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1.0 INTRODUCTION

Operations management deals with the production and delivery of products and services within an organization. In order to be successful in operations management area, it is necessary that the operations manager monitor the production processes that include selection of suppliers to work with till the distribution of products. Operations management also deals with issues of quality. The team dealing with operations management in an organization includes highly trained employees that are capable to identify, manage and analyse the issues. Operations management focuses on management of resources that helps in the process of manufacturing of products and services (Skinner, 2004). These resources include raw materials, staff, technology, information and various other inputs involved in process of manufacturing. These resources are utilized efficiently in order to make quality products in an organization. This assignment aims at explaining operations management in McDonald's Corporation. This is one of the world's largest companies that deal with business of fast food. It has around 31,800 restaurants in 119 countries across the world. It was started in 1940. This assignment focuses on the operation functions, performance objectives and operational control in McDonald's. It also throws light on linear programming, critical path analysis and quality management of the company.

2.0 TASK 1

2.1 IMPORTANCE OF OPERATIONS MANAGEMENT IN McDonald's

Operations management helps a company to maintain efficient operations that results in overall success of the company. Operations management plays an important role in every type of company as they deals with production of some or the other product. Operations management makes effective use of resources in order to produce quality products as per the need and interest of the consumer in the decided time and budget. The most important role of operations management in an organization is to add value to the products and services to get quality outputs.

McDonald's is one of the most successful fast food chains of restaurants. This company uses computerized system and lays great emphasis on the quality of food served in their restaurants. They have strict quality standards that help to maintain quality of their food. Also, audits are performed twice every year in each and every outlet of McDonald's to ensure food quality. The entire staffs of McDonald's are provided with training so that they have appropriate skills and knowledge to deal with the customers and fulfil the standards of the organization and hence satisfy the customers. The most important factor on which the company focuses is making its customers happy which makes operations management an integral part of this organization. McDonald's ensures that efficiency is maintained in the company. It makes high quality and inexpensive fast food for the customers that help in customer satisfaction. Operations management deals with delivering the food products to the customers in less time, proper management of resources and inputs to get quality outputs. It ultimately leads to successful business (Harland, 2007).

2.2 OPERATION FUNCTIONS OF McDonald's

Every organization have operation functions as each one of them produces some or the other products. The operations functions are part of organization that holds responsibility in activities of production, delivery of products and services. Below are the operation functions of McDonald's.

- 1. Product development function:** This function helps in creation of new products as per the needs of the people. McDonald's is focusing the international markets. They focus on the local tastes and preferences and then make up their menu options. The menu changes as per the change in culture, religion and taste preferences. For example: In India, McDonald's doesn't serve any beef item due to religion and cultural issues. So, instead of the "Big Mac" in their menu they have "Maharaja Mac" (Goldenberg, 2002).
- 2. Marketing function:** This function helps to present the products among the markets in order to develop a large customer base. Corporate offices handle the marketing of products of McDonald's. The core-marketing message changes due to changing culture and customer target differences. They have happy meals for children that offer a meal with toy. It helps to attract the entire young generation. McDonald's follows various marketing methods to make their product famous among people.
- 3. HR function:** This focuses on selection of staff for their outlets. McDonald's provide trainings to their employees so that they can communicate effectively with customers, process their bills and prepare amazing food items as per their taste and requirements.

4. **Accounting function:** This helps the company to take all the economic decisions and effectively manage financial resources within an organization like McDonald's.

5. **Operations function:** This function lays emphasis on producing and delivering of the product. McDonald's takes utmost care in preparation of all the food items and delivers them to its customers in a very less time period with assured quality and taste. This function also deals with management of all the resources within McDonald's.

2.3 OPERATION MANAGEMENT OF McDonald's USING PROCESS MODEL

Operations management deals with setting of goals and planning to execute the things in such a way that the goals are achieved. McDonald's has its own strategy to manage its resources and then using operations management techniques does the management. The operations management in McDonald's focuses on effective use of time and cost in the products they serve to their customers. They have a standard model for all their outlets as shown below.

