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UCSD - GPS CASE 16 - 07

**McDonald's and the Fast Food  
Industry:  
Solutions for a Healthier Future**

By: Sophie Silvestri

School of Global Policy and Strategy, UC at San Diego  
Prepared for Professor Peter Gourevitch  
Course on Corporate Social Responsibility  
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**EXECUTIVE SUMMARY:**

Silvestri Solutions Inc. has been hired by the American Diabetes Association to respond to the issue of growing childhood and minority obesity and health risks—like Type 2 Diabetes—and develop a Corporate Social Responsibility (CSR) agenda with strategies to improve healthy options at McDonald's and similar fast food chains. McDonald's targets advertising to children and minority groups,<sup>1</sup> which are vulnerable populations due to a greater lack of knowledge than more affluent, white populations on the following: food portions, caloric intake and important rationing of certain ingredients. Medical Journals like American Journal of Managed Care consider vulnerable populations “the economically disadvantaged, racial and ethnic minorities, the uninsured, low-income, children, the elderly...” among others.<sup>2</sup> Even with growing awareness of obesity and Type 2 Diabetes, cases of the two continue to rise and are inextricably linked. McDonald's is a mega corporation and profit maker from its sales of unhealthy food; it reported profits of \$1.31 billion in 2015,<sup>3</sup> and their revenue sources are mainly food sales, franchise fees, rents and royalties.

McDonald's is contained by their shareholders, executive management and by the market; their leadership focuses on profit-driven initiatives and their market desires affordable and convenient food items. However, Silvestri Solutions, Inc., on behalf of the American Diabetes Association, has warned executive management at McDonald's multiple times about the pressure point of obesity—an issue that continues to be addressed at the federal, state and local levels. McDonald's has made some attempts to combat obesity, like substituting apples for French fries and milk for soda in “Happy Meals,” but as the leading fast food chain in the U.S.,<sup>4</sup> more needs to be done. Fast Food restaurants, although not the sole cause of the obesity crisis in the U.S., are very responsible for its growing rates. In the sections of this report that follow,

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Silvestri Solutions Inc. will review two Scenarios for American Diabetes Association's consideration: Scenario 1 presents voluntary programs American Diabetes Association can present to McDonald's. Scenario 2 (the recommend the Scenario) is a plan of action for legislation starting in the State of California to require McDonald's and other fast food chains to reduce unhealthy ingredients from menu items. The two Scenarios are outlined in this section and discussed in detail in the sections that follow.

American Diabetes Association has a professional relationship with McDonalds, as McDonalds has sponsored some of its events and programs in the past;<sup>5</sup> therefore, there is communication despite American Diabetes Association's frustration with many of McDonald's unhealthy menu items. Scenario 1 initiatives are threefold: recreating the marketing relationship with McDonald's, promoting healthier options to be included in government assisted food programs, including health warnings on television advertisements and including physical activity in the television advertisements to promote healthy living in commercials, working with federal agencies and the company's marketing department, respectively. However, because legislation could apply sanctions or injunctions on the fast food industry led by McDonalds, a different strategy is recommended.

Scenario 2, the *recommended* strategy, is to address the issues from a California statewide perspective and having American Diabetes Association sponsor legislation in the State of California, regulating the fast food industry on levels of allowable ingredients. American Diabetes Association's nonprofit has a good reputation as well as a strong and dedicated following. This legislation can use McDonald's negative impact on obesity as an example but augment the effectiveness of a "Stop Diabetes" campaign by including other fast food chains in the legislation. In order to carry out these initiatives, Silvestri Solutions, Inc. recommends

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American Diabetes Association propose this legislation to the office of California Assemblywoman Toni Atkins (House Speaker until March 10, 2016) before November 2016 because she is termed-out. This report includes the process to lobby for this legislation to reach the California State Senate and ultimately be signed into law by California Governor Jerry Brown. As referenced previously, McDonald's sponsored American Diabetes Association's events in the past, but none recently. Therefore, Silvestri Solutions, Inc. understands there is no allegiance or potential loss of current sponsorship that would cause concern by pursuing legislation.

