

# [Kfc, led by brown and massey. kfc was](https://assignbuster.com/kfc-led-by-brown-and-massey-kfc-was/)

KFC, which until 1991
was known as Kentucky Fried Chicken, is an American fast food restaurant chain that
specializes in fried chicken products. KFC's headquarters is located
at Louisville, Kentucky. It is the world's 2nd
largest fast-food chain after McDonald's,
with about 20, 000 locations globally in 123 countries as of end-2015, and about 60% of them are operated as franchises. KFC is a subsidiary of Yum Brands,
a restaurant company that also owns the world famous Taco Bell and Pizza Hut chains.
In addition to its direct franchising model and wholly owned operations, KFC also enters into joint venture arrangements
in various countries. KFC continues to explore various options to gain market
share in a competitive fast-food market.

KFC was founded by Colonel
Harland Sanders during the great depression period. He was a businessman who
initially began selling fried chicken from a street outlet in Kentucky.
Sanders was quick to spot business potential in the restaurant franchising model,
and in 1952, the 1st KFC franchise outlet was opened in Utah. KFC challenged
the prevalent dominance of the hamburger by
popularizing fried chicken as an alternate product in the fast food industry. Harland
branded himself as " Colonel Sanders" and became an icon of American
cultural history, and his image continues to be widely used in all of KFC's
advertising. However, the aged Sanders could not manage KFC's rapid expansion and
was compelled to sell KFC in 1964 to a group of investors led by Brown and Massey.

KFC was amongst the first American fast food chains
to expand internationally. In the 1960's, it opened outlets in Canada, UK, Jamaica,
and Mexico. All through the 1970's and 1980's, KFC underwent ups and downs
in its business fortunes, as it changed hands with new owners who had little or
no experience in the fast-food business. In the 1970's, KFC was bought over by Heublein Inc.,
who later sold it off to R. J. Reynolds, tobacco and food company. Eventually,
PepsiCo bought over KFC. All through this journey, KFC did not stop expanding
overseas, and in 1987, it became the 1st western fast-food chain to
open in China. China now remains KFC's single largest market with 4, 563 outlets in China alone. KFC
was later spun off by PepsiCo to its restaurant division, known as Tricon
Global Restaurants, which later was renamed as Yum! Brands.

KFC's
MISSION statement is " To sell
food in a fast, friendly environment that appeal to pride conscious, health
minded consumers".

2. 0      ORGANIZATIONAL
STRUCTURE

" Organizational
structure" refers to the levels of management and division of responsibilities
within an organisation.

Since incorporation, KFC has undergone several changes
in its organization structure. This was primarily due to numerous change-in-ownership
ever since Colonel Sanders first sold KFC in 1964. KFC was first sold in 1964 to
a small group of investors that eventually got KFC listed publicly in the
stock-exchange. KFC was sold to Heublein Inc. in 1971. Heublein preferred to
have a hands-on approach with day-to-day involvement in KFC's management. KFC
later changed hands to R. J. Reynolds in 1982, which had a laid back approach
and allowed KFC to operate the way it was. Eventually in 1986, PepsiCo acquired
KFC in its pursuit to grow its quick serve restaurant segment. Besides KFC, PepsiCo
also owns and operates Taco Bell and Pizza Hut. PepsiCo typically is oriented
towards consumer products, and their style of management and culture was quite
different from KFC. In the 1990's, PepsiCo divested some of their non-core business
and organized their remaining business along 3 lines - soft drinks, restaurants
and snacks.

KFC
has split its operations into 2 divisions, viz. a) Support Centre and b) Business
Units. KFC's head-office is designated as the " Support Centre" where both management and non-management personnel
are located. All of KFC's outlets are known as " Business Units" and the recruitment over here is conducted at the
Support Centre. The Business Units personnel are categorised as front-end and
back-end personnel.

Like many typical franchise operations
world-wide, KFC operates as a decentralised business. While strategic business
decisions are taken by senior managers, the day-to-day decisions on the
operations of the KFC outlets are delegated to the outlet managers. KFC's top management lay down the company policies and
procedures, whereas the middle / first-line managers and the franchises perform
their own functions on the basis of these policies and procedures. The
distribution of authority is appropriate given the size of KFC and its scope of
activities.

A typical KFC restaurant adopts the below
organizational structure (Charan, 2012).

The team at
KFC outlets are led by a General Manager and followed by Restaurant Manager, Assistant
Restaurant Manager and Shift Supervisor. There are other team members who are
recruited at these outlets as counter workers and kitchen workers. The communication
flows top-down in order of hierarchy from the general manager down to junior
employees. In this structure, decision making is kept as high as possible and
the top management have the authority to make key strategic and operational
decisions. Therefore, this vertical form of communication between personnel at
various levels helps improve the working relationship between senior management
with the junior personnel at KFC. All KFC outlets around the world, including
the franchisees follow the guidelines and policies laid down by the parent
company.

KFC is known to
adopt more of an autocratic style of
leadership with a decent flavour of democratic
leadership, where the manager is expected to be in charge of the business
and to have his decisions followed by the rest of the team. Communication
channels typically operate top-down. KFC currently
has a wide structure and a short chain
of command. This keeps the top management less distant from the lower hierarchy;
communication channels are fewer, quicker and more accurate. Since the span of control at KFC is wide, each
manger has responsibility for many more subordinates, and hence is more likely
to delegate authority and followed a more decentralised management style.

Currently, KFC
is structured with two divisions under PepsiCo. KFC is part of the 2 PepsiCo
divisions - PepsiCo Worldwide Restaurants and PepsiCo Restaurants Intl. Both
the divisions are based in Dallas, Houston.