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**Welcome to  
McDonald's**

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*W*elcome to McDonald's.

That's a familiar phrase to our customers. They hear it repeated more than 58 million times every day when they enter the Golden Arches in one of our 32,000 restaurants around the world. And that's also the spirit of inclusion we extend to the 1.6 million members of the McDonald's family—be they franchisees, restaurant workers, suppliers, or employees. Our welcome is inclusive and sincere because we know the diversity of our people helps us satisfy the world's most diverse customer base.

And that's the McDonald's I'd like to welcome you to as we look at the evolution of inclusion and diversity under the Golden Arches and how our commitment to those principles has contributed to the success of our business.

McDonald's has been widely recognized as one of the most successful companies in providing opportunities for a wide diversity of people—from the crew rooms in our restaurants to the boardroom for the corporation. Our commitment to diversity extends beyond our own employees to our franchisees and their employees and our suppliers and their employees as well.

This multifaceted and integrated approach to welcoming people has become an integral part of the McDonald's business model—the so-called “secret sauce” behind our growth as one of the world's most recognized brands. While diversity at McDonald's is all about the business, our efforts have also resulted in numerous honors from outside organizations—including twice being voted by our peers as the Best Company for Diversity in *Fortune* magazine.

The numbers that people rely upon to make such judgments are strong, as you would expect, even though they reflect a direction, rather than a destination. As of January 1, 2009, our McDonald's

workforce—from the crew members in our restaurants through our CEO—is comprised of 62 percent women, 35 percent Hispanics, 20 percent African Americans, 5 percent Asians, and 2 percent Native Americans. Many of those workers are holding their very first jobs, representing the launching pad for their careers at McDonald's, in the restaurant industry, or in virtually every other walk of life.



### Small Part of the Story

But these numbers are only a small part of the story because we moved beyond simply counting heads a long time ago. Today, we are intent upon making heads count. So, at McDonald's, our definition of *diversity* includes a broad mix of different ideas, opinions, backgrounds, and life experiences in addition to the traditional measures like race and gender. That's how we make diversity an active, living part of our business strategies at McDonald's. Maintaining a diverse and inclusive workforce is certainly the right and proper thing to do, but we have long maintained that it is also the smart thing to do.

Any company that hopes to serve a diverse customer base across the United States, and around the world, must reflect that same diversity in the restaurants, where we meet our customers face to face, and throughout our organization, where we design our products and services with the distinct wants and needs of our customers in mind. And our business results reflect the validity of mirroring our customers throughout our system very clearly.

McDonald's has grown to include more than 32,000 restaurants in 118 countries around the world—nearly 14,000 of them in the United States alone—as of the beginning of 2009. We serve more than 58 million customers every single day around the world. Our annual sales at both franchise and company-owned restaurants amounted to more than \$70 billion in 2008, producing \$6.4 billion in operating income. By any yardstick, McDonald's is far and away

the market leader in the Quick Service Restaurant category—a segment that we virtually created since we began operations more than five decades ago.

As McDonald's Global Chief Inclusion and Diversity Officer, I am as proud of our record as any of the 1.6 million people in our global family. But I must also tell you, in all honesty, that it wasn't always this way.



## Societal Attitudes

When we were founded in 1955 by Ray Kroc, McDonald's reflected the attitudes of U.S. society in general. In that post-World War II environment, race and gender equality in the workforce were unheard of and talked about very little. It was very unusual when women, as epitomized by Rosie the Riveter, took on many factory and industrial jobs during the war. But, when the war was over, most women moved back into the home and made way for the veterans to return to their jobs. McDonald's itself didn't even allow women to work in our restaurants until the mid-1960s.

So, when pent-up societal issues in the United States began to erupt in the 1960s, McDonald's executives—like everyone else in the corporate business world—realized that they had new challenges to face. It has not been a smooth road to get where we are today, and there surely are still bumps to overcome.

However, there were several factors that helped McDonald's appreciate the value of diversity that came into play throughout its evolution. I will mention them briefly here because they represent the theme of this historical look at diversity development, and they will come into sharper focus throughout this book. It is my opinion that they are replicable by any other organization that is struggling to embrace diversity today, whether your efforts are just beginning, or started earlier and are now stalled, or are still on your organizational “to do” list.




## Support From the Top

The first essential element is a strong and unwavering commitment to diversity from senior management.

Ray Kroc created a unique organization when he started McDonald's in the 1950s, using a business model that seemed downright radical at the time because he set up McDonald's like a three-legged stool, with the legs of the stool representing the franchisees, suppliers, and company. Each leg of the stool had to prosper for the others to succeed, thereby creating a partnership of interests that required the entire system to work together.

