
1. What is the most important/serious business challenge that the company is facing? Briefly explain. (Hint 1)
2. What kind of pressure(s) is (are) impacting the company you selected? (Hint 1)
3. How should the company be responding to such pressure(s)?
4. Based on your answer to (2) and (3), what kind of IS (Hint 2) is strategically most important for the company? Name a few major objectives or goals that such IS has to fulfill.

Hint 1: Use the resources suggested in lectures (e.g., company web site, online databases available at DePaul Library).
Hint 2: You could refer to textbook §2.1 and Table 2.3.

1. Some of the latest, most pertinent business challenges that the McDonald’s Corporation is facing is their recent market loss (the first since 1965) and their plan to have more of their restaurants accept credit cards as a method of payment.

   By the end of 2004, Oak Brook, Ill.-based McDonald's (nyse: MCD - news - people) will double the number of stores accepting cashless purchases. Currently, more than 3,000 of McDonald's 13,609 U.S. restaurants take payment cards. On Thursday, the company simultaneously announced alliances with Visa, MasterCard, American Express (nyse: AXP - news - people), the Discover unit of Morgan Stanley (nyse: MWD - news - people) and the Star debit network, now owned by First Data (nyse: FDC - news - people).

   (Weinberg, Forbes.com)

   The decision to include more spending options for customers was fueled in part by their recent market loss as detailed in the next section.

2. The most obvious pressure for McDonald’s, as for any business is sales, the more food they sell the better their bottom-line. Part of keeping their sales up is maintaining customer satisfaction and offering more flexible ways for customers to buy their products. Recently the McDonald’s corporation suffered its first market loss since 1965:

   Even though system sales were rising, the average store gross fell 12% to $1.6 million from 1995 to 2002. McDonald's set a dismal record of 11 months of negative comparable-store sales in 2002. By the fourth quarter of that year the company had its first loss, $344 million, since first selling shares to the public in 1965. By New Year’s Eve its shares hit $16, a low not seen since 1995 (Kruger, Forbes.com).

   Although there are stores that already accept credit cards and other forms of non-cash payment (over 3,000 according to Weinberg’s article), McDonald’s is looking to increase that by double by the end of 2004, as well as increase the types of credit cards and other forms of payment such as debit card purchases. This decision falls in line with their commitment to provide better customer service.

   “McDonald’s acceptance of leading credit and debit card payment options supports our ongoing commitment to provide a relevant, convenient experience that offers choice to our customers,” said Jim Sappington, US Vice President of I/S Management, McDonald’s Corporation.

   Participating U.S. McDonald’s will feature the Visa, MasterCard, American Express, Discover Card and STAR acceptance marks at counters and drive-thru windows. Cashless acceptance of credit, PIN secured-debit and signature-debit is integrated through McDonald’s point-of-sale system, creating operational efficiencies for its customers and crew (McDonald’s Corporation, Press Release).

   By giving customer’s better spending options, the McDonald’s corporation ultimately hopes to improve their bottom-line in sales.

3. Aside from what was already mentioned, which was to include more spending options for customers and perhaps improve on their customer relations policy in general to help insure better customer satisfaction, the next major concern for the McDonald’s corporation is the actual upgrade and implementation of their new Point of Sale system. This is where Information Systems comes into play.
4. The kind of Information System that is strategically most important in this case would be a Communication System (Turban, Table 2.3) that will tie in information from all the chains and franchises so it can be managed most effectively from the central corporate office.

There needs to be \textit{Point of Sale (POS) systems} (Turban 18) at each restaurant so that real-time transactions can be made with the respective credit card companies and debit services such as the Star Network. This of course has to either tie-in or be upgraded to any existing POS system in each respective restaurant. The information can then be relayed; again in real-time to the McDonald’s corporate Communication System to help them track and manage the transactions and the flow of information resulting from such transactions.

\textbf{Whatis.com} [http://searchcio.techtarget.com/](http://searchcio.techtarget.com/) provides a good technical definition of a POS system.

\textit{A point-of-sale (POS) terminal is a computerized replacement for a cash register. Much more complex than the cash registers of even just a few years ago, the POS system can include the ability to record and track customer orders, process credit and debit cards, connect to other systems in a network, and manage inventory. Generally, a POS terminal has as its core a personal computer, which is provided with application-specific programs and I/O devices for the particular environment in which it will serve. A POS system for a restaurant, for example, is likely to have all menu items stored in a database that can be queried for information in a number of ways. POS terminals are used in most industries that have a point of sale such as a service desk, including restaurants, lodging, entertainment, and museums.}

\textit{Increasingly, POS terminals are also Web-enabled, which makes remote training and operation possible, as well as inventory tracking across geographically-dispersed locations. (Whatis.com)}
Bibliography


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Whatis.com “Definition of a Point-Of-Sale terminal (POS)”
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