### **BACKGROUND:**

As American Diabetes Association is aware, the U.S. Department of Health and Human Services' Office of Minority Health reports staggering numbers among minorities and childhood overweight and obesity rates. One is considered overweight with a body mass index ("BMI") of 25 or higher, and obese with a BMI of 30 or higher. African Americans are the population with the highest risk for obesity, especially African American women—approximately four out of five African American women are overweight or obese.<sup>6</sup> Table 1 displays statistics for male and female populations over 20 years of age that are obese or overweight, based on race. Table 2A displays statistics for male and female children who are overweight and Table 2B displays statistics for all children (both male and female) who are obese, based on race. These statistics will be helpful for the public to understand why the legislation is necessary to stop obesity in order to "Stop Diabetes."

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**Table 1: Male and Female Populations over 20 (Obese or Overweight) based on race**

	<b>Non-Hispanic Black</b>	<b>Non-Hispanic White</b>	<b>Non-Hispanic Black/ Non-Hispanic White Ratio</b>
Men	70.0%	73.6%	1.0
Women	80.0%	60.3%	1.3

Source: CDC, 2013. Table 68.

<http://www.cdc.gov/nchs/data/hus/hus12.pdf>

**Table 2A: Male and Female Children who are Overweight**

	<b>Non-Hispanic Black</b>	<b>Non-Hispanic White</b>	<b>Non-Hispanic Black/ Non-Hispanic White Ratio</b>
Girls	24.5%	14.0%	1.8
Boys	23.3%	18.6%	1.3

Source: CDC, 2013. Table 69.

<http://www.cdc.gov/nchs/data/hus/hus12.pdf>

**Table 2B: All children who are Obese, Based on Race**

<b>African American</b>	<b>Non-Hispanic White</b>	<b>African American/ Non-Hispanic White Ratio</b>
25.7%	14.6%	1.8

Source: Federal Interagency Forum on Child and Family Statistics. *America's Children: Key National Indicators of well being. 2013.* Table HEALTH7

<http://www.childstats.gov/americaschildren/tables/health7.asp>

### **Type 2 Diabetes Linked to Fast Food:**

It is important for Silvestri Solutions, Inc. to reiterate statistics and information on health risks, as they valuable for Scenario 1 and especially for Scenario 2. They will serve as background for proposed state legislation and support letters so the public can more easily understand the linkage between fast food, obesity and thus, Type 2 Diabetes. Fast food, like McDonald's, has benefits, including convenience and cheap prices. However, the health risks

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overwhelm the benefits. By eating fast food regularly—which is usually high in sodium, fats, sugar, carbohydrates and calories—fast food patrons have the tendency to gain weight to the point of obesity.

Silvestri Solutions must communicate why obesity is predominantly caused by unhealthy intake and lack of exercise, and these are leading causes of Type 2 Diabetes. At very heavy weights, one's body cannot produce enough insulin for all the weight to take glucose out of the blood. Thus, this overtasks the pancreas, and overtime, a person who is obese or overweight becomes insulin resistant, or a Type 2 Diabetic.<sup>7</sup> Type 2 Diabetes is the most common form of diabetes,<sup>8</sup> effecting nearly 29 million people in the U.S., according to the Center for Disease Control, and roughly 86 million considered “pre-diabetic” or at risk for Type 2 Diabetes.<sup>9</sup> Of the 29 million Type 2 Diabetics, approximately 4 million are Californians.<sup>10</sup> These statistics can be easily found on American Diabetes Association's website and should be reiterated so more members of the public understand. Additionally, the potential legislation would drive more members of the public to research and discover facts about more risks and causes of Diabetes.

