



KFC

OPS

Quarterly

JUNE 2016

**Leading The
Culture To Fuel
Results: Greg Creed**

**Building Great
Careers At KFC**

**The Spotlight: An
Interview With Brian
Goldstein**

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Putting Team Members First!

The Team Member experience defines the Guest experience – this has become a Yum! truism that is widely embraced. It is a true reflection of our organization's commitment to create an enabling culture for our teams, who can succeed by being their best self.

Our "How We Win Together" culture is clearly the reason why our teams love working at KFC, and has been the foundation for our fabulous growth story. It differentiates KFC as the employer of choice and can be felt across the organization from the restaurant support center to the field.



This edition of our newsletter is all about leveraging our culture and passion for building capability to further elevate our Team Member experience. We are privileged to have Greg share his thoughts on how our culture is helping our brands grow and our role in embedding our culture so deep even our Guests feel it. You will also find know-how building articles on our "original recipe" for building a great career at KFC, and an inspiring interview with Brian Goldstein, our KFC U.S. COO, who began his career as a Team Member.

On another note, I wish to thank and congratulate the Field Teams for their commitment to "winning on taste," and the massive progress we are making as an organization to bring our Taste Guarantee to life. It's fabulous to see the conviction of the U.S. and South African teams, who have now made a customer facing "Taste Guarantee" promise in their respective markets.

Additionally, I am delighted that 100% of our Franchisees have signed up for the taste workshop at the franchise convention in Las Vegas – that's what I call passion for our promise!

Finally, I would love to give a big shout out to our Restaurant Teams. I am always inspired by their spirit, and how they put their heart and soul into delivering a superior Guest experience. There are no words that can truly capture our gratitude for what they do!

Thank you,

A handwritten signature in black ink, appearing to read "Tarun Lal".

Tarun Lal
KFC Global, Chief Operating Office

LEADING THE CULTURE

Leading The Culture To Fuel Results

This quarter, we were fortunate to interview Yum! CEO, Greg Creed, about the importance of culture across Yum!. Greg is a true believer that culture is the differentiator for our Team Members and Guests, and the foundation for driving business results.

"Culture is in our DNA," Greg said. "It's why most of us have joined, why we stay, and hopefully why others will join. We recognize, reward, and talk about culture every day in our business, and in my mind culture has to start from the top."

Greg said he will not measure his legacy on financial results alone, but also on the impact he leaves behind on Yum!'s culture. With David Novak as his predecessor, Greg recognizes the amazing culture David built and he's committed to building on that culture and creating an environment where people believe they can be their best and truest selves, and really have fun.

Greg also believes it's important for each person, no matter the level, to not only live the culture, but to lead it as well – especially at the restaurant level. He said when everyone takes full ownership of the environment, we create exceptional Team Member experiences which enable us to deliver a superior Guest experience in our stores.

"I want people to bask in the glory of a great culture, but know that there is a responsibility to make it better – that is what leading the culture is," Greg said. "If you look at the number of RGMs, Senior Leaders, and franchisees that start off as Team Members...the Team Members serving our Guests today will be the leaders of our business tomorrow."

Greg is certain to mention the Team Member experience will never exceed our Guest experience. To achieve this level of culture, he said leaders need to be smart with heart and courage, and recognize that culture doesn't drive itself.



Greg Creed
CEO Yum! Brands Inc.



"Culture has to be adapted, has to be changed, has to evolve," Greg said. "You can't be a passive participant."

Greg's words set the tone for the topic of the newsletter this quarter, which is all about elevating the Team Member experience. With culture at the core of our brand, we can offer an unparalleled work environment for our Team Members. Read on to learn how you can further elevate the Team Member experience in your market.

AN ORIGINAL RECIPE

Defining Moments of Truth to Bring Our Culture to Life

Team Members are our most valuable asset, and across the globe we have in excess of 500,000 employed in our brand. Our Global Director of Talent, Neil Piper, shares with the Global Operations team the key foundations you need to build a great Team Member experience:

Imagine this: A KFC restaurant with consistent 5% SSSG, consistently high OSAT, 30% Team Member turnover, 100% internal management bench, 90%+ Employee Engagement, team members who know Customers' names – and Customers who know Team Members' names. It might seem utopian, but when an RGM creates the right environment, this can be a reality.