Kroc used to say, "None of us is as good as all of us," and, while it was originally aimed at the way McDonald's three-legged stool had to operate, it was prophetic in the way it came to apply to our diversity efforts as well.

Above all else, Kroc was interested in selling hamburgers, and when it became clear to him and to Fred Turner, his right-hand man, that we needed African American, Hispanic, and Asian entrepreneurs to help sell more hamburgers in minority communities, that was the approach they took. Like everything Kroc and Turner took on, they did so enthusiastically, and McDonald's top management has reflected that commitment through the years. Leadership from the top is critically important in embracing diversity.



## Training Is Key

The second important element is training and education.

This was also a well-ingrained attribute at McDonald's from the very beginning. We hired so many high school kids that we quickly became America's favorite first job. That meant we had to train our people in basic restaurant operations—and, indeed, in fundamental on-the-job behaviors and attitudes—to get them up and running.

In addition, we needed to train our owner/operators and store managers in advanced restaurant operations—how to run a

restaurant “the McDonald’s way,” if you will—and that meant creating Hamburger University, our state-of-the-art training center, as well as regional training centers. So, from the early days, McDonald’s was a company that understood the value of training and used training to accomplish our business goals.

Training became one of the important tools we used to make diversity work at McDonald’s Corporation as well. We discovered that bringing people in the front door was the easy part. But, without training to develop corporate survival skills, those same people would soon walk out the back door. So we trained our women and minority employees to understand the corporate environment and develop strategies for personal success. We also trained their managers and supervisors so they could learn how to understand and manage a diverse workforce.

That’s why our diversity training and education continues to this day—it reflects all that we have learned and addresses the barriers that we still need to overcome.



## Networks Are Invaluable

Finally, the third element that fosters a diverse workforce is employee networks.

Networks are established in our home office and in every region of the country and most of the world to foster relationships and career development opportunities through meetings and seminars that enhance our employees’ development and promotional opportunities. We patterned our employee networks after the associations that our minority and women owner/operator members formed to leverage their own interests, like the National Black McDonald’s Operators Association, the Women Operators Network, the McDonald’s Hispanic Operators Association, and the Asian McDonald’s Operators Association.

Today, there are employee networks for Women, African Americans, Hispanics, Asians, Gays and Lesbians, Young Professionals,

and Working Mothers, and they keep our people connected, in touch with potential mentors, and on top of career development opportunities.

Management support, training and education, and networks are the three building blocks for an effective diversity initiative in any company, and my own personal career reflects all three of those elements as well. It's how I came to be what I am today.



## Telling Our Story

I am the last of 11 children raised in a farming family in McBee, South Carolina, and my aspiration as I was growing up was to be a secretary for a major corporation in New York City. That goal turned out to be a launching pad for where I ultimately wound up.

Today, in my role as Vice President and Global Chief Diversity Officer at McDonald's Corporation, I work closely with the company's senior officers, and, for some time, I worked every day in the very same office where Ray Kroc, the founder of McDonald's, once worked. There isn't a day that goes by without my taking a moment to consider the awesome capability people have to grow into greater responsibilities when they are given a chance.

It has been an amazing journey—for me and for McDonald's—and that's why I have decided to tell this story, this evolutionary tale of how a little hamburger company grew to be one of the most diverse and inclusive business organizations in the world. It's not only a fascinating history, but I believe others can learn a great deal from McDonald's experience.

To tell this story, I have interviewed dozens of people who have been an integral part of McDonald's diversity history—from past senior management to my colleagues today, from pioneering owner/operators to current leaders of our operator networks, from women and minority suppliers for our restaurants to the consultants who helped establish our original training programs.






## Hear Their Voices

Our success in building our record of diversity is really the result of the contributions of all our people. That's why you will hear their voices throughout these pages—because I believe it's most credible to tell our story from the perspective of the people who made it all happen.

I have also relied upon the accounts of McDonald's early history in some excellent books, including *Grinding It Out* by Ray Kroc himself, *Behind the Arches* by John Love, *McDonald's @ 50*, which was published by the company in 2005 to commemorate our first 50 years in business, and *Standing Up & Standing Out* by Roland Jones, one of our pioneer African American employees and, later, a successful franchisee.

And, of course, I have lived this history personally for the past three decades.