### **Containment by shareholders and the market:**

McDonald's is a publicly traded company (NYSE: MCD) and with 1,576 different institutions holding shares and some individuals holding up to 87,500 shares,<sup>11</sup> there is significant pressure for marketing efforts, like television commercials, that will drive profits and therefore dividends to shareholders. Additionally, much of the targeted audience is low income or under-informed populations and chooses McDonald's as an affordable and convenient meal outlet.<sup>12</sup> For this reason and others that follow, Scenario 1 has a higher likelihood of stalemate and ineffectiveness because it is not binding; McDonald's could see these measures as more

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goal-oriented and will likely use this partnership with American Diabetes Association as a public relations piece to boost their ever-volatile image in the media and public.

### **Field of social concern involving corporate behavior: ads to children and minorities**

McDonald's disproportionately targets their advertising to children.<sup>13</sup> Currently, advertising is accused of being a factor in causing children's obesity, which contributes greatly to Type 2 Diabetes; McDonalds is continuously accused of manipulating children to make unhealthy decisions with nutrition, as they are not aware of its consequences.<sup>14</sup> Children under the age of 12 make up a market that is estimated to represent \$500 billion, consisting of personal spending of \$200 billion that includes snacks and soft drinks and \$300 billion of indirect spending on food, among other items.<sup>15</sup> The world's second largest employer insists nutrition is the responsibility of parents, not fast food companies like themselves.<sup>16</sup> The fast food industry spends several billion dollars on advertising annually. Each day, the average preschooler, older child, and teen views 2.8, 3.5, and 4.7 television ads, respectively. McDonalds is responsible for 25% of these advertisements.<sup>17</sup>

Additionally, McDonalds disproportionately targets minorities, specifically African Americans, and it is not a new trend; in fact, it is more than 30 years in the making. In 2010 alone, McDonald's television advertisements featured 50% all African American casts and channels watched more by African Americans like daytime court TV have more of these advertisements.<sup>18</sup> In a study presented by the Rudd Center, commercials that feature healthier snacks, like yogurt, are less likely to be seen on channels that have large Latino and African-American viewership.<sup>19</sup> McDonald's has a website dedicated to promoting African American culture, called 365Black.<sup>20</sup> Dr. Imani Perry, from Princeton University's Center for African American studies spoke of the stereotypes:

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“McDonald’s direct marketing to African Americans has always troubled me, largely because so many African Americans live in urban areas surrounded by fast food restaurants and with limited access to fresh produce and unprocessed food. It seemed to add insult to injury to present this business as having any investment or interest in African American history and culture.”



The image to the left is an example of advertising to African Americans in the 1970s. (Image source: <http://www.theatlantic.com/entertainment/archive/2015/06/casual-racism-and-greater-diversity-in-70s-advertising/394958/>. Retrieved 11 March 2016).

These vulnerable groups tend to have less information on healthy diets than educated, affluent groups. McDonald’s is not the only fast food chain that targets these populations, but as it is the corporate giant of fast food, their decision makers have an opportunity to lead the effort. According to the Fast Food F.A.C.T.S. (Food Advertising to Children and Teens Source), McDonald’s scores very low on the healthy kids’ menu list at fast food chains, scoring at a low 38, 41 and 42 out of 49 fast food healthy kids’ menu options; Arby’s Burger King, Subway,



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Sonic, Jack-in-the-Box and Chick-Fil-A scored higher.<sup>21</sup> As the largest fast food chain in the world, according to Forbes, McDonald's can do better.<sup>22</sup> F.A.C.T.S. rates kids' meals by the Nutrition Profiling Index (NPI), which scores an overall nutritional quality based on calories, and variance of healthy and unhealthy ingredients including sodium and saturated fat, as defined by the National Center for Biotechnology Information.<sup>23</sup> A snapshot chart of fast food chains scoring 19-40 in the list of NPI kids meal ratings is shown below in table 3:

