Managing stock to meet customer needs

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Introduction[

McDonald's is a brand that is recognised throughout the world. It has over 30,000 outlets in 119 countries. One of the major challenges facing McDonald's is stock control. The business needs to have enough stock to meet customer needs, but not too much or there will be waste.

In the past, stock management was down to individual managers. However, this was very time consuming. In 2004, McDonald's introduced a Restaurant Supply Planning Department. This team works with managers to forecast likely demand for products.

Stock

Stock is dealt with on a FIFO basis â€“ i.e. first in, first out. This makes sure that managers are always using fresh stock. There are three main types of stock to manage.

* Raw materials. These are the ingredients, such as potatoes and burger buns, and materials needed to serve them, such as paper cups and packaging.
* Work in Progress. This is stock that is in the process of being made into finished products.
* Finished products. These are goods that are ready for sale.

Stock Management

This is the process of making sure that there is enough stock, of each type, when it is needed. Having too little stock means dissatisfied customers. Having too much means waste. McDonald's uses lean stock control â€“ carrying as little stock as possible â€“ to save on waste. The central team has 14 regional planners who each work with around 80 outlets and communicate regularly with them. Managers inform the planners of any local factors that could affect sales, so they can be accounted for in store forecasts within the planning system - Manugistics. This local information helps planners, to make sure that there is sufficient stock.

Stock Control Charts

Charts are used to show the movement of stock against sales. It balances the sales of products by making sure that new stock comes into the system to replace what is sold. Manugistics uses two years worth of data to produce accurate forecasts. This data has to be accurate. Managers record closing stocks of major items daily and of all items weekly on the store computer system. Managers use a web tool called 'Weblog' to view and amend orders. 'Weblog' creates a daily proposed order for the manager to view and change if necessary. Once confirmed, the order is sent to the distribution centre to be picked. Weblog then creates a delivery note to be checked against the items delivered.

Benefits

Both managers and customers benefit from the system. Outlets run out of stock less often, time is saved on ordering and there is less waste. This also reduces costs â€“ a benefit that can be passed on to the customer. Factors such as promotions are taken into account and deliveries can be less frequent because amounts are more accurate.

Conclusion

Good stock management is vital to the efficiency of a business. McDonald's has introduced a system that leads to greater accuracy and less waste. It also makes sure customers can have what they want.