McDonald’s Ousts U.S. President After Sales Drop

CANDICE CHOI,AP Food Industry Writer

NEW YORK (AP) — McDonald's Corp. is hoping a leadership shake-up for its U.S. business can help it warm up sales and fight off intensifying competition.

The world's biggest hamburger chain said Thursday that Jan Fields, president of McDonald's USA, will be replaced by Jeff Stratton, its global chief restaurant officer, effective Dec. 1. The announcement comes less than a week after the fast-food giant reported its first monthly sales drop in nearly a decade.

A McDonald's spokeswoman said CEO Don Thompson and Fields are long-time friends and that they discussed the need for a change at the top. A number of business factors played a role in the decision, but recent sales figures were not among them, said Heidi Barker Sa Shekhem, a McDonald's spokeswoman.

"When you look at the size and scope of McDonald's, there are numerous factors go into a decision like this," she said. "It's difficult to isolate factors."

After years of outperforming its rivals, McDonald's has struggled recently amid intensifying competition at home and a persistently weak economy abroad. In October, the company reported its first monthly sales decline since March 2003. In a recent conference call with analysts, Thompson said the company would return its focus on its Dollar Menu after efforts to shift customers to a slightly more expensive "Extra Value Menu" fell flat.

That emphasis on value is in contrast to rivals such as Wendy's and Burger King, which have been introducing more premium offerings. Taco Bell, known for its affordable Mexican-style fare, also introduced its higher-end Cantina Bell bowls earlier this year. The moves are widely seen as a reaction to the growing popularity of chains such as Chipotle Mexican Grill and Panera Bread Co., which offer better quality food for slightly higher prices.

The U.S. accounts for about a third of McDonald's total revenue, while Europe accounts for about 40 percent; the region encompassing Asia, the Middle East and Africa account for 22 percent. Thompson, who took over as CEO this summer, has also served as president of McDonald's USA.

Fields, 57, was named president of McDonald's USA in 2010 and started with the company as a crew member more than 35 years ago. McDonald's says Fields was behind major menu innovations, including the expansion of the specialty drinks menu that includes fruit-flavored "chillers" and gourmet coffees. She also revamped the Happy Meal last year to include apple slices and fewer French fries. And Fields spearheaded McDonald's decision in September to start posting calorie information on its menu boards, ahead of a new regulation that will require restaurant chains to do so.

As global chief restaurant officer, Stratton oversees operations, training and innovation. He also started as a crew member more than 40 years ago in Detroit, and previously served as chief restaurant officer for McDonald's USA. Sa Shekhem said the transition to president of McDonald's USA, which is a promotion, should be seamless.

"A change in management doesn't signal a change in strategy," she said.

McDonald's has more than 34,000 locations around the world, with about 14,000 in the U.S.

McDonald's shares slipped 57 cents to close at $84.05 Thursday, after dropping earlier in the session to a low of $83.61, its lowest level since August 2011. The stock traded as high as $102.22 in January, and is down 16 percent since the start of the year.

Source URL (retrieved on *12/18/2014 - 7:04am*):
http://www.foodmanufacturing.com/news/2012/11/mcdonald%E2%80%99s-ousts-us-president-after-sales-drop?qt-most_popular=0