**Table 3:**

<b>KIDS MEALS AT FAST FOOD RESTAURANTS</b>					
<b><u>NPI</u>: SORTED BY AVERAGE SCORE OF MAIN DISH, SIDE DISH, BEVERAGE AND SNACK/DESSERT:</b>					
<b>RANK</b>	<b>RESTAURANT</b>	<b>MAIN DISH</b>	<b>SIDE DISH</b>	<b>BEVERAGE</b>	<b>DESSERT</b>
19	JACK IN THE BOX	68	70	70	
20	BURGER KING	64	78	70	
21	BURGER KING	64	78	70	
22	SUBWAY	72	82	76	
23	SUBWAY	72	82	72	
24	SUBWAY	78	82	72	
25	ARBY'S	66	68	70	
26	BURGER KING	64	78	70	
27	CHICK-FIL-A	60	78	72	
28	CHICK-FIL-A	42	78	72	
29	JACK IN THE BOX	68	70	70	
30	ARBY'S	50	78	72	
31	ARBY'S	50	78	72	
32	SONIC	48	82	72	
33	BURGER KING	64	78	72	
34	SONIC	44	82	72	
35	BURGER KING	50	78	72	
36	KFC	62	78	70	36
37	WENDY'S	46	80	72	
38	<b>MCDONALD'S</b>	<b>44</b>	<b>78</b>	<b>72</b>	
39	CHICK-FIL-A	50	78	72	
40	KFC	62	86	70	36

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**Source:**

[http://www.fastfoodmarketing.org/media/fastfoodfacts\\_rankingtable\\_bestworstkidsmeal\\_s.pdf](http://www.fastfoodmarketing.org/media/fastfoodfacts_rankingtable_bestworstkidsmeal_s.pdf).

Retrieved 27 January 2016.

**STRATEGIES IN RESPONSE TO SOCIAL CONCERN:**

**SCENARIO 1: Not recommended**

Silvestri Solutions Inc. has prepared the following recommendations for American Diabetes Association to present to McDonald's as a final attempt to make a more significant difference in the growing obesity and diabetes crisis. This could be effective, but only as much as McDonald's is willing to make it effective. It is not binding, and American Diabetes Association does not have a guarantee of tangible results if successful.

1. To promote healthier options while making up for the cost of the proposed improvements and CSR, McDonald's' corporate lobbyists should campaign for the United States Department of Agriculture (USDA) to add *only healthy* Happy Meals and other menu items—under 500 calories—to the Supplemental Nutrition Assistance Program (SNAP) card program. Specific nutritional ingredients would be required to qualify. This effort can be augmented by other fast food chains that offer healthier food options and wish to contribute to lobbying efforts for EBT to be accepted for only healthy menu items. A risk involved with this is the National Restaurant Association has the ear of many lawmakers in Washington D.C., and logjam may be inevitable if the association does not respond positively to this effort.

2. Similar to television commercials for prescription drugs, McDonald's should have health warnings, specifically on their advertisements for foods. Furthermore, McDonald's should disclose when certain items are high on the glycemic index and contain more than the

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recommended consumption of sodium, sugar and calories from fat. This would include menu items over 500 calories and with recommended ingredients from the stakeholder ad-hoc committee. Again, the risks involved include McDonald's corporate lobbyists' influence (including the National Restaurant Association). They have contacts and clout with Washington D.C.'s Federal Communications Commission that oversees public broadcasting and is the oversight agency that would be in charge of commercial requirements.

3. McDonald's' CSR model should include more support of physical activity to counter the caloric intake in their food. For example, if there is a low-income community whose school district was forced to cut after school activities like sporting teams or physical education classes due to budget constraints, McDonald's should sponsor these teams with part of their marketing budget in lieu of a percentage of their direct spending on TV ads. McDonald's executive management within their marketing department can make this decision and carry out this effort. However, there would be no binding contract, and they would typically only sign on if it will bring about positive public relations for the company. American Diabetes Association is looking for tangible results, and Silvestri Solutions, Inc. is committed to bringing about these tangible results.

