

What Does Running Out Of Chicken At KFC Teach Us About Digital Transformation?



The fast food business is a brutal industry the world over. It is very location based (as speed matters), heavily driven by crazy offers and beholden to franchise owners who are motivated very differently than the brands they work with. That is why almost everything fast food giants do is to speed up the process, reduce costs, drive traffic or all of these together.

It comes as little surprise that the KFC in the UK moved to a new supply chain to compress the process in order to better compete in the market. Unfortunately, KFC was surprised last week when they ran out of chicken.

YES, LITERALLY, KFC (WHICH STANDS FOR KENTUCKY FRIED CHICKEN) RAN OUT OF CHICKEN IN THE UK DUE TO THIS SUPPLIER CHANGE.

The company's officials have attributed the problem to KFC switching its delivery contract to DHL, leading to a logistical failure in Britain, the fifth-biggest market for KFC.

But, this is how cutthroat the food industry is. KFC left a long-time and reliable supplier in an effort to gain any amount of advantage in the market. With almost every organization and industry digitally transforming, incidents like KFC's are becoming more commonplace.

This is due to the fact that it is incredibly difficult to get transformation right. With no single plan to follow, many are breaking as many things as they fix in an effort to come out ahead.



While you might not be in the fast food business, looking for every conceivable advantage to drive demand or delight customers requires careful planning across four key areas:

1. INSTANT KNOWLEDGE – A LEVEL PLAYING FIELD MAKES PRICING ALONE INSUFFICIENT TO BUCK THE MARKET SHIFTS.

Coupons, offers and location-based services make digitally discounting a near-instant idea for any brand. But, pricing is no longer a primary weapon when everyone in the market can and does use it.

Plus, consumers and even business buyers have instant access to feedback and information, making any pricing gain temporary until the next one from another competitor. This is something every brand faces when people go to buy, including us.

Just Google [The Digital Helix](#) and see what we said. This is an instant process that most buyers use both for us and for your brands (both B2C and B2B).

Organizations need to plan for this and work to have the right/best information as customers develop their own complete portfolios of experiences that dictate who they will buy and follow.





2. YOU NEED TO BE IN THE MOMENT WHILE BEING ONE STEP AHEAD.

There are always going to be shifts in the market, and in the customers and their needs. But many of these have clear starting points. Just look at generational shifts. Millennials and the next generation are changing patterns in unusual ways. Being born as digital natives has given them infinite choice with near infinite ways to find the experience they want in almost instant time. In fact, they mix and match digital and traditional ideas across buying, using, and renting via digital (like Uber and Lyft for transportation). This multi-dimensional nature means a single stream or strategy won't work. You have to see the trends and be just one step ahead and prepared to change as the shifts occur (like a pricing action or a supply chain strategy). To be ready to change and move, everybody across the organization has to be connected (stores, logistics, marketing, listening centers) and ready to act right there in the moment.

3. THE FCK KFC AD ILLUSTRATES THE POWER OF TRANSPARENCY.

Everything is instant and transparent all the time. KFC's reaction to the mounting complaints from customers to the mapping of chicken shortages across the UK by the media illustrates the power of transparency. But it also shows the need to induce the right emotional response for the moment and to not try the typical approach.

Chrissie Cooper
@Mezonator

10 years ago I wrote 16,000 words on if a company should say the dreaded word 'sorry' in a crisis comms environment. I concluded yes. Bravo [@KFC_UKI](#) for doing just that.

Ashley Halliday
@TylerTowers

Apology totally accepted [@KFCUKI](#) - Saying sorry means a lot in life. [#KFCCrisis](#) [#KFC](#) 🙌

Suellen Peskett
@suellen_design

Quite a clever and amusing ad from KFC apologising for the fact they have no chicken! [#kfc](#) 🙌 [#advertising](#) [#metro](#)

Sarah King
@SarahAnneKing

[@KFC_UKI](#) best sorry advert

Andrew Bloch
@AndrewBloch

KFC apologises with a full page ad in today's Metro. A masterclass in PR crisis management.

