide the researcher with a system by which priorities can be set for what needs to be analyzed and why. (ibid)

The data analysis is consisted of three synchronized activity flows:

_ *Data reduction*: The process of selecting, focusing, simplifying, abstracting and transforming the data. The purpose is to organize the data so that the final conclusion can be drawn and verified.

_ *Data display*: Taking the reduced data and displaying it in an organized compressed way so that conclusions can be more easily drawn.

_ *Verification*: Deciding what things mean, noting regularities, patterns, explanations, possible configurations, casual flows, and propositions. (ibid)

The study could be done well in a qualitative approach. The analysis and findings could be best explained through words and figure. The source of data would be the primary one, as very few data or information is available in a centralized position for that sector of a developing country like Bangladesh. The collected information could be structured in a way that explains the present state well. Past literatures can serve as a guide to show standard and result oriented practice in this regard. Some time the need of customer can be assessed through interviews with them. Some of them would be selected randomly to assess the need of that class. Then an analysis would be made to examine the practices of companies to address the need. The method would also include interviews and field survey.

3.4 Selection of the case company:

Since a part of the purpose with this thesis is to describe glocalization strategy process. So, it was necessary to concretize and study the process further within an actual company which is well known and popular in world wide. The primary criterion was to that company must be located and familiar in Sweden also. This criterion was set in order to be able to visit the case company in person and do face to face interviews. In this case, McDonalds is undoubtedly best company for this thesis.

After a successful meeting with the chief of McDonalds Nybrogatan , who ensured us to give all the support we need for this thesis, we started our study process.

3.5 Selection of interviews:

After establishing the contact with the local branch of McDonalds Stockholm, the selection of interview person started .The numbers of interviews were regarded to be approximately two to three.

The first interview was scheduled with Emma Merkin, our contact person at McDonalds She is the chief manager and was considered ‘a must’ to interview by us. Emma Merkin was worked at that branch for six years and considered to have a good insight in the strategy process which was confirmed during the interview.

Our second interview was held with the HR manager, Rauli Lindgren working at McDonalds for seven years and has a important role on the strategy development and especially within the implementation process. The third interview was held with Md. Ashek Rony, who is a production manager and other person like Sardar Zaman supply chain manager, Sukanto Saha shift manager.

Before the interviews, we sent the questions by emails to the respondents. All interviews were held at McDonald Nybrogatan, 18 which is situated close to the central area of Stockholm.

For Bangladeshi project we have taken couple of interviews with the chief of OMI LIMITED.

Chapter-4

4. Strategy analyses of case company

In analysis and discussion chapter our main focus will be to discuss about the McDonald's glocalization strategy as well as why this glocalization strategy is not successful in Bangladesh with respect of different reasons which we will discuss here.

While working with Tornado AB, our case company, we have found various factors which are also needed to be a successful company. This finding is related to McDonald's main strategy. Our case company synchronizes these factors with main strategy which are totally absent in Bangladesh. This is another empirical finding. So their success story will help us to know, which areas need to be focused to be successful and keep their main strategy alive in any place. As project management students, we are following the characteristics of a project manager. In this report, we will also analyze the risk to start a new project.

4.1 Implementation of Strategies

Here as a project manager, we will utilize project strategies to build a successful project. Implementing the strategies the company should focus the following things which we will describe briefly later on this chapter.

- ❖ Supply chain management
- ❖ Cost estimating strategies
- ❖ Product strategies
- ❖ Quality control strategies
- ❖ Glocalization strategies
- ❖ New product launch strategies
- ❖ Product waste and Recycling strategies
- ❖ Product waste minimizing
- ❖ Human resource management
- ❖ Branding strategy
- ❖ Business opening schedule
- ❖ Calculate the target group as a customer
- ❖ Proper training centre

In Sweden MacDonald's they are running by the two ways, one is called by Swedish MacDonald's and other one is Franchise MacDonald's. Swedish MacDonald's is those which are running by the main stream of MacDonald's. These are very big organization and directly maintain from the MacDonald's and other one is Franchise MacDonald's. These are running by the private company or private person who took the MacDonald's from the Swedish MacDonald's on the basis of particular terms and condition. The Swedish MacDonald's group, they are giving the MacDonald's for

Particular time and also they are monitoring them very strictly to provide the best quality as they are committed as a brand company.

Our case company is a franchise company named Tornado AB. It's a quite big company and they are doing their business very successfully since last fifteen years and also following the MacDonald's strategies. When we are working with them, we have collected some information about how they are working to be a successful company. We have communicate with the human resource department, supervisor ,area supervisor , store manager and also with the worker who are doing their work successfully with them.

4.2 Supply chain management:

Franchise MacDonald's and Swedish MacDonald's also have the common motto which is "Providing best quality food give them in cheapest price possible". To keep this motto alive and to be profitable MacDonald's needed to give a big focus on supply chain management and cost estimating strategies.

Another word they need a good supplier who can provide the customer as they need .The supplier should supply fresh quality food and other needed things in cheapest pricing all year long or whenever they need.

They should maintain an agreement and have the minimum Contract length to provide the requirements of the customer for an example they need a good contract length lie 5 to 10 years or more.

They need a good contractor, so that they can run their usual activity of MacDonald's without interruption.

It's not possible or profitable for MacDonald's company to run MacDonald's and be a supplier by themselves. In case of Sweden MacDonald's they rely on a European supplier who also provide supply for other European country's MacDonald's .That supplier can make big profit as it have to cover big market or many MacDonald's.

On the other hand, Bangladesh is a small country and not self sufficient in food and other product. They have to rely on India a lot. Bangladesh also can't use Indian MacDonald's supplier in their interest because of MacDonald's glocalization rule and higher transport cost.

By the way, according to glocalization rule Indian MacDonald's do not serve beef to their customers. Indian people are religious and take cow as their God. So Indian suppliers don't supply beef to Bangladeshi people where beef is very popular food in Bangladesh. If MacDonald's need good management of food storage to make the company more profitable. The reasons are as follows.

They need to focus on supply and storage facility. All the inventory decision is made by higher management. They do inventory budgeting according to sales goal or profit they want to have from their running MacDonald's.

They have to order or supply according to their storage capacity and items perish ability or life time of the items, for example some food for instance tomato remain good for 4 days after that it loses its quality or start rotting and which increases cost. That's why frequent supply is needed for better inventory management or cost reduction. And some food like beef can be stored for 60 days without rotting can store more in bulk. Some of the product has infinite life for example material for packaging the product. This type of product they can order once a time in a year to reduce the item cost. Management should focus on this matter.

For implementing the supply chain management strategies MacDonald's using the FIFO (First in first out) method to use their raw material. To make the supply chain process successful this is the best option.

Inventory exchange among Macdonald's to MacDonald's under Tornado AB. They are doing internal supply exchange to reduce the waste of the product. If one Macdonald's get huge sale and run out of inventory in any item before supplier's supply date, they had to run the place or provide their service by taking stock from other nearby Macdonald's. This type internal exchange decision is made by store managers and area supervisor of the two companies. In Sweden MacDonald's have their own internal trade transaction system which works properly to make the process properly. It has lot of advantages to the company and a good strategy of MacDonald's to make them successful.