### **Explanation of Scenario 1:**

McDonald's could consider including nutritional value and recommended daily intake of specific ingredients in television commercials an anticipatory initiative. McDonald's and other fast food chains already have to disclose calories on menu items in the restaurants, and legislation for television advertisements—like drug commercials—are likely not in the distant

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future. Should McDonald's start this campaign of honesty, other fast food chains will likely have to follow. Warning label-type wording is typically in small font, but legible so that the consumer can read it if they so choose. McDonald's, however, is not known to be proactive, but rather, reactive. Their improvements in menu items in the past did not stem from their management's concern for health—it was, instead, their reaction to general outcry from the public.

It has been well documented that physical activity stimulates learning at school.<sup>24</sup> Sponsoring physical activities, classes and team sports at low-income schools can be part of McDonald's marketing budget. In lieu of additional spending for television commercials targeting these markets, McDonald's can instead earmark a percentage of the budget to several school districts that could use funding to provide more physical fitness for students. Sponsorship of these programs and events is not only a good CSR tactic but has indirect marketing of McDonald's as a community steward vs. a relentless advertiser. Silvestri Solutions, Inc. can provide these recommendations to McDonald's. However, as stated previously their executive management will see them as recommendations and not as obligations.

### **Costs of Credibility:**

Silvestri Solutions Inc. sites multiple sources and statistical analysis as evidence to the social concern of childhood and minority obesity being directly related to the disproportionate advertising to these groups by McDonald's and other fast food chains, as American Diabetes Association is aware:

According to the Federal Trade Commission, “responsible marketing can play a positive role in improving children's diets and physical activity level.”<sup>25</sup> Numerous studies have been done by the Yale Rudd Center for Food Policy and Obesity that found direct

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relationships between the marketing of fast food giant McDonald's and childhood and minority obesity levels increasing. Despite new, healthier options at McDonald's, the U.S. Centers for Disease Control and Prevention reports that two-thirds of American adults and 15 percent of children are overweight or obese. Additionally, the rate of obesity for African Americans is 51 percent higher than for white Americans.<sup>26</sup>

Just because McDonald's offers a healthier alternative to the "Big Mac" does not mean that advertising the unhealthier options disproportionately to children and minorities should be acceptable corporate behavior. As a part of Scenario 1, American Diabetes Association would bring this issue to executive management at McDonald's and attempt to convince them that, with current and future regulations on consumables, they need to be ahead of the curve with creative solutions for combatting obesity. If they do not do this now voluntarily, they will likely be required to with regulations later. Because this would not be a binding agreement, Silvestri Solutions favors Scenario 2, which is presented in the next section of this report.

Additional costs of credibility of these proposals to the USDA are independent and third party analyses of the value of these proposals. Regardless of which scenario American Diabetes Association opts for, Silvestri Solutions, Inc. recommends the formation of an ad-hoc community stakeholder group of NGOs focusing on nutrition, health, education and medical improvement to give recommendations on ingredients and nutritional value of the proposed menu items allowable by SNAP program, or to be included in back up documents for legislation. Silvestri Solutions will facilitate this outreach in conjunction with USDA or Assemblywoman Atkins' staff and mutually select the committee members so they are balanced, well-intentioned volunteers and advisory in nature.

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## **SCENARIO 2: Recommended**

Since California is McDonald's biggest US market,<sup>27</sup> and the state leads the world on other regulatory issues, Silvestri Solutions, Inc. would propose legislation to someone in the California State Legislature. With a democratic majority, McDonald's lobbyists that have more connections with right-wing politicians will not likely gain enough traction to block such legislation. Assemblymember Toni Atkins has publicized her staunch support for "healthier lifestyles" to battle heart disease and diabetes, and Governor Brown signed 9 out of 10 bills she authored in 2015.<sup>28</sup> Silvestri Solutions, Inc. has professional relationships with her staff, as well as contacts from American Diabetes Association that worked with her office on National Diabetes Month. Silvestri Solutions, Inc. strongly recommends this scenario, as it could be a very effective way to tackle the obesity and diabetes issue stemming from fast food like McDonald's. Assemblywoman Atkins would be the external monitor of McDonald's, championing a leading cause for Type 2 Diabetes.

