

# “There is only one” team.

Under Mario Federico's leadership, McDonald's Italy is emphasizing its local suppliers and links to a proud food culture.

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**T**hink of Italian food and you think of bowls of handmade pasta, flowing red wine and crusty bread dipped in olive oil. If McDonald's Italy Managing Director Mario Federico has his way, these Mediterranean staples could soon be joined by Big Macs and Quarter Pounders. The quick service restaurant chain has made serious headway into one of the toughest food markets in the world and has no plans on stopping anytime soon.

Talking to *The CEO Magazine*, a topic Mario keeps returning to is the idea of 'Italianness', and how under his leadership the chain will emphasise its cultural ties to a country that is fiercely proud and protective of its food heritage. Upon rejoining McDonald's Italy, Mario's first move was to take stock of the restaurant's identity. "We had to ask: 'Who are we as McDonald's?' We realised we had neglected to talk about who we are as Italians. We did not dare talk about Italian ingredients and Italianness." »



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Mario says he is proud of the local provenance of the produce used at McDonald's Italy, which includes Calabrian olive oil, oranges from Sicily and apples from the Bolzano region. Yet this aspect of the restaurants remains underappreciated. "We need to do a better job of telling Italians that 80 per cent of our suppliers now are Italian. As a company, we were born in the US, but 100 per cent of our meat and all of our coffee is Italian."

Appointed to the Italian Managing Director role in 2016, Mario is actually in his second stint in such a position, having previously done the job for McDonald's Switzerland. He believes he is an older and wiser leader now and casts a wry look back over his previous work as a managing director. "Now I have the benefit of a much broader experience. Back then, I just wanted to be Managing Director as quickly as possible. I was this passionate, enthusiastic, Italian guy who wanted to get places quick."

A graduate of the Hotel Management School in Italy, initially Mario worked in the hotel industry in Italy and the UK. He then moved from London's luxury accommodation scene to McDonald's, and worked in management roles across Germany and Spain, most recently specialising in managing high-growth markets including his native Italy.

Soon after settling into the restaurant's national headquarters in Milan, Mario went on an extensive fact-finding mission, visiting hundreds of McDonald's franchises in person and seeing the frontline staff who serve more than 800,000 patrons each day. "One of the messages, perhaps the main message I picked up, was the need to do things that cater to the needs of our customers," he says.

"What really moves the needle for franchisees is motivation. I personally visited all the restaurants, at least all those with owner-operators, and I listened to them and developed solutions together with them. We touched on business strategy, but we quickly concluded that strategy can't be implemented without the right people in leadership positions on the franchisee side."

In addition to his hands-on approach to meeting franchisees, Mario runs regular town hall-style meetings to facilitate communication channels. He says individual licensees are not there to service the head office; in fact,



the reverse is true and senior management's role is essentially to assist franchises to put out the best possible product. "There is not the corporation and the operator," he reflects. "There is only one team."

Considering what makes a great restaurant, Mario says the essential ingredient is simple.

"I can have a great design, outside and inside, great digital equipment, great food and a great kitchen, but if I am not operating with the right people who have been trained the right way, it will not make a difference. The competitive advantage of McDonald's is still its people – from the crew to the shift managers and restaurant managers."

For a restaurant like McDonald's, notions of reliability and consistency are a major part of its appeal to customers. "Our promise to the consumer is 'You can trust McDonald's,'" Mario explains. "It is a quality-oriented company and we want you to be able to come and enjoy delicious 'feel good' moments just the way you like it, every time."

Recognising the value of familiarity does not mean standing still, however, and McDonald's Italy has aggressive expansion plans. It aims to add 20–25 restaurants and 600–800 new employees each year. It also wants to increase comparable store sales, which Mario describes as "the true barometer of where we are as a restaurant".

Another avenue for expansion is via the McCafé concept, which has proven hugely popular in Italy and has already

*"Working with McDonald's Italy is a great honour and a great opportunity. McDonald's is a demanding client, that indeed encourages to always give the best, in terms of products, quality, innovation and expertise, to lead together and with passion." – Tiziana Simioli, Export Manager and Business Partner, Fresystem SpA*

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become the nation's busiest coffee chain. Mario says the restaurant served 31 million coffees and cappuccinos in 2017, but wants to increase this number further with a McCafé attached to every outlet.

The restaurant has already extended its operating hours to accommodate the Italian fondness for late summer dinners, and plans to update existing restaurants with new designs, self-ordering kiosks, table service and increasing options for patrons to customise their orders. McDonald's Italy is also embracing food delivery and has formed a partnership with fast-rising startup Glovo. Mario says the sector is low-hanging fruit. "There's €2.5 billion spent by Italians on delivery, so it is a piece of cake to go there."

"As Italians, we love gastronomy," Mario concludes. While enthusing about the quality of its French fries, Big Macs and toasted bread, he can't resist a friendly jab at McDonald's Italy's European neighbours. "I don't want to start making comparisons with France, because that would start a war but, for Italians, the quality of the cuisine is all-important." ■

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