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## Scaling Managers with AI at KFC China

### Background: Company and Managerial Model

KFC is the flagship brand of Yum China and the leading quick-service restaurant chain in China. It opened its first restaurant in Beijing in 1987 and, by the end of December 2023, had grown to more than 10,000 outlets in over 2,000 cities across the country, making it the first Western quick-service restaurant chain in China to cross the 10,000-store milestone.

Inside its operational hierarchy, KFC's store managers—Restaurant General Managers (RGMs)—are the backbone of performance. Each RGM is responsible for the profit-and-loss of their store, overseeing day-to-day operations, staffing, food safety and quality, and customer satisfaction. The company follows a “RGM Number One” philosophy and promotes its managers from within. Historically, it has taken typically two to three years for a new hire to progress to an RGM role, reflecting both the complexity of the job and the firm's commitment to internal development.

### Challenges

The first challenge was the complexity of the RGM role. Running a modern KFC restaurant involves reading demand patterns, forming and updating forecasts, converting those plans into hour-by-hour staffing, managing inventory and food safety routines, and documenting what happens. On top of that, they face daily surprises: a sudden thunderstorm may sharply reduce on-premise demand while increasing delivery orders, a key piece of equipment breaks down, or a team member suddenly cannot make a shift or sometimes a marketing promotion brings in more traffic than expected. Internally, senior leaders sometimes describe the job as “a kind of rocket science”—complex, precise, and unforgiving of errors. Over time, these demands pulled many RGMs into the back office and into spreadsheets, leaving less time for what differentiates service businesses: being present with customers, coaching teams during peak periods, and adapting to local market conditions.

The second challenge came from growth. KFC's store density in China stood at about 9 restaurants per million people, compared with roughly 24 per million in Japan. Yum China's leadership articulated a goal of reaching 20,000 total locations by 2026. This expansion plan implied thousands of additional stores over a relatively short horizon. With a promotion-from-within culture and a multi-year path to RGM, ensuring the pipeline of qualified restaurant managers to meet the pace of new openings presents real challenge. The practical

choices were all costly. One option was to shorten training, which could result in less-prepared managers. Another was to hire externally, raising questions of cultural fit and consistency. A third was to slow expansion and cede opportunities to competitors. The bottleneck was not the availability of frontline workers, but the capacity to develop and deploy enough capable store managers.

### The Intervention

KFC's intervention started at the manager's desk. Building on a decade of digitalization, the company embedded artificial intelligence directly into the manager's daily operating rhythm—forecasting, labor scheduling, ordering, food preparation schedule and exception detection. The goal was not to replace RGMs, but to shift a significant portion of routine, data-heavy work from humans to machines, and in doing so to free up managerial attention for judgment and leadership.

RGMs gained access to an integrated suite of AI-enabled systems that functioned as a digital co-pilot. In labor scheduling, the tools used half-hourly sales forecasts to generate optimized rosters that managers could review and adjust rather than build from scratch. For inventory management, real-time data and predictive analytics translated into replenishment suggestions that reduced waste while maintaining freshness standards for different product categories. Underneath these applications were store-level demand-forecasting models, including half-hourly projections, that informed both staffing, procurement decisions and real time food preparation. All of this was brought together in an operation “super brain,” a dashboard that consolidated exceptions, anomalies, and customer feedback into a set of actionable prompts for the RGM.

Crucially, these tools centralized intelligence without displacing local judgment. Algorithms aggregated data across days, products, and channels, but RGMs still understood their neighborhoods in ways that no model could fully encode. A manager in a shopping mall might know that a weekend promotion is likely to lift overall traffic and shift peak hours. Another, near a stadium or concert venue, might anticipate that a big event will push the dinner rush later into the evening. A third might notice that a nearby competitor has introduced a new weekday discount that is starting to draw away price-sensitive customers. The AI system could not see these things in advance, but once the heavy analytical work was automated, RGMs had more time and mental bandwidth not only to notice such signals and act on them, but also more importantly to ensure top-notch customer service and product quality.

### Results and Consequences

One direct result was a shift in how RGMs spent their time. With much of the scheduling, ordering, and monitoring work handled or pre-processed by the AI systems, managers are expected to be spending less time on back-office tasks and more on the floor. They could be present during peak hours, watch the customer flow, coach kitchen staff in real time, and intervene quickly when a service issue emerges. The system highlighted where attention was needed; the manager decided what to do and mobilized the team accordingly. This rebalanced the role toward customer-oriented judgment and people leadership.

A second consequence was that KFC was able to redesign its management structure through a program known as MEGA+. As AI tools absorbed routine planning and freed up managerial

capacity, the company made a conscious choice not to simply let that time dissipate. Instead, it used MEGA+ to assign qualified RGMs to oversee clusters of nearby stores. Rather than one store per manager, an experienced RGM could now supervise multiple locations—on average two to four stores with their management team, leading a total of 60 to 90 staff, and in some mature cases up to five, according to internal observational data. MEGA+ effectively “stacked up” managerial capacity freed by AI, allowing KFC to scale up management, support its expansion plans, and maintain service and quality standards rather than trading them off against growth.

A third impact was on the career path. Because the toolkit embedded many of the planning routines and offered in-line recommendations, new managers could learn the job faster. Tasks that once required years of accumulated experience—constructing accurate schedules, tuning prep to demand, spotting patterns in complaints—were now supported by systems. The company estimates that the time needed to develop an RGM can be reduced significantly. This accelerated pipeline helps align the supply of managers with the pace of store openings and gives high-potential employees a clearer, faster path to leadership and a higher salary that comes with it.

There were additional organizational implications as well. The profile of a successful manager shifted. Procedural mastery and memory of “how things have always been done” became less central, while comfort with data, the ability to interpret system prompts, sound judgment about when to accept or override those recommendations in light of local conditions, and skill in coaching and motivating diverse teams became more important. Training content began to tilt away from manual planning techniques and toward analytics literacy, service recovery, and local marketing. As more of the planning and monitoring work was standardized through the toolkit, it became possible that performance dispersion across stores would shrink, as weaker units were pulled closer to the system average. At the same time, the combination of AI assistance and multi-store responsibility created room for a group of particularly capable “super managers” to extend their impact across several restaurants, potentially reinforcing differences at the top end of the distribution. As spans of control widened, the role of intermediate layers and the way performance was measured had to evolve. Area and district leaders could rely on more standardized reporting and AI-generated indicators, but they also had to support RGMs who were now responsible for multiple stores.