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McDonald's franchise.

Problem Recognition

No matter what type of business to start it always involves some risk rate. However, it is possible to establish less risky business. Therefore, it is necessary to perform analysis and decide how to launch the required business through the choice of effective option among business from home, part time business, selling products online, buy an existing business, buy a franchise, etc.

Alternative Options

1. Buy an existing McDonald's franchise or,
2. Create own shop called: " lakeside burgers".

Factors to Be Considered

The choice of location is very important. Often people don't have much time for the breakfast or lunch, so the restaurant should be located in some crowded place. The more number of people pass near the restaurant, the more clients it will have. The opportunity to install on the facade advertising structures is the key to attracting attention. At the same time in different cities the requirements for the placement of advertising structures may be quite different. The configuration of space is also better to consider as the optimal ratio of industrial and commercial zones (50/50%). As for disadvantages, it is difficult to learn the composition of the living, working, and just random people in the area of operations. For example, if the restaurant will be opened in the office area, it can be quite difficult to fill in

the cafe at the weekend. Seasonality is also disadvantage, because in summer people don't visit the cafe due to the good weather conditions.

- How to staff the restaurant.

The recruitment of staff in the hall and the kitchen is made according to different criteria. Kitchen is a quick response and good physical training plus a great knowledge of the business. The hall requires smiling, communicative and stress resistance. In the new project all is in the hands of the head. He creates a team sometimes even being not defined in the requirements, and therefore he is ready to adjust the issues along the way. The current director of the restaurant, the chef, a senior manager had already formed their own criteria for staff, and may even stipulate nationality, age or gender. The disadvantage is that it is difficult to determine the employee, who does not consider his position as a real profession.

- Pricing of the restaurant's menu items.

Price field, which a restaurateur plays, is located between the minimum price that he can withstand in order to stay profitable, and the maximum price that the market can withstand. Most often, the price is somewhere in the middle, and the task of the pricing process is to find the optimum point in the target field. Approach to determine the price of each item on the menu depends on many factors, namely the concept of the restaurant, its location, market conditions, competitive environment, customer solvency, etc. Among the factors that make it possible to assign higher prices are the following: the atmosphere (refined, subtle), interior design, customer category, the financial capacity of clients, location (city center, a place of passage events), competitors' prices, extras (special smoking rooms, convenient parking for

cars), special serving dishes, specials on the menu, etc.

- Menu offerings (including sourcing of menu ingredients).

The menu (card of the restaurant) is the main tool to increase revenue and operating profit. It should include appropriate number dishes, but not extremely diverse with 50 items. The composition of dish, its weight and a clear logic of construction (architecture) are the main components of the menu. Guest must quickly orient, where the list of dishes being prepared on the grill, and where the desserts are. The menu (basic, but better – a separate menu) should reflect the maximum number of features of the restaurant, the list of planned events and activities, additional services, calendar of events places.

- Competition.

It is important to understand that every segment of the restaurant business has its own peculiarities of competition. For example, for restaurants of middle segment the brand name as well as the location of the restaurant is more important in the competitive context. Just to open the case and make a profit today will not work because a creative concept that can win the hearts of visitors is required. For the market analysis the competition is usually divided into territorial competition, pricing and inter-segment. This division allows the use of specific control methods in each case.

- Interior appearance of restaurant, as well as, serving style of the restaurant's menu items.

The idea of the interior of any restaurant is that it should attract, “cling” customers, cause a desire to stay longer and come again. There are a number of engineering features in the interior. Restaurant hall should not

only be comfortable for the customers, but also suitable for personnel. While drawing up the design of the project the specifics of the restaurant should be taken into account. The feature of institutions can be a bar with an exclusive collection of drinks, unusual kitchen and so on. In the interior it is necessary to make the right emphasis on this feature.

Review of Factors

The advantage is that McDonald's opens its restaurants in airports, hospitals, universities, major shopping centers, service stations. As for the own shop, it can be difficult to find the place independently.

The advantage is that McDonald's employees are high skilled, innovative, communicative and experienced in a standard uniform. McDonald's can have such resources. Disadvantage is in high personnel turnover. For the own shop it will take a lot of time to find appropriate employees. It is minus, but the advantage is in a personal approach to the staff recruitment.

Forming its prices McDonald's depends on costs of production plus the average rate of return; pricing with demand, focus on the price level of competitors and according to the pricing policy uses several strategies. Out of all the decisions that the restaurateur must take, to determine the price on the menu is one of the most difficult. Rational traditional techniques are based on the calculation of the cost of meals. But the result, which seems mathematically sound and logical, requires consideration of the set of subjective factors.

The main product in the McDonald's is ready for consumption, in other words, it's ready meals, cooked a quick way out of semis and other fresh

foods. This product is also segmented by different principles, for example, it is divided according to the position in the menu: sandwiches, fries, desserts, drinks, salads; sandwiches, in turn, are: beef, pork, chicken, fish frames.

Product features of the proposed to visitors is their quality and safety. Local conditions are taken into account. In own shop it is possible to offer any menu that is an advantage, but the disadvantage is in very scrupulous process.

McDonald's competitors include KFC, Subway, Burger King, Wendy's/Arby's Group, Starbucks, Taco Bell, Pizza Hut, etc. But the own shop cannot compete with all these brands, only in case of incredible features or just stay local.

Conclusion

The worthiest disadvantage of having the franchise is that all profits are usually shared with the franchisor. During the analysis of the options of business start-ups I realize that the most appropriate is to buy a franchise.

This decision is based on the next factors:

- Well-known brand and positive reputation of McDonald's.
- There is enough sum of money for paying \$45, 000 franchise fee. Usually, McDonald's requires liquid cash available of \$750, 000 and this amount appeared thanks to uncle. Also, there is no need to conduct a separate marketing research, which requires money as well.
- Franchise business is based on a proven idea. Buying a franchise can be a quick way to set up own business without starting from scratch.

However, if there is a dream to open own restaurant, then nothing should stop to achieve a goal.

Implementation