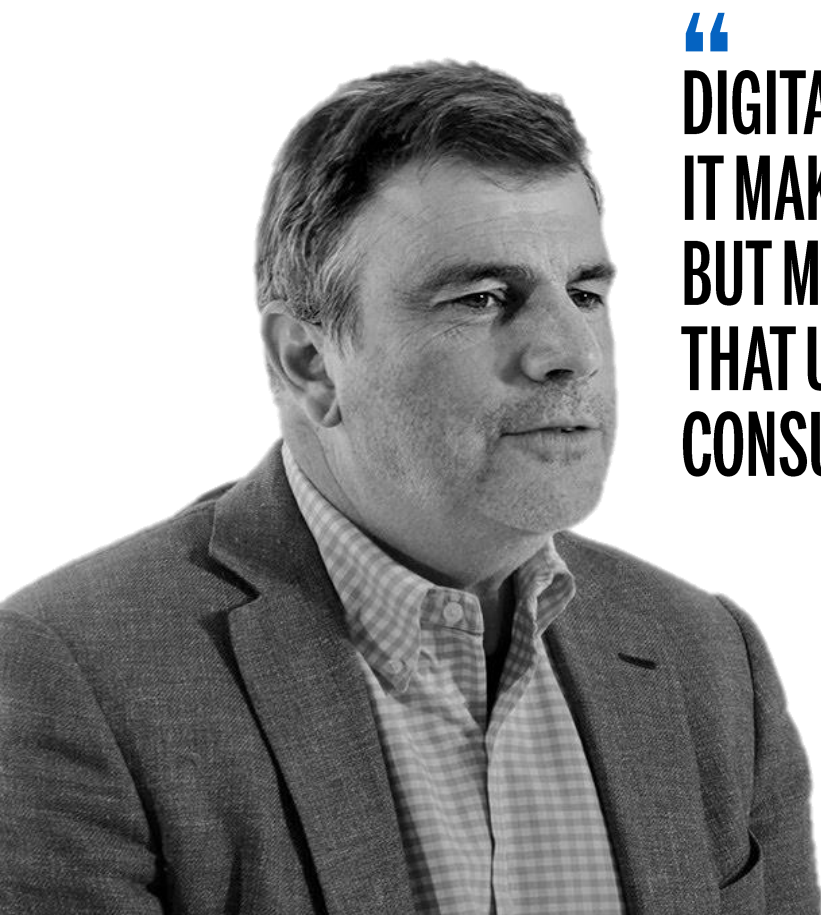
[#KFCCrisis](#)

4. THE ESOTERIC SHOULD BECOME COMMONPLACE.

Constantly look for examples of how digital is changing the way your organization and market think, both strategically and tactically. Also, there is much to be learned across industries. Just look at how [Capital One](#) is trying to do converge banking with the idea of a coffee bar. It may sound esoteric, but digital makes this thinking necessary for success. Finding these moments and recognizing new ways to handle them is vital.

While everyone is looking for another way to take advantage of digital, the goal of constantly listening, watching and thinking with the data you have is to make the esoteric commonplace. This is where organizations get lost, as they have too much noise and inputs to identify the real signal and insights that can drive the business. That is why you need to pay attention to each one of these elements on a constant basis. [The Digital Helix: Transforming Your Organization's DNA to Thrive in the Digital Age](#) book has a simple model: 7 drivers, 7 challenges and 7 digital DNA components. It was designed this way to enable both those struggling (84%), and those that got it right, to have a complete framework to use to succeed. Also, this approach ensures that nothing should surprise you in the process of digital transformation as you march to thrive digitally.

TO SEE MORE ON DIGITAL TRANSFORMATION, VISIT WWW.THEDIGITALHELIX.COM.