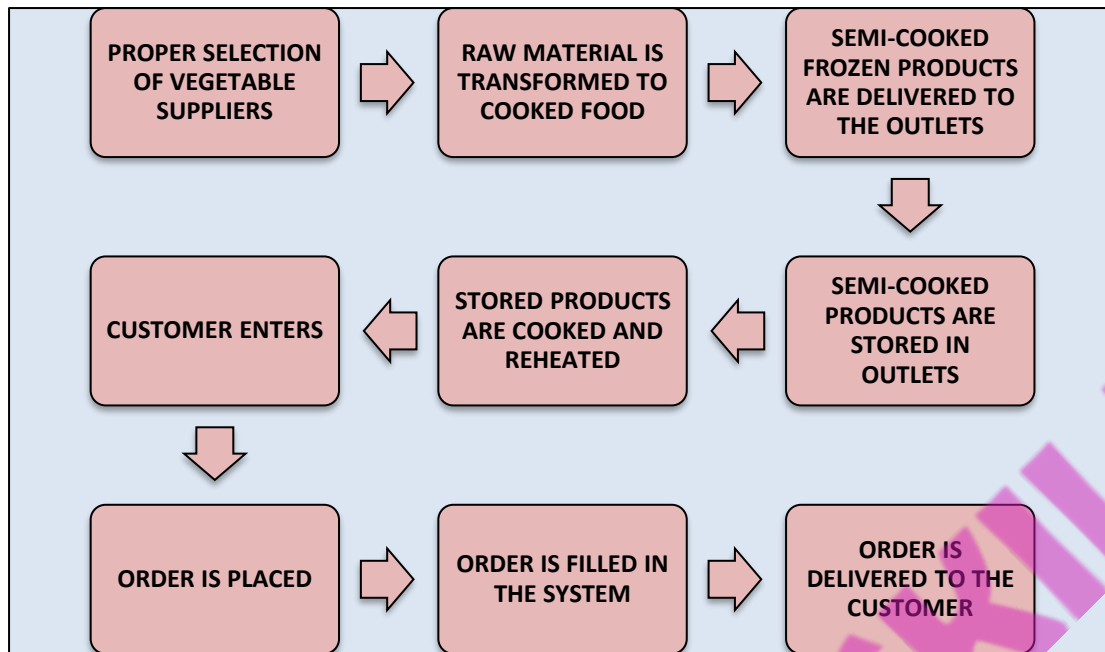


FIGURE 1: STANDARD MODEL OF McDonald's (Source: Wilkinson, 2002).

This model shows how McDonald's work right from collection of raw material to production and delivery of food products. This organization believes in first cum first serve basis. The process of manufacturing a product is very much transparent to its customers. The kitchen where the products are made is visible to the customers so they can observe the hygiene factors followed by the company. The process model focus on providing input and with the help of transformation process the inputs are converted into valuable outputs as discussed below.

1. **INPUTS:** This includes raw material for preparation of food items. For example: ready sauces for various kinds, chopped vegetables, salads for burgers etc. It also includes resources, information and technology.
2. **TRANSFORMATION PROCESS:** This step helps to transform the inputs into outputs. McDonald's handles the input, output services and maintains the quality of food served at their outlets.

- 3. OUTPUTS:** This is generally the product offered to the customers. This is ready to eat food as per the demand of the customers. Proper efforts are being done in delivering quality products to the customers.

2.4 THE THREE E'S

Operations management moves around these three E's as it takes care of the quality of products made and served to customers of the company. These three E's Economy, efficiency and effectiveness help in making quality products and focuses on satisfaction of customers. An organization needs to be very efficient so that they are able to create an effective system that helps to build up the economy of the company and hence the country. There have been instances when the company was not able to make effective system and therefore it affected the growth of the company. In organizations like McDonald's, there are a lot of options that are made available for the customers, which makes sure that effective system is created and cannot drop any ways. All the three E's are explained below:

- 1. EFFICIENCY:** This means proper utilization of all the resources in such a way that nothing is wasted. In McDonald's, they focus on the raw material used to prepare the food ranging from potatoes to make fries to the bread buns. This company ensures that no vegetable or bread buns are wasted in any form. This is made visible in the final analysis of cost of the company.
- 2. EFFECTIVENESS:** This means to do the things in a way that the finished product is as per demand of the markets and taste of customers. This is an important part of overall picture of functions of McDonald's. They lay great emphasis on producing the product that is according to the needs of the

consumer and is inexpensive that can easily fit up in the budget of a middle class family.