This type of internal exchange will help to reduce cost and keep quality as they don't have to buy from the local market or new local supplier. Generally MacDonald's supplier cost is less than other service as bulk purchase or huge amount of product is purchase from their selected supplier. To maintain their quality strategies they can not buy the product from the local supplier at any time .So that they have to keep on eyes on their supply chain process which is related to the daily sale of the company .MacDonald's spent lot of time on their supply chain . Our case company is always focusing about this , If the companies supply chain process is not working properly then the companies strategies will show a negative impact . That will help the company not to be successful.

As we know supply-chain management strategy is very important to start a MacDonald's project in anywhere in the world. In case of Bangladesh, it is quite challenging to fulfill all the requirements. In chapter we are going to discuss the limitations of supply chain management system in Bangladesh to start MacDonald's.

4.3 Leadership management and cost estimating strategies:

Leadership management also an important part for successful survival or making profitable company. Their leadership management needs to be aligning with their main strategy which is surviving cheap but quality food in shortest time. To make profit with that strategy, MacDonald's need to utilize their employee properly.

Our case company Tornado AB they have seven hundred Co workers who are working full time or part time. Supervisor is in higher management pyramid. Under supervisor's supervision, there are three area supervisors. Area supervisor took keen eye on employee management and under Area supervisor, there are store manager. Store manager has kept good eye on store and supply chain of Macdonald's.

Their management have to utilizes their worker properly to be a successful company.

1. Recruiting

Initially MacDonald's is trying to recruit the young and energetic worker who can work at any time on the basis of MacDonald's need. Usually it's a 24 hours service that is why they are focusing on the young and energetic people. Their recruiting process is following three categories to recruit some one. One is full time worker, part time worker another have no contract, they will work when they have needed them. The third one is very good strategy, to utilize the human resource effectively. When they have recruited worker they are trying to give them proper training to get the maximum out put from them. To reduce the cost of the company they are testing the worker by giving the provisional period like the other successful company.

2. Scheduling

According to sales or profit goal each and every day employee number and scheduling is done by Store Manager and Area Supervisor of MacDonald's. In case of Tornado AB MacDonald's they divided their day time in three portions and each portion is called one shift. So there are three shifts. Different hour of the day has different selling goal. For instance, lunch time (12 am to 2 pm) has the higher selling possibility than 3pm to 4 pm.

Number of employee changes according to that work load or sales goal. Higher the work load, more the employee remains in particular hour.

But, if sales is increasing or decreasing according the expectation in particular hour, shift manger increase or decrease the number of employee as they needed. To begin the shift every shift, manager have their shift goal and a tentative sales report. On the basis of current situation shift manager took the decision to make a balance of the company.

For instance, in MacDonald's divided their working zone in three different sections, one is production zone, servicing zone and the last one is cleaning zone and shift manger to look after them. If Shift manager find that there are more customers than he or she anticipated, he may include himself or call some other employee to handle the sale or kitchen pressure. But if there are less sale or less customers than anticipated, shift manager may reduce working employee and changing the rest time of employees to reduce cost of the company.

3. Mac time:

This is a new web base application to reduce the human resources cost of the company. MacDonald's in Sweden is using this web base application since last two years. These web applications are run by centrally. Her employee can get all the information regarding to his or her work related. By developing this system MacDonald's reduce their human resource cost 20 percent. This is a huge success of the company .By developing this system MacDonald's reduce their telecommunication cost with the employee. This web base application provides the work schedule of the employee and also provide the vacant position of the employee that is why other employee can do some extra work which is very helpful system.

Employee can send some message to the other employee or the chief of the company .On the other hand it can be called as a social communication medium. Here employee can apply for his or her vacation by sending the message to the human resources department which also reduces time and cost of the company. MacDonald's is always thinking about to reduce the cost of production to give the cheapest and quality product to the customer. Now a days many new companies also following this MacDonald's strategies like Mac Time.

4. E-salary sheet:

Last four years MacDonald's introduce a new system to deliver the salary specification of the employee. This system also reduces the human resource cost of the company. This system provides the e-mail base salary specification .Four years before MacDonald's provides paper base salary specification to the employee. That was related two costs of the company one is manual work, printing cost and other one is local postal charge. Now it's reduced by doing it E base. That was another good strategies of the MacDonald's to reduce the human resources cost.

Finally as a project management student, we got the assumption that in leadership management and cost estimating strategies, MacDonald's focus on recruiting young people and very careful to handle with their workers and using E-communication system to maintain leadership. That is why they are using Mactime and E-salary sheet. To start a project, MacDonald's have to build their E-communication system first. But for Bangladeshi perspective this system is expensive. We discuss about this problem in next chapter.

4.4 Product strategies:

Key Success related to the product

“According to Mr.Dej Bulsuk ,President of McThai Co.,Ltd.,McDonald's business strategies that attempt for the goal of "To Be the Best " have been successfully implemented. "In the area of Quality, we have been working closely with our key suppliers to continuously upraise the world-class McDonald's standards while adding menu up to date that satisfy Thais' palate. Such a strong partnership has enabled us to respond quickly and effectively to consumers' need/demand as well as to the ever-changing, competitive market. Our success and growth is the result of such strong cooperative”, said Mr.Dej.”

From this information shows that the important successful factor of McDonald's product is “think global act local”. It means that McDonald's business operation is global, but the marketing action is adapted in each local because the main heart of McDonald’s is responding the customer's satisfaction and need. Actually, McDonald's always adapts menus to match with that cultural local though taste, design. For example, there is Samurai Pork Burger in Thailand but there isn’t this menu in America because of cultural factor. On the other hand we can follow the Indian MacDonalD’s who are dealing business with the large amount of the people They are following the vegetable item instead of beef item to fulfil the cultural demand in Indian .

From this, the main key success of McDonald’s is the slogan “Think Global Act Local ”in Sweden and all restaurant chains around the world, and it is the strength point of McDonald’s.

‘Think globally and act locally’-this motto is followed in India also.Their service to the local people based on local demand. In India, MacDonalD’s faced the religion proble and they overcame that problem to make a change in their menu.

To introduce MacDonalD’s in Bangladesh, they have to face the same religion problem, such as, It’s a Muslim land so MacDonalD’s have to serve ‘Halal’ meat. This concept is also available in other Muslim countries, such as Qatar, Dubai, Malaysia. Project manager should be concern about this matter to introduce MacDonalD’s in Bangladesh.

4.5 Quality control strategies:

One of the MacDonalD’s main strategies is to provide quality food. To facilitate that, Swedish MacDonalD’s AB, which Monitors all MacDonalD’s in Sweden takes some steps. To do it, twice in every month they visit MacDonalD’s like an ordinary customer or hidden guest and giving mark in different areas like cleanliness, service time, Quality food, management.

They have authority to close or any MacDonalD’s anytime in Sweden, if they don’t provide quality food or disobeys core strategies of the MacDonalD’s all over the world. They help to keep MacDonalD’s good reputation and brand name intact.

