



McDonald's Corporation

A BRIEF OVERVIEW

McDonald's Corporation

Is the world's leading food service retailer with more than 30,000 restaurants in 119 countries serving 47 million customers each day.

Achieves its targets by operating as a franchisor allowing individual franchisee to trade and operate under its tried and tested brand name

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What business qualifications does McDonald's seek in its potential franchisees?

- oHigh personal integrity
- oAn entrepreneurial spirit and strong desire to succeed
- oA proven ability to motivate and train people
- oThe ability to manage finances
- oA willingness to personally devote full time and best efforts to the day-to-day operation of the restaurant as an on-premise owner-operator
- oA willingness to complete a comprehensive training program and become proficient in all aspects of operating a McDonald's restaurant business
- oFinancial resources

Similar to a Job Specification. Isn't it?

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How much does a McDonald's franchise cost?

oTypically, new restaurant costs range from 466,000 to 955,500 USD. The size of the restaurant facility, area of the country, pre-opening expenses, inventory, kitchen equipment, signage, and style of decor and landscaping will affect new restaurant costs. These costs are paid to suppliers. In addition, at the time of opening, an initial fee of 45,000 USD is paid to McDonald's Corporation for all new restaurants.

How much cash (or liquid assets) is required to acquire a franchise?

oThe initial cash investment is a minimum of \$175,000 for a conventional purchase or \$100,000 for a Business Facilities Lease.

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May I obtain the funds to purchase a franchise from a relative, friend or associate?

oNo, because this would then involve you in a type of partnership. We do not franchise restaurants to partners or investors. An individual must personally meet the financial qualifications and be willing to devote his or her full time and best efforts to the day-to-day operation of the restaurant. A franchisee must divest himself or herself of all other active business interests.

Will McDonald's buy a piece of property that I own and then sell me the franchise for that location?

oOur franchisee selection process does not play a part in our site selection. In other words, we develop a location because we think it will be successful and without regard to whom the franchisee may be. McDonald's does all of the site evaluation and selects the location. We acquire the property, improve the site and construct the building. The franchisee is responsible for equipping the facility with all necessary items of kitchen equipment, seating and decor, signs and landscaping, etc. As sites are developed, we offer them to candidates who have already completed training and are approved to become owner-operators.

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Corporate Responsibility

“At McDonald’s, responsibility means striving to do what is right, being a good neighbor in the community, and integrating social and environmental priorities into our restaurants and our relationships with suppliers and business partners. It also means communicating about our efforts to address social and environment issues that matter to our **customers and other stakeholders.**”

Corporate responsibility is part of our heritage, dating back to our founder Ray Kroc. It is also an integral part of our business strategy. Our customers’ trust is a precious asset and one we strive to preserve and build every day. We know we must have that trust to achieve our vision of being “our customers’ favorite place and way to eat.””

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Community. McDonald's in the community means local development, support for youth sports and other community programs, help in times of need. Through our support for Ronald McDonald House Charities, we help improve the health and well-being of children and families around the world.

Environment. McDonald's has a long-standing commitment to environmental protection. Our restaurants around the world have innovative programs for recycling, resource conservation, and waste reduction. We are working with expert advisors and our suppliers to make further changes so that resources used to meet today's needs will remain available for the needs of future generations.

People. At McDonald's, we know that people are our most valuable resource. Our People Principles express our commitment to respect, recognition, openness, and employee development. We offer structured training programs at every level and have a distinguished record of diversity in our U.S. business.

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Responsible Purchasing. McDonald's works with our suppliers to incorporate socially responsible practices into their operations and build capabilities for continuous improvement. Guided by expert advisors, our programs address animal handling practices, uses of antibiotics, the quality and safety of our products and restaurant environments, conservation of natural resources, our suppliers' employment practices, and more. We have adopted a comprehensive, strategic approach to these issues in our food supply chain.

And, in case you are wondering, franchisees are allowed to play a part in the development of new products. In fact,

McDonald's franchisees developed 3 of its famous sandwiches.

Product

Big Mac

Filet-O-Fish

Egg McMuffin

Franchisee

Jim Delligatti

Lou Groen

Herb Peterson

How can you use such information in your studies? Consider the following questions which are in the realm of your syllabus.



How does a job specification (slide 3) help a business?

Since a job specification outlines the qualities required of an individual to do a job – in this case to operate a franchise – it enables the business get a clear idea of what it requires of potential candidates and this makes the recruitment and selection process easier, faster and more efficient.

Should a firm be responsible only to its shareholders?*

No, any firm should be responsible to its shareholders – who are the owners of the business – and to external parties who are affected by the firm's operations and who are interested in these operations. Such parties are called stakeholders and include consumers – who want quality products at reasonable prices; employees – who want good work at reasonable pay; suppliers, banks and other businesses who enable a firm carry out its operations; the government that oversees its operations and the environment itself. So a firm should be responsible to the shareholders, but not just to them – it IS also responsible to its stakeholders.

***VERY IMPORTANT QUESTION IN IGCSE BUSINESS STUDIES**