

C.S. Lewis & Co. Publicists

Dear Editor/Producer,

What global restaurant corporation can boast that 3 out of 4 senior and mid-level managers started out as crew? Or that 40 percent of its owner/operators are women and minorities? What all-American company has made more millionaires, especially black and Hispanic millionaires, than any other company, and is voted, year after year, one of the best places to work?

It's McDonald's, of course. A new book by **PAUL FACELLA**, a former McDonald's executive, tells the behind-the-scenes story of the world's most successful restaurant organization, drawing from his decades of personal experience in the company—starting as a grill man at age 16—and colorful interviews with McDonald's executives, franchisees, managers, and vendors, including late company founder Ray Kroc.

In *Everything I Know about Business I Learned at McDonald's* (McGraw-Hill, 2008), readers learn how this monumental organization has one of the highest corporate employee retention rates of any company and an enviable brand that represents consistency, quality, and value—whether you're eating a Big Mac in Beijing or Boise.

Facella embroiders this fast-paced read with anecdotes of McDonald's business culture—such as the fact that an employee can still phone the CEO and get a call back within 24 hours, or that bun supplier East Balt Bakery, which struck a handshake deal with Ray Kroc back in 1955, still operates without a written contract, like so many of McDonald's longtime vendors.

Each chapter features one of seven leadership principles that drive business success, based on McDonald's one-of-a-kind leadership culture.

A pupil of legendary leaders Ray Kroc and Fred Turner, and former president of US operations Ed Rensi, Facella is a McDonald's success story who has won every top award given by the company. At the peak of his career at McDonald's, he was regional vice president of the New York Region, growing it to \$600 million in revenues. He is now a sought-after keynote speaker and the CEO/president of Inside Management, a consulting firm that advises businesses and leaders.

Thanks for your time, and please let me know if you would like me to set up an interview with Paul Facella.

Warm Regards,

Cathy Lewis

The Building Blocks of Business Success

New book by former McDonald's executive offers proven principles for growing a successful and ethical business.

McDonald's is the most successful restaurant organization in the world, and one of the world's most recognized brands. It is also voted one of the best places to work year after year, and is regularly praised by business leaders for its recession-proof stability, innovation, and resilience. What's its secret?

The answer is in a new book by business and leadership consultant **PAUL FACELLA**, called *Everything I Know about Business I Learned at McDonald's* (McGraw-Hill, 2008). In it, he lays out seven principles that drive breakout success, lessons he learned as a McDonald's insider.

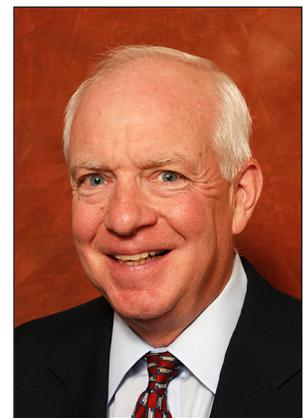
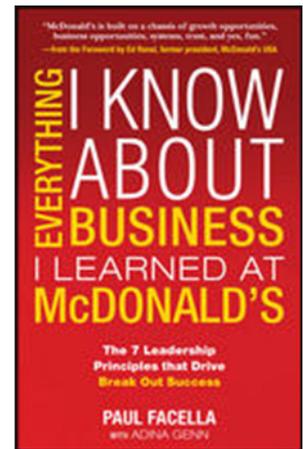
Starting as crewperson at age 16, Facella literally grew up in the company, rising through the ranks until he was regional vice president of the 450-store, \$600 million New York region. Along the way, he lived and breathed the values and best practices of McDonald's legendary work culture.

The book is peppered with entertaining stories and exclusive interviews with McDonald's founder Ray Kroc, retired chairman Fred Turner, former president Ed Rensi, who wrote the book's foreword, and many other executives, franchisees, managers, and vendors throughout the corporation.

By seeing the seven principles in action, readers learn how to:

- Create a culture of honesty and integrity that guides leader and employee practices, and shapes supplier relationships
- Establish an interdependent partnership between key stakeholder groups for mutual benefit and goal alignment
- Set the highest standards and expect everyone to meet them
- Lead by example through working next to managers, talking to customers, and getting to know employees
- Make unpopular, even risky, decisions when they further your company's core values
- Build a story of your company's values and get everyone engaged in communicating it
- Recognize employees early, often, and continually

For CEOs to small business owners, HR managers to sales department heads, bankers to nonprofit leaders, this book offers a wealth of lessons, practical tips, and ideas to take back to work and apply right away.



