

**CRISIS MANAGEMENT: MCDONALD'S DISTRIBUTION
CENTER 24 HOURS RECOVERY FROM THE 2018 FIRE
INCIDENT IN THAILAND**



**A THEMATIC PAPER SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF MASTER OF MANAGEMENT
COLLEGE OF MANAGEMENT
MAHIDOL UNIVERSITY
2022**

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Thematic paper
entitled
**CRISIS MANAGEMENT: MCDONALD'S DISTRIBUTION
CENTER 24 HOURS RECOVERY FROM THE 2018 FIRE
INCIDENT IN THAILAND**

was submitted to the College of Management, Mahidol University
for the degree of Master of Management

on
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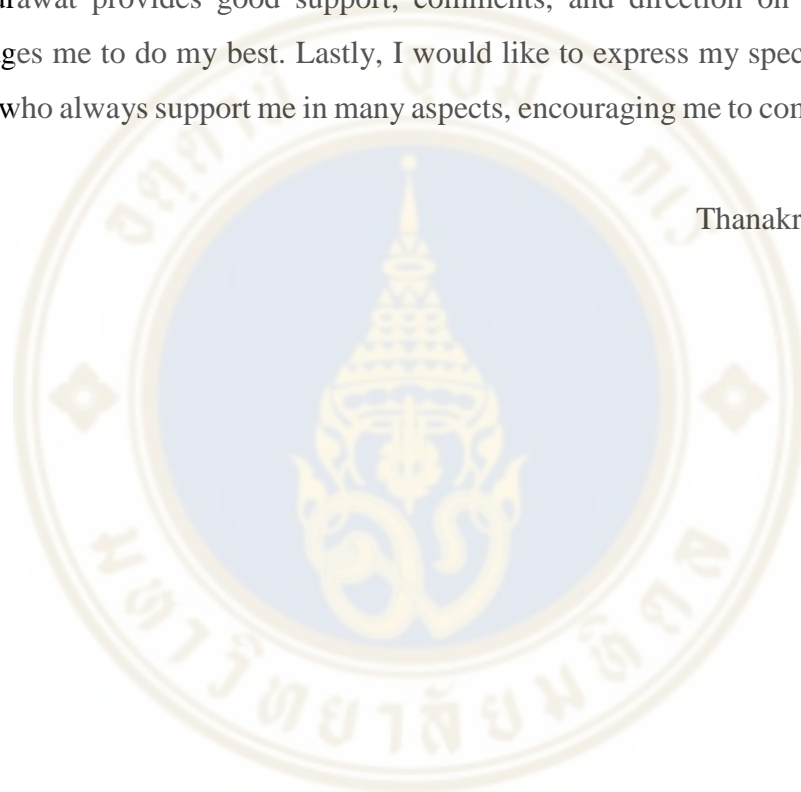
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ACKNOWLEDGEMENTS

This work could not be completed without a lot of support from people, especially three interviewees who allowed me to deep-dive into the story and conduct an interview for many hours. Also thanks to my research advisor, Assoc. Prof. Winai Wongsurawat provides good support, comments, and direction on this project and encourages me to do my best. Lastly, I would like to express my special thanks to my parents who always support me in many aspects, encouraging me to complete this paper.

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CRISIS MANAGEMENT: MCDONALD'S DISTRIBUTION CENTER 24 HOURS RECOVERY FROM THE 2018 FIRE INCIDENT IN THAILAND

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M.M. (GENERAL MANAGEMENT)

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ABSTRACT

Fire is the main hazard present in all areas. It is an unpredictable incident that nobody is clueless about. The main causes of fire have many reasons such as static electricity, overheating, human error, environmental atmosphere, and failure of electrical parts in machines. Most horrible fire incident starts with only a small blaze and quickly spreads into a disastrous situation. Fire impacts property, people, and the environment causing death, damage, and business interruption. It does not only cause a huge amount of damage to property and stock but also can have a massive impact on a business's ability to continue to operate, causing significant logistical difficulties as well as the cost of replacing stock that has been destroyed. This paper aims to explore how the logistics provider company handles the fire incident in McDonald's Distribution Center where they had just completed the construction 4 months ago. It is interesting to learn how they could resume the operation in less than 24 hours. Not only having a good business continuity plan but also a strong relationship with stakeholders, leadership, and team unity helps the company remain better positioned to recover from the business interruption, property damage, financial impact, and loss of life. The paper aims to explore what happened on that particular day and what mindset, strategy, and solution the management team of the logistics provider company has developed to gain business continuation.

KEY WORDS: BUSINESS CONTINUITY / STAKEHOLDERS RELATIONSHIP / LEADERSHIP / TEAM UNITY

25 pages

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CHAPTER I

INTRODUCTION

It is well known that supply chain and logistics management is an integral part of most businesses and is essential to company success and customer satisfaction. Supply chain management outlines the strategy and activities that go into planning, sourcing, producing, and delivering goods, as well as handling returns. Logistics management focuses on the right products being in the right place at the right time, and how to get them there. Logistics management is a small portion of supply chain management.

