Global Collaboration

Globalization in the Information Economy
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Background

- Golden State Foods is the world’s largest full service provider for McDonalds: distribution, liquid products, meat, bakery, produce and information services
- Nine US distribution centers
- Two state-of-the-art processing facilities
- International operations
  - Distribute over 2,600 McDonald’s restaurants within the US
  - Distribute over 1,500 McD’s stores internationally
  - Export to over 50 countries
  - Supply over 6,000 McD’s stores
Background

- Service other customers
  - YUM Brand
  - Popeyes
  - Church’s
  - Arbys
  - Yamasa
  - Con Agra

- GSF’s family of companies:
  - Chef Gold
  - Centralized Leasing Co
  - Strategic Sourcing Alliance
  - Signature Services
  - Restaurants Liquid Services

- Community leadership through GSF Foundation for Kids
  - www.Gsffoundation.org
Background

- McDonald’s logistics sourcing consists of twelve distributors in the US
  - Varying in size and supplying specific market areas
  - Four of the US distributors supply both domestically and internationally
    - Golden State Foods (GSF)
    - Keystone Foods (M&M)
    - Martin-Brower (M-B)
    - Perlman Rocque (P/R)
Business Environment

Customers

Corporate

Distributors

Owner/Operators

10,000+ USA Restaurants

20,000+ Restaurants
Business Challenge

- McDonald’s Logistics Council
  “McDonald’s will achieve lower cost and higher customer satisfaction as a result of the Logistics Council encouraging an environment in which suppliers *act as an organization of one*, and where *suppliers seek to optimize the whole over the parts.*”

- Suppliers’ mandate is to provide this very significant customers with the highest:
  - Quality
  - Customers Service
  - Contact
  - Service responsiveness
Business Challenge

Suppliers

- GSF
- BR
- A-D
- Caper’s
- PFD
- TC
- P/R
- Metroplex
- M&B
- Mile-Hi
- M-B Canada
Business Challenge

- Suppliers challenged to evaluate how they can
  - Align
  - Simplify
  - Facilitate improvements to the supply chain

- Nine different companies took the challenge:
  - Operate 44 distribution centers
  - Each company has specific market
  - Each compete with one another
  - Each has a different IT environment
Strategies

- Suppliers collaborate to serve an enormous global customer
- Collaborate together to gain the advantages of being a larger entity, while retaining
  - Flexibility
  - Competitiveness
  - Responsiveness of multiple, individual businesses
- Joint venture of nine major North American suppliers to a worldwide, quick service restaurant chain
  - GSF strong leader
Strategies

- Suppliers collaborate:
  - Resources
  - Buying power
  - Information sharing
  - Best practices
  - Single point of communication and technical interface
  - Spread/mitigate risk
Implementation

- Created in 1998, Center of Excellence, LLC (COE)
  - Cooperative effort of all North American distributors
  - Owned and financially supported by all distributors on a proportional basis
  - Non-profit
COE Mission

- To provide McDonald’s Distributors with innovative, cost-effective improvements to better serve their customers and the entire McDonald’s supply chain
COE Role

- Develop, operate and provide information technology solutions, applications and other related services to the McDonald’s supply chain
  - Technical expertise
    - GSF transitioned two resources to the COE
  - Coordinate purchases
  - Manage configuration of the ERP software
- Act in the distributors’ best interests, both together and independently
- Coordinate distribution companies technical relationships with McDonald’s
McDonald’s Role

- Support collaborative efforts
  - Voting member

- Contributes:
  - Leadership
  - Vision
  - Strategy
  - Other non-financial services
Benefits

- Centralized and collective development of technology solutions to run supplier’s respective business processes
- One system for all distributors results in economies of scale
  - Eliminated redundancies
  - Shorter project life cycle
- Consistent solutions results in greater cost avoidance
  - Purchases
  - Enhancements and upgrades
  - Training
Benefits

- Share information and technology solutions to change business practices
- Increase leverage with vendors
  - Lowered technology cost
- Better customer service
- Better utilization of resources
  - Cost avoidance on redundant efforts
- Avoid investments in conflict with overall technology strategy
  - Use business cases to justify projects before making major investments
  - Avoid conflicting / competing solutions
Accomplishments

- Collectively purchased and implemented Oracle’s JDE OneWorld for all nine distribution companies

- Collaborated:
  - Software development and resolutions
    - Enhancements, modifications and fixes
  - Software management tools
  - Logistics/transportation solutions
  - Business processes/practices
Collaboration Challenges

- One-size-fits-all approach
  - Efforts spent on matching technology with the unique requirements
- Invest time and efforts to reconcile differences
- Changing business practices
Beyond

- GSF provide consulting services to distribution community
  - Development
  - Implementation
  - Training
  - Customer Service Support

- GSF leading efforts
  - Technology solutions
    - Funding support of the others
  - Software development
    - Providing the software for the distribution community
    - Collaborate with suppliers on development efforts