

In the LOOP

The Newsletter of the



NORTH AMERICAN LOGISTICS COUNCIL

FROM THE CHAIRMAN



Welcome to the inaugural edition of the McDonald's North American Logistics Council (NALC) Newsletter – "In the Loop." For the past two decades, the NALC

and its predecessor organization, the McDonald's Distributor Council, have provided a platform for System logistics and distribution providers to work collaboratively together to improve our value to Restaurants and Suppliers across North America.

The NALC works directly with McDonald's US Supply Chain Management to ensure that it is leveraging the System platform effectively, sharing best practices and driving with the US Plan to Win Strategy.

Our 2014 Council is comprised of the following sub-teams:

Quality & Cold Chain – Chair: Warren Anderson, The Anderson-DuBose Company

Operations – Chairs: Jim Haley, The Martin-Brower Company; Craig Reese, Golden State Foods

Restaurant Services – Chair: Steve Hewlett, Earp Distribution Company

Supply Chain Integration – Chair: Scott Saunders, HAVI Global Solutions

Sustainability – Chair: Steve Kinney, The Martin-Brower Company

We are in a challenging business environment where the NALC's focus on short term and long term platforms has never been more important. We are making strides and can see the positive impact of our initiatives on daily logistics operations but we are equally as committed

to building new platforms that can support Restaurant growth today and enhanced System competitiveness for years to come.

It is my honor to work with this great group of individuals who are extremely dedicated to the McDonald's organization.

In this issue we will provide a brief overview of the work of each of our sub-teams. In future issues expect to see deeper detail on specific work that is going on around the System.

Please let me know how we can improve communication with you about the work that we are doing.

John Burke
CEO, ARMADA

NALC MISSION Provide leadership in the area of distribution and logistics through strategy development, alignment, sharing of best practices, leveraging the system and effective communication.





TEAM UPDATES

Driving the Plan to Win: NALC Teams at Work

To support McDonald's Plan to Win strategy, the North American Logistics Council established teams with key priorities and measurable goals. Each team is providing valuable insights and guidance thanks to the generous leadership of team chairs and the hard work of all team members.

Quality & Cold Chain



CHAIR: WARREN ANDERSON THE ANDERSON-DUBOSE COMPANY

STRATEGY Develop programs and processes to meet and exceed McDonald's Quality Systems standards and industry standards.

KEY PRIORITIES AND ACCOMPLISHMENTS The Quality & Cold Chain team focuses on delivering quality product to the restaurant. In recent years, they have developed a temperature monitoring report system and a product incident management program that continues to show results—fewer quality incidents year over year since implementation in 2009. The team is currently collaborating with the produce companies to improve produce items' shelf life and quality at delivery. They are also working toward a speedier stock recovery notification process.



Operations



CHAIR: JIM HALEY THE MARTIN-BROWER COMPANY

CHAIR: CRAIG REESE GOLDEN STATE FOODS

STRATEGY Develop innovative and sustainable distribution solutions for McDonald's restaurants. Our goal is higher service and lower operating expense; efficiency and flexibility needed today along with readiness for a dynamic supply chain in the future.

KEY PRIORITIES AND ACCOMPLISHMENTS The Operations team has developed several processes aimed at improving DC operating efficiencies and lowering costs. Programs such as voice pick technology and productivity standards have provided savings to share with the McDonald's restaurants. As the last remaining capable restaurants are converted to the Unitized Delivery platform, work is currently underway to develop 'quick check-in deliveries' that will enable a paperless process and allow restaurants to focus on sales rather than delivery.



Restaurant Services



CHAIR: STEVE HEWLETT EARP DISTRIBUTION COMPANY

STRATEGY Provide the best support to McDonald's restaurants and ease the burden on managers. Improve internal and external communication processes. Implement efficient and accurate ordering processes.

KEY PRIORITIES AND ACCOMPLISHMENTS This team developed the Be Well Stocked program (along with bar code books, bullet proofing advice and end caps) to provide assistance with organizing inventory in the

backroom and enabling accurate inventory and ROP orders. More recently, they developed the Inventory Management Excellence Training (IMET) program to supplement the Kitchen Managers RDM Training. This program has been well received and attracts other department managers, General Managers and Mid-Managers. The team continues to collaborate on restaurant solutions and is currently working with the Bakery Council to improve ROP ordering for buns.



Sustainability



CHAIR: STEVE KINNEY THE MARTIN-BROWER COMPANY

STRATEGY Select the best suited sustainability initiatives, methodologies and measurements for the McDonald's US distribution system, including certified Environmental Management Systems in all DCs. Implement practices to drive towards zero waste to landfill and improved carbon footprint and emissions.

KEY PRIORITIES AND ACCOMPLISHMENTS This team was formed in late 2010 and in that short time developed Zero Waste and Carbon Footprint programs with measureable

results. In 2013, the team was awarded the Supplier Summit Teamwork award and was a finalist for Best of Sustainable Supply. For their work on Zero Waste, they were named Planet Champion for 2014 Global Best of Green. In 2015, the team plans to collaborate with McDonald's to assist restaurants with meeting their recycling goals.



Supply Chain Integration



CHAIR: SCOTT SAUNDERS HAVI GLOBAL SOLUTIONS

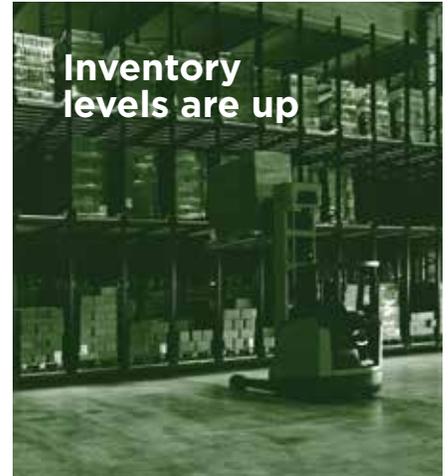
STRATEGY Given the new information technology platform and investments in supply chain, the team will identify, assess and optimize supply chain operating processes to achieve the goals of the McDonald's system.

KEY PRIORITIES AND ACCOMPLISHMENTS Formed in 2013, Supply Chain Integration is the newest NALC team. They are focused on defining the logistics vision of the future by expanding the view to begin at product manufacturing

and end at restaurant delivery. This team will drive improvements such as ROP accuracy and the development of programs to ensure the McDonald's supply chain is compliant with the Food Safety Modernization Act (FSMA).



The Industry: At a glance



TRANSPORTATION LANDSCAPE

