

Curious Choices for McDonald's New Management

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At first blush, [McDonald's](#) recent decision to bring in some new leaders seems bold. [Robert Gibbs](#), Obama's press secretary during his first term and senior campaign adviser during his re-election campaign, and [Silvia Lagnado](#), creator of the Dove "Campaign for Real Beauty," seem like real fire-power to be waged against the company's shrinking sales.



(Credit: McDonalds, Bloomberg)

But despite the impressive resumes for the chain's new global chief communications officer and global chief marketing officer respectively, they both lack what McDonald's really needs right now – experience in a franchised retail operation.

Of course, McDonald's needs the objective perspective and fresh ideas of people from a wide range of backgrounds which Gibbs and Lagnado will certainly bring – as well as their respective experiences fielding communications campaigns that have inspired cultural movements and changed deeply rooted beliefs. But the franchisor-franchisee relationship is so unlike any other and the retail industry is undergoing such significant transformation that it's likely the new managers' lack of experience in these areas will impede their effectiveness.

Fast food marketing has a dirty little secret – more chief marketing officers are fired because of failed franchisee relationships than failed consumer campaigns. The franchisee community of most quick serve companies wields unusual influence on the retention of corporate personnel in general, but the top marketing spot is almost always under fire. At some level, this is understandable – franchisees put up the dollars to run the marketing campaigns. McDonald's franchisees contribute 1.6% of their sales to the company's national advertising fund. And while they're not required to participate, those who abstain don't receive access to the company's marketing programs.

Cultivating trust among franchisees, galvanizing their support for unconventional ideas, and gaining their cooperation

when business is bad is no easy task, particularly for the uninitiated. Plus franchisee engagement – or lack thereof – is probably the biggest problem McDonald's currently faces. According to [research](#) by Janney Capital Markets, relations between franchisees and corporate are at their lowest in more than 11 years – and the company's turnaround plan depends in part on getting franchisees to spend more to fund new initiatives like double-lane drive-thrus and new customization platforms in their kitchens. Unlike the political opponents that Gibbs has had to fight off, franchisees can't be vilified or antagonized. And unlike the channel partners that Lagnado has had to work with, they aren't easily appeased with promotional dollars.

The far-reaching, fast-moving changes in the retail industry also present a steep learning curve for the two new leaders. Technology alone presents a host of new opportunities and challenges. From order placement to order fulfillment, customization, payments, and loyalty – every aspect of the customer journey is ripe for transformation and new capabilities are uncovered practically daily. Social media plays a unique role in retail, given the expectation of real-time customer service and the need to engage in-store employees. And then there's need to support, promote, and advance operational excellence in the brick-and-mortar in-person experience, which has been McDonald's kryptonite of late. None of these are areas of strength or experience for Gibbs or Lagnado.

McDonald's CEO [Steve Easterbrook](#) heralded the new hires as instrumental to the company's attempt to become a "progressive burger company." Gibbs and Lagnado may indeed be "progressive" but their lack of experience in critical areas may also end up being problematic.

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