Table: An example Table of worksheet for hidden guest – when visit a MacDonalD

Table: An example Table of worksheet for hidden guest – when visit a MacDonald

Criteria	Details	Score In percentage
1. Quality of food	Freshness of the meal ingredients	100%
2. Employee performance:	Employee performance depends on how they great and communicate with customers.	95%
3. Right product	Its important to take order from customers properly and give them their order meal with good presentation.	87%
4. Serving Time	How long it took to serve the order food.	90%
5. Cleanliness	How clean is the table ,floor, toilet, dishes and so on	95%
6. Management	How shift manager is running the whole shop	85%
7. Overall score and comment	Average score in percentage	92%

Table no 1

If hidden guest find something wrong or feel need of improving in any area, they immediately inform working Shift Manager at that time. This feedback helps Shift Manager to do better or make adjustment to keep the food quality good, reduce service time and run better. If any MacDonald’s get less than 80% mark in average in one year then that MacDonald’s is close down by the Swedish MacDonald’s AB.

Things marked are **marking score:**

1. Quality of food: MacDonald’s unique brand comes from its quality food service. That’s why; one of its highest priorities is to serve best quality food. Otherwise MacDonald’s Reputation will be in question. For instance-If Burger meat is well done, salad inside Berger is fresh and chips are crispy and salt is ok in it then hidden manager gives 100% mark in quality.

2. Employee performance:

Employee performance depends on how they greet and communicate with customers. For instance, if employees welcome customers, communicate properly with them and obey dress code they will get 100% in employee performance.

3. Right product:

It is important to take order from customers properly and give them their order meal with good presentation.

4. Quick service: serving time should be as short as possible. Food need to be served within 5 minutes from taking order to serving the meal. So that test of the meal remains good. If it served after 5 minute or 300 second then food will be cold and test of the meal might be compromised and its also important to get a customer order within 1 minute.

5. Cleanliness: It is vital for health to have clean surrounding when taking food. That is why a washed tray, clean table, toilet and so on is must for any MacDonald's. That's why cleanliness is marked by hidden guest especially in area like cleanliness of restaurant or lobby or toilet and cleanliness of employee dress.

6. Management: Shift manager is responsible for overall activities of MacDonald's. He or she needs proper management skill to run a busy or any MacDonald's.

From our local contact Omi Limited, which company wanted to introduce MacDonald's in Bangladesh, we got an information that MacDonald's company can not rely on local entrepreneurs that they will maintain the quality of product properly .So this is an another risk ti introduce MacDonald's in Bangladesh.

4.6 Glocalization strategies:

Glocalization (a portmanteau of globalization and localization) is business jargon for the adaptation of a product or service specifically to each locality or culture in which it is sold. It is similar to internationalization. The term "glocalization" is a newly coined blend of globalization and localization refers to a concept to describe individual, group, organization, product or service that reflects not only global standard but also local one. The increasing presence of McDonald's restaurants worldwide is an example of globalization,

While the restaurant chain's menu changes in an attempt to appeal to local palates are an example of glocalization. Glocalization means a case in which a global product is transformed into another shape in order to meet the needs of local consumers.

For promotions in France, the restaurant chain recently chose to replace its familiar Ronald McDonald mascot with Asterix the Gaul, a popular French cartoon character.

For more examples, McDonald's tried to satisfy the tastes of Korean consumers by making Korean-style of hamburgers such as 'Bulgogi burger' and 'Kimchi burger'. This is Starbucks is also trying out locally designed franchises in stores. Disneyland was also not that successful in Hong Kong with park attendance and growth revenue on its beginning in 2005, Disneyland then made an effort to cater to the local Chinese taste by

reducing prices, adapting to local Chinese customs and labor practices and also changed the decors and settings. By accommodating the needs of local people, glocalization was successfully applied in Hong Kong. In a way, glocalization contributes to cultural heterogenization.

MacDonald's glocalization strategies based on 'Culturally Sensitive' Food or availability of specific food item, such as, in India they are selling special **Local Vegetarian Menu**, In India, McDonald's does not offer pork or beef-based products. They are selling more than 50 per cent vegetarian menu. The fast food retail chain has separate production lines and processes for its vegetarian and non-vegetarian offerings.

Now it is a good question that, **how McDonald's manages to keep its prices down?** – Fast-food chains face a tough time balancing between margin pressures and hiking prices which can hurt volumes. Consequently, the chains have to increase rates or rework their strategies. Affordability has been the cornerstone of McDonald's global strategy. Some of its measures to achieve this include – Bulk buying, long-term vendor contracts, and manufacturing efficiencies.

To implement the glocalization strategy in Bangladesh, MacDonald's have to supply halal meat as it is a Muslim land. They have to fixed a local supplier who can provide halal meat. So we can see, MacDonald's following different strategies in Asia's different countries to do successful business and attract their customers.

4.7 New products launch strategies:

The key successful factor in term of McDonald's product Promotion strategy is "Think Global Act Local". Besides, i'm lovin' it is a key part of McDonald's product promotion strategy to connect with customers in highly relevant, culturally significant ways around the world. When they are going to launch the new product on certain are initially they are focusing the local peoples food habit and their budget .Some time they are depending the local people to fix their menu like my burger campaign .On this issue they are announcing their web to fix their own burger on the basis of other burger concept. This is very popular and successful story of MacDonal'd's. Then local MacDonal'd's choose the menu from the customer and fix it for couple of weeks .This strategy also attracts the customer and also fulfil the local customer demand. On this way MacDonal'd's fulfil the local demand by respecting the local food habit. Before launching the new product MacDonal'd's also survey the local market strategy. To introduce the new product to the customer MacDonal'd's followed the dumping business strategy. On this strategy they are offering free food item on the new product to get the customer interest on the new product. So that would be no problem to introduce MacDonal'd's in Bangladesh.

4.8 Product waste and recycling strategies:

Initially MacDonald's is using ecologies product as their brand campaign. This policy also helps them to attract some group who are very conscious about the environment .MacDonald's try to maintain the product recycling very strictly .To maintain the waste initially they categories their waste products. MacDonald's said to their customer that they can recycle their waste 100 percent. They are also trying to improve their strategy on that. How they classify their waste? Initially they classified their waste product like Food waste , Paper waste , Plastic waste , Metallic waste , Glass waste , oil waste , and the last one is unspecified waste . MacDonald's have oil separator to preserve the oil waste. On the basis of the waste they are using the different types of waste box to preserve the waste until delivery.

The aim of this Strategy is to outline the proposed waste management procedures for the Tornado AB restaurant. Controlled copies of this Strategy will be issued to key personnel managing the operations of the restaurant and Council. Copies shall be issued to the nominated personnel prior to the commencement of employment at the restaurant. In Bangladesh, it is difficult to follow MacDonald's waste and recycling process. It would be costly. But MacDonald's is an international brand so they have face question if they failed to implement their strategy in Bangladesh.

Waste Management

In April 2002, McDonald's Australia released their National Packaging Covenant Action Plan, which can be viewed on the McDonald's Australia website (www.mcdonalds.com.au). Key strategies within this action plan include:

- Litter Management
- Waste Minimization and Management
- Packaging.