The experts who perform these kinds of services are third-party logistics providers. Third-Party Logistics is a logistic provider that specializes in supply chain management and distribution operations. They normally provide support to the traditional business in terms of supply chain management (shipping & transportation), fulfilling orders, distribution, warehousing solutions, and managing inventory. Due to being an outsource company, Third Party Logistics company needs to meet different customers' requirements and customization of services. (Pranjal, 2021)

Most businesses have much more complicated processes to achieve customer satisfaction and successful business operations. They must develop a logistics management strategy. Some companies handle the development of this strategy and the execution of logistical activities internally. Most companies work with a third-party logistics company that helps them create and execute a strategy. They already have processes and infrastructure in place that the company can use to achieve its ultimate goals.

Working with a third-party logistics company has a number of advantages over handling the business itself. First, a company does not have to invest in assets, e.g. distribution center, warehouse for storage of goods, truck, etc. Moreover, most medium to large size logistic companies invested a large amount of capital and time in innovative technology, warehouse, transport, and inventory management systems. Second, third-

party companies typically have access to a larger resource network. They provide a one-stop service of full talented people in each logistics field. There is no need for training or hiring new employees to execute the logistics tasks. With these two advantages, a business can save their capital and time investing in their core business-related activities such as sales & marketing. Thirdly, third-party logistics companies have numerous customers in their hands and global reach. By outsourcing to a third-party provider, a firm can expand the services to other countries where they have a presence. This opens up new opportunities, especially for smaller businesses, and means there are more ways of optimizing operations and supply chain. Lastly, working with a third-party logistics company can improve customer satisfaction because products will deliver to customers faster and at a lower cost. (Jenkins, 2020)

However, all these benefits are the market standard that every third-party logistics company is committed to providing to their customers. According to the logistics operation, customers' products are under the custody of the third-party logistics providers while they store in their warehouse. They have the responsibility to take good care of them. There will certainly be some unforeseen events that affect the customers' sales. e.g. technical breakdowns, workplace violence, stock loss, etc. All these situations commonly happen, and a third-party logistics provider is expected to solve them efficiently and professionally. Nevertheless, there are some devastating unpredictable circumstances that the management team needs to handle, e.g. natural disasters, political unrest, pandemic, etc. Adaptability and capability to handle crises are a must for the management team to continue the operations seamlessly. At the heart of these crises are a common theme - the robust processes to identify and successfully manage growing supply-chain risks.

Risk management is based on the ability of the manager to identify, value, and then mitigate the correct risks. Classification of risks is a vital step to understand, identify problems, generate an action plan, and minimize risks. In this paper, Donald Rumsfeld's framework, there are four types of the known-unknown framework. Firstly, Known Known risks, the organization realizes both the possibility and negative effects on the business. This risk is the easiest to handle due to the predictability and many solutions that exist in the market. For example, an organization may know that there is a risk of them losing some of its customers to a competitor. They know the risk exists

and can quantify it as well. This risk is the easiest to manage because all the required information is present. Second, it is called Known Unknown risks, because the organization is aware of the existence of such a risk. However, the organization is not aware of the probability that this risk will affect them. At the same time, they are not able to quantify the impact that these risks will have on their business if they materialize. Risks related to lawsuits can be put in this category. This is because companies are aware that they are liable for all the actions of their employees and even their subcontractors. Hence, there is always a possibility that they might become targets of a lawsuit due to the negligent misconduct of their associate. However, it is difficult to gauge the probability of such an event taking place as well as the financial impact it may have. Thirdly, Unknown Known Risks are risks that are created due to the negligence of the company. For instance, companies should ideally be aware that they face some amount of market risk or counterparty risk. Hence, believing that this risk will never occur is negligent on the part of the company. Lastly, Unknown Unknown Risks are the most dangerous type of risks that an organization faces. It is devastating and uncontrollable. The company is not even aware of the existence of such a risk. Hence, the question of measuring and quantifying risk does not really arise. These risks typically tend to have a very high impact and endanger the very existence of the organization. Examples of such risks include extreme weather events i.e. heavy storms, big floods, etc. The coronavirus global pandemic is also a classic example. It might escalate to the company's well-being, disrupt the operation and even affect the existence of one company in the market. (Juneja, n.d.)

The fire incident is one of the Unknown Unknown Risks, which has a possibility but uncommonly happens in the logistics operation. It is unpredictable when the warehouse will be on fire, how it will happen and where the fire starts. Hence, a business continuity plan is essential to overcome the problem and continue business activities as usual. Organizations begin to tackle issues in a structured way, cataloging and addressing known risks while improving the organization's resilience for the inevitable Unknown risk that becomes a problem in the future.