7 Drivers of Success

1. Honesty, integrity, and transparency
2. Relationships, trust, and mutual respect
3. High standards, and a never-be-satisfied culture
4. Values-driven leaders who lead by example
5. Courage and risk taking
6. Consistent messaging and open communications
7. Frequent recognition and rewards

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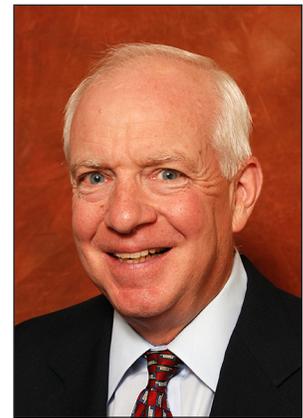
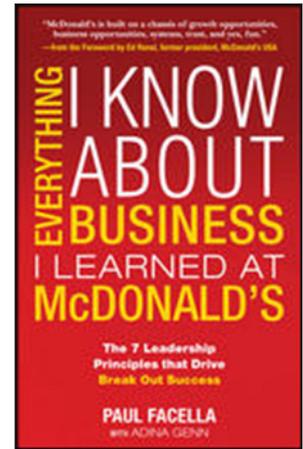
About the Author

PAUL FACELLA is an organizational and leadership consultant and the author of *Everything I Know about Business I Learned at McDonald's* (McGraw-Hill, 2008).

A 34-year veteran of McDonald's, Facella started working for the company at age 16 behind the grill. Like so many McDonald's executives, he rose up through the ranks, first moving up to store manager and then director of operations. Later, he worked mid-management jobs in training and operations until finally being named regional vice president of the New York region, one of the largest and most successful regional profit center in the country (\$600 million in sales annually). In his 12-year stewardship, Facella increased profitability in the New York region fourfold and increased retail sites by 90 percent.

Currently, Facella is founder and CEO of Inside Management, a nationally recognized group of results-oriented senior consultants with expertise in every facet of business and commerce. The New York-based firm advises governments, businesses, and leaders on best practices, organizational strategy, and leadership development. Clients include Dunkin' Brands, McDonald's, Boston Market, and the U.S. General Services Administration.

A pupil of McDonald's legendary founder Ray Kroc, Facella has been awarded every major award the company offers, including the prestigious President's Award. He still has an office wall adorned with his many awards from McDonald's, which he shows off with pride to visitors. But the award he is proudest of is the first raise he received at age 16 after only three weeks on the job—a nickel raise to \$1.30—given to him by Ralph, the store manager, in front of the entire floor crew after a hectic rush.



A Culture of Opportunity

- McDonald's has made more millionaires, and especially black and Hispanic millionaires, than any other economic entity, ever.
- 33% of franchisees and 63.6% of company restaurant managers started out as crew.
- 73.5% of worldwide top executives and mid-management started their careers as crew.

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Segment Ideas / Interview Topics

Hiring Them and Keeping Them

Learn how McDonald's achieves unparalleled retention rates.

In a time when the average employee stays at one job less than two years, McDonald's boasts one of the highest corporate retention rates of any company—especially among minorities. Facella says it's not at all unusual to meet employees who have worked there for 15 or more years. He discusses:

- Why a continual focus on development makes people stay
- How to build a business culture that promotes from within
- Why raising standards makes employees want to succeed
- What leaders can learn from McDonald's elaborate system of awards, awards tracking, and its culture of recognition

Harvard vs. Hamburger U

How McDonald's rigorous training builds world-class managers.

Legendary McDonald's founder Ray Kroc never graduated from high school. In fact, Facella says many of the executives throughout the company's history have had a remarkable lack of formal education. But all McDonald's managers graduate from Hamburger University, and overall McDonald's training programs exceed the largest training facility in the nation—surpassing even the US Army. Learn:

- How strict and cohesive training requirements reinforce a management culture steeped in excellence and core values
- What managers learn from working on the front line alongside crew staff and inspecting restrooms
- Practical ways to promote cohesive learning and continuous learning at your organization

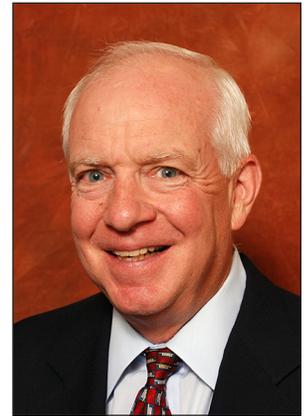
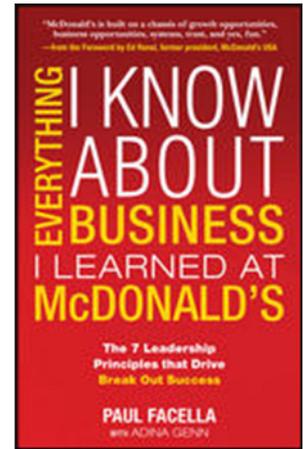
In Praise of Praise

Why recognition drives success—and how to do it the right way.

