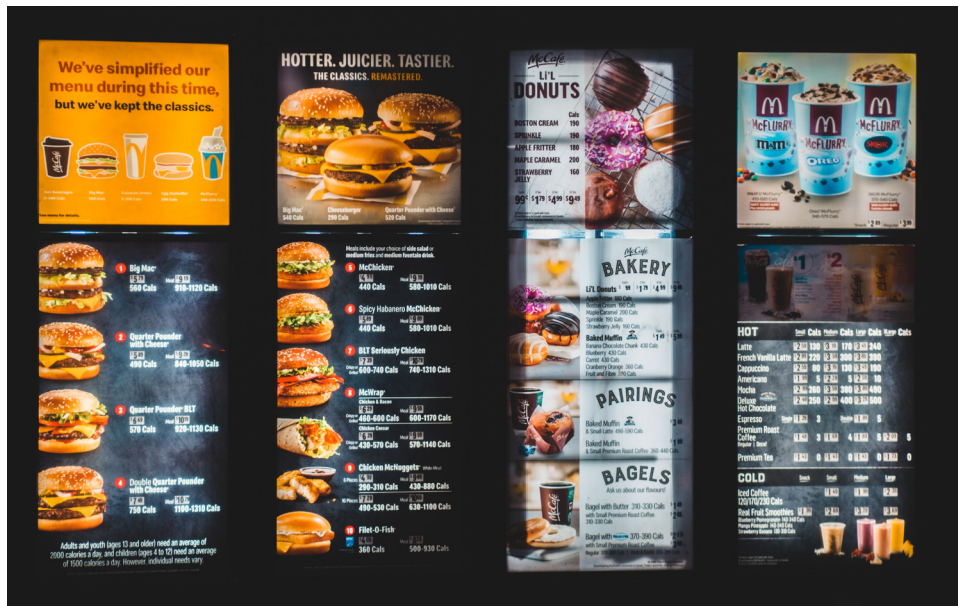


# McDonald's Is Revamping HR System for the First Time in 20 Years, Committing to "Digital Adoption"

**M**cDonald's Japan is now proceeding a full replacement of its HR system for the first time in about 20 years. This was revealed in November 2021 through interviews conducted by Nikkei xTECH. The company plans to move away from the complicated legacy system it has used for many years, to create an environment where employee information can be centrally managed, and finally to leverage it for human resource development that is one of the focus areas of them.

## McDonald's is a "people business" that sells hamburgers

// We are not a hamburger business serving people, but we are a 'people business' serving hamburgers." As this statement by McDonald's founder Ray Kroc represents, the source of McDonald's strength lies in its people.



(Source: Erik McLean, Unsplash)

"Our company is thoroughly focused on people. We think about how to utilize the power of people and have our employees and crew (part-timers) actively play their roles. This leads to better customer service, which in turn leads to higher sales," said Masahiro Imura, Director of NSRO (National Restaurant Support Office) HR Department at Human Resources Division, McDonald's Japan.

McDonald's Japan has been focusing on educating their employees through its unique programs such as "Hamburger University" that was established for human resource development. However, he also said that they had the problem where the underlying IT systems had gradually become outdated.

He further adds, "Inevitably, the systems had become complicated because we had

developed or modified them in response to changes in our in-house system as a company. Data couldn't be found quickly or was out of date. So, the company decided: the IT systems must not become a hindrance as we do continue making the most of our people, therefore we ought to properly invest in our HR system."

The company is currently working to revamp its HR system for the first time in about 20 years. Detailed investment costs and system specifications have not been disclosed, but the company's on-premises Oracle E-Business Suite (EBS) will be fully replaced with the cloud-based Oracle Cloud HCM. The revamping project was started in 2019, and its development phase began in 2020. The revamping of the HR system for full-time employees wrapped up in April 2021. The company plans to complete

further revamping of the HR system to cover franchise employees, such as part-time crew members, by 2023.

## Guidance feature was implemented so employees can use the system smoothly

The point of note is “digital adoption”, on which the company placed a huge focus when considered system revamping. Digital adoption refers to ensuring that users can use software properly from day one.

Generally speaking, when a new system is first launched, users are unsure of how to use it and are prone to make an input error, as well as to flood the support department with inquiries. Digital adoption helps to solve that problem. Software solutions that allow users to start using new systems smoothly have also emerged and have been receiving attention in recent years.

Research firm Gartner predicts, “By 2025, 70% of organizations will use digital adoption solutions.”

“Not every employee is IT savvy. We (the HR department) would be overwhelmed if there was an influx of input errors or inquiries when the new system went up. The key was how to mitigate those waves just after launch,” said Imura. Thus, the company introduced “WalkMe,” a digital adoption platform service by [WalkMe Inc.](#), and implemented “guidance feature” that helps user operations on the new HR system.

Here is how it works. When a user logs in to the HR system, WalkMe comes up over the top page. From the list, the user chooses an operation, such as “Create/submit performance goals” or “Change manager.” Then, the system automatically moves into the page for the chosen operation. Not only that, WalkMe can also execute some operations on behalf of the user or provide a pop-up bubble to guide what data to be entered.

“We thought the first three months after launching the new system would be hard — due to having to deal with inquiries and correction requests for input errors —, but things calmed down earlier than expected,” said Imamura. “It has been about six months

since the new HR system for employees went live, but there have been no major disruptions, including those on system operations for inputting periodic employee evaluations.”

“  
By 2025,  
70% of  
organizations  
will use digital  
adoption  
solutions.”

McDonald’s Japan plans to accumulate its employees’ data — which now can be centrally managed thanks to the revamping of the HR system — and to focus on people analytics and other initiatives based on that data. “Using the data, we want to optimize staffing and training so that employees can much more actively play their roles,” emphasizes Imura.

With the recent spread of SaaS (Software as a Service), companies have become able to use more attractive services at earlier timing after their release. However, such services would become useless treasures if users could not utilize the systems properly. Additionally, the spread of remote work has created an environment where it is difficult for employees to freely ask each other about how to use a system. McDonald’s Japan’s efforts to focus on “digital adoption” among users are likely to serve as a reference example for how to introduce new systems during and after the COVID-19 pandemic. ●

An example of McDonald’s Japan’s HR system. The guidance feature is displayed over the top page of the system to help users navigate and operate.



(Source: Erik McLean, Unsplash)