The McDonald's Distribution Center's fire incident occurred at 4.20 pm on Sunday, 14 January 2018. A fire alarm system was activated. A security guard-surveyed went into the distribution center and entered the cold storage at the ante room, where

the alarm activated and ran out after discovering a lot of smoke and spark. The security guard made a phone call to the Fire Department in that area asking for firefighters and reported to the Safety management team of a logistics provider company. Twenty minutes later, the Fire Department arrived and started firefighting. Twenty fire trucks were on site to extinguish the fire. It took around 4 hours to control the fire. Luckily, there were zero injuries and death as no employees came to work in the distribution center because it was a Sunday. All stock and assets in the distribution center were totally damaged. Nevertheless, McDonald's business was still operating as usual. The food, ingredients, and packaging were supplied to each branch of McDonald's as per schedule without any interruption. The management team of the logistics provider company executed their business continuity plan effectively and was able to maintain customers' trust by showing their capability in managing the crisis. They looked for temporary warehouses for storage of ambient, chilled, and frozen products by coordinating with the landlord as well as working closely with McDonald's Supply Chain team to purchase new stock from overseas and local vendors to deliver to the new sites. Less than 24 hours, the company was able to resume operations as usual. At 9 am on 15 January, 2018, the next day after the fire incident, the first supplier delivered the packaging to the ambient distribution center, followed by many other suppliers on the same day. At 2 pm, they were able to receive the chilled and frozen products at the temporary distribution center. The orders from McDonald's restaurants were released to the distribution center after receiving goods. The company was able to distribute the products to McDonald's restaurants at 4 am on 16 January 2018 nationwide. The restaurants did not feel any interruption. It was smooth as if nothing had happened. (MGR Online, 2018)

The objective of this paper is to explore what is the key success factor to turnaround the crisis and continue business as usual within less than 24 hours, by exploring in detail the reaction of top management towards the fire incident as well as how the team handled the customer, the situation, the employees and the business. With this information, the paper will not only provide the key success factors of executing a business continuity plan but also how people management is vital during a crisis.

CHAPTER II

LITERATURE REVIEW

2.1 Crisis Management and Its Necessity

Crisis Management is the art of dealing with sudden or unexpected events which disturb the employees, organization as well as external clients. It is a plan both to prevent and to deal with extraordinary situations that an organization did not expect to happen. Effective crisis management is difficult to conduct due to these three components. First, there is a time limitation to handling the situation during the crisis. There is no pre-warning from the crisis problem to prepare for a reaction. Decisions need to be made as fast as possible to restrain the negative effect. Second, there is pressure sensitivity involved in the crisis. A decision maker has to handle a great deal of internal and external pressure effectively. A good leader stands up and works under pressure calmly, provides clear direction, and makes the right decision. Lastly, crisis size does matter. The bigger the crisis, the more difficult it is to manage and make decisions. There will be many things to solve and focus on at the same time. (Glaesser, 2003) Logistics companies mostly work in warehouses where thousands of customers' finished goods or products are stored. Organizations might be able to control the operation process but they are not able to control natural disasters. The Management team is responsible for crisis management. The purpose of crisis management is to minimize the damage that will occur to the company and ensure that daily operations will resume as soon as possible. Hence, adaptability and resilience are the key focus of crisis management. Moreover, it is important for management to calmly and quickly solve the problem, faster is better. (Norton, 2022)

2.2 The Importance of Business Continuity Plan

Business continuity planning is a procedure designed to ensure the business is ongoing when confronting a crisis. It is mainly on protecting the company's assets

and providing a backup operation plan when a crisis occurs. Business stagnant equals revenue loss while cost is still running which might affect the company's market share. Furthermore, if the incident has high severity, the company's existence might disappear in the market. Hence, business continuity planning is a way to minimize those mentioned risks. (Kelton, 2021) This plan needs to be concise enough to be used by multiple employees. It must list all risks and measures available to quickly get the business up and running smoothly as soon as possible. Once the plan is completed and published, training relevant staff on how to utilize and follow the plan to full effect is necessary.

2.3 Leadership

Whether dealing with day-to-day product flows or dealing with an unexpected natural disaster or crisis, supply chain experts roll up their sleeves and get busy. They diagnose problems, creatively work around disruptions, and figure out how to move essential products to people in need as efficiently as possible.

Leaders and managers play an extremely important role during a crisis. This duty aims at providing a sense of direction to the employees. It can be shown by asking the employees not to panic at the time of crisis, encouraging them to face the tough times with courage, determination, and smile, and also making them work as a single unit. Leaders must teach them how to work hard, relieve their organization's image and adapt well to changes and new situations. (Beato, 2020)

Leaders should lead from the front, show confidence and steadiness as well take complete charge of the situation. They should have full control over the employees, know what is happening around and attend to the problems immediately. They can identify the important processes and systems which should keep functioning for the smooth running of the organization and also develop alternate plans with correct and accurate information. They should also motivate the employees to believe in themselves and the organization. It is essential to trust each other during emergency situations. (Beato, 2020) The leader is a strong pillar of support for the team members. They should be able to fall back on the leader.