Facella says one of McDonald's secrets of low turnover and high productivity is how it inspires and motivates employees through recognition. He should know—he won every major award the company granted, including the prestigious President's Award. Find out:

- How to reward hard work in your newest employees—from small raises to public praises
- 10 ways to make a manager feel valued
- How to develop a formal program of recognition and educate staff about the program
- Innovative, offbeat ways McDonald's rewards and praises employees

—MORE—



The Importance of Recognition

- A recent Gallup Poll revealed that 65% of Americans haven't received recognition in the past year.
- A Department of Labor study found the number one reason people leave organizations is "not feeling appreciated."

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Using the Company Grapevine

Learn how to harness the power of employee chatter.

Employees talk among themselves; it's a fact of corporate culture. Facella says smart leaders can use the company grapevine as a tool. He explains:

- How to plant a positive message in a group—and watch it spread
- How to strengthen your company's brand and image through frequent storytelling
- How to use social activities, blogs, and informal conversations to build your company's legacy
- How to halt a scandal—like McDonald's infamous “rat tail” sabotage—by having a communications plan at the ready

Giving Back

Learn why corporate philanthropy is good for the bottom line.

When Ray Kroc tallied up his “birthday list” of charitable donations, that figure totaled \$7.5 million dollars back in 1972. It's no surprise, then, that McDonald's has one of the most admired corporate charity programs in the world. Facella says it makes good business sense, and discusses:

- How founder Kroc encouraged franchisees to give back to their communities—and how it benefited the corporation
- How corporate philanthropy offers a win-win way to promote your brand
- How employees' sharing skills outside of the organization enriches your company and makes it smarter

New Ways to Motivate Employees

Learn how to get your people to work faster, better, and smarter.

Facella tells this story: When McDonald's franchisees complained that the new shake machines were hard to set up and tear down, former president Ed Rensi started a contest at Hamburger University to see who could put the machines together quickest *blindfolded*. The result? Employees learned to assemble the machines in less than seven minutes, and stores everywhere acquired them and started selling shakes. Learn:

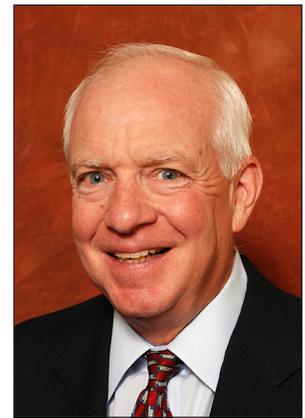
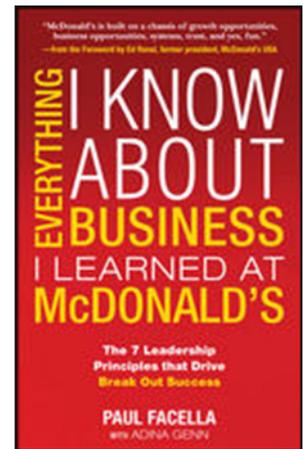
- How an on-site visit and talking to employees directly offers clues to their motivation challenges
- How to build a work culture of continual improvement
- Why a zero tolerance policy for substandard performance drives high achievement
- 10 surprising ways to get your workers working harder

Building a Culture of Trust

In 1974, McDonald's launched the first ombudsman program in the industry, where owners/operators as well as corporate employees could air complaints to an unbiased party without repercussions.

Suggested Interview Questions

1. Could the success of McDonald's ever be duplicated, or is it largely attributable to Ray Kroc's personality and character?
2. How can a leader with a unique and dominant style, like Ray Kroc, prevent his company from becoming a cult of personality, rather than an organization that carries on his vision and values after he's gone?
3. It's remarkable that of the many former and current McDonald's executives you interviewed, none of them could recall serious instances of lying, cheating, or stealing. To what do you attribute this?
4. What are some very practical strategies leaders can apply, using McDonald's example, to create a culture of honesty, integrity, and transparency?
5. What is the "three-legged stool" and what role did it play in McDonald's business culture?
6. Give an example of how McDonald's demonstrated that trust was not just a buzzword, but a core principle that shaped the company and culture.
7. One of the hallmarks of the McDonald's brand is the consistency of quality wherever you go. Name some concrete ways—large and small—that a company can achieve and maintain such high standards.
8. McDonald's spent upward of \$3 million developing its now-famous french fries in the mid-1950s. When does raising standards become inefficient from a cost perspective?
9. What are some ways a senior-level executive or a manager can lead by example?
10. You name "courage" as one of the seven leadership principles that drive business success. Please elaborate, and give some examples.
11. It seems that any McDonald's employee or McDonald's supplier can tell the company's "story" and relate its core values. How did the company achieve this kind of messaging continuity?
12. What are some secrets to great communication in a company?
13. Why is recognition so essential for motivating employees?
14. How does McDonald's recognize and reward its people?
15. What role does corporate citizenship play for McDonald's, and what can other businesses learn from it?
16. Why were business thinkers and writers so slow to embrace the story of McDonald's phenomenal success?
17. What have been the hardest times for McDonald's, and how is it always able to bounce back from serious setbacks?
18. How did McDonald's focus on working with minority communities influence your corporate experience?



