



Sarah L. Casanova

Keidanren *Women's Executive Network*

Leadership Mentor Program

Leadership and Reforms in Corporate Culture

Keidanren



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Growth Strategy at McDonald's Japan

After opening its first restaurant in Tokyo's Ginza district in 1971, McDonald's Japan has achieved remarkable growth over years. In 2010, it had approximately 3,300 restaurants in operation with combined sales revenue of 542.0 billion yen. However, due to food-quality issues and its slow response to changing trends in customer values and patterns of consumption, the company's business performance faltered, leaving it with huge operating losses two years in a row.

Faced with this situation, upon assuming my post as CEO, we formulated a Business Revitalization Plan with four key pillars aimed at helping the company win back the trust of its customers, revive employee morale, and improve its business results. First, we took several customer-focused actions. Specifically, we turned our attention to food safety and quality, offering a more appealing menu, delivering value, QSC (quality, service, and cleanliness), engaging our customers, developing new products, and adopting a new customer communication app. Through these measures and other initiatives, we sought to recover public trust and boost our corporate image. Second, we accelerated investments in our restaurant-facilities. To date, we have modernized about 90 percent of our restaurants nationwide and endeavored to provide customers with a more comfortable restaurant-environment. Third, we implemented a community-oriented business model. This involved transferring authority to our three regional offices and revamping our support framework for our franchisees and outlets, and renaming our headquarters to the National Restaurant Support Office. And fourth, we took steps to improve our cost structure and resource utilization efficiency and engaged in a full review

of all operating costs. As an outcome of these efforts, McDonald's Japan posted significantly improved business results in 2016 and moved back onto a track of growth sooner than McDonald's restaurant chains in any other country.

Teamwork and Reforms in Corporate Culture

Teamwork and reforms in our corporate culture were the prime reasons why McDonald's Japan was able to pull ourselves up from the depths and achieve the strong recovery that we did. As our executive team was represented by seven different nationalities and backgrounds, we strengthened our own teamwork and we formulated a new business strategy. Further, to help our employees adapt to and utilize different work styles, we pursued reforms in our traditional corporate culture that included office renovations, the implementation of a telecommuting framework, and the extension of our flex-time system. We also inaugurated a biannual conference that assembles around 4,000 stakeholders including restaurant managers, franchise owners, and suppliers for discussions aimed at developing a shared commitment to our business plans and boosting company-wide morale.

If it were not for the reforms to our corporate culture, McDonald's Japan would not have been able to achieve the turnaround it did in its business performance. However, we have shown that we can work together and take the right path precisely when times are tough. Today, some 140,000 crew members nationwide share the values of the McDonald's corporate culture. We will leverage our teamwork to sustain our growth on into the years ahead.

Mentor Profile

Sarah L. Casanova

**President and CEO,
Representative Director
McDonald's Company
(Japan), Ltd.**

Casanova joined McDonald's in 1991 in Canada and has been with the brand for 27 years, 22 of which she has spent working outside of Canada. She was the marketing manager for McDonald's in Russia, and has worked in Turkey, Ukraine, Canada, Malaysia, Singapore and Japan. Her first stint in Japan was from 2004 to 2009 when she served as the Chief Marketing Officer. She then became the Managing Director of Malaysia in 2009, returning to Japan in 2013 as CEO and President of McDonald's Japan.