2.4 Maintaining Stakeholders' Trust

Trust and confidence with stakeholders during the crisis is the fastest path to recovery. During the crisis, unexpected challenges occur. Maintaining this trust must remain a priority, including clients, investors, employees, suppliers, etc. It is the responsibility of the top management to keep the operation going on and return to normal as soon as possible. One of the key factors for an organization to smoothly concur the crisis is communication. An effective communication refers to how fast the management team of the third-party logistics provider responds to the crisis and delivers an action plan to their staff. (Lockwood, 2005) Communicating with external stakeholders is essential to sustain the company's reputation. A well-trained and well-informed crisis spokesperson is appointed to provide information consistently. He can deliver satisfactory honest statements without giving away too much information that could negatively affect the company. The organization must provide accurate and high-quality information to maintain confidence and facilitate the customers and suppliers to execute the necessary actions as well as support to continue their business with less interruption.

2.5 How Resilience and Adaptability play a major role in crisis

Adaptability is a skill of when a person can turn himself or herself to get along with an unusual situation. It is an essential skill to handle changes. Resilience is the ability to return to a normal situation when facing a severe incident. Resilience skills contain the acceptance of reality, strong belief in something, and adaptability. People who have this ability tend to find meaning in life through difficult situations. They have a positive and growth mindset where everything is possible. During a crisis, adaptability and resilience is a key for a company to survive and continue its business. In the fire incident at McDonald's distribution center, the majority of stocks were damaged. However, McDonald's business had to continue, customers still expected the delivery of the product regularly. There is a shortage of equipment to complete tasks. Adaptability will play an important role in this stage, the team needs to find a temporary warehouse, get equipment from another site and bring resources to support the operations in the two temporary warehouses to continue product distribution to

McDonald's restaurants. The higher level of adaptability skill the operation team has, the faster business can continue. (Ovans, 2015)



CHAPTER III

METHODOLOGY

The objective of this thematic paper is to understand the key success factor of the execution of a business continuity plan, people management, the essential skills that drive the organization through the crisis, and how the third-party logistics provider managed their team to continue and resume the operations in less than 24 hours. To obtain information on how the third-party logistics provider dealt with the fire incident, an interview was conducted with the team who managed this incident. This is the best method for data collection. It allows the writer an opportunity to deep-dive this story by asking related questions that are not in the published news and script. Most of the prepared questions are open-ended because it allows interviewees to freely tell the story which could provide the writer an unexpected insight into this story. Hence, qualitative research is an appropriate method for understanding the interviewees' feelings and actions during the fire incident.

3.1 Sampling Plan

This research aims to obtain an insight story of how the third-party logistics team can pass through a crisis. It will therefore focus on interviewing the management team which includes the Managing Director, Facility & Engineering Division Manager, and Senior Operations Manager. These high-ranking positions will be able to provide information such as the business continuity plan, the difficulties during that time, people problems, priority tasks, etc. These three executives were on-site during the crisis and they were directly responsible for turning the operations back to normal as well as hosting the investigation of the police team, forensic police, Municipal officers, labor department officer, the landlord, and the insurance company of both clients and the third party logistics company sides. According to confidentiality purposes, pseudonyms will be used in this research.

Interviewee 1: Joyce

Position: Managing Director

Personal Information: Joyce oversees the overall logistics business operation of Thailand which includes warehouse management, transport management, and value-added services. Besides this role, she also is responsible for business development and account management. Ms. Joyce has intensive experience in the logistics and supply chain field. She worked with this company for 16 years. Prior to joining, she worked in a pharmaceutical distribution company, in charge of logistics & distribution. She was responsible for sales and operation management, inventory control, company database, credit control, collection, warehousing, and transportation. Ms. Joyce is a Thai with a modern outlook and exposure to international business. She joined this organization in April 2006.

Interviewee 2: Woody

Position: Facility & Engineering Division Manager

Personal Information: Woody joined in March 2012. He is responsible for warehouse design, distribution center construction management, facilities, and infrastructure management. He had experience in infrastructure design and construction management since 1995, especially in Logistics Facilities and Warehousing business for 8 years. He designed McDonald's Distribution Center and was involved in facility maintenance on a daily basis.

Interviewee 3: Smith

Position: Senior Operations Manager

Personal Information: Smith joined in March 2017 and is responsible for overseeing warehouse management. He had 25 years of experience in managing all aspects of the supply chain, logistics, and distribution center. Smith was the key responsible person at McDonald's Distribution Center who also took care of the situation including managing the fire brigade team, finding a temporary distribution center, and setting up an operating system for the business to continue.

3.2 Interview Questions

- Please share your working experiences.
- What is your position, responsibility, and years of service?
- Have you ever experienced any crisis?
- Where were you on the day that McDonald's distribution center was on fire?
- What happened to McDonald's distribution center in 2018?
- What did you do after learning of the incident?
- How did you deal with the crisis on that day?
- Please share how the management team plans and organizes the work during a crisis and what was the priority.
- What difficulties did you face during that time?
- What were the most challenging things during the crisis?
- How did you deal with the reporters or social media who wanted to get the news?
- How effective are the crisis management plan and business continuity plan?
- How many days did you turn around the operations to normal?
- During difficult situations and unusual situations, how do you deal with difficult people?
- What caused the fire?
- What do you think are the factors that help to turn the situation so fast?