3. ECONOMY: This refers to manufacturing the goods as cheaply as possible.

This deals with the process of making the company more beneficial. In case of McDonald's, they produce food products that are very low in cost but maintain its quality. They do this by controlling wastage.

2.5 TENSION BETWEEN COST MINIMIZATION AND QUALITY MAXIMIZATION

Every company struggles very hard when the cost of the product has to be reduced while maintaining its quality standards. The organizations make sure that there is a better way to do the job so that quality is maximized and cost is reduced. This can be done by adopting various methods and choosing the best method to do it. Food industry is one such industry that really needs to focus on this in order to maintain its reputation in the markets. In case of McDonald's, it was a tough situation to make balance between cost and time required for production and thereby maintaining the quality of products. The company solely focused on satisfaction of its customers that gave it a very hard time. They follow process of backward integration that helps them to grow their own resources, which further helps to save cost. By training its employees the company saves a lot of time. These factors have resulted in making the company successful.

2.6 SIGNIFICANCE OF PERFORMANCE OBJECTIVES

Every organization needs to follow these five criteria's in order to satisfy its customers and deliver quality products to them. These factors also helps to achieve business competitiveness.

- 1. COST:** Cost is one of the most important performance objectives of McDonald's. It makes sure that the food products that are made and delivered to the consumers are of affordable prices. They take care that products sold at their outlets are value for money. They use process of background integration as explained earlier that cuts down the cost of resources and hence helps to manufacture products of low cost. The people enjoy eating at McDonald's as it offers tasty fast food items at a very low price.
- 2. QUALITY:** This is another performance objective that helps McDonald's to achieve organizational growth. They serve products that have quality standards. Customers can see the hygiene factors while they place the orders as everything is being done in front of them. McDonald's don't compromise with the quality of products. The entire focus is laid on making the food products of very high quality that satisfies their customer's requirements.
- 3. SPEED:** This is again an important performance objective at McDonald's. They believe in timely delivery of the food products to their customers. They maintain this speed that helps the company to sustain in the current business situation. The employees of McDonald's hardly take few minutes to process the order requested by their customers.
- 4. DEPENDABILITY:** This is another performance objective that is used in McDonald's as it ensures quality products to its customers that makes the customers more dependent on the company. The more this company increases the quality more is the dependency of people on it. Various other factors apart from quality contribute in dependability on an organization.

5. **FLEXIBILITY:** In order to compete in the competitive world the company needs to be very flexible. McDonald's has flexible menu options and they keep on changing it as per the changing culture, religion, tastes and needs of the customers (Chase, 2006).

3.0 TASK 2

3.1 LINEAR PROGRAMMING

Linear Programming is a process that helps in management of an organization to make decisions in relation to production, capacity planning and staffing. Resources make final products. Linear programming helps an operation manager to plan and likewise take decisions in allocation of resources. The main focus of McDonald's is to produce food products that are low in cost, high in quality and results in higher customer satisfaction. In this company, linear programming is used in a way that appropriate product is made available to the customers in less time with the help of linear programming solutions (Katta, 2003). They consider different variables like time required for taking an order and time taken to deliver the food product to the customers. They make sure that the best production techniques are used to increase profits of the company. It also focuses on less wastage that helps to reduce the overall cost of the food product. A major problem in McDonald's is that the employees working in this company come in shifts so it is necessary to utilize these resources to the maximum so that higher level of customer satisfaction is achieved.