Our RGMs have the toughest role in our organization. They have an endless list of tasks that our customers demand of our Restaurants. Some RGMs fire-fight every day, but our best RGMs are maniacally focused on creating an extraordinary Team Member experience and watch the rest fall into place. It's not easy, but it's worth it.



Neil Piper
HR Director, KFC Global

So what's the recipe?

...Its on the next page!



"If 20,000 RGM's turned up to work every day to grow their Team then I can promise you, not only would we sell a lot of chicken but we might just change the world."

- Neil Piper

AN ORIGINAL RECIPE

STEP

1

Recruitment can - and does – make or break our Team Member experience. Successful recruitment has two components:

- **Passion:** The ideal Team Member has a passion for teamwork and a warm personality (and a great smile!). KFC's collective know-how and training tools can teach the Technical skills –our job is to find the right character, energy and attitude.
- **Diversity:** A Team rich in diversity, life experience and values, preferably mirroring your customer base, creates a thriving work culture. In the UK, an RGM intentionally built a Team from every corner of the world. The BOH reflected each person's origin with flags and facts posted to share unique aspects of each culture, and the Team Members even had monthly culture breakfast clubs to celebrate their diversity.

STEP

2

Onboarding and initial training is where we see significant 'fall out' as Team Members may be let down by their initial experience in the store. Statistically, 25% of Team Members* leave within their first 90 days, and that's a burning platform we have to fix. It's imperative to implement a robust and thoughtful training program to welcome Team Members to the KFC family and excite them for what's to come. Russia has done an excellent job with onboarding, and you can read more about their strategy on the next page.

STEP

3

Sometimes overlooked, **two-way communication** is an important component in Team Member success and experience. To help herself keep things in perspective, an RGM in Australia asks herself an important question each week: "Why would I want to work for me?" The reality is there is always more we can do. Listening to Team Members and understanding their needs encourages two-way communication and the ability to better cater to Team Members, which is why the Employee Experience Survey is so important to our business. Being able to ask, listen, and respond to Team Members' "voice" is a precious gift that can improve restaurant culture around the world.

STEP

4

Develop, Develop, develop – with all of the "ingredients in the bowl," it's time to mix. A lot of our RGMs have grown through our system, and while we should be proud of this, we must protect and grow our talent to reach our 60,000 restaurant target. I get goose bumps when I talk to RGMs who have quite literally built a dynasty. Being a People Grower is an art, but those who master it get paid back big time! It's our responsibility to spot potential talent and nurture it every day. We are about so much more than Chicken – we change people's lives for the better!

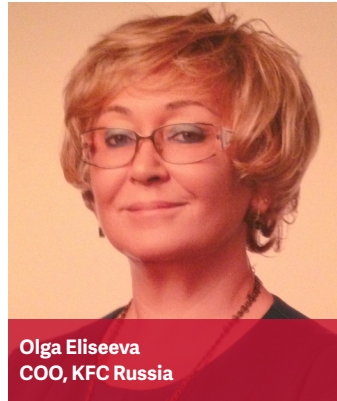
I'm inspired by so many incredible RGMs who share my passion for creating 'Always Original' Team Member experiences. If we all follow this "recipe" for success, we will unlock our brand's potential, drive customer loyalty, help our Team Members become their best selves, and allow us to genuinely make a difference, and in turn, make our Team Members' – and our – lives more rewarding.

First Impressions Count

KFC Russia challenged themselves to improve the onboarding process for their Team Members and they have had great success. Olga Eliseeva, Chief Operating Officer; and Ludmila Kislova, HR Director, agreed to share their secrets.

In Russia we never underestimate the importance of a new Team Member's first day. From day one our aim is to make them feel like they have joined a family. To ensure our new Team Members' success, we take the time to emphasize two-way communication and help the new Team Member strike a work-life balance that is right for them. Whether it be preferred days off, a certain working pattern, or shift length, we do our best to be flexible and make KFC the right fit for our Team Members.

It's important to point out that it's not just the RGMs role to support the onboarding, and make new Team Members feel at home, it's everyone's responsibility. People development is the cornerstone of our business. As such, we ask those training to be Team Leaders to take on five recruits, or "buddies" as we call them. We want to instill early on in a Team Member's career that success is not making the fastest burger, but building a high-performing team and helping others develop.



