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McDonald's restructuring plan leaves investors feeling hungry

By Lisa Fickenscher

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McDonald's turnaround strategy, announced on Monday by new Chief Executive Steve Easterbrook, raised more questions than it answered about the future of the one-time infallible Golden Arches chain.

Photo: Reuters

Easterbrook, who took over the helm on March 1, focused on management restructuring, cost cutting and a plan to increase the number of franchise-owned restaurants from 81 percent to 90 percent over the next several years.

Wall Street reacted with little enthusiasm as McDonald's shares went stone cold, falling 1.7 percent, to $96.13.

The real problems at McDonald's have to do with food, service and ambiance — or lack thereof — in the restaurants.

Here's the deal: As any McD's purist will tell you, the company should stick to the basic hamburger, fries and milk shake, experts say, and get rid of salads, sandwiches and other items that try to appeal to too many people.

In short order, the experts say: simplify the menu; eliminate the dollar items; rethink the customers experience; emphasize quality and value over price and invest in franchisees.

"The strategy of getting people in for a cheap meal, raises more concerns about the quality of the food," said restaurant consultant, Arlene Spiegel. "Customers think, 'What are they putting in the food that they can afford to charge just a dollar for it.' "

Easterbrook, who was responsible for improving performance in Europe, does deserve praise for addressing the chain's problems, however, experts said.

It's not too often you hear the word 'turnaround' by a McDonald's CEO or any place in the company's culture," noted Richard Adams, founder of Franchise Equity Group, a consultant to McDonald's franchisees.

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