“
**DIGITAL MAKES THE HARD EASY.
IT MAKES ESOTERIC COMMONPLACE.
BUT MOST OF ALL, IT MAKES THINGS
THAT USED TO BE FAIRLY TIME
CONSUMING REAL TIME.**

”

— **MICHAEL SCHRAGE**

Research fellow at MIT Sloan School's initiative on the digital economy, oversees research on digital experimentation and network effects, and is author of the innovator's hypothesis

THE CHICKEN CROSSED THE ROAD, JUST NOT TO OUR RESTAURANTS...

WE'VE BROUGHT A NEW DELIVERY PARTNER ONBOARD, BUT THEY'VE HAD A COUPLE OF TEETHING PROBLEMS - GETTING FRESH CHICKEN OUT TO 900 RESTAURANTS ACROSS THE COUNTRY IS PRETTY COMPLEX!

WE WON'T COMPROMISE ON QUALITY, SO NO DELIVERIES HAS MEANT SOME OF OUR RESTAURANTS ARE CLOSED, AND OTHERS ARE OPERATING A LIMITED MENU, OR SHORTENED HOURS.

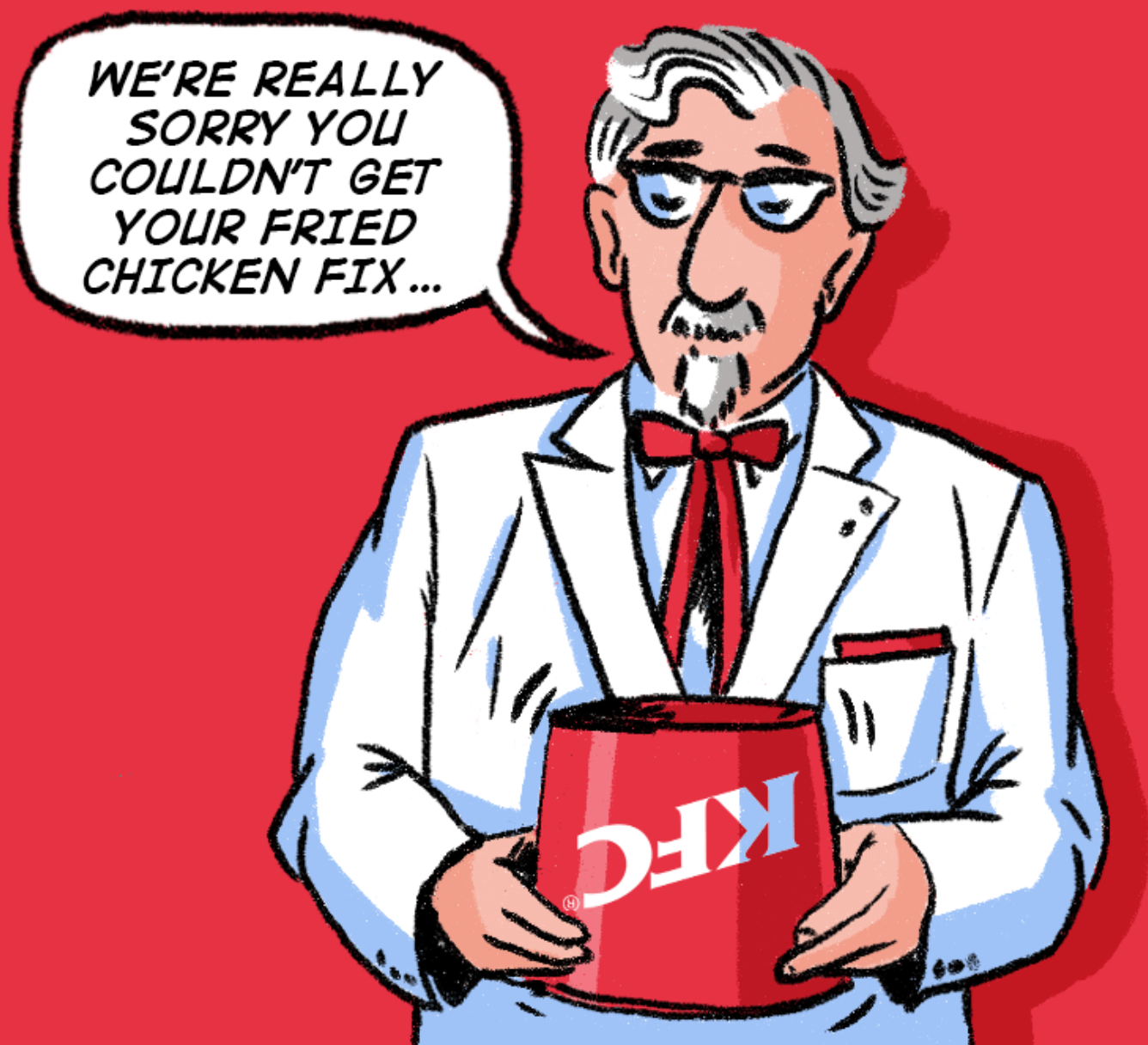
SHOUT OUT TO OUR RESTAURANT TEAMS WHO ARE WORKING FLAT OUT TO GET US BACK UP AND RUNNING AGAIN.