Olga Eliseeva
COO, KFC Russia



Ludmila Kislova
Talent Manager &
Culture Lead, KFC Russia

Once we are certain every Team Member has the right technical skills, they are ready to be signed off. Although this happens early on in the onboarding journey, it is actually only the beginning. The buddy trainers continue to support their cross-training, and then have the option to join one of our Management Training programs.

Our investment in onboarding and training has paid off, and we are seeing benefits across the business **as Team Member turnover has decreased 27% over the past 5 years**, to 63%, below the industry average. In addition, our number of certified Team Leaders has grown enough for us to fulfill roles created by our ambitious growth plan. We also have our brilliant Team Members and our extensive onboarding regime to thank as well for our recent honor of being recognized as **Russia's top employer**.

DAY 1

- A restaurant tour with the RGM to meet the existing team
- A one-to-one lunch meeting with RGM, where the new Team Member learns about our unique recognition culture, opportunities for development and career growth
- A one-to-one session with their devoted trainer
- Welcome book sharing our Brand purpose and history

DAY 2

- An initial check-in with the RGM
- Station observations with their trainer to gain insight on processes and equipment
- A Learning Zone tutorial with their trainer and completion of basic training such as fire safety
- Area Coach Induction to learn more about the history of KFC, Yum! and turning a job into a career

DAY 3-14

- Station training and sign-off with dedicated trainer
- RGM progress review, sign-off and individual development plan
- Establish dates for next one-to-one meetings with the RGM, which will be held on days 14 and 30 of the onboarding process

TEAM MEMBER COMMUNICATION

Engagement starts with great communication

Keeping “in touch” with our thousands of Team Members is critical to our success. Pieter Horne, REX Leader in Africa, shares what Africa is doing to elevate communication.

Our main aim is to make every Team Member a loyal ambassador of KFC – someone who works at KFC because they want to, who defends and promotes the company even during a tough day, and who feels a personal affiliation with the iconic brand they represent. With this premise, we decided that we needed to step-change the way we communicate with our Team Members. We developed a five-year communication strategy and invested in a new communications leader to achieve our goal of enhancing the quality of communication to, from, and within the field.

Our first step in this plan was to launch a new vehicle for communication - KFC InTouch (see below for details). For the remainder of 2016 we are largely focusing on creating direct communication to our RGMs and Team Members. The role of the Line Manager remains critical to levels of Team Member engagement, so the intention is to empower the RGM with the information, tools, and skills to become a better leader. We look forward to the launch of a mobile platform as a way of establishing two-way direct communication with RGMs and Team Members, following the lead from Australia inspiring Yammer (see below for more detail).

The KFC leadership team in Africa believes that inspired, motivated and engaged employees have a direct impact on the success and profitability of an organization and starting with communication is a critical part of unlocking this future success..



Pieter Horne
Restaurant Excellence
Director, Africa

KFC Intouch

In February, Africa launched InTouch - a video channel that replaced many of the physical roadshows and made communication with their above store leaders (and by extension RGMs and TM's) effective and efficient while also ensuring content is fresh and engaging. The recorded format meant the information could be cascaded to their TM's with ease and with the option to repeat messaging in a consistent manner.



Yammer in SOPAC

In 2015, KFC Australia launched YAMMERTIME to all of their Team Members and RGMS to enable effective two way communication between themselves and the RSC. It has been incredible successful. The daily conversations between Team Members and the senior leaders in Australia is helping to drive business performance. Watch the video below and click here for more information:



Building great careers at KFC

Simple process – Sublime results

KFC SOPAC continues to be one of the biggest exporters of Operations talent. SOPAC's approach to developing Executives from Team Members is second to no one. Rob Phipps, Chief People Officer of SOPAC, shares his journey through Yum! and the simple process the team follows to build exceptional careers at KFC.

It all started 26 years ago, in a Pizza Hut call centre, taking telephone orders for delivery. I had been studying law, but quickly realized that it wasn't for me. Not knowing what I wanted to do, I took up a full time position at the call centre. I worked hard, within a year I was given responsibility for running and managing more than 200 people. Out of necessity, my team and I began creating new objective assessments for recruitment, performance tracking, and career path management. After a year in the role, I sat down with one of the senior leaders and realized that everything I had enjoyed implementing in the call centre was actually HR; and so my journey began.