3.2 CRITICAL PATH ANALYSIS AND NETWORK PLANNING

Critical Path Analysis helps to differentiate small activities in a big project. They show the execution list of the activities. There are a lot of factors responsible for the

organization to be successful. This is one reason for such type of analysis to be done in an organization that helps in successful implementation of operations management. One of the major reasons for Critical Path Analysis in McDonald's is that there are various processes that require timely delivery to the customers. If the delivery is delayed it results in an unsatisfied customer. So, a Critical Path Analysis can be done in the new outlets of McDonald's that can concentrate on the number of employees working in the outlet and various processes that require timely delivery of raw material that hampers the delivery of final product. Therefore, Critical Path Analysis should be done in the outlets keeping in mind all the factors and processes that affects the delivery time of the product (Chapman, 2001). It also makes sure that all resources involved in the process of manufacturing and production are used efficiently and effectively.

NETWORK PLANNING

Network planning is graphical representation of sequence of events to be executed in an organization. It plays a great role in planning, scheduling, controlling, monitoring and execution of any project. It lays emphasis on the inputs required for the completion of process that includes cost, time and resources. The main basis on which network design is done is various other networks that affect the overall performance of the organization. Therefore, it becomes important for an organization to make sure that all the networks are well aligned in functioning of the organization. In McDonald's when a new franchise is being setup. They make sure that all the networks that are affected by the outlet are well known to the company and are an integral part of the overall analysis of the new outlet.

3.3 NEED FOR OPERATIONAL CONTROL AND PLANNING

Various decisions taken in relation to operational planning and control involves training of staff, scheduling of labour, cost of transportation of raw materials, type of raw material required, storing raw materials in outlets and timely delivery of products to customers to ensure high customer satisfaction. It focuses on various activities and operations going on within an organization. Every organization needs a good control on the on-going processes so that every thing goes in a correct and decided way. Every organization should set some rules to be followed for its effective functioning. It is not necessary that operations control is required only in big organization. Even if the size is small proper control on the resources is required for its effective functioning. In McDonald's, proper planning is required to store the raw material to be used in the production of food material, deciding supplier for vegetables and timely execution of process of delivery of the products to its customers. A good operations planning and control helps to depict the future needs of the organization (Robert, 2001). Various decisions of McDonald's including cost of food, type of raw material, storage of raw material and number of employees required are being taken care by effective operations planning and control.

3.4 OPERATIONAL OUTCOMES

There are various operational outcomes that occur in McDonald's and are discussed below:

1. **QUALITY:** There are many competitors of McDonald's that gives a high competition to the company. This is one reason that the company focuses a lot on the quality of products it serves. They offer value for money food

products to its customers as per their taste and requirements. They make sure that all the quality standards are followed in its outlets. To continue this they perform audits twice a year in its each and every outlet that keeps a check on the way employees are working and the quality standards being followed so that there are no complaints from the customers.

2. **COST:** This is another important factor in which McDonald's is achieving a huge success. The costs of food products served in McDonald's outlets are very cheap and affordable. They have cut down the overall cost of the product by growing the raw material themselves.
3. **ATTRACTING CUSTOMERS:** McDonald's serves a meal well known with the name of "Happy Meal" that has a meal and a toy. This meal helps to attract the young generation to step in. The company has gained a lot of publicity because of this meal and has a huge young customer base.

3.5 NETWORK PLAN

Critical Path Method is a technique used in planning of a project. There are various tasks involved in a project. Critical Path Method helps to manage these tasks by taking care of important parameters. The tasks to be completed are represented in the form of network diagrams. By doing so, the company can plot out time required by individual tasks. It helps to calculate the total time required for completion of a project. Network diagram plays an important role in time management once all the activities to be done are listed and added to the diagram. One can use critical path method to finish the tasks on time.

