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McDonald's gets the benefit of a full stakeholder audit



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In last month's *On Message*, we looked at communication planning and strategy development at McDonald's. This month, we look at one of the key tools in that process, the stakeholder audit, and examine how data generated feeds into communication and business operations.

One of the keys to understanding your brand – and indeed your business – is the ability to assess your company through the eyes of your stakeholders. Knowing what it is they value and what they are looking for in their relationship with your organisation is the first step to developing an achievable strategy. McDonald's uses an "outside-in" approach to developing communication strategy, using stakeholders' needs and expectations as the starting point for discussions. In Autumn 1999, McDonald's commissioned MORI to help run its first stakeholder audit, an exercise designed to provide a comparative study of stakeholder opinion on key issues and a broader picture of its current brand and reputation.

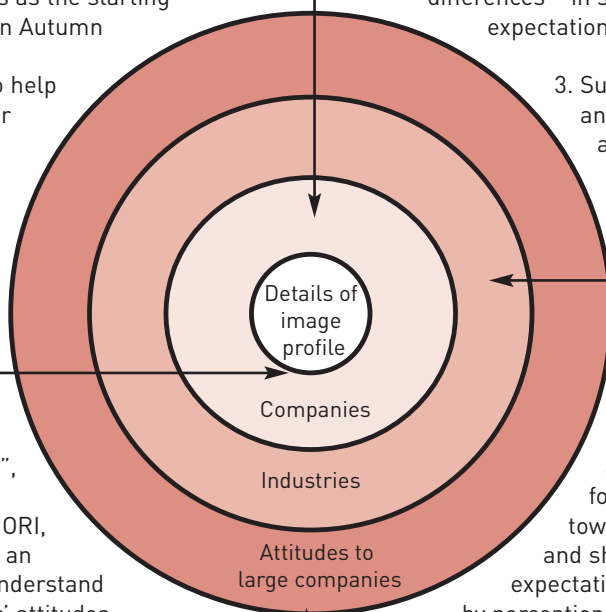
What is a stakeholder audit?

"In the broadest terms", says Charlotte Hines, associate director at MORI, "a stakeholder audit is an exercise designed to understand and track stakeholders' attitudes towards companies and contribute to a company's action planning." It uses qualitative and quantitative data from stakeholder research to produce an aggregate picture of where an organisation's reputation stands, as well as providing an insight into the priorities and perspectives within stakeholder groups.

2. Built around this core process is a series of outer layers of research. The image profile is contrasted with similar data from competitors and comparative organisations. (In McDonald's case, this was market-leading and best-in-the-field companies.) This provides a point of comparison with organisations in similar positions and helps build awareness of the similarities – and differences – in stakeholders expectations.

3. Surrounding this is analysis of general attitudes to the specific industry the organisation operates in. Many of the perceptions and opinions that impact upon a restaurant business like McDonald's – such as concerns about food safety, attitudes towards sustainability and shifts in employee expectations – are affected by perceptions and attitudes towards the specific industry.

4. The outer layer looks at general social attitudes towards large organisations and expectations of how companies should live up to their responsibilities. Such figures are typically taken from cross-industry studies and help put the results into a meaningful context. "Companies are rarely viewed in a vacuum, so it's important to consider wider social trends when attempting to develop a brand management strategy," says Hines. Segmenting this material by stakeholder responses and investigating how attitudes convert into actions gives companies an insight into whether wider social trends will



1. At the centre of the research activity is an image profile, that examines opinion on specific issues like the importance of companies working towards sustainability and how well they think the specific company is performing to achieve this. Core questions are used to build the profile and analyse the nature of each specific group.

Figure 1 (centre):
Images in perspective – how a company's brand relates to the wider context.
Source: MORI

impact upon a business. For example, although social surveys may show an increase in general support for environmental reporting, the audit help to flag up whether investors or franchisees consider such material when making investment decisions, and thus help communicators to decide whether to target environmental reporting at them.

Multiple brand dimensions at McDonald's

Understanding stakeholders' reaction to the brand is a business priority for McDonald's. This is partly because of its visibility as one of the world's most recognisable symbols, but also because the company understands that its brand is understood on separate levels – as a global brand, as a nationally based company and as a local restaurant. "Depending on who you are and how you touch the brand then you will have a different understanding of McDonald's," says Mike Love, vice president and director of corporate affairs. "It might fall into one or more of those categories at any given time."

How the stakeholder audit worked

For McDonald's communication plan for 2000, MORI began collecting data in Autumn 1999. Predominantly quantitative surveys were designed for employees, customers, franchisees, suppliers, legislative decision-makers, town planners and a wide range of opinion-formers including a cross-section of members of parliament. Because the aim of the audit is to cross-reference opinions, the bulk of the questions around the image profile (approximately 90%) were the same for each stakeholder questionnaire. However, the questionnaire for each stakeholder group also had a specifically tailored section. So for the media, there was a section on how they understood McDonald's when they write about the company. Comparing the consumer press against the business press allowed MORI to build a segmented picture of media attitudes, rather than approaching the sector as a homogeneous stakeholder block.

The type of survey used depended on the audience. Employees were sent a postal questionnaire, while other stakeholder groups were surveyed by telephone. MPs were interviewed face-to-face. Drill-down analysis was used to build up a more complete and diverse picture of each stakeholder group, so that MPs, for example, were analysed by political affiliation. By connecting attitudes to behaviours it becomes possible to define who amongst these groups were advocates, likely to recommend a company spontaneously, and who are critics, likely to criticise spontaneously.

Feeding the data into communication

McDonald's uses evidence from the stakeholder audit to help shape its communication activities throughout the year, but the data is of greatest value at the beginning of the planning cycle. Understanding what it is that particular groups value allows the team to decide which activities they wish to promote and what issues they want to create a dialogue around. "When you talk to a political opinion-former they might be more interested in the global view of McDonald's and its size as a buyer of produce or an employer of people than a customer standing in the restaurant would be," says Love. "It's a valid area to develop communications around, but the audit helps us to better understand who to target and their depth of interest."

The audit also provides a useful benchmark for all other research activity throughout the year. "When we research customer opinion, for example, we find that depending on the way questions are asked, and whether it's qualitative or quantitative measures, customers will see McDonald's in lots of different ways," says Love.

Using audit data to drive business priorities

However, the full value of the stakeholder audit is only realised when the data is used outside the communication function. McDonald's has a number of cross-functional strategy groups, each responsible for developing priorities for a particular aspect of the business. For example, there is one dedicated to social responsibility in food safety, animal welfare, another to building development, a third to community involvement and so on. The data is valuable in helping those groups understand how stakeholders perceive their actions and identify areas where there is demand for greater involvement.

For example, much of the data from the audit is relevant to McDonald's corporate social responsibility (CSR) department, which sits apart from communication. Those who are involved directly with CSR have responsibility for developing initiatives rather than communicating them. "It's a way of looking at social and environmental impact and the responsibilities that go with that through a non-communications lens," says Love. The CSR team meet in March or April to review the research data and business strategies, and to agree planning priorities for the following year.

"It prevents social responsibility lapsing into being another buzzword. Our commitment to social responsibility has nothing to do with communication or public relations – it's intrinsic to the whole of our business." Auditing work is planned as a biannual activity to help the company track how it's progressing towards hitting its targets and how expectations of performance are changing around it.

This article is the second part of a special feature examining the communication process at McDonald's.

If you missed the first installment, an online version is available at: <http://www.communicatorsnetwork.com/>