The following sections highlight the proposed waste management commitments, as recommended in McDonald's National Packaging Covenant Action Plan.

Litter Management

McDonald's recognizes that it has a responsibility to reduce the amount of its packaging in the litter stream, and has therefore produced a national Litter Management Strategy, which addresses the litter issue with a systemized and Consistent approach .The key focus areas of this strategy include litter control, litter prevention and stakeholder communication.

Some of the actions from McDonald's Litter Management Strategy which will be applied at the Tornado AB restaurant include

- Develop a series of litter messages, logo and litter branding for use on and off the Tornado AB restaurant site. McDonald's head office is currently working to achieve a Sweden wide litter brand, which would help their restaurants promote responsible litter management.
- Identify a litter patrol area in consultation with the Council, whereby crew can safely patrol and collect litter. In accordance with McDonald's OH&S guidelines, litter patrols will not require employees to cross any arterial roads.
- Installation of litter traps in car park to minimize gross pollutants entering the storm water drainage system. Storm water drains at the Tornado AB restaurant will be fitted with such a litter trap. Trap to be cleaned as per McDonald's Planned Maintenance Calendar. The discharge to the Council storm water system will be treated for sediment, trash and oil using a Hume scepter gross pollutant trap to be maintained as per McDonalds Planned Maintenance Calendar.
- Produce litter patrol clothing consistent with the above litter branding for crew to wear when conducting the patrols.
 - Outdoor sticker with above branding for 240L litter patrol bins and car park bins.
 - Signage with above branding for 'Drive-thru' area, car park exit and store building exit.
 - Tray mat messages with the above litter branding.
 - Meet with Council to discuss the restaurant's litter program.
 - Crew and Manager training on implementation of the restaurant's litter program. Additionally, McDonald's has been a major sponsor of 'Clean up Sweden' Day for many years and intends to continue its support of this worthwhile cause.

Waste Minimization and Management

In recognition of the need for a strategy addressing waste within the framework of a restaurant's operations, McDonald's have produced a national Waste Minimization and Management Plan. The key focus areas of this plan include Waste Disposal, Reporting and Training, and Education and Awareness.

Some of the actions from McDonald's Waste Minimization and Management Plan which will be applied at the Tornado AB restaurant include:

- Recycle all cardboard;
- Investigate opportunities for plastic packaging take-back using Mc Key distribution trucks
- Install a bulk tank for recycling used cooking oil, and use McDonald's preferred contractor for collection.
- Use of McDonald's preferred waste supplier (SITA). Preferred suppliers are managed from head office to ensure they meet minimum Company standards for environmental suppliers as follows:
 - Compliance with all relevant environmental legislation

- undertake a quarterly business review with head office to report on agreed key environmental performance indicators
- Maintaining and reporting waste volumes on a store by store basis
- Provision for alternatives to landfill disposal of waste as they become available
- Notification to McDonald's of breaches of environmental legislation
- Use of reasonable endeavors to assist McDonald's in relation to ongoing efforts to reduce waste and minimize pollution. Waste will be managed by using a bulk bin system (i.e. 3m³ or 4.5m³ bin sizes). Waste collection schedules will be discussed with the waste contractor, and will depend on projected store volumes. The general waste and cardboard bins will be stored undercover to protect from rain and inclement weather.

Packaging

Packaging is one of our focuses in relation to waste and litter reduction and the Purchasing Department continuously seeks alternatives to our current packaging. Light-weighting of products, reduced use of virgin raw materials, reduced size of packages and changes in material types are a few of the initiatives that we pursue constantly. Customers have a choice and may refuse single serve condiments, straws, napkins and other items. In any situation McDonald's highest priority is the maintenance of food safety.

All McDonald's take away packaging contains anti litter 'be tidy' logos or another anti-litter message.

Community Education

McDonald's sponsors the production of teacher education kits about the environment for primary and secondary students. These kits are readily available from Head Office in Stockholm.

To introduce MacDonald's in Bangladesh, a project manager have to educate some local people and it will increase the project cost.

4.9 Human resource management strategy:

The HR Strategy is the plan describes the future of human resource management. HR Procedures and HR Policies and how the HR Function will be aligned with the business as it support the development of the organization and helps the organization to stay competitive on the market. Strategic HR predicts the future HR management needs of the organization after analyzing the organization's current human resources, the external labor market and the future HR environment that the organization will be operating in. It ensures how much organization achieved its goal. The HR Strategy defines the strategy to hire and retain the best talents from the job market and the employees in the organization will be developed as the organization grows and stays successful.

Why strategy is vital for HRM?

Strategy is vital for some reason,

- ❖ Help to stay competitive on the market. The HR Strategy points the most important HR Processes to build the competitive advantage in the HR area. This is extremely important as HR builds its own trademark and the employees can distinguish the organization from the competitors on the job market.
- ❖ Help to recruit the competent & talented employee: The HR Strategy defines the strategy to hire and retain the best talents from the job market and the employees in the organization will be developed as the organization grows and stays successful.
- ❖ Give employee clear perception about goal: Employee understands , why they received those goals and how they will become the part of the final HR Strategy. HR Strategy allows to employees to have a clear idea about outputs from their activities as they can be connected with other initiatives with no additional support. It help employee to reach the goal.
- ❖ It helps to be proactive and less reactive: It unable leader to pressure employee to do work. But it just describes the services and their interconnection with the business and products and services.

There are four guiding principles that will lead the HR professional to be invited to “the table” and more importantly that will ensure that his/her seat stays “reserved.”

- ❖ Understand the strategy development and strategic planning process
- ❖ Know your business
- ❖ Run HR like a business
- ❖ Take a position on a strategic issue

The ultimate goal of strategic planning is the identification and exploitation of opportunities along with the mitigation of risks, by aligning the goals and initiatives of an organization and by allocating the necessary and appropriate resources to deliver the desired results of its Stakeholders. The HR function can and should be involved at every step of the process. Successful execution of the aforementioned guiding principles throughout each phase of the planning process builds the perception of value of the HR professional and of the HR function. Furthermore, the HR professional’s position is strengthened by providing fact-based insight to stakeholders to enable their strategies, by shaping HR functional plans and policies & procedures to align resources to enable the appropriate initiatives and activities, and by aligning performance management systems to the strategic plan.