DIGITAL TRANSFORMATION LESSONS FROM **KFC**

PART 2

In case you missed it, KFC literally (not figuratively, and we do know the difference between the two words) ran out of chicken in the UK due to a supplier change. This means that KFC (which stands for Kentucky Fried CHICKEN) did not have any chicken. We posted about this when it first happened, but there is another update. After the disaster of not having chicken due to a distribution issue with their new supplier DHL, KFC brought back their old partner, Bidvest, to service about one third of its chicken distribution in the UK. (Side note: wouldn't you have loved to have been at Bidvest when KFC came crawling back?)

But revenge fantasies aside, this is a living example of why digital transformation, in this case supply chain, needs to be handled very differently now than it was in the old world. The reason why is because mistakes are revealed faster and punished much more severely than ever before. If customers are let down, they have ample and ready access to show their feelings to the world and watch the news spread, as it did in this chicken melt down.



There are three lessons here, because any one of us may wind up facing an issue like this (hopefully, not in as ironic of a way):

1. HUMOR HELPS, BUT YOU HAVE LITTLE TO NO LEEWAY WITH THE SHIFT IN CUSTOMER ENTITLEMENT AND THE LEVEL PLAYING FIELD OF INFORMATION.

Two of the drivers for digital transformation we talk about in the book (level playing field of information and a sense of shifting entitlements and demographics) played very heavily in this process. KFC's brilliant response ad was an act of creative and transparent genius. However, this level of genius is not something most can easily replicate. Every organization needs to think hard about this sense of consumer entitlement and the ability to broadcast, get attention and distort energy. Every launch needs a digitally transformed lens of the whole set of customer experiences so that these elements can be handled with the right sense of priority. Yes, not being able to get fried chicken for a few days is an inconvenience. But in the grander scheme, people went elsewhere, and KFC wasn't able to run their business. That is why you have to plan around a different set of assumptions.



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Please do not contact us about the
#KFCCrisis - it is not a police matter if your
favourite eatery is not serving the menu that
you desire.