A sample of the legislation for this bill is depicted on the next page. Legislation is reviewed by different committees, typically, and will be amended several times before becoming law. The sample would be how the bill is introduced; once vetted with staff and stakeholders and through appropriations, it would be expanded with more detail. Silvestri Solutions, Inc. will be in communication with Atkins' staff throughout the cycle.

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**Sample Legislation:**

BILL NUMBER: AB 423      INTRODUCED

BILL TEXT      INTRODUCED BY Assembly Member Atkins

March 15, 2016: Diabetes and Fast Food

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

~~An act to Part 7 of Division 104 of the Health and Safety Code, relating to food nutrition.~~      LEGISLATIVE COUNSEL'S DIGEST      AB 226,  
as introduced, Atkins. Retail food nutrition: fast food restaurants.  
Existing law, the California Retail Food Code, establishes uniform health and sanitation standards for, and provides for regulation by the State Department of Public Health of, retail food facilities and various types of food. This bill would create a new type of food safety, relating to health and nutrition at chain outlets defined as a "fast food" operated by a licensed franchisee or restaurant owner, or an entity representing the "fast food" restaurant directly to consumers. The bill would require those "fast food" restaurants, starting with McDonald's Incorporated's 1,492 California restaurants, and including but not limited to Burger King, Carl's Junior, Sonic, ~~Taco Bell~~. By imposing new enforcement requirements on California "fast food" restaurants, and by creating a new crime, the bill would impose a state-mandated local program. This bill would provide that with regard to certain mandates of nutrition content, to be decided upon by a subcommittee of Assembly staff, stakeholder experts and nutritionists in fiscal year 2017.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

**Source:** Format from leginfo.ca.gov. ([http://www.leginfo.ca.gov/pub/15-16/bill/asm/ab\\_0201-0250/ab\\_226\\_bill\\_20150203\\_introduced.html](http://www.leginfo.ca.gov/pub/15-16/bill/asm/ab_0201-0250/ab_226_bill_20150203_introduced.html); Retrieved 14 March 2016).

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### **Why California?**

California sets examples for the rest of the nation on a number of regulatory issues, including environmental sustainability and labor practices. This legislation would focus on the health of the consumer, and California elected officials will see a healthier consumer being in California's best interest. The state politicians have the ability to make a difference in steering the nation towards a healthier future by enacting legislation as such. Proposing a bill that will serve as an example for other states to follow. The bill could be formulated to require certain ingredients and prevent others to make it healthier. Additionally, it Assemblymember Atkins' last few months in office, and it would solidify her position on the fast food issue as well as finish her term on a positive note in the eyes of her constituency (San Diego, one of the healthiest cities in the nation<sup>29</sup>) and fellow Democratic cohort. Silvestri Solutions, Inc. is confident attempting to push this potential bill at the federal level would be a nonstarter, due to political climate in Washington with a Republican majority.

### **Incentives:**

McDonald's has incentive to cooperate with the legislation, as it could be unfavorable public relations should their corporate lobbyists and attorneys try to sue the state. McDonald's already deals with a host of reputational issues. Since this bill will be written not to push it out of the market, but to require healthier ingredients in conjunction with California's growing awareness on health and Diabetes, it behooves their executives and Board to cease outward resistance. Once the bill passes—which is highly probable, considering Assemblywoman Atkins' success rate, dedication to the issue of Diabetes and influence in the state legislature—McDonald's will have to comply with the legislation. Its modes of pressure would be implementing the bill's requirements and financially backing new ingredients. Management and



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the Board's incentives not to comply would be to save on cost of new ingredients and leave California to expand elsewhere. However, as California is their biggest market, this is very unlikely, as it will cost them far more money to move 1,492 franchises and restaurants out of California than it will to incur costs of healthier ingredients for the state. Perhaps they will even gain market share of those who prefer healthier options in their diets, but still need a quick, convenient and affordable meal. The chain of influence is the chain of resistance, typically. Just because McDonald's management created "healthy happy meals" with apples and milk as substitutes for fries and soda does not mean they solved all the problems with diet-related disease due in part to their unhealthy items.

