

Chapter 3

No Time for Complacency on Women in Management

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Over the past few years, McDonald's Australia has made a lot of internal and external changes: changes which are transforming our business — and there's still more to come.

Most people and most organisations fear change, but it is an inevitable part of life. Every business must change, almost continuously, or face inevitable decline.

One of the enduring myths about McDonald's is that we are somehow committed to being nothing other than a "burgers, fries and soft drink" outfit.

Few things could be more wrong. As Ray Kroc, the founder of McDonald's, said many years ago, "I don't know what food we'll be selling in 50 years time, I just know we will be selling more of it than anyone else."

In Australia today we probably sell more salads than just about anyone else. The volume growth we got from the salads plus launch last year was roughly the equivalent of opening 150 new restaurants: that's an amazing statistic in an industry that analysts usually describe as mature and characterised by low-growth rates.

The idea of salads as a growth driver for McDonald's is something that few people would have imagined possible even a few years ago.

Our salads have taken us into some new areas. For instance, we are now the biggest purchaser of tat soi leaf in Australia. We put it on top of our salads and we're buying over 100,000 kilograms a month of it from a small business near the Queensland border where it's harvested by a lawn mower converted for the purpose. It's very good tat soi.

We knew we had to change. We knew it was the right thing to do. And we deployed our resources, our expertise and our creativity to achieve a good outcome for our business and for our customers.

Change, despite the myths, is not new at McDonald's. In the 30 years we have been operating in Australia, we have introduced breakfast, drive-thru and McCafe.

Like healthier menu options, better cooking methods and nutritional labelling; these changes were all business responses to the challenges that arise from emerging consumer preferences and social realities.

Obesity Challenge

Without question, the biggest social challenge facing the food industry in Australia, and in so many countries around the world is obesity.

It's a complex problem: I don't think it's fair to say Maccas caused it, but it is fair for the Australian community to expect that we will be part of the solution and do what we can to overcome it.

Nationally, we serve about one and a quarter million meals each day — more than anyone else — but still a tiny fraction of the total number of meals eaten in Australia.

So we didn't cause the problem, and we won't solve it on our own. But we can make a positive contribution to a broader community response.

The Role of Women in Management

Another one of the big challenges facing us as a business, and as a society, is the role of women in management. And related to that the challenge of enabling people to get a better balance between work and life.

There is a lot of concern in our society about these issues, maybe even more than there is about obesity. These issues go to fairness and the quality of our lives: few things could be more important.

So in the face of this level of concern, it's a bit surprising and disappointing that so many CEOs and boards adopt the attitude that there is no problem anymore, or that it is just a matter of time until women are more fairly represented in senior management and on boards.

There is no real justification for this complacency. In fact, after about two decades of public policy support for equal opportunity, it is still the case that only 8 percent of senior managers in Australia's top companies are women.

Of course, each company is no more responsible for these broader social concerns than McDonald's is for the disturbing modern phenomenon of obesity.

But as with McDonald's and obesity, we all have an obligation to do what we can. Not only because it's the right thing to do in a social responsibility sense but also because it's unequivocally good for the businesses we lead and manage.

McDonald's is a service business: it's a people business in an extremely competitive industry. We are up against suburban takeaways, restaurants, cafes, clubs, pubs, as well as other quick service chains. We struggle to maintain market share and we get modest margins on our sales.

Vying for the Best People

So it makes sense for us to want the best people we can get at every level of the business from crew member to CEO. We want to recruit the best and give them the skills and the opportunity to be the best.

In fact, McDonald's Australia spent \$16 million on training and development last year, on everything from crew training to MBAs.

McDonald's is itself a registered training organisation and we deliver accredited courses that lead to nationally recognised qualifications. But we also do a lot of joint programs with organisations like Macquarie University, University of Newcastle and the Australian Institute of Management.

We believe that putting the right person in the job is the only acceptable business choice. If we didn't try to recruit and retain the best possible people we'd be letting down our franchisees, our shareholders and our employees.

We recruit about 80 percent of our corporate management staff from our front-line, restaurant ranks. At least half of the young people who start out working as crew in our restaurants are women. Yet, even with our strong tendency to "promote from within" very few women made it to senior management until a few years ago.

Today nine of the 21 senior managers (43 percent) at McDonald's Australia are women, and five of those are in key line-management positions.