My part in this story is simple. I am one of literally tens of thousands of people who have been touched by the opportunities that McDonald's provides to its people, whether they are employees, franchisees, or suppliers. This organization has understood from its very beginning that the surest path to success is to provide opportunities to help people reach their own potential—and I am certainly no exception.



## A Farmer's Daughter

I was born Patricia Janice Sowell in 1947. In that small South Carolina town of McBee, my father raised watermelons, strawberries, and sweet potatoes as well as 11 children—five girls and six boys. I was 14 years old when he died in 1961. My mother was a self-educated woman who didn't even graduate from high school, but she worked as a practical nurse as well as a substitute teacher at the little school in McBee whenever the principal called.

I still remember vividly, when I was in high school, they hired the first typing teacher my school had ever had and purchased all these great typewriters for the students to practice our skills. I loved to type, I became very good at it, and I remember thinking, “Wow, I want to be a corporate secretary when I grow up.” I even put that in my high school yearbook.

For some reason, all my brothers left the farm and moved to Philadelphia when they grew up, and all my sisters moved to New York. As a result, I visited those big cities many times during summer vacations to baby-sit for their children—my little nieces and nephews—and I had already decided that New York was going to be the place for me. So, when I graduated from high school at the age of 16, I immediately moved to New York and enrolled in Brown’s Business School for a year. After working for a couple of different little companies, I landed a job with General Electric Company as a secretary and stayed there for six years.



### On to Chicago

I moved to Chicago in 1976 and initially worked at a job at CNA Insurance Company as a secretary for the senior vice president of Human Resources, although he left the company just a couple of months after I arrived. After a short stint at a Chicago insurance brokerage firm, I interviewed at McDonald’s and got a job as an administrative assistant to Noel Kaplan, one of our corporate attorneys in the Legal department.

The very process of being hired gave me an immediate insight into McDonald’s style of doing business because Noel interviewed me on a Friday, offered me a job on the spot, and wanted me to start Monday. After I explained that I had to give my current employer time to find a replacement, he said, “Well, okay, give them a week’s notice, and then you start.”

All during this time, I had been pursuing a college degree, attending classes part-time at Queensborough College and then

York College while I lived and worked in New York, and then at Roosevelt University in Chicago. So, when I started work at McDonald's in February of 1976, I thought the job would just be something to tide me over until I got my degree in Personnel Management a couple of years down the road.

But, like many people who originally considered McDonald's a temporary detour in life, the little job that I didn't think would amount to anything has turned into a career of more than three decades, making a living has been transformed into building a life, and past successes continually evolve into future challenges.

But I'm getting ahead of myself. To understand the evolution of diversity at McDonald's, you need to know more about where the McDonald's "three-legged stool" system started and how our very structure helped us overcome the barriers to diversity that face every organization in the United States today.

Let's start at the beginning.



## Lessons Learned

As we proceed through this book, I plan to highlight what I consider a big idea—one of the key lessons we learned—at the end of each chapter. I hope these lessons will serve as a guideline for others who are interested in learning from McDonald's experience and fostering a culture of diversity within their own organizations.

So, the first key lesson, right off the bat, addresses the misperception that diversity is a goal that stands apart from a company's profitability. In our experience, the two concepts go hand in hand.

In the opening pages, I detail McDonald's global scope and outstanding business results as well as our diversity accomplishments, and I did both for a reason: Our success in becoming a diverse and inclusive company is one of the key factors that has driven our positive results over the years.

You will see how this plays out through the course of the book, but the reasons are simple.

First, people like doing business with other people like themselves. This is just plain common sense, and all the studies show it to be true. So, when your employees and franchisees mirror the communities they serve, your customers can count on seeing friendly faces to serve them behind the counter and in the drive-thru window, or however you interface with your own customers.

Second, as you build a cadre of diverse people within your own company, you enhance your ability to understand your customers and gain insights into how you relate with them. In our case, our diversity includes our franchisees, our suppliers, and our employees—so, the more diverse we are, the better we can profit from our ability to have insights into what our consumers expect from us.

And, finally, as you increase the critical mass of diversity within your own ranks, you build a broader and deeper pool of talent to draw from in building your management team. No single group of people has a monopoly on good leadership and bright minds, so the wider you cast your net, the more people with great potential you are likely to attract to your organization.

I mention the power of diversity to improve your business results because I have seen too many companies approach their own practices from the more narrow perspective that diversity is “the right thing to do.”

It is the right thing to do; there’s no doubt about it. But, if your only goal is to feel better about yourself and your organization, you will find you are missing out on the full benefits of building and maintaining a diverse workforce to enhance your business success.