CHAPTER IV

FINDINGS & ANALYSIS

4.1 Fire Crisis Story

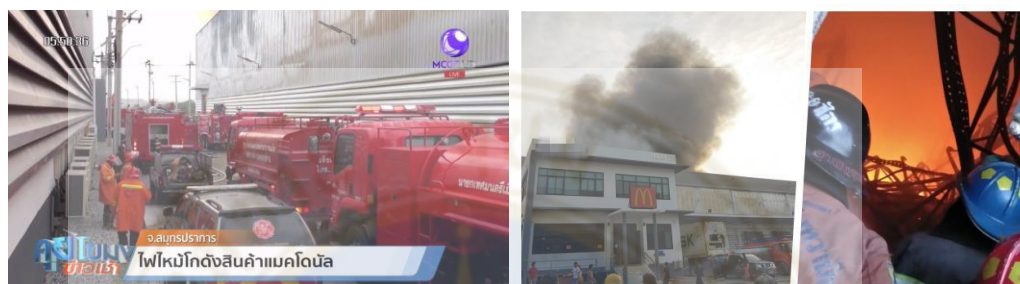


Figure 4.1 McDonald's Distribution Center on fire

Source: MGR Online

Joyce was a Managing Director of the company, responsible for the overall business in Thailand. She had experienced handling the crisis many times such as political unrest, a big flood in 2011, etc. On the day of the fire incident (Sunday, January 14, 2018), she was traveling aboard, leaving Thailand at 4 pm. Smith, Senior Operation Manager who was responsible for distribution centers including McDonald's operations, went out for dinner with his family at 5 pm. on that day. Having received the report from the distribution center, he left his family at the restaurant and quickly drove to the distribution center wearing shorts. Woody, Facility & Engineering Division Manager who was responsible for the facility management of the entire company sites, saw a supervisor post the picture of the warehouse on fire via social media working group. He asked her about the fire. At the same time, the security guard called him and informed him about a fire incident at McDonald's distribution center. He left his house in Ratchaburi province and went straight to the distribution center. The McDonald's distribution center had just completed construction in the middle of August 2018 which took 8 months to build. The operation was run for 4 months prior to the fire incident. Both Smith and Woody have no experience handling this kind of big incident. Smith

experienced the fire incident during the construction of a retail store but there was no stock inside. The store was rebuilt only. While Woody was experienced in handling the strike of the labor union.

Joyce arrived at her destination hotel at the reception counter at 6 pm, she received a phone call from Smith who informed her that McDonald's distribution center was on fire. There was no staff injured and Smith never handled such a fire incident. Joyce instructed Smith to divide the staff into 3 groups, two groups looked for the two temporary warehouses: ambient temperature and cold storage and another group supported the fireman team for gasoline to fill in the generators, food, and drink at the warehouse which was on fire. She would look at the warehouse condition upon arrival in Thailand. She then immediately went back to the airport and bought the plane ticket back to Bangkok, taking an 8 pm flight.

While driving to the distribution center, Smith made several phone calls to the team asking to meet at the distribution center so that Joyce's instruction and business continuity plan could be executed. He called Woody and asked him to look for new warehouses while assigning his subordinate to take care of the fire brigade team. Woody called the landlord and three warehouse providers both cold storage and ambient. He then summarized and compared the three choices in hand, waiting for Joyce to land and make a decision. Smith arrived at the scene at 6.30 pm and talked to the landlord to stop the reporters from taking photos and refrained from giving the news. The reporters tried to interview Smith and asked how he would resolve the operations but Smith refused to answer. The distribution center owner called Joyce to inform the incident while she was waiting for the plane to depart. Joyce requested them to help stop the reporters as well as all social media not to publicize this news in the newspaper and to keep it a low profile. The distribution center owner assisted Joyce's request. Woody arrived at the distribution center at 8 pm and went to look at all 3 warehouses.

Joyce arrived at the site at 11 pm. Woody presented the three choices of the warehouses. Joyce selected the two new temporary warehouses of the same landlord and asked Woody to call them to confirm the lease. She then had a meeting with the management team who were on site, wrote down what needed to be done with responsible persons, and agreed on the execution plan to resume operations until 2 am on January 15, 2018. It was agreed with the team to meet at 8 am on January 15. The

IT team did not go back home that night. They went to the new distribution center and set up the warehouse management system ready to receive the stock the next day. That night, Joyce called the big boss in Hong Kong and requested to send the Global IT team to Thailand the next day to help monitor the warehouse management system as the team needed to implement two warehouses at the same time. McDonald's Thailand Managing Director called Joyce at midnight. The only question he asked was whether the new warehouses were found. When he heard the answer, he was then informed to continue the discussion the next day. McDonald's Supply Chain team informed all vendors to prepare the stock for delivery to the new warehouses.