### **Scenario 2 Plan of Action:**

Silvestri Solutions, Inc. will make presentations to nonprofit boards (i.e. Neighborhood Healthcare, Hearts for SD, Live Well SD, American Heart Association, Alliance Healthcare Foundation and La Jolla IAI) asking for letters of support to send to the bill author; this will make the bill more passable with a mobilized support group. If Silvestri Solutions does not have an opportunity for a presentation to these boards, it will call the nonprofits explaining the bill and then send information and a template support letter. Silvestri Solutions, Inc. will also write press releases or opinion editorials as pressure points to spread the word about the bill. Newspapers included will be major city news outlets like Los Angeles Times, San Diego Union Tribune, San Francisco Chronicle and the Sacramento Bee. Silvestri Solutions, Inc. will direct the public to American Diabetes Association's website and Facebook page where the template letter will be easily downloadable. This way, it can receive public support along with organized support. All of this will be done under the American Diabetes Association's contract for implementing lasting change in tackling Type 2 Diabetes. Below is the template letter.

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Template Letter:

<p><b>COMPANY LETTERHEAD</b></p> <p>[Date]</p> <p>To: Honorable Assemblywoman Toni Atkins State Capitol P.O. Box 942849 Sacramento, CA 94249-0078</p> <p>RE: Support for AB (#): Stop Type 2 Diabetes Act</p> <p>Dear Assemblywoman Atkins,</p> <p>[ORGANIZATION/COMPANY] officially endorses and unreservedly supports Assembly Bill (#): The Stop Type 2 Diabetes Act. As you have campaigned and written about an important bill for the State of California to lead the fight in regulating fast food chains to help slow the epidemic of diet-related diseases. The American Diabetes Association reports Type 2 Diabetes is the most common form of diabetes, affecting nearly 29 million people in the U.S., according to the Center for Disease Control, and roughly 86 million considered “pre-diabetic” or at risk for Type 2 Diabetes. Of the 29 million Type 2 Diabetics, approximately 4 million are Californians.</p> <p>[ORGANIZATION/COMPANY] advocates to stop Type 2 Diabetes by implementing programs and initiatives like [insert company mission, vision and projects here].</p> <p>By eating fast food regularly—which is usually high in sodium, fats, sugar, carbohydrates and calories—fast food patrons have the tendency gain weight to the point of obesity. McDonalds and other fast food chains not only market disproportionately to minorities but also to children, and increasingly so.</p> <p>[ORGANIZATION/COMPANY] understands this bill is not designed to force McDonalds and other chains to lay off workers to afford healthier options. It is designed to bring awareness and results to lower calorie counts and other unhealthy ingredients to ensure a healthier and more sustainable future.</p> <p>Thank you for authoring this bill and being a champion to stop Type 2 Diabetes. I can be reached at (###-###-####) should you have questions or request we testify at an Assembly Hearing after this bill is through Appropriations.</p> <p>Most Sincerely,</p> <p>[Signature]</p> <p>CC: Honorable Governor Jerry Brown</p>
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Plan of Action, Continued:

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Silvestri Solutions, Inc. will see the regulation through to fruition by using longstanding relationships with Assemblymember Atkins' office (Silvestri Solutions started a professional relationship with her during her San Diego City Council District 3 tenure and she still has some of the same, helpful staff). Silvestri Solutions, Inc. will not only carry out lobbying and public relations efforts to gather support from various associations and mobilize public support, but will also utilize spread the word through events. American Diabetes Association sponsors "Tour de Cure," an annual, multi-city cycling event to bring awareness and a cure for Type 2 Diabetes. Silvestri Solutions, Inc. will take advantage of the fact that participants and family members of participants already have an appreciation for the hardships of the disease. At these events, Silvestri Solutions, Inc. will hand out literature to these concerned citizens at a booth near the finish line. The cost of airfare for this effort is still less than the increased cost of lobbying in Scenario 1.

