

The Club held its Third Dinner Meeting of the 2018-2019 Program Year featuring Steve Easterbrook, president and CEO of McDonald's Corporation, on February 20 at the Fairmont Chicago: Millennium Park.

As is tradition for the third dinner meeting, Chair Mellody Hobson recognized the Chicago Consular Corps, with 21 Consuls General in attendance. Ms. Hobson also acknowledged the Club's new members, who attended the Annual New Member Reception held before the dinner program. Before dinner, a last and special video tribute was presented to Andrew J. McKenna, chairman emeritus of McDonald's, a former Club chair and a leader in civic engagement within the Chicago business community.

After these honors, Mr. Easterbrook joined Ms. Hobson on stage for a fireside chat. Below are excerpts from the interview.

On why he chose to work at McDonald's...

“For a consumer, it's a narrow perception of the [company]. You see the restaurants, you see our people, see our food, but behind it is a mini industry running from construction, real estate, architecture and design all the way through to the operational processes, marketing, communications, and it is just a fascinating business. Once you get a glimpse into that, you think there's more than meets the eye, and it could be just a great learning experience.”

On the ways societal change affects customer demands...

“Peoples' frames of reference are continually changing, getting continually more demanding [...] If there was a survey 10 to 15 years ago to name 10 companies around the world who you consider to be really convenient, I would guess we would be right up there. Then something like Amazon comes along, or Uber comes along, or being able to change your flight on an app comes along, and it's not necessarily change within our sector, it's just change in business and society overall [...] It continually resets the definitions, so if three minute [in a drive thru] becomes two minutes, customers won't necessarily say, 'You're doing such a better job in service times,' because perhaps their expectations are greater than that because they are seeing so much greater convenience offered through other avenues as well. It's a continually moving space.”

On how to meet customer demands while being true to the core of the business...

“There are certain companies that need to be on the forefront of innovation, that need to start to create new trends. I think we're at our best when we're a fast follower of trends or we stay on trend. Now, to be a laggard is a disaster because you've got a lot of catching up to do and that's hard work. We've had a little bit of that to do over the last few years, but I think we're making progress. I don't think our customer base is asking us to totally break new rules and break new paradigms. They want us to get better at what we should be good at and will embrace any efforts we make to basically just become a better McDonalds. So, I mean the simple language I use, 'If we can bring the greatest benefit, to the most people, in the shortest possible time, that's when our scale becomes an advantage.' If you resist change because it's just too hard, too difficult, too complicated, you get left behind and customers vote really quickly with their feet.”

On how the company adopts strategic change...

“If you think about a business that operates in 120 different countries, our entire success or otherwise is driven by the performance of the teams in those countries. What does the corporate function do? If you like, we provide strategic direction, we provide guidance and hold people accountable to their commitment. Somewhere between our planning processes and our functional expertise, [a team] will look

at things like, ‘What more could we do with beef? Could we help provide a definition for sustainable beef in a way that there just isn't currently?’ We know that beef has a big impact on climate and we know that agricultural practices could improve to be more efficient and more environmentally friendly. As the biggest purchaser of beef, what could we do that would be a responsible move to make that would also resonate? [...] Some of that can come from the center, but sometimes it'll come from a market that's at the sharp end of a particular issue and are really driven to a form of innovation that actually looks really interesting and like it could have transferability or scalability.”

On the choice to move McDonald's Headquarters to Chicago from its 40-year home in Oak Brook...

“There aren't many of the big decisions that we've made that I would claim full ownership of. This one I do. I had a really strong conviction around this [...] It was such a nice place to be that you wouldn't then go out anywhere else to see the real world. I felt that too many of us – let me just say us collectively – were detached from the realities of everyday life. Because of the nature of a remote campus, everyone who worked there drove. So you get in your car, whether it's from your condo building or from your home, you drive there, park in an underground car park, go up to your office, sit in your cubicle, do the same thing in reverse. You don't see a McDonald's restaurant, you don't really see competitors, you don't have any sense of the way our customers are living their lives. This was all happening at a time, I mean that had been going on for a period of time, but then consumers were changing quickly, urbanization was coming, different trends were coming, competition was changing, and we were caught flatfooted [...] If you want to be a world class business, why do you want to be on the edge of one of the best cities in the world?”

On what corporate responsibility looks like for a large company...

“There's no point championing the fact that you're big, and scale, and number one, if you're not willing to take responsibility and fair accountability that comes with that. Our footprint is substantial. We are the biggest purchaser of beef on the planet, and therefore we should have an opinion on beef production because the impact on the environment is notable. That doesn't mean we shouldn't be serving beef but it means we can help. Can we use our convening power with ranchers, with farmers, with NGOs, with animal welfare experts, to find ways to better the industry as a whole? I think we've done that with cage-free eggs. When we went to a cage-free here in the U.S., 400 other restaurant chains changed within one month. They knew the industry was going to change because a significant customer made a public commitment.”

On plastic use reduction...

“The issue you have around [...] plastic straws, is there is not a viable alternative other than no straws at all at the moment. Now, is there a challenge out there for us to solve, our suppliers to help us solve, innovative companies to solve, to provide a biodegradable option that doesn't get soggy in a cup if it's there for 20 minutes? I'm sure it'll get solved but there currently is not the supply, to even meet the demand of 10 percent of our restaurants in the U.S.”

On the customer demand for greater corporate responsibility...

“Customers want to buy into a brand, and not just buy from a brand. Buying into it means you're connecting on several different levels. Yes, they love your food. Yes, they appreciate your value. Yes, they like the convenience. But actually, they also like what you stand for – finding the right things that are [...] very authentic, right through the heart of our business, in which we have a scale impact.”