At 8 am sharp (Monday, January 15, 2018), all staff including managers in charge of McDonald's operations were on site. They were briefed on what to do and received training to understand the layout and the locations in the new warehouses both ambient and at the cold storage. The first McDonald's vendor delivered the packaging at 9 am to the ambient warehouse, followed by other vendors in the same morning till evening. The picking of orders received from McDonald's restaurant started at night. They were completed and ready to ship out and delivered to the restaurants at 4 am on January 16, 2018. The operations turnaround was less than 24 hours before the operations could start receiving the new stock.

All parts of the operations were able to adjust themselves very fast. The Distribution Center team learned the new warehouse layout as well as the workflow quickly. Moreover, the work process needed to be done with paper as all warehouse equipment was left in the warehouse except furniture and equipment in the office. The checking process was added to ensure the stock was picked correctly. The transport team adjusted the work process as the ambient and cold chain warehouses were at different locations, unlike the current distribution center where the stock of different temperatures is stored on the same site. As most of McDonald's products were food, the Distribution Quality Management Program must be followed. The Quality Assurance team imposed the items which could be done and compiled the operations to the Distribution Quality Management Program as much as they could e.g. temperature monitoring, personal hygiene control, pest control, etc. When the operations stabilized and went back to normal, the team revisited the Business Continuity Plan. They found that they had exactly followed the plan during the incident. It made them realize the

benefits of the Business Continuity Plan, its rehearsal, and the necessity to revisit and update the information every 6 months, especially the potential warehouse sites, the crisis team, and the necessary contacts. As a result, it was very practical and effective.

Joyce assigned Smith to handle the operation part of both warehouses and transport. There was a daily meeting with the team to summarize the work as well as solve any operational issues that they had. Joyce with Woody and Commercial Team handled all matters with the fire department, a police team, Municipal officers, forensic police team to jointly investigate the cause of the fire, the insurance company for the company and the customers to pursue the claim as well as McDonald's whose stock was totally lost and the vendors whose rented equipment were damaged. As the fire was not completely extinguished, it took around 5 days to enter the site for investigation. The first investigation was done with the police team with the Municipal officers for registering the incident. Joyce scheduled a visit to the insurance company for the customer, the landlord, and her company to investigate and evaluate the total damage. The Police team requested the forensic police team to find the root cause of the fire. It was suspected that the fire was caused by the defect of the air handling unit in the ante room. From the CCTV, there were sparks from the air handling unit and fire dropped on the floor. The forensic police team discussed among themselves but could not conclude the cause of the fire. The company's risk management representatives flew from Hong Kong to Thailand with the forensic expert. The team could find the cause of the fire in 4 hours. The fire was caused by a short circuit of the air handling unit. There were sparks on the floor and fire spread to the cold room material which was made of polystyrene. Polystyrene was a combustible material that could withstand fire for only 30 minutes.

There were many types of people involved in this incident. They had different opinions and took a lot of time to discuss, investigate and conclude. Being patient and prudent is a must in this case. As a fire incident is considered a criminal case, the information given to any party must be prudent and with care. It may backfire on the company. The evidence was kept and not released to other parties i.e. copies of the CCTV record, the maintenance record of air handling units, etc. Unlike other uncontrollable natural disasters, fire incidents must have the cause and the offenders to compensate for the loss.

Another difficulty the company faced was food and ingredients starting to rotten and smelly. The terrible smell spread around the community nearby. There was a complaint from the community around that area to the Municipal Office twice. The crowd of the villagers and the Municipal officers came to the site and discussed with the company. The company could not take out the rotten scrap as the Forensic police must grant permission in writing. In-mid February, the company started to bring out the scrap and rotten food in the distribution center which took a month to complete. After that, the landlord demolished the distribution center and rebuilt the whole facility in 8 months. The operations resumed at the rebuilt distribution center in September 2018.

4.2 Analysis

The analysis of the story will be organized into topics, discussing the key success factors of executing a business continuity plan and how leadership and people management are vital during the crisis.

4.2.1 The importance of Leadership role

Crisis is the true test of leadership. It was evidently seen that most of the decision-making is not consensual at all as the company is facing a tough situation. Even though the concept of company sustainability, decision-making should not rely on the top management. However, the company is in a crisis situation and at risk, there is a need for a leader who is responsible for overseeing the overall operations and plans. Joyce and Smith adapted rapidly changing circumstances and supported their team to successfully navigate through disruption. The team gave them trust and respect. They quickly executed the plan that Joyce instructed without any condition. They prepared the plan with the team, allowing them to give their ideas, and came up with the mutually agreed plan for execution. The team felt that they were most engaged when they were confident with Joyce's decision in adapting the organizational changes by making everyone listen to Smith. The first question she asked Smith when receiving the report was if anyone was injured. It meant she took the employees well-being into her first

consideration. This shows that the management team has a strong people priority which is one of the sustainable leadership elements.