MacDonald’s human resources department has the preliminary strategy .which we describe the following table:



HR Plan to Win

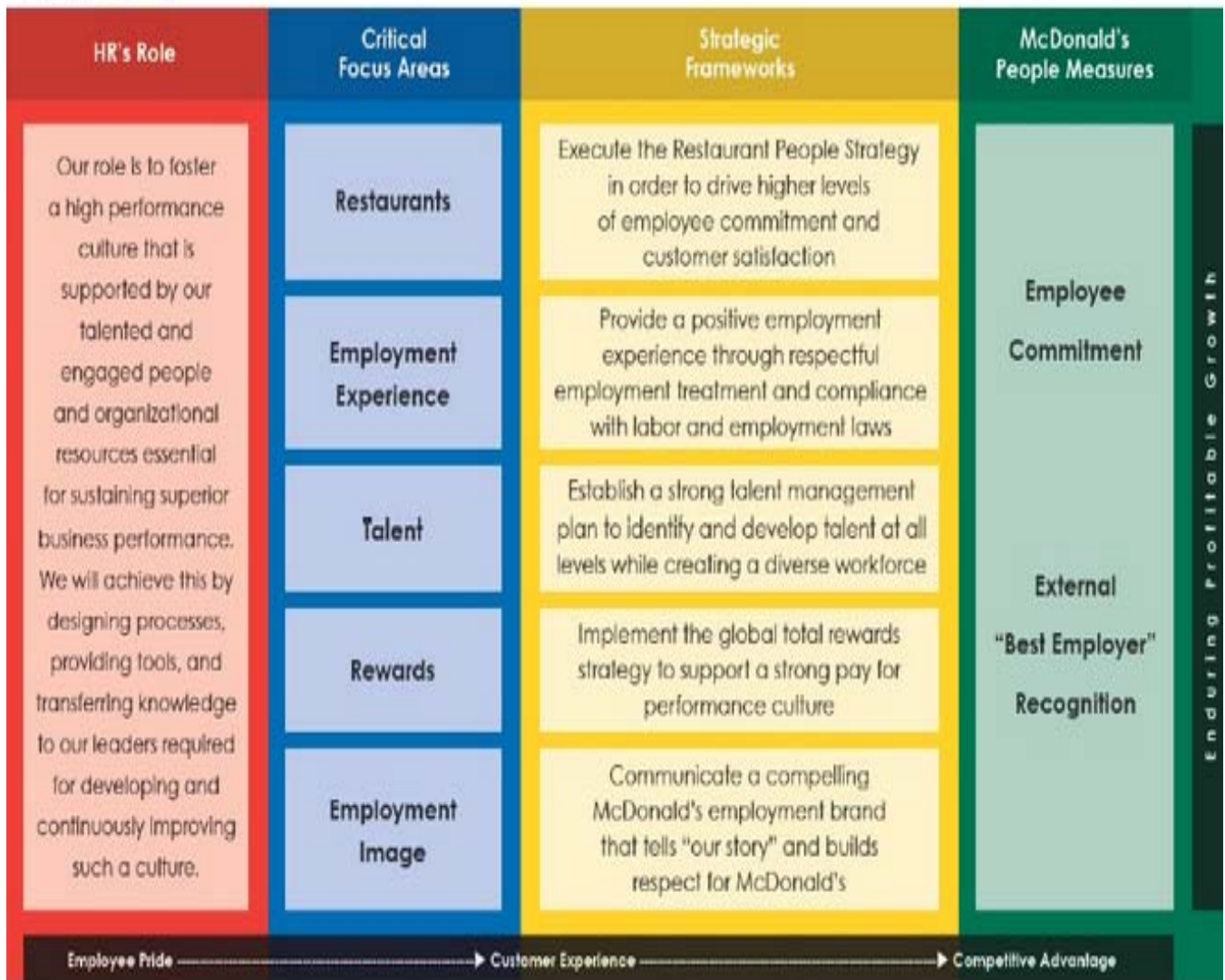


Figure no 1

In Sweden, MacDonald's HR department is very active and they are always finding the way to reduce the project cost. So, we can say that, HR management strategy is very important to introduce Mc project in Bangladesh too. Initially they are playing a vital role otherwise project will face real difficulties. So we need some skilled people to run the project profitable.

4.10 Branding strategy

McDonald's is the largest fast food that is very popular brand around the world. Exactly, there are many key successful factors in successful branding strategy of McDonald's brand.

1. McDonald's is the leader in strong branding strategy. Therefore, McDonald's always has new marketing strategy which is harmony with world situation such as global warming, so McDonald's is a partner with EDF or Environment Defence Fund to save the environment by creating new packaging that can save the environment. This is the strength point of in positive brand in the customer's view.

2. McDonald's always develop their strategy quickly to conform to the customer's trend.

3. Exactly, McDonald's concentrate the customer's satisfaction by adapting the menu to appropriate with each the cultural local harmoniously.

4. McDonald's change the marketing strategy by using the Brand Journalism, so it means telling the story or position in various viewpoints. Therefore, there are three good brand Journalisms that is:

- Delight is customer's satisfaction for the Brand.
- Surprise is building the extremely wonder and interesting brand.
- Unique is the unique of McDonald's, there are many McDonald's unique that the bulk of people around the world are satisfied such as Big Mac, French fire, golden arches, Ronald McDonald, Happy meals. Actually, these are McDonald's unique.

5. McDonald use Tie-in or co-promotion with the product from Walt Disney to attract the children group.

6. McDonald's build the brand cooperate identity that the yellow is the same tone around the world.

7. McDonald's change the brand image from children brand into adult brand because the customer become teenager or adult, so the McDonald always change brand image to save the customer loyalty.

8. McDonald's build good image in the customers' mind concisely, and it also make the fast food is accepted from the customer. From the survey found that the McDonald's logo is the logo that is memorized mostly.

9. Unique Selling point (USP)

The origin unique selling of McDonald's brand is speedy that more facilities by drive-through service and dessert kiosk. However, there is more unique selling point in the

recent time. Delivery service and fun place to eat are also unique selling points of McDonald's.

Now, McDonald's extend new product line that is McCafé. It is the excellent in-line counter at McDonald's restaurant and as a coffee outlet that serve premium coffee especially espresso coffee. The unique selling point of McCafe is the new experiences for coming at McCafe by offering free Wi-Fi internet, and all day service.

Our case company Tornado AB following branding strategy in Sweden, such as free wi-fi facility. They found that the sales increase due to this strategy. They introduce Mac café and offering free coffee to attract customer. In Bangladesh to maintain Branding strategy would be more expensive due to poor E-communication system.

4.11 Business opening schedule

We strongly suggest that would-be entrepreneurs do a business plan. As a result of completing the plan they will be much better prepared and know whether or not their business idea is feasible. MacDonal'd's is such big organizations proceed with caution and with a business proper business plan.

Implementing the business opening schedule will help the organization such ways, which are as follows,

How is their business unique, and why will their goods or services appeal to customers?

What are the primary differences between the company and the competitors?

What are the driving factors to choose the business over another?

In other words, what is the underlying reason a customer would do business with their company?

When MacDonal'd's start their business in such area usually they are concentrating this following area to become more successful. It's their one of the strategies to be come successful.

1) Define their Business and Vision

Defining the vision is important. It will become the driving force of the business. Here are questions that will help to clarify the vision:

- ❖ Who is the customer?
- ❖ What business are you in?
- ❖ What do you sell (product/service)?
- ❖ What is your plan for growth?
- ❖ What is your primary competitive advantage?

2) Write down Your Goals

Create a list of goals with a brief description of action items. If the business is a start up, they will want to put more effort into their short-term goals. Often a new business concept must go through a period of research and development before the outcome can be accurately predicted for longer time frames.

Create two sets of goals:

Short term: range from six to 12 months.

Long term: can be two to five years.