2:10 PM - 20 Feb 2018

7,899 Retweets 12,643 Likes



 432

 7.9K

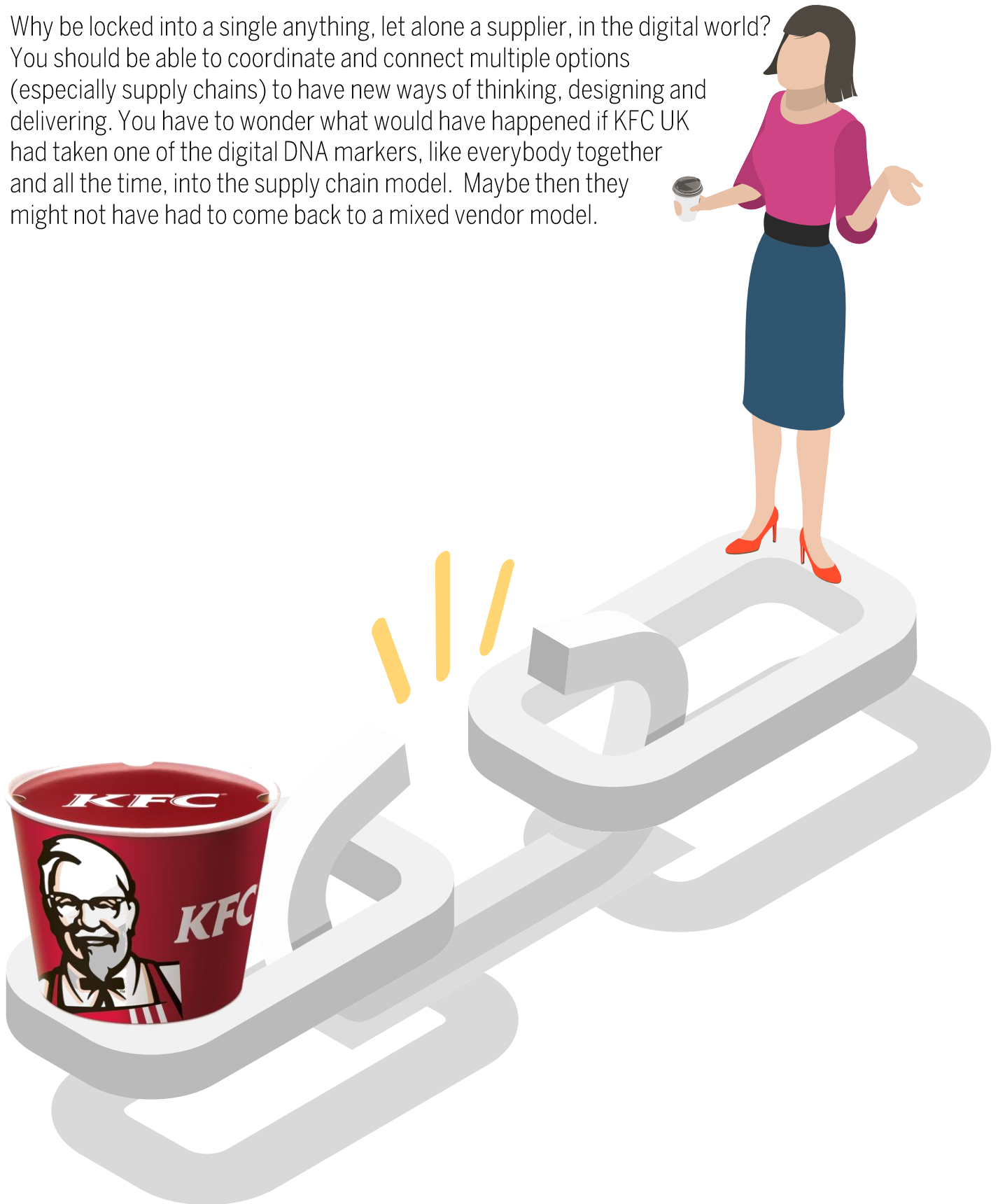


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2. DON'T RELY ON SINGLE MODEL WHENEVER POSSIBLE.

Why be locked into a single anything, let alone a supplier, in the digital world? You should be able to coordinate and connect multiple options (especially supply chains) to have new ways of thinking, designing and delivering. You have to wonder what would have happened if KFC UK had taken one of the digital DNA markers, like everybody together and all the time, into the supply chain model. Maybe then they might not have had to come back to a mixed vendor model.