NETWORK DIAGRAM FOR SETTING UP A NEW FRANCHISE

	ACTIVITY	DURATION (in days)
A	Locate facilities	4
B	Order furniture	1
C	Recruit people	3
D	Hire and train employees	2
E	Remodel	2
F	Set up of furniture	2
G	Move in	1

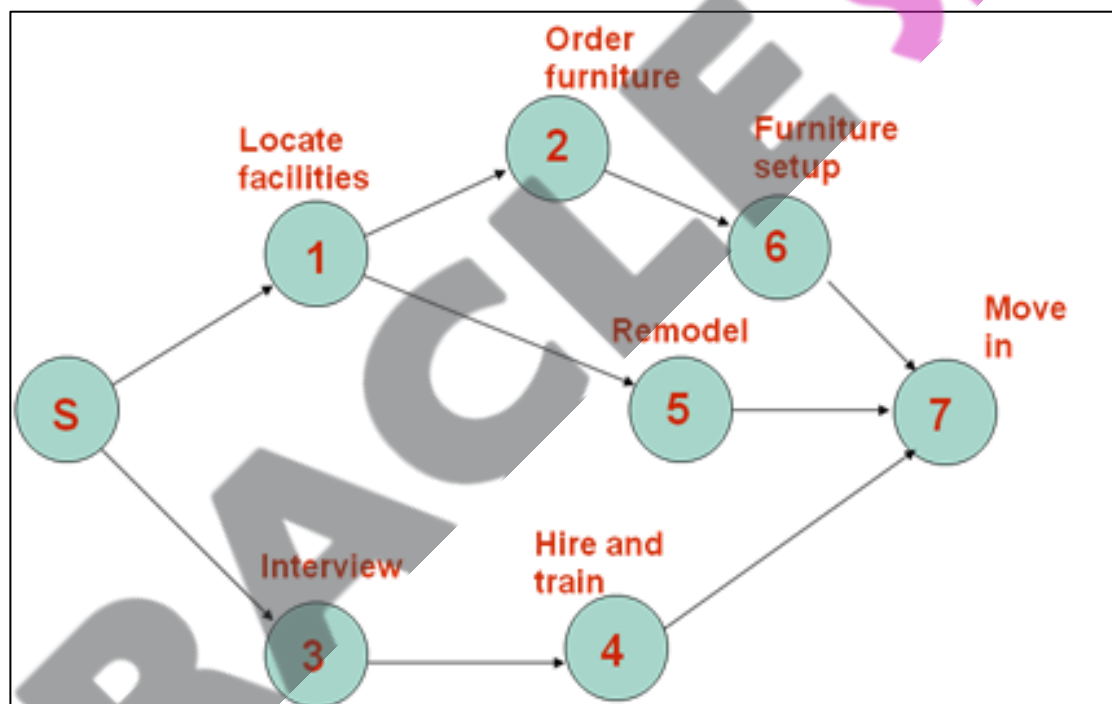


FIGURE 2: NETWORK DIAGRAM FOR SETTING UP A NEW FRANCHISE (Source: Purcell, 2008)

These activities can be shown on a network as shown above. The most basic step is to fulfil the basic requirement that is to set up a new franchise. This takes the maximum time. The next step is development of supply chain and is less time

consuming. These two are the main tasks that consume time and should be done as soon as possible. The rest of the activities include recruitment of employees, ordering of furniture, setting up of furniture and various other activities as listed in the network diagram. These should be done in an efficient manner so that all of them are completed in the defined timeline.

3.6 QUALITY MANAGEMENT

McDonald's lays a huge emphasis on maintaining the quality of food products made and served so that it can fulfil the minimum requirements laid by the corporation. They follow quality check procedures to maintain quality of products and services. The quality in McDonald's depends on two main reasons. One is a legal requirement of quality as it serves fast food and second is to maintain a good reputation that it has earned in the past years. Maintaining the quality is difficult task so McDonald's double-checks the quality of food that it serves. Customer monitoring and feedbacks also helps to enhance the quality of the products (Foster, 2003).

4.0 CONCLUSION

Operations management plays a vital role in an organization as it deals with overall strategies of the organization. McDonald's is a successful chain of fast food in the entire world because of proper control and management of its operations. This further helps the company to grow. The company believes that success of an organization entirely depends upon its employees. So, it focuses on recruiting the best team and offer trainings that help them to educate and provide excellence in services. Planning of process also helps to reduce cost and enhance quality. Therefore, it is very necessary for an organization to manage the operations for attaining success (Render, 2006).

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MIRACLE SKILLS