Explain, as specifically as possible, what they want to achieve. Start with the personal goals. Then list their business goals. In that case they have to answer these questions:

- ❖ As the owner of this business, what do they want to achieve?
- ❖ How large or small do they want this business to be?
- ❖ Do they want to include family in their business?

Staff: do they desire to provide employment, or perhaps, they have a strong opinion on not wanting to manage people.

- ❖ Is there some cause that they want the business to address?
- ❖ Describe the quality, quantity and/or service and customer satisfaction levels.
- ❖ How would they describe their primary competitive advantage?
- ❖ How do they see the business making a difference in the lives of their customers?

3) Understand their Customer

It is not realistic to expect that can meet the needs of everyone, no business can. They choose their target market carefully. Overlook this area, and we guarantee that they will be disappointed with the performance of their business. Get this right and they will be more than pleased with the results.

Needs: what unmet needs do their prospective customers have? How does their business meet those needs? It is usually something the customer does not have or a need that is not currently being met. Identify those unmet needs.

Wants: think of this as their customer's desire or wish. It can also be a deficiency.

Problems: remember people buy things to solve a specific problem. What problems does their product or service solve?

Perceptions: what are the negative and positive perceptions that customers have about them, their profession and its products or services? Identify both the negative and positive

consequences. They will be able to use what they have learnt when they will start marketing and promoting their own business.

4) Learn From their Competition

They can learn a lot about their business and customers by looking at how their competitors do business. Here are some questions to help us learn from their competition and focus on their customer:

- ❖ What do they know about their target market?
- ❖ What competitors do they have?
- ❖ How are competitors approaching the market?
- ❖ What are the competitor's weaknesses and strengths?
- ❖ How can you improve upon the competition's approach?
- ❖ What are the lifestyles, demographics and psychographics of their ideal customer?

5) Financial Matters

How will they make money? What is their break-even point? How much profit potential does their business have? Take the time to invest in preparing financial projections.

These projections should take into account the collection period for their accounts receivables (outstanding customer accounts) as well as the payment terms for their suppliers. For example, they may pay their bills in 30 days, but have to wait 45-60 days to get paid from their customers.

A cash flow projection will show them how much working capital they will need during those "gaps" in their cash position.

We recommend thinking about these six key areas:

- ❖ Start up Investment
- ❖ Assumptions
- ❖ Running Monthly Overhead
- ❖ Streamlined Sales Forecast
- ❖ Cumulative Cash
- ❖ Break-even

6) Identify their Marketing Strategy

There are four steps to creating a marketing strategy for their business:

Identify All Target Markets: define WHO their ideal customer is or target market. Most companies experience 80% of their business from 20% of their customers. It makes sense then to direct their time and energy toward those customers who are most important.

Qualify the Best Target Markets: the purpose of this step is to further qualify and determine which customer profile meets the best odds of success. The strategy is to position their business at the same level as the majority of the buyers they are targeting. It is critical to figure out who those to get the best customers are and how to best position of their company in the marketplace.

Identify Tools, Strategies and Methods: a market they cannot access is a market where they cannot serve. Marketing is the process of finding, communicating and educating their primary market about their products and services. Choose a combination of tools and strategies, that when combined, increase their odds of success.

Test Marketing Strategy and Tools: the assumptions we do not verify are typically the ones that have the potential to create business problems. Take the time to test all business assumptions, especially when they are making major expenditures.

These are as our major observation while we are working with MacDonald's Tornado AB in Stockholm.

From the above discussion we can find that MacDonald's is pretty care full to fix their business opening schedule which has a positive effect to implementing the strategy to become successful.

To introduce MacDonald's in Bangladesh, project sponsor or project manager have to be concern about this strategy.

4.12 Calculate the target group as a customer:

Target group and Positioning

McDonald's uses demographic segmentation strategy with age and income as the parameter. The main target segments are apparent with two children, children, business customer and teenagers as the information below:

Target Segment and what is the reason for coming to McDonald's restaurants?

- ❖ A parent with two children: Visit McDonald's to give the children a treat.
- ❖ Children: Want to visit McDonald's as it is a fun place to eat.

- ❖ A business customer: Visit McDonald's during the day as service is quick; the food tastes great and can be eaten in the car without affecting a busy work schedule.
- ❖ Teenagers: Are attracted by the saver Menu which is affordable, and the internet access available in restaurants.

As shown above, each group is different reasons in for coming to McDonald's restaurants. Actually, McDonald's has happy meal which toys ranging from hot wheels to various Walt Disney characters to attract the children segment. From this, they have a tie-up with Walt Disney. At several McDonald's restaurant, it also provides special facilities like "Play Place" where children can play archway games, etc. This strategy is aimed at making McDonald' a fun place to eat. Besides, it also attracts the young urban family wanting to spend some relaxing time while their children have fun at McDonald's restaurants. For the teenager, McDonald's uses several prices in several products, keeping in mind the different price to attract this customer group. Furthermore, Wi-Fi is provided for the customer to the McDonald's restaurants in Sweden.

To introduce MacDonal'd's in Bangladesh, project sponsor or project manager have to be concern.

4.13 How the strategy is influenced by external environment

The external environment can be divided into several sectors. In this section, I will only discuss two important parts: competitors, social concept (healthy problem) and uncertainty situation, which can greatly influence McDonald's strategies. Then at the last part of this section, I will discuss one particular strategy they used which served for their future development purpose.

Competitor:

It's unlikely that McDonald's can always be No.1. In an annual consumer satisfaction survey, McDonald's has been scored dead last among fast-food restaurants since 1992. In the fourth quarter of 2002, McDonald's disclosed its first-ever quarterly loss, one reason why McDonald's is struggling is that the consumers began to switch to its competitors, such as Burger King, MAX Burger, and Subway. These companies emphasized on offering fresher, hotter, high-quality foods at lower price with faster service. On the other hand, McDonald's decided to close 719 poorly performing restaurants around world. All of these simply proved that McDonald's might no longer be competitive in the fast-food market. And if McDonald's cannot adapt external environment change, they might be gradually diminished and even replaced by other competitors. In order to keep their market share, increasing sales and profits. McDonald's has to respond to the threat of competitors. In 2012, McDonald's offered the McWrap in the Sweden and the feature breakfast. Meanwhile, McChicken Premiere and a zesty chicken have been introduced in the UK, France, Italy and Belgium. McDonald's was trying to satisfy customer's desire for premium products at affordable prices. Furthermore, McDonald's is providing more

choice with respond to offer ‘ Happy Meal’ to keep the children. For example, Happy meal now including chicken selects, and no-sugar –add fruit drink (juice and low-fat drink) and

also to produce McDonald’s coffee which appeals to adult. Those products have been made to attract existing customer and develop new customers.(www.McDonalds)

Moreover, in addition to the innovative menu, McDonald’s is also rebuilding and even relocating some of their restaurants to make the environment more attractive. At the same time, McDonald’s is differentiating itself by creating, Vol. 3, No. 11 International Journal of Business and Management 74 more relevant experiences such as allowing the customers to access the Internet with the wireless technology platform. This innovative way not only attracts the teenagers, but also perfectly fitting the modern professionals’ requirements.