I started in field HR before taking up a number of international roles in the Middle East, UK and SA. I then landed my dream job back in Sydney as the Chief People Officer. This journey has been a rocky road, but despite all of the thousands of mistakes, I have learnt, grown, and developed as a person and as a leader. Throughout my career, my coaches have always taken the time to praise me and were courageous enough to give me tough love when I needed it. This has given me the passion to help the next generation realize their potential both personally and professionally – hopefully with a few less bumps along the road for them.



Rob Phipps
CPO SOPAC



In SOPAC we believe the investment in careers starts with our Team Members. For this, we have developed a tool called #MyPlan, which gives our Team Members an opportunity to create a plan for their career, and more importantly, a plan for personal fulfilment. Programs such as LAS (Leading a Shift) and LAR (Leading a Restaurant) focus on the technical requirements of progressing through a restaurant, but not the personal development required to create exceptional leaders of the future. That's where #MyPlan comes in. We also know that not every Team Member wants to be an RGM, so #MyPlan provides the opportunity to broaden skills as rather than just progress each Team Member's career.

With LAS, LAR, and now #MyPlan, we have created a successful pipeline of internal talent from TM to RGM. We're now focused on developing training to turn RGMs into executives. In SOPAC we have introduced two programs to close the gap:

- **Graduate Leadership Scheme** - This multi-year program gives the RGMs who apply, and are successful, the opportunity to fulfil a number of RSC rotations before we place them in Area Coach roles. We try to rotate Graduates through multiple functions in the business, giving them a greater understanding of how it all works. We have even seen a number pursue great opportunities and work abroad in Dallas, Texas. The program is 15 years old, but every year we are taking on more candidates. It's certainly creating the leaders who are going to run this company one day!
- **Global Emerging Leaders Program (GELP)** – GELP is aimed at providing high potential, level 7-8 leaders an environment to engage with like-minded people from across YUM! – a mentor to provide ongoing leadership coaching and cross functional short-term assignment opportunities – often in a different business unit. This is a relatively new program, but we are already seeing great success. The programme bridges the gap between an Area Coach role and a L10+ Field Ops role.

There is no secret recipe for building great careers. In Australia, we believe that our Guests will only love our brand if our people do. Right now, our people like our brand, but if they love it then we will have thousands of ambassadors and a culture so powerful that our customers will feel it. This is why it's critical to build a multi-dimensional brand that is bigger than just selling great-tasting chicken.





Realize your inner COO

This quarter we hear from Brian Goldstein, COO of KFC US, on his career journey that started at TB as a Team Member over 30 years ago.

Q
Question

You have had an incredible career with KFC and Yum!. Can you share an overview of your career?

A
Answer

My career started, like many, working at McDonald's when I was 16. Unfortunately, the manager did not treat us well. I knew I had to get out of there and, luckily for me, right next door was a Taco Bell. There, I learned the ropes as a Team Member and progressed through the ranks to RGM. Once I had done the RGM role for a few years, I got the reputation as a troubleshooter and became a roaming RGM, running over 100 restaurants. It made me "street smart" – fast!

After several different above restaurant roles with Taco Bell, Pizza Hut and KFC, I got the call all die-hard Operators dread: "We need you to come and work in the RSC in Louisville." Despite my initial apprehension about the move to Louisville, the 3 years I spent in the RSC accelerated my growth. My skill set was broadened, I developed a more flexible leadership style, and I learned in the shadow of some incredible leaders.

After three years at the RSC, I got the itch to be back in the field. I called Greg Creed (who at the time was in leadership at TB) and said, "I am a field guy, get me back into the field." Fortunately, he said yes and moved me back to Florida. My first assignment was as a Region Coach, followed by Vice President and then Senior Vice President of Operations. In 2013, the final piece of the story was a phone call from David Novak saying, "We need you back at KFC as the COO," to which, of course, I said, "Yes Sir, I'm in."



Brian Goldstein
COO KFC USA

Q
Question

How did your early experiences within operations set you up for your current role?

A
Answer

I still draw on those experiences every day as I never forget where I came from. I know what it is like to be a Team Member and an RGM. Considering whether my decisions will enhance the Team Members' experience is critical to my success. Throughout my career, I also learned you are never 100% ready for the next job, but that is OK. My approach has always been to jump in headfirst and learn on the job. Even when mistakes are made, I always grow from them.