### **Evaluation of Costs:**

There are costs associated with the hiring of Silvestri Solutions, Inc., for which American Diabetes Association has already enlisted services to address this matter. There are additional costs associated with the contracts McDonald's has with corporate lobbyists at the federal level who will be conducting outreach with USDA and federal regulators after completing recommendations of the proposed ad-hoc committee, for Scenario 1.

Scenario 1 is approximately \$50,000 higher in cost than Scenario 2, due to costs for lobbying outside established contracts, but with less travel on the part of Silvestri Solutions, Inc. Public relations consulting fees by Silvestri Solutions, Inc. to carry out the effort for Scenario 2 is more financially feasible for American Diabetes Association. A breakdown costs is below, not including the additional \$50,000 in corporate lobbyists fees:

<b>Project Budget Draft</b>				
Silvestri Solutions, Inc. for American Diabetes Association				
Scenario 2: Legislation				
<b>Expenses</b>				
<b>Salaries</b>	<b>Description</b>	<b>Quantity</b>	<b>Cost</b>	<b>Total</b>
Consultants	Consultant fee (hourly or flat)	\$1,000	\$75	\$75,000
Indirect Labor	Insurance, Office	1	5,000	\$5,000
<b>Sub - total Salaries</b>				<b>\$80,000</b>
<b>Travel</b>	<b>Description</b>	<b>Quantity</b>	<b>Cost</b>	<b>Total</b>
Lodging - Tour de Cure (14 cities)	cost per person/per room	14	\$200	\$2,800
Airfare/Train	cost per person/per fare	14	500	\$7,000
Gas	.5 per mile	4000	0.5	\$2,000
Per Diem	meal stipend	28	50	\$1,400
<b>Sub-total Travel</b>				<b>\$13,200</b>
<b>Supplies</b>	<b>Description</b>	<b>Quantity</b>	<b>Cost</b>	<b>Total</b>
Materials	Pamphlets, Template Letters \$2 each	20,000	\$2	\$40,000
<b>Sub-total Supplies</b>				<b>\$40,000</b>
<b>Marketing/Communications</b>	<b>Description</b>	<b>Quantity</b>	<b>Cost</b>	<b>Total</b>
Graphic Design/printing	posters, flyers, program	1	\$1,500	\$1,500
Mailing expenses	envelopes, postage	500	\$3	\$1,500
<b>Sub-total Marketing/Communications</b>				<b>\$3,000</b>
<b>Total expenses</b>				<b>\$272,400</b>

**CONCLUSION:**

Scenario 2 is the preferred and recommended Scenario as American Diabetes Association, as a nonprofit, has a strong and dedicated following and will have more guarantee of results to fight Diabetes—especially due to childhood and minority obesity—with better nutrition in fast food chains via legislation. Scenario 1 encourages McDonald’s to have their lobbyists to act on behalf of the corporation with no guarantees of healthier nutrition; there are

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more risks of federal gridlock and no specific legislation. Additionally, McDonald's is contained by their executive management, board and shareholders and does not have a history of proactive programs that are anticipatory and health-oriented. Scenario 1, while worthy, could be seen as a CSR public relations opportunity for McDonald's management. Scenario 2 is also not guaranteed, but considering the success rate of Assemblymember Atkins' bills being signed into law by Governor Brown, and the fact that California typically leads the nation (and sometimes the world) on regulatory issues, it is a strategic place to start. American Diabetes Association has the opportunity to create real change and progress combatting Type 2 Diabetes, and Silvestri Solutions, Inc. is standing by available for questions, concerns, and if directed, to pursue this CSR project.

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