In Bangladesh, MacDonalld’s have to compete with other international fast food chain such as, KFC, Pizza hut, Nandoo’s etc. which are doing good business in big cities in Bangladesh.

Social problem –healthy issue

With the economic development, people’s living standards have increased dramatically these years. People are becoming more concerned about their health issues. It cannot be denied that McDonald’s has attempted to make itself more convenience for the people. However, people also believe that such kinds of fast food are not good for their health. The world health organization’s report presented that those food not only can cause the obesity of children, but also is part of the reason of causing cancer. Healthy issues became the biggest stumbling block to the development of McDonald’s. Customers were switching to healthier offering, such as Subway’s sandwiches, or KFC’s mashed potato instead of fried potato. McDonald’s has responded to this healthy trend. In order to compete, McDonald’s has added salads and other lighter options into their menu. If a mother comes in, she is not only buy the happy meal for her children, she will also be likely to buy herself a meal too .the lighter options also encourage existing customers to come back more often, because there is a greater variety of choices.

That is why in 2012 MacDonalld’s introduce some salad items for health conscious people.

Focus on Children

No matter how different the tastes and the local needs are, McDonald's has paid considerable attention to the children in every country. They built 'happy land' for them, offering fantastic "happy meals" with novelty toys to them. Furthermore, McDonald's has just launched computers with games that were designed to inspire the children's imagination at the same time shape their personal characteristics. There are three main reasons for McDonald's to focus on the children:

(1) Children are one of the biggest consumers groups to McDonald's. And McDonald's has been regarded, as their favorite place to go. The brand culture "happiness" is known by children.

(2) McDonald's believe that focusing on children can build the stable business, and will provide the best engine to encourage the whole family to come to McDonald's. For example, one happy meal for a child only cost 30 SEK but McDonald's can produce more new products in addition to happy meal to offer the whole family.

(3) By Building a brand loyalty with the children, McDonald's more likely to be successfully today and in the future.

In my opinion, McDonald's is not just selling the happy meal to children; it is selling the American culture to the children – the enjoyable individual life.

Actually this strategy with focused children segment is fully worked for their future development purpose. Whatever how the environment changes this strategy can always develop future generation customers' loyalty. And the "happy children" can also bring in the whole "happy families".

Our case company Tornado AB, every Saturday arrange special event for children to attract customers. So it is a popular place for family day outing.

In Bangladesh, focus on children would be a good policy to attract children with their family.

Chapter-5

5 Possible opportunities and difficulties to introduce MacDonald's in Bangladesh

MacDonald's is not successful in Bangladesh for various reasons which we will describe here. We will base on Omi Limited's concept. They tried to build MacDonald's in Bangladesh. But they failed. We have contacted with them and got the following idea why they are not successful. We have taken a couple of interviews with the CEO of Omi Limited company.

Omi Limited company is a reputed export import company in Bangladesh. They are doing some fast food business on the local market. They are quite successful on that. All the discussion is based on their concept and the local policy of the government which we are going to describe.

Main food of Bangladeshi people is rice and fish. At daybreak a farm laborer or a fisherman starts his long day with a meal of panta, plain boiled rice soaked overnight in water and allowed to ferment a little. This watery rice, mixed with salt and chili, makes a filling breakfast for the poor.

Now a day's fast food is very popular in the city area, especially among young people. We have KFC and Pizza Hut which are international chain food restaurants. They are doing good business in big cities such as Dhaka, Chittagong.

In Bangladesh 80% of people are Muslims. And Muslim people likely to have halal food. Halal foods are foods that Muslims are allowed to eat under Islamic Shariah. The foods addressed are mostly types of meat and animal tissue.

5.1 Introducing MacDonald's in Bangladesh

As a project manager or a project sponsor we have to analyze risk and opportunities to start a new project.

Instead of some advantages McDonald's can't run their business in Bangladesh. Their main strategy is to give the quality food in low price. In the previous chapter we have discussed MacDonald's strategies and But because of the following reasons it is practically impossible to introduce MacDonald's project in Bangladesh-

5.2 MacDonald's is not successful in Bangladesh?

1. Scarcity of local food supply

Omi Trade Centre, one of the organizations or owners of many chain food businesses in Bangladesh, wanted to run MacDonald's. Their proposal was not accepted by MacDonald for many reasons. I personally talked with the managing Director of Omi Trade Centre. According to them, the main reason to deny their proposal was low quality food supply. For instance, potatoes that used by MacDonald need to be big and same size. Our local produce potatoes are small and don't have same size or shape. But it's necessary to obey

international guideline to run a MacDonald. Bangladesh is religious country and most of its people are Muslim. That's why, MacDonald's glocalization rule is obeyed and **halal meat** is needed to run a MacDonald's. Otherwise MacDonald's will be abandon by most of the Bangladeshi people. Bangladesh is not fully self-sufficient in food or meat. Moreover it doesn't have proper equipment's or infrastructure to make same size shaped and weight meat piece as required by MacDonald's. That's why local supplier can't serve meat or potato need for the MacDonald's. That's why MacDonald's could not run their business in Pakistan too.

2. Trading problem: Why International supplier fails

Neighbor country India has MacDonald's but we can not use their supplier for meat, mainly because of food habit and religion. Their MacDonald's don't use meat in their meals because of glocalization rule. India is religious country and most of them are Hindu. And Hindus don't take meat and many of them are vegetarians. Even if, Indian supplier supplies required meat for MacDonald's of Bangladesh will not be halal and transport cost for the meat will increase the meal cost of MacDonald's. Event though Bangladesh has good trading relation among china and Hong Kong, Its not possible to have meat from China and Hong Kong, mainly because as they will not be able to provide halal meat, Food perish ability and transport cost.

China and Hong Kong both are not Muslim country so their supplier will not be able to provide halal food. There is huge land distance between Bangladesh and China or Hong Kong. Even if they somehow manage to produce halal meat, transport cost and delivery time will be huge for

the perishable meat. if they use air for transport than cost will be higher and if they use water for transport delivery time will be big . It's possible to keep meat for longer time than that of tomato and other needed perishable item for burger. That's why tomato other burger item can not be taken from china or Hong Kong.

3. Training facility

There are no training facilities or infrastructure to train MacDonald's employee. So that MacDonald's can run smoothly with its highest potential. On the other hand Sweden have all the infra structure to train its people. If they allow Bangladeshi owner to run MacDonald's then it will be needed to set up training place in Bangladesh.

As we know that McDonald's vision is 'to be the best and leading fast food providers around the world'. Through this vision their mission is; 'to be the world's best quick service restaurant experience. Being the best means providing outstanding quality, service, cleanness, and value so, that they can make every customer in every restaurant smile.'

4. Economical issue:

In Bangladesh, main problem is it's downwards GDP rate. In addition, there are four areas of focus: product improvement, supplier relationship development, equipment improvement and training and monitoring franchises. McDonalds has been successful in revolutionizing and innovation to their own supply chain.

GDP per capita is often considered an indicator of a country's standard of living.