RGM Oscar Arizaga being recognized by Brian

- VOC rolling 13 - 82% OSAT, 80% Taste averaging 33 surveys per period
- Brand Standards 100% Passing CFF/FSCC
- Sales +3.8% 2015

Q

Question

A

Answer

Can you tell us about an operator that you admire?

There are several operators who come to mind, but if I had to pick one, it would be Wade Schwal, a Zone Vice President for TB. Wade taught me that we are a people business. He always said to me, "It is all about the people. Never forget about the people." If your team knows you care, you will grow sales, you will run great restaurants, and you will take care of your Guests. It's as simple as that. Wade's mantra has certainly rubbed off on me; I love helping my team grow. If I could be anywhere, you would not find me on a stage presenting. Instead I would be sitting down with a Team Member in a restaurant trying to help them grow.

Q

Question

A

Answer

If you were able to thank one person for helping you become the person you are today, who would it be and what did they do?

I have been fortunate to have some great coaches who took the time to develop me and, when I needed it, to "kick me in the tail". The one person who has helped me most, though, is my dad. He instilled two things in me that I still live by. First, whatever you do for a living, you have to be the best at it. He used to say, "I don't care if you are a dip sticker, you got to be the best damn dip sticker you can be." I have tried to emulate this in every job I have done. As I am pretty competitive, whatever the target, I want to be number one every time. Second, you have to work hard to get things – nothing is free. Based on this

Q

Question

A

Answer

What do you think is key to running a successful KFC?

It's always the RGM who makes the difference in this business. If you get the right RGMs, you will get the right Team Members. The RGM will create the right culture, run the restaurant in the right way, and the business will grow. Building a bench in every restaurant is also critical. In my experience, great RGMs develop great talent. In every restaurant, we have the future leaders of our company. There are Team Members I meet and think to myself, "They are going to be the CEO of the company someday." However, in order to get there, they just need a plan and an RGM who cares.

Q

Question

A

Answer

What advice would you give an Operator looking to grow their career at KFC?

People get ahead of themselves; always looking up at the next job. You have to forget about that. Whatever your job is right now, focus on it. Whether you are a Team Member, Region Coach or COO, do the very best at your current job and you will not have to ask for a promotion – you will be approached. Yum! Brands is huge with more than 41,000 restaurants worldwide. If you are good at your job, someone will come knocking. I have never asked for a promotion as I just focused 100% on whatever assignment I was given. Some of it is timing and luck, but performance matters most.

Q

Question

A

Answer

What is your signature recognition award and why is it important to you?

I love to recognize people! My signature award is the "smooth operator" and it comes with some bling and my "best on block" gold medallion. I love getting the recipient up on stage or in front of their peers and taking a photo with them in the gear. The award has been given to many deserving Operators and it has not yet failed to deliver a good smile and a laugh.



KFC TEAM CHANGES

Celebrating Talent Success Changes in the KFC Family

In 2016, we welcomed some new people to the KFC team while some others have moved market or taken new responsibilities. Congratulations to everyone on their new roles!



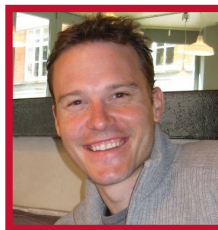
New to KFC UK and Ireland
Rob Swain
Chief Operating Officer

Rob joined the Central & Eastern Europe team in 2013. Under his tenure, operations in CEE have gone from strength to strength. Rob is known for his high standards, leadership ability, and passion for the KFC business. Rob has also shown his commitment to helping people grow through Heartstyles and involvement as a Leading with Master Practitioner. In his new role, he will set the strategic direction for the operation of the UK's 880+ Restaurants.



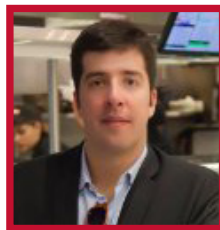
New to KFC India
Praveen Reddy
Director of Restaurant excellence and Franchise Operations

Praveen joined KFC India 11 years ago as an RGM, leaving the Taj Hotel Group, and has held a number of roles in KFC India. Praveen is recognized across India for his high intentionality to lead and high level of personal accountability. He is known to define an inspirational future back vision and push his team for a process oriented approach to address all business challenges. In Praveen's expanded role he will be taking on the responsibility for franchise operations in India, Sri Lanka, Nepal and Bangladesh.