The ability to turn around and resume operations in less than 24 hours was one of the best practices. Joyce and Smith were very conscious of giving clear instructions to the team on what to do. It was clearly seen that their leadership style was to engage people rather than control them. They connected them and the team respected both Joyce and Smith. They stood up and worked under pressure calmly, provided clear direction, and made the right decision. During the crisis, it showed the real power of great leadership.

Joyce led the opportunities to respond effectively to this crisis by adapting or reinventing new business models to separate a distribution center into two warehouse operations, recognizing, and evaluating the new operations processes for both warehouse and transport. She requested some suppliers to pre-picked orders from restaurants, ready to consolidate the products in the warehouses as well as rerouting and consolidating the products from two warehouses into a truck. She responded to this crisis with positive emotion in the form of compassion or appreciation. She stayed calm, and conscious as well as felt energized and motivated to respond effectively to the crisis. She could direct her team clearly and make the right decision for the operations to rebound.

The outcome of having a good reliable leader in the organization is team unity. It is one of the key success factors for this company to overcome the situation. All operation processes are put in place and adapted to the situation in a short period of time. Each person has different responsibilities to complete their own task which generates an impressive outcome when combined together.

4.2.2 Effectiveness of Business Continuity Plan

The use of a business continuity plan provides a company with a roadmap and processes that support the company and its strategy in times of unexpected situations. An effective business continuity plan enables the company to react quickly and efficiently to unpredictable events.

It is clearly seen that a business continuity plan plays an important role in this situation. Even though both Woody and Smith have never experienced a large-scale

crisis, they are able to manage the situation very well. After the team stabilized the operation, they realized that they followed every step of the business continuity plan in execution to turn around the operations. It starts from the critical part, finding a new distribution center, setting up the warehouse management system including getting support from other departments. The team listened to the champion of the emergency plan which was Smith in this case. They were able to turn around the operation in less than 24 hours. Without the business continuity plan, there would not be any direction. Their action might be delayed and furthermore affect the company as well as their partner, McDonald's Thailand.

Failure to omit the business continuity plan can spell disaster for the company. Not only can it cost loyal customers, but the company might fail to recover from a disaster. Having an established business continuity plan assists in reducing downtime, which helps attain sustainable improvements in business continuity, resilience, security, crisis management, and disaster recovery.

4.2.3 Taking Initiative

Taking Initiative is the act of adapting old and finding new processes, identifying or creating new goods, services, and ways of working. When crises like natural disasters, and pandemics occur, taking initiative is an important factor in determining if and how individuals and companies respond and rebound. The signal of taking initiative is shown in terms of providing continued and undisrupted service and commitment to recovery.

In this incident, Smith and Woody had clearly shown their taking initiative quality. Smith rushed out of the restaurant where he was going to have dinner with his family. He did not stop at his home to change into a proper outfit but instead headed straight to the distribution center wearing shorts. He made several calls while driving asking the team to be on-site to activate the business continuity plan. Similarly, Woody drove from his house in Ratchaburi province directly to the distribution center upon receiving the news. He contacted three landlords to check if there were warehouses available that fit previous distribution center specifications. There was no order from Joyce at that time for them to be there. Both of them have intrinsic motivation where they feel they belong in the company and there is a problem that they need to solve.

This is a very essential factor, especially when a company is facing a crisis. They will sacrifice themselves and do their best to ensure the survival of the business.

A person who has taken initiative for the company that is not the owner is very rare. The company should retain this kind of employee because they will do everything to ensure and maintain the company's interest. Especially the upper level where they are having the power to exercise their authority.

4.2.4 Strong Stakeholders' Relationship

It is very dramatic and chaotic during the crisis, particularly when the team is establishing the new distribution center to prevent McDonald's business interruption. With a strong relationship with both internal and external stakeholders, the management team can smoothen the business operations at that time. Joyce received support internally from the big boss as he sent a Global IT team to assist with the operating system set up at the temporary distribution center. Moreover, she gained support from her team members. They set up the system all night, making the new distribution center ready for operation in the morning. This is what was expected to happen, having the spirit working in the same company. However, what is interesting is the support from the landlord which is very critical during the crisis. The landlord assists to provide the available distribution center which makes it easy to resume the operations with little huddle and disruption

It is obvious that the relationship between Joyce and stakeholders both internal and external are very strong from the support she received. She was reached by the McDonald's Thailand Managing Director and he only asked her if she could find the new distribution center and nothing else. This shows a good relationship and empathy between them. He had a good understanding of the situation of the fire incident and never bothered to ask why the fire occurred nor search for the one who caused this incident. The only thing he cared about was how his business could continue. He is mature and experienced enough to realize that the fire incident was not able to be explained at that time, and needed to have a thorough investigation first. By focusing on business continuity, he provided support to Joyce in the way of trustworthiness and confidence in her and the team. Moreover, he even communicated with McDonald's Supply Chain to change the delivery location and gave a positive interview about his

confidence to the reporters. His statement to the public indicates that the company already is able to control the situation. He asked for the customers' understanding about this problem even though it is not their mistake at all. (McDonald's Thailand, 2018)