According to the World Bank data, in year 2001, Bangladesh is in low income level and GDP \$111.9 billion with population of 150, 5 million. According to wikipedia Bangladesh's per capita income went up to \$848 in the current fiscal year from \$816 last year, but is still way short of the \$1,006 needed to pull the country up to the middle-income bracket.

On the other hand, in year 2001, Sweden is in category of high income level and GDP \$539.7 billion with population of 9,449 million.

According to Euro monitor International and Credit Suisse Emerging Consumer Survey, Indian people spend less (\$11) compared to the Chinese (\$60) on fast food. Indians spend approx 23% of their earnings and the Chinese approx 20% of their earnings on food. The U.S. spends less than 15% on food. (From doc India strategy)

After this studies we can say that, comparison of GDP rate help us to understand the difference between Sweden and Bangladesh's economy. It plays an important role on fast food business because, number of consumer related to the success of any project. Due to country's poor economical condition, it is risky to introduce MacDonal'd's in Bangladesh.

5. Weather: In Bangladesh, its very warm most of the time and humidity is very high. Weather temperature is 30 degree Celsius to 42 degree Celsius. So it is difficult to store perishable product for any restaurant branch. In that case storing cost would be higher than any other European countries and it will increase the project cost.

6. Local supplier: In Bangladesh local product such as size of potato do not full fill the requirement for MacDonal'd's. Low quality food can create problem to follow the branding strategy for MacDonal'd's.

5.3 Opportunities:

❖ Local manpower :

Bangladesh can provide local manpower for any shop or international chain. For instance, one of the big international food chain KFC run by Bangladeshi local manpower. Bangladesh don't have training institute like Sweden has.

❖ Large population:

It's a positive side to start new fast food brand in Bangladesh. Undoubtedly MacDonal'd's will get large number of customers in city area.

❖ 'Halal' meat:

To follow MacDonal'd's Glocalization strategy, they have to serve halal meat in Bangladesh as it is a Muslim land. MacDonal'd's can easily fix a local supplier to supply

Halal beef and chicken as a raw material product. It would be cheap to start MacDonald's project in Bangladesh.

❖ **Local Media:**

In Bangladesh media effect is very strong. They have 35 TV channels and can help to introduce MacDonald's all over the country. MacDonald's can be official sponsor to any local company such as, Bangladesh cricket team. These are good policy to become familiar in any country.

❖ **Local chicken :**

One of the main foods used in MacDonald's is chicken and local markets of Bangladesh can be good source of quality chicken in cheap price. Bangladesh KFC and other international food chain are running there based on those chicken supplies.

5.4 Risk analyses:

1. Bangladesh has large population but most people have very low income to buy fast food.
2. Fast food is popular in the big city area but a large number of people live in the village, they have their food habit and culture and not used to eat fast food in daily life.
3. Though Bangladesh has some natural beauty and longest sea beach in the world, it is not a famous tourist place. So MacDonald's will get only local people as their customer.
4. MacDonald's can not make e-business in Bangladesh because of their poor e-communication system.
5. Bangladesh government's tax policy is not good for the foreign investors' i.e. high taxation.
6. Waste and liter management system is not applicable in Bangladesh.
7. Community education system of Macdonald's is absence.

Chapter -6

6. Conclusion and Suggestions

6.1 Conclusion

Here as a project management student, we have analyzed some factors which play a important role to start a new business in different part of the world. Such as Bangladesh which is surrounded by India. These two countries have different culture and religious believe. That makes a complexity to start MacDonal'd's in Bangladesh. We have already describes that in chapter 5.

On the other hand Sweden, is surrounded by Scandinavian countries and they have almost same culture, religion, food habit and above all good trade agreement. That is why chain companies like Macdonald's is successful in this geographical area.

As a project manager they have to consider geographical position of the project place.

In short we can say, to start a project, a project manager must have to consider the following tools –

- ❖ Cost estimating of the project
- ❖ Quality control
- ❖ Glocalization aspect
- ❖ New product launch analyses
- ❖ Product waste and Recycling management
- ❖ Human resource management of the project
- ❖ Business opening schedule
- ❖ Calculate the target group as a customer
- ❖ Proper training centre
- ❖ E-communication system

6.2 Important components

This case study of MacDonal'd's will help anyone to be more informed or start a food chain franchise or food business in any place. Especially areas that this thesis also covered are:

- ❖ New business
- ❖ How maintain management
- ❖ How maintain production cost
- ❖ Supply chain strategy
- ❖ Business start strategy
- ❖ Location strategy

6.3 Recommendation and Suggestion:

Finally our observation after this thesis report is that to start a project, project manager first have to develop some strategies and fix the project goal.

In this report we worked, why MacDonald's is successful in Sweden and on the other hand we find the reasons, why these strategies are not applicable in Bangladesh to introduce MacDonald's.

MacDonald's thinking to start their business in Bangladesh. They are very interested about to start their business there, because according to them it's a big market with large population. Initially, they can establish MacDonald's business school and some charitable hospital in Bangladesh as their marketing strategy. When these would be successful then they can take next step to run their business.

In Sweden, MacDonald's have their own business school to train up their employee.

So, in future it would be an interesting topic for the students to work on this field. They can do more empirical analyses to introduce MacDonald's in Bangladesh. We have discovered many positive effects to start MacDonald's project there.

6.4 Future research Questions –

- ❖ What necessary steps can be taken to make project successful in countries like Bangladesh?
- ❖ Why unlike MacDonald's, other food chain like KFC can survive in Bangladesh but not in Sweden?

Chapter 7

References:

1. <http://articles.bplans.com/starting-a-business/business-start-up-strategy/73#ixzz2dowz7Mts>[http://www.ashfield.nsw.gov.au/files/planning and devlopm2.ent/draft_plans_and_exhibitions/waste_management.pdf](http://www.ashfield.nsw.gov.au/files/planning_and_devlopm2.ent/draft_plans_and_exhibitions/waste_management.pdf)
3. <http://baike.baidu.com/view/4676.htm>
4. <http://en.wikipedia.org/wiki/Glocalization>.
6. Edström. A., & Galbraith, J.R. (1977). Transfer of managers as a coordination and 11. control strategy in multinational organizations. *Administrative Science Quarterly*, 22, June, 248-263.
7. Egelhoff, W.G. (1984). Patterns of control in U.S., U.K. and European multinational corporations. *Journal of International Business Studies*, Fall, 73-83
8. Fatehi, K. (1996). *International Management*, New Jersey: Prentice Hall.
9. Geringer, J.M. & Hebert, L. (1989). Control and performance of international joint ventures. *Journal of International Business Studies*, Summer, 235-253
10. Hodgetts, R.M., Luthans, F. (1994). *International Management*, New York: McGraw-Hi.
11. <http://www.scribd.com/doc/26247206/Mcdonald-s-Strategic-Human-Resource-Management>
12. <http://link.springer.com/article/10.1007%2FBF00186700#>
13. Mead, R. (1994). International Management. *Cross Cultural Dimensions*, Oxford: Blackwell.
14. <http://www.mcdonalds.com/>
15. <http://productstrategy-amy.blogspot.se/>
16. Richard L. Daft, (2005). *Organization Theory and Design*, 8th edition, Thomson ,south-western(Chapter 10).