Never Be Satisfied

McDonald's store managers are encouraged to look through the garbage to see if they can find out which foods customers are throwing away, shedding light on which products are not up to standard, asking customers probing questions about these products, and then correcting operations as needed.

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Seven Secrets of McDonald's Success

Real-life stories from world's leading restaurant organization.

1. *Honesty and Integrity*

As a franchisor, McDonald's ran its system so all the stakeholder groups stood to gain. For example, supplier rebates always went to the franchisees, not to corporate. Supplier relationships were—and in some instances still are—made with a promise and a handshake. And starting with new employees—and the “no free hamburgers” rule—dishonesty of any kind is *never* tolerated.

2. *Relationships*

McDonald's promotes the idea that relationships are the secret sauce, and everyone who works for the company is part of an extended family. The CEOs and all senior executives are called by their first names. The sense of fraternity is so strong at McDonald's that retirees created an organization they call the Evergreens, which meets annually.

3. *Standards*

One of McDonald's mottoes is “Never be satisfied.” Business experts marvel at the company's no-excuses work environment and fanatical attention to detail, from shiny grills to impeccable uniforms. Field reps routinely show up unannounced at restaurants and evaluate them for two days before issuing a letter grade. Operators are required to work in the store for minimally a year and then attend Hamburger University before they can be considered for a store. Senior executives are often seen picking up litter on their way into restaurants.

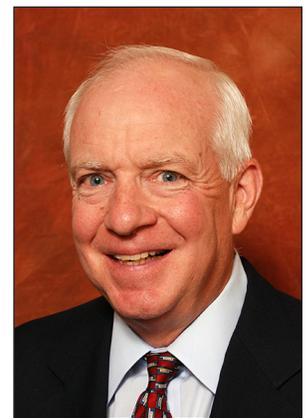
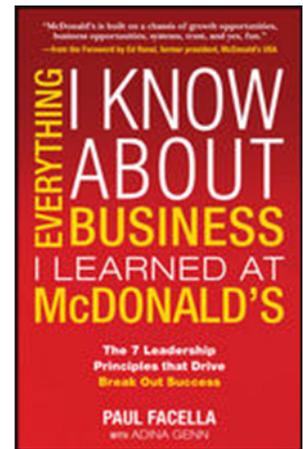
4. *Leadership by Example*

When asked by Phil Donohue, the famous talk show host in the 1970s, if he ever cleaned the toilets at McDonald's, founder CEO Ray Kroc replied: “You're damn right I cleaned the toilets—and still would today if I ever saw a dirty one.” Every employee, no matter what level, is expected to pitch in when they enter a McDonald's anywhere in the world. Retired president Ed Rensi's business card read: CHIEF BURGER GRILLER, FRENCH FRYER, SHAKE MAKER, CHEER LEADER.

5. *Courage*

McDonald's has a tell-it-like-it-is culture. Former senior chairman Fred Turner once turned down a staggeringly lucrative deal—hundreds of millions of dollars—positioning McDonald's on all US Army bases, because the arrangement would have put the Army as franchisee, undermining the system's licensing culture. Back when author Paul Facella was a store manager in Long Island, he broke up a gang fight on the premises, telling the surprised fighters to take it across the street, away from his restaurant's family atmosphere. At McDonald's, risk taking and courage are expected.

—MORE—



When former president Ed Rensi wanted to redirect the company toward a back-to-basics agenda, he published a book called *Hotter, Faster*. The entire book had only these two words. Everyone at the company got the message.

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6. Communications

McDonald's Oak Brook home office features offices without doors, in line with its open communications policy. During a period when McDonald's was under a lot of stress, in order to halt rumors, then-president Ed Rensi wrote personal letters to McDonald's employees and their spouses to explain what was going on. The company keeps channels of communication open between all stakeholder groups with frequent online rap sessions, retreats, dinners, newsletters, social activities, advisory board retreats, podcasts, and more.

7. Recognition

McDonald's believes if you reward hard work and recognize achievement, people will work harder and stay on. The company's performance and retention numbers prove it. The company has 23 different specific rewards given to individuals. Recognition ranges from a supervisor's public handshake or a company ring, to a week at various corporate retreats or McDonald's stock. Every employee who performs exceptionally can expect to be promoted.

McTrivia:

- McDonald's spent \$3 million in the 1950s developing its now-famous french fries.
- Julia Child named McDonald's french fries among her favorite foods.

A McDonald's Motto

"If you have time to lean, you have time to clean."