New to KFC Central and Eastern Europe
Cameron Fincher
Director, Operations & Compliance

After nearly 12 years with Unilever, Cameron joined KFC SOPAC in 2011 as the Planning Director and then became Market Manager in mid-2013 with the responsibility for 190 KFC restaurants across New South Wales. Cameron is known for his constructive leadership style and in his new role will oversee the CEE operations and compliance team.



New to KFC Brazil
Claudio Miccieli
Head of Operations

Claudio joins with extensive background in restaurant operations and developed his career at Giraffas, A Brazilian fast food chain, where he spent almost 10 years leading the Operations department. Most recently, he served as Operations Director at Pobre Juan, a local steakhouse, and contributed significantly in driving the strategic agenda, and building high operating standards and restaurant-level accountability.

KFC TEAM CHANGES

Thank you Russel for your dedication to KFC

Russel Smith is becoming a Franchise partner

Russel is an institution within KFC, having earned a reputation over the last 22 years as a formidable leader and operations expert. His journey started out as an Area Coach in 1994, progressing quickly through the business to his most recent role. During his tenure as Chief Operating Officer of UKI, he was directly responsible for significant improvements in operations performance across the system. His discipline and focused approach resulted in step change improvements to the balanced scorecard, success routines and Ops Capability Assessments. He has become a trusted partner to our franchisees, who can rely on his coaching and partnership across all areas of the business. He is admired for the authentic and inspirational leadership he has shown to the RGMs in the UK.



Russel was born and raised in Kilmarnock, Scotland. Russel's passion for football emerged during childhood and he is a non-executive director of Kilmarnock football club (Scotland's oldest professional club). As a family man, he has been as successful inside of work as out. Russel is a dedicated father to his x daughters, and a proud grandfather to X.

Russel will be missed greatly as one of our senior leaders; however, we are delighted that his deep expertise and passion for our business will remain part of the system. He has left a lasting legacy on operations in the UK and across the KFC globe. We want to thank Russel for his incredible commitment to KFC and wish him best on his new adventure.



Russel as a young man working at Wimpy



Russel celebrating with the UK Champions Club in 2015

Adding Hope to the World Food Program

Did you know 795 million people suffer from hunger worldwide? Together with the U.N. World Food Programme, KFC is taking a stand against hunger and Adding Hope to those who need it most. During World Hunger Month in October, our restaurants around the globe will unite and focus on raising awareness around hunger through promotional campaigns and marketing materials. Money donated by Customers during October will go toward the WFP, with a bold goal that each restaurant raises at least \$1,000 USD for the WFP. Just imagine – that would be \$20 million USD alone! We're asking for our Customers' support, and we're also asking for your support as we work toward our vision of ending world hunger. Become a champion of Add Hope – speak to your employees and Team Members about the importance of aligning under a global cause and speak to your market's Add Hope Ambassador for additional information in regards to the October campaign.



Creating an RSC that Lives & Breathes our Restaurants



Change to This year, the KFC global team gathered best practices for different business units to launch an exciting initiative in Dallas: KFC Lives & Breathes. To provide RSC teams the opportunity to connect with team members, customers and RGM's whilst working a shift in a local Restaurant.

Thanks to a great partnership with the KFC US team, the Dallas RSC teams have had the opportunity to choose from FOH, MOH, or BOH, with the end goal of completing a shift in each role over the next three years. So far the experience has been overwhelmingly positive, providing a renewed appreciation for the work Team Members and RGMs do every day, as well as exploring how to be

more effective in supporting restaurants from the RSC. Find out more by clicking here: https://yumbrandsinc.sharepoint.com/sites/yumnet_kfc/our-functions/HR/Training/BPC/Pages/L&B.aspx

126 Markets and counting...

With CEE opening the first KFC in Albania they also brought another first to the country – an international fast food brand! The restaurant is located in the food court at Tirana East Gate (Tirana's largest shopping mall) and was launched with a soft opening preview for family, friends and mall employees, who all offered pleased feedback and excitement. With this buzz around town, people couldn't wait for the restaurant to open its doors to the public. KFC Albania officially opened on April 22 and we're certain the customers are already hooked on all that KFC has to offer.

