

Kfc, led by brown and
massey. kfc was



**ASSIGN
BUSTER**

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

<https://assignbuster.com/kfc-led-by-brown-and-massey-kfc-was/>

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

manager 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.