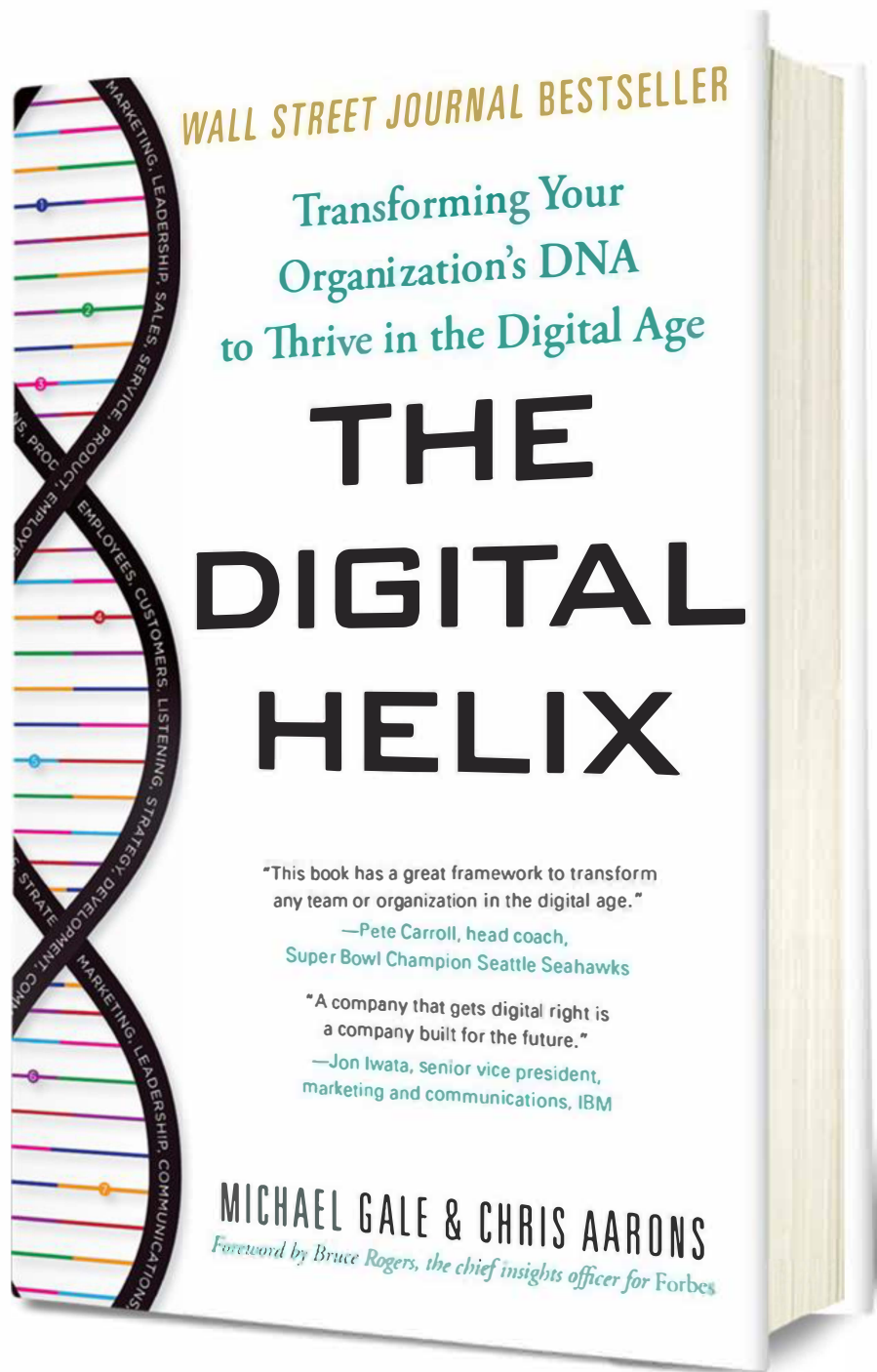
3. PLAN TWICE AS LONG TO EXECUTE TWICE AS FAST.

The 1 in 6 that get digital transformation right take twice as long to plan, and finish projects twice as fast, as those that are far less successful. The digital economy is naturally built for speed, but also brilliantly exposes those that plan poorly and rush without thinking about the key Digital Helix components first.



This all starts from trying to execute old world things in a new digital world that has different dimensions for success.





We hope this helps you avoid your own “FCK” incident and sets you up to be and stay well ahead of the curve.

To find out more on digital transformation, visit www.Inc.Digital or www.TheDigitalHelix.com.