When the company needed to find a new location, Woody explored three distribution centers nearby. When Joyce arrived she unhesitatingly selected the distribution center which belonged to the same landlord of the distribution center that was on fire. It was almost midnight on Sunday but the landlord team still provided support and stayed with them. This was the most critical part of the business continuity. Without the warehouses, the operations could not be set up and the new stock would not be received. It would result in McDonald's restaurants nationwide having a temporary closure due to a shortage of ingredients. It would be a serious issue in loss of sales to McDonald's.

Keeping the situation low profile helps in minimizing the possibility of rumors that will add insult to injury to the company. Refusing to answer the reporter of Smith and asking the distribution center owner to help stop the reporters and all social media not to bring attention to the public is a good strategic approach.

The police and fire brigade is another group of stakeholders that helps narrow down the damage and effect. The faster the fire brigade team can control the situation the better for the company. Thanks to them for helping to put out the fire so it would not spread to another distribution center or community nearby. The police were there to assure that there would be no unexpected situation. With this external support, teams can focus on finding and setting up the new distribution center to resume operations.

This crisis leads to greater connectedness between the company and its stakeholders (e.g. customers, suppliers, and employees) or solidarity between groups helping one another out in order to survive the crisis.

4.2.5 Adaptability Skills Overcoming Crisis

Adaptability is a crucial crisis management skill that helps determine how a company or person responds to changing circumstances. It is important to be flexible to tackle the changes, stay open to accepting diverse views and work effectively in abnormal environments.

When learning the McDonald's distribution center was on fire, Joyce stayed calm and responded to the situation in a positive and composed manner. She was not panicked, angry, or frightened but conscious to give direction to Smith, called to inform her boss, and immediately flew back to Bangkok to lead the team. She was able to arrive at effective solutions easily, anticipate changes or issues, and think and respond quickly to the situation. She had the ability to adapt, to be creative and flexible in the face of an abnormal situation.

During the setup of the new warehouses, the team needed to adjust the new workflow of the system due to the different layouts. They needed to learn the new workflow as fast as possible to boost their working performance. The work process was done on paper and an additional checking process was required to ensure the correctness of product picking. However, the team had strong motivation to complete and overcome the crisis. Eventually, they were able to adapt and work in different conditions. The team was persistent and did not give up easily though they faced challenges. This was one of the key success factors to make them manage the crisis and rebound quickly and limited loss of revenue. They have the ability to accept changes and learn to handle uncomfortable situations.

CHAPTER V

CONCLUSIONS & RECOMMENDATIONS

5.1 CONCLUSIONS

The aim of this research paper is to explore the story of the day that McDonald's distribution center was on fire. To understand how the company is capable of continuing the business within 24 hours and identify what is the key success factor of business continuity. The writer has conducted qualitative research by interviewing 3 management teams who are involved in the fire incident.

Analyzing the story of the interviewee, there are 5 main key success factors for a company to overcome a crisis. The five factors are 1) Leadership, 2) Business Continuity Plan, 3) Taking Initiative, 4) Strong Stakeholders' Relationships 5) Adaptability

It is impossible for one company to pass through a crisis without a person who has strong leadership skills. Transactional leadership styles were applied and played an important role during the crisis. Due to the recovery tasks need to be executed and goals must be reached. Therefore, business continuity plans need to be followed to ensure the ongoing business. Support from both internal and external is vital for the fragile situation. Employees in the company together with people and organizations outside the company facilitate and fasten the recovery process. Harmonious work together can overcome the crisis. Lastly, adaptability skills are essential for every company which is the very first skill that will ensure the viability of the company in the market when facing a crisis.

5.2 RECOMMENDATIONS

There were several lessons learned from this incident. There was no pre-plan for the fire incident, unlike the flood. It could occur anytime. Stay calm and cautious could help bring the right decision to handle the case in a hurry. Partnership

with the landlord and vendors is equally important to a good relationship with customers. They can assist during a crisis. Without a good relationship and connection with the landlord, the company would not be able to get the new warehouses to set up the operations as fast as they could. A good relationship pays back. Communication is important during a crisis to connect between the customer and the operation team. A single point of contact will reduce confusion and different messages from many people. It is clear and gives productivity as well as building strong relationships. The rehearsal of the business continuity plan also helps staff to practice the incident. They can take action without confusion. Along with the high adaptability skills, teams are able to work in different environments fluently and practically.

To conclude, this is an amazing story that can be a case study for many companies. Preparation for the crisis is a must during this era as no one knows what is going to happen in the future. The management team needs to respond to the situation immediately to ensure business continuity and existence in the market. The faster the management team can settle the new process and ensure the ongoing business, the lower damage, bad image, and extra cost will be incurred to the company.

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