

# Cooking Up a Recipe for Effective Leadership

Joyce Jenkins

**W**hen McDonald's opened its first restaurant in China in 1990—an outlet in Shenzhen, a city that borders Hong Kong—the company knew it was taking a giant step in its global strategy. It also knew that as one of the icons of Western culture, it would have to make some adjustments in its approaches—including its approach to employee and leader development—to succeed in its operations in the vastly different culture of China.

McDonald's went on to open more stores in China—including, in 1992, an outlet in Beijing that at the time was the largest McDonald's in the world—and today it has more than eight hundred restaurants in the country, with nearly fifty thousand employees. So it's clear that the company's approach has been working. But exactly how does an organization that is growing as fast as McDonald's has been in China find, develop, and retain people with the necessary operational skills and leadership expertise to keep the momentum going?

Since its founding in 1955, McDonald's has placed a premium on employee development. The company's founder, Ray Kroc, believed that if you “take care of those who work for you . . . you will float to greatness on their achievements.”

The cornerstone of the company's action plan for leadership development, in countries around the world but particularly in China, is an emphasis on developing local leadership talent. “With McDonald's focus on development of local national

leaders, people see that the company is genuine and truly wants to develop local career opportunities,” says Lismen Chan, McDonald's vice president of human resources and organization for the Asia Pacific, Middle East, and Africa (APMEA) region. “In China, where there is fierce competition among global companies for local leadership talent, it is important that people see us taking action to develop and promote local talent for top positions.”

## HOMEGROWN EXPANSION

McDonald's has been training people to manage its restaurants since the company's beginnings. Today there are seven Hamburger University campuses around the world, including locations in Hong Kong, Japan, and Australia. Individual restaurant managers and regional managers who attend Hamburger University learn general management skills, with a strong emphasis on people practices and leadership, as well as the specialized skills needed to operate restaurants.

But with leadership development playing an increasingly important role in the company's global operations, McDonald's strategy has gone beyond the management training of the Hamburger Universities to encompass a global leadership development program.

As Chan says, McDonald's strongly believes that the best people to grow the business in a particular country are individuals from that

country. McDonald's sees the role of expatriates as helping to get the business started, then developing local talent to take over the long-term leadership. “Having local nationals leading the countries makes sense for the organization,” says Chan; “in terms of cultural understanding, there is a lot of subtle knowledge about the local business environment that [locals] are sensitive to and aware of.”

Another feature of McDonald's global leadership development strategy is that talent is often groomed from the ranks of restaurant employees to take on increasingly greater responsibility. In fact, 42 percent of the members of the company's worldwide top management team started their careers serving customers. The head of McDonald's China, the head of McDonald's Asia, and the president of the APMEA region all started as crew members in a restaurant.

Says Denise Broz, McDonald's director of global talent management, “Identifying the right people to be future leaders and creating the right development opportunities for these individuals is what makes a difference.”

Broz describes how this process works:

*At least once a year we get together with the APMEA leadership team for a talent roundtable discussion to calibrate and agree on the performance, promotability, and potential of their employees. We talk with them about who the future lead-*

ers of the countries might be, where they are in their development, and what some of their development needs are. We also look to the leaders in the various countries to see who they think are the top people in the country to succeed them. We use consistent, standardized talent-management frameworks around the world. Our performance-management frameworks are competency based, and we rate performance against both objectives and leadership skills. Another critical component is well-written and well-executed individual development plans. We look at on-the-job experiences to develop people, and some people may need to take a developmental assignment in another country or functional area to broaden their exposure in order to move to a higher position.

Once high-potential talent is identified, McDonald's invests in developing this talent through a number of programs at the regional and global levels.

Chan says the biggest challenge is "how to narrow the leadership gap in terms of having the right quality of leadership—people who know the company well and at the same time have the right amount of exposure and business acumen."

Broz says that "in China, we do see a lot of talented leaders in our system, and we see their potential to take on a high level of leadership."

Adds Chan: "They have the technical management base and the basic leadership capability. What they need is greater business exposure. In that sense, having surfaced the high potentials in the system, we need to get them the right exposure to new business assignments, functional projects, or accelerated programs, as well as giving them the right exposure to top leadership."

For McDonald's leadership development efforts in much of Asia and especially in China, this brings up another issue—the fact that people in

this area of the world are accustomed to training or education that involves classroom lectures rather than learning from varied experiences. But research has shown that classroom training by itself is not particularly effective for leadership development.

"Many Asians still feel better about attending classes or an executive program in a reputable business school," says Chan. "The good thing for us is that many of our employees are already used to our more dynamic, more experiential approach. So we have less of a challenge than some other companies in convincing people that experiential learning can be more beneficial for their development."

## BROADER EXPOSURE

The structure and content of McDonald's China Leadership Development Program (CLDP) are not much different from those of the company's leadership development programs offered elsewhere in the world. However, the individuals participating have different levels of experience because of their backgrounds and previous exposures.

"CLDP puts more emphasis on giving participants broader business exposure," says Broz, "because that is something they wouldn't necessarily get in the Chinese education system compared with the United States, for example. The program includes training in finance, marketing, the supply chain, and human resources. These sessions are taught by the top McDonald's business leaders in the country. We also set up an action-learning project later in the program so participants can apply what they have learned to help solve a real McDonald's business issue."


Additional regional programs, such as the APMEA Leadership Development Program (ALDP), have been created for further developing high-potential talent. The purpose of the programs is to accelerate the development of high-potential leaders

in a way that drives results, shapes organizational culture, and builds leadership depth. ALDP targets individuals who are typically one or two levels above the CLDP participants. It consists of a number of integrated learning experiences over a span of nine to ten months. Individuals are nominated to participate in the program and must be approved by a leadership committee.

The framework used to guide leadership development in ALDP is based on three leadership challenges: leading oneself, leading high-performance teams, and leading the organization. At the beginning of the program, participants receive a considerable amount of feedback from multiple sources. Each participant is required to create a personal development plan and is encouraged to leverage on-the-job experiences as part of the plan. Beyond leadership development topics, action-learning projects, and peer-to-peer coaching, a core component of the program is exposure to senior McDonald's executives. Says Broz, "While the executive dialogues are a great opportunity for the participants to better understand how our executives think, it is also an opportunity for our senior leaders to get to know talent within our organization."

## OPPORTUNITY KNOCKS

As McDonald's continues to grow in China and elsewhere around the world, leadership development appears set to play an increasingly important role in that growth.

"McDonald's is much more than just a restaurant selling hamburgers," says Chan. "For the right people, it offers so many great career opportunities." 

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