

In the LOOP

The Newsletter of the



NORTH AMERICAN LOGISTICS COUNCIL

NALC MISSION

Provide leadership in the areas of distribution and logistics through strategy development, alignment, sharing of best practices, leveraging the System and effective communication.

FROM THE CHAIRMAN



As McDonald's embarks on its U.S. Turnaround Agenda — a new destination of “a modern, progressive burger and breakfast restaurant” with a “customer-obsessed, insight-driven culture” — the McDonald's System continues to support the company's vision. The System works collaboratively to simplify and modernize its approach in responding to customers' changing needs with agility and competitive strength.

It's about turning around the business globally and creating value within McDonald's key elements — its strong heritage and brand, talented people and quality food, unique operations and customer experience, and commitment to its community and future growth.

Leadership Council (NSLC). These initiatives strategically add value to McDonald's Supply Chain and benefit restaurant owner operators nationwide.

The NALC continuously focuses on driving positive change within the System. Over the past decade, the NALC has led the initiatives of the U.S. Logistics Vision and Strategy 1.0. The NALC has since worked with McDonald's Supply Chain to contribute to the next generation of these strategic goals with the launch of the Supply Chain Logistics Vision 2.0, which puts a greater emphasis on process integration across the supply chain with a focus on the digital generation.

As we work together to enhance our value to restaurants and suppliers across the country, we look to unfold our new initiatives step-by-step, making swift strides with those proven to be successful. Our leadership efforts support the McDonald's System with customer-driven decisions in this challenging business environment. Together we can make continuous improvements to create a more agile supply chain — one that is grounded in delivering what customers love most every day.



In support of the U.S. Turnaround Agenda, the NALC developed its 2015 4+1 Key Initiatives, which were shared with McDonald's General Managers, Field Supply Chain and the National Supplier

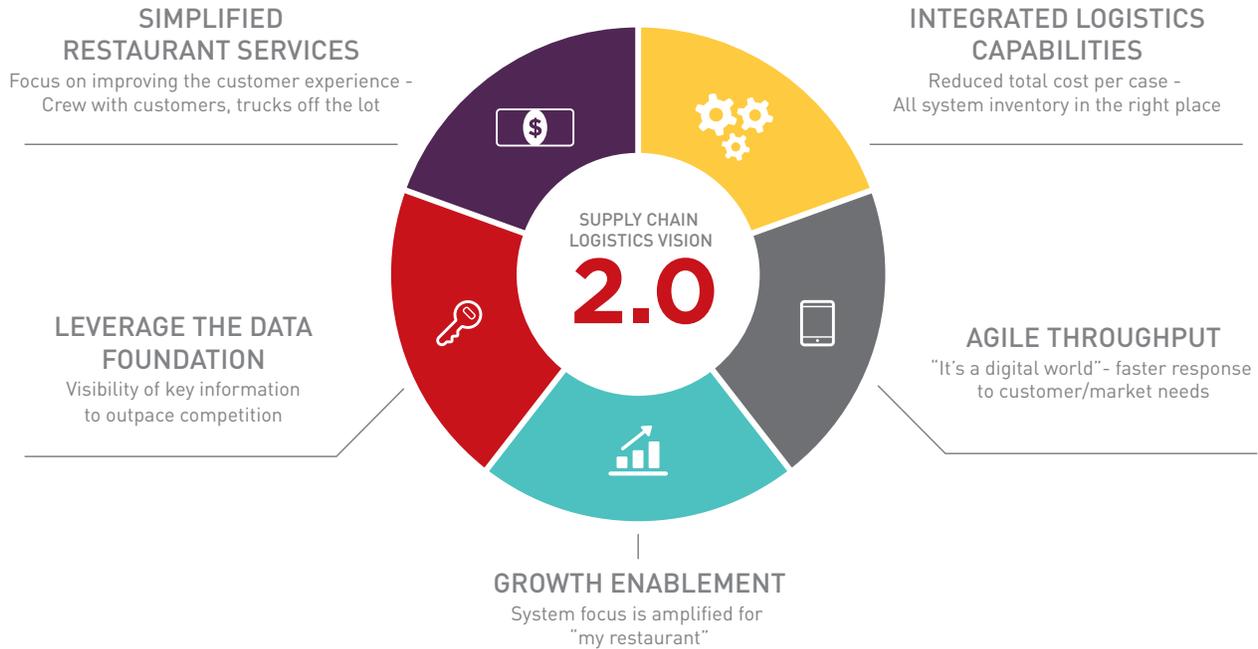
John Burke
Chairman, NALC

2015 4+1 Key Initiatives

| Key Initiatives | NALC Strategic Plans | Owner Operator Benefits |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Agile and Flexible Logistics | <ul style="list-style-type: none"> • Quick check-in delivery for critical items • Enhanced delivery processes for temperature-sensitive and fresh products • Optimal quality delivery model • Stock recovery | <ul style="list-style-type: none"> • Minimize on-lot disruption • Improve guest counts • Provide high-quality food delivery • Protect the Brand |
| Improve Your Food Cost | <ul style="list-style-type: none"> • Inventory Management Excellence Training (IMET) • Logistics planning and system inventory management – EAS | <ul style="list-style-type: none"> • Improve restaurant profitability • Provide efficient, assured supply • Reduce logistics costs • Train restaurant management |
| Regional LTO Support | <ul style="list-style-type: none"> • Integrated business planning pilot • Supply Chain Integration (SCI) platform to support digitalization and regionalization | <ul style="list-style-type: none"> • Communicate fast LTO feedback • Provide efficient, assured supply • Manage product commitments • Optimize guest counts |
| Trust Your ROP | <ul style="list-style-type: none"> • Inventory Management Excellence Training (IMET) • Restaurant communication | <ul style="list-style-type: none"> • Improve conversion efficiency • Improve restaurant profitability • Save time spent on ordering • Reduce unnecessary order changes |
| Sustainable Logistics | <ul style="list-style-type: none"> • Drive positive change to benefit the environment and increase efficiencies • Increase the use of alternative fuels • Support restaurant zero waste to landfill plan • Reduce carbon greenhouse gas (GHG) emissions | <ul style="list-style-type: none"> • Increase Double Green value – reduce carbon dioxide/ton delivered and logistics costs • Reduce restaurant waste to landfill • Protect the Brand |



Supply Chain Logistics Vision 2.0



Supply Chain Integration

The NALC's Supply Chain Integration (SCI) sub-team is committed to connecting the supply chain to actual sales information, which will enhance revenue and margin at McDonald's restaurants. The team plans to do so by driving efficiencies across the System.

LTOs at McDonald's are regional and specific to customer tastes. The NALC is able to better execute its initiatives in a similar segmented way, working within the Logistics Vision 1.0 infrastructure. The Logistics Vision 1.0 included collecting and analyzing inventory data from restaurants, DCs and suppliers. Point of Sale (POS) data is the basis for Restaurant

Order Proposals (ROP) and is used by the DCs to proactively respond to changes in demand and to improve inventory management and efficiencies.

To take this process a step further, the SCI sub-team strives to create a System view of actual demand versus national estimates. The team's goal is to position the supply chain in an agile manner, making inventory readily available in the right place, at the right time, to meet local market needs nationwide. This strategy supports the next generation Supply Chain Logistics Vision 2.0.