Today I'm proud of the fact that when it comes to promoting women to senior management roles and supporting them while they are there, we have one of the best records of any major company in Australia.

Yet for a long time I didn't give the absence of women in senior management a second thought.

It wasn't until I became CEO, and looked at our numbers from a new perspective, that I realised something was wrong: that women were not succeeding at the same rate as men, most starkly at senior-management level, and that I was the one who would have to do something about it.

I had held line-management roles throughout my career, and I knew McDonald's had equal opportunity policies, but until that point I didn't really see it as my responsibility to ensure women were succeeding.

I thought, as most of my (male) colleagues did, that it was simply up to individuals to make their own way in corporate life, as best they could. I didn't think women (or any other group for that matter) faced any special barriers.

And this was an attitude I knew I would have to change — and it had to start with me owning the responsibility to "fix" the number of women in senior management — that is, in my team.

Over recent years McDonald's Australia has done a lot to "intervene" and find solutions to the barriers that have traditionally confronted women who aspired to senior management roles.

Not only have we promoted more women, we have hired women who are pregnant, assisted with childcare, provided flexible-work arrangements, paid parental leave and introduced mentoring more broadly.

As with our response to obesity, I called in the experts — in this case frustrated HR experts — who had EEO policies and programs which were only partly succeeding, because line managers in general didn't own the responsibility of implementing them.

So with the benefit of some education and advice about the barriers facing women in the organisation, and some strategies to address those barriers, I set about making sure I got the very best people I could possibly get onto my senior team: men and women.

When vacancies arose I considered all the qualified candidates. This resulted, for example, in two women being interviewed and promoted into top jobs while they were on maternity leave.

I made it clear they would take up those positions once they were ready to return from their leave, and that flexible hours would be available to accommodate their new family responsibilities.

These appointments sent strong messages

throughout the organisation that I was serious about getting the best people into jobs at every level, including into senior roles, and that family responsibilities did not exclude anyone from consideration.

I also set about mentoring women with potential. I had been mentored by more senior men when I was

coming up the ranks so I wanted to make sure women were receiving the same type of support men typically received from each other.

As I've mentioned, getting the people side of the equation right has always been key to business success in my experience. I know it's cliché to say, but it happens to be true.

And while levelling the playing field for women has been a difficult nut to crack (and I'm not sure we're there yet), perhaps the broader issue of work/life balance is even more of a challenge and one I have only just begun to focus on.

McDonald's has always tried to create an atmosphere in which our people can enjoy what they do. Enjoying what you do, getting pleasure from what you do and what you achieve, is vital if we are to sustain the passion that makes the difference in a business environment.

But how can you have fun and be passionate at work if you don't also have a healthy and balanced personal life. And that means time away from work and some flexibility around how you do your job.

This again means we need well-designed HR policies

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and programs but we also need a culture that supports new ways of working.

When we looked into this issue recently, we found that men and women were reluctant to take advantage of the work/life programs already in place, because they felt guilty about being away from work. And there are some managers who see only cost and no upside, in flexible working arrangements. Part-time work for managers for example, has been a hard one for people (including me) to get their minds around.

Leading by Example

But again, the CEO must set the example and give people encouragement and permission to introduce these new ways of working. It's a real challenge!

So I'm starting the change process in my usual way, with myself and with my direct reports. Last year for example, I signed up for tuckshop duty at my son's school, and let everyone know about it. I trust it will encourage my senior colleagues to take a similar, creative approach to managing their own work/life balance, as well as prompt them to encourage the same with their direct reports.

I've also taken to patrolling the office, looking for those in at the crack of dawn and/or burning the midnight oil: not with the aim of rewarding their dedication, but with the aim of finding out if we have a problem with people working excessive hours. If we do, I want to know why and how we can fix it.

We're only at the start of changing the way we think about the balance between work and family, or more generally, work and life.

Yet, as with the obesity issue and women in management, the important thing is to be continuously trying to improve the way we do business, and to be committed to doing the right thing.

Customer expectations have increased enormously in the past five years. So have community expectations and the expectations of employees. And these trends will continue.

Any business, indeed any CEO, not willing to engage with the issues and respond honestly and creatively is not going to thrive in this environment. And let me say I want McDonald's to be around as market leader for another 30 years in Australia and another 30 after that. So there's no room to avoid the difficult issues: let's tackle them and move on.