

Private limited company – mcdonalds



1(a) Sole Trader A sole trader is a business that has one owner. It can trade under the owner's name or under a business name. It is usually a family business. Many small businesses such as local shopkeepers, window cleaners and market traders operate as sole traders. Partnership A partnership must have at least two owners and can, in most cases, have up to a maximum of twenty.

The partnership is often used as a form of organisation by professional people such as doctors, dentists and solicitors who find they can offer a wider service by operating together with colleagues who have different specialisms. Private Limited Company (Ltd) Private Limited Companies are formed by many small to medium-sized businesses. These may not offer their shares to the general public. They tend to be smaller than public limited companies (PLCs) although many have substantially more share capital than some of the smaller PLCs. Examples of LTDs might be a local garage, or a farm.

This is also the form of organisation used by most of the clubs in the football league. Public Limited Company (Plc) Most of the larger companies are public limited companies. These may offer their shares to the general public, often through the Stock Exchange. It is the share prices of these companies that are displayed in the daily press. They include household names such as Tesco, Marks ; Spencer, ICI, the high street banks, some football clubs such as Tottenham Hotspur, as well as the recently privatised business such as British Airways and BT. Franchise The franchise is an increasingly popular form of business organisation.

It is a particular example of decentralisation. Here the parent company, called the franchisor, will sell the right to use its name to an independent operator, called the franchisee. The operator will buy an agreed amount of stock from the parent company, pay a percentage of annual profits over and agree to provide a certain standard of service. In return there will be help in setting up, the benefit of national promotion and a ready-made image.

Examples of franchise include McDonalds, The Body Shop, KFC and British School of Motoring (BSM). Voluntary/Charity Non-profit-making organisations may range from small local clubs and societies to large organisations with huge annual turnovers such as the Co-operative Society, the trade unions, some building societies and charities.

What these have in common is that they plough back any surplus they make to benefit their members in the future. In this respect, although they may make money on the year's activities it is not a profit, because no owner is entitled to take the money. Constraints and benefits of McDonalds being a Franchise McDonald's is the largest food service company in the world. As at December 2000, McDonald's and its franchisees operated over 28, 700 restaurants worldwide in 120 countries and territories, serving food and drink to over 45 million people daily. In 1974 McDonald's opened its first restaurant in the UK. By the end of 2000, 1, 116 restaurants were operating in the UK.

Every day more than 2. 5 million people in this country visit McDonald's – trusting the company to provide them with food of a high standard, quick service and value for money. The total cost of a McDonald's franchise ranges from £250, 000 upwards. Applicants are required to have at least 25% of this

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sum in personally owned funds. For applicants without this level of initial capital there is a low cost earn-in scheme – the Business Facilities Lease (BFL).

The Constraints for McDonalds* You still have to answer to the franchiser and must not change the layout of the restaurant without permission to do so* You must use franchise supplies – this means that they cannot buy in supplies even if they are cheaper or of a higher quality* Continuing fees – royalties every year means that Paul Connan must pay McDonalds to be able to have it as a franchise* Local competition – as a franchise McDonalds do not have the scope to react to, for example, to price cuts or other marketing ploys like buy 1 get 1 free. (BOGOF)* Lack of marketing – as an individual branch McDonalds cannot market their restaurant – marketing takes places on a province-wide, UK wide basis* Renewing the franchise agreement every 20 years. This means that you will have to make a personal commitment to run the business, day in, day out, for at least 20 years. However under this agreement the real estate and buildings are owned by McDonald's (or McDonald's hold the head-lease), the restaurant equipment (Kitchen equipment, decor, seating, fixtures and fittings), are purchased by the franchisee. The Benefits for McDonalds* Proven brand and product and you know that they are successful – there are definitely industries where there is a benefit to having solid brand recognition.

A speaker recently said, “ McDonalds isn't in the food business, they're in the marketing business. If they were in the food business, they'd die, because the food sucks”. There is definitely something to that. McDonald thrives

because people are comfortable and familiar with McDonalds. They know what to expect, and receive fairly consistent service.

The customers also go back because they are constantly reminded of the McDonald's "experience"* You get to run your own business and be your own boss – The McDonald's franchise represents a chance to run your own business without being alone. You will be supported by the world famous McDonald's system, in the areas of operations, training, advertising, marketing, real estate, construction, purchasing and equipment. McDonald's franchises restaurants to individuals only – never to companies, partnerships, family groups or passive investors. However, many of their franchisees operate their businesses as husband and wife teams* Product and management support – Independent companies supply all raw materials, goods and services to each restaurant. McDonald's must approve all products used in the restaurant* Purchasing power – There is also the potential for cost savings.

If the franchiser is able to purchase goods and services for several hundred or thousand locations, they are in a stronger negotiating position than the independent operator. A franchise is often able to pass on these savings to their franchisees and that translates to lower costs of production. It is hard to ignore the buying power one gets as part of such a large group.* Marketing power – The marketing power of a franchise is also a major benefit. The company essentially pools the funds of its owners and purchases more advertising. Advertising can be targeted nationally to customers via the television shows, radio programs and magazines that your customers enjoy.

At the same time, their pre-prepared advertising can be plugged in to your local market, and can appear much more professional than that of your competition. 1(b) Objectives of a Business Businesses exist to provide goods and services. All businesses, whatever their objectives, have to make products and/or provide services that satisfy customers' wants or needs. Businesses set themselves objectives that govern the way they operate. For McDonald's to achieve their goal of being the world's best quick service restaurant experience, they must have the best experience for all McDonald's employees. So they formalised their beliefs into their People Vision and their People Promise.

Their People Vision defines what they strive to be as an employer. Simply put, they aspire To " Be the Best Employer in Each Community Around the World". McDonald's vision is to be the world's best quick service restaurant experience. Being the best means providing outstanding quality, service, cleanliness and value, so that they make every customer in every restaurant smile.

To achieve this McDonalds has set objectives, these are:* " Be the best employer for our people in each community around the world". It is difficult to gauge how successful it has been in this area at achieving this objective, but from a personal point of view there are employers locally who would treat their employees' better. An example of this would be the new state of the art Indian Ocean Restaurant at the Odyssey.* Making a profit.

This is basically just making money on their products and services.

McDonalds still continue making a profit with new branches continuing to

open throughout Northern Ireland. I know that McDonalds has successfully met this objective because it makes a profit of £30 billion on average every year.* Faster drive thru times.

McDonalds have taken action to increase their drive thru times by placing a tannoy in the drive thru lane. This speeds up the order taking and therefore more customers are served in a better time. The drive thru times should be 90 seconds taking the order, 30 seconds receiving the payment and 60 seconds receiving their meal. Altogether each customer should on average spend no longer than 3 minutes in drive thru.

Each McDonalds drive thru in Northern Ireland compete with one another to see which one can work the fastest with the best quality food. Each order and the time it takes to receive the order are recorded on the computer. The McDonalds with the most orders after a certain time are the winners. This encourages the employees to work harder.

Without a tannoy this would not be possible. I feel that the drive thru times in McDonalds, Dundonald are decreasing, so therefore they have met this objective very well, by still pleasing their staff and also their customers'.* Increased market share. The market share is the fraction or part of the market, which a business controls.

Generally, a bigger share of the market gives more power and influence to a business. If the business abuses this power by acting against the public interest, for example by charging high prices, it could be investigated by the Competition Commission. Whilst McDonalds international operations still display a healthy growth and profitability, the vital US market is flat, and <https://assignbuster.com/private-limited-company-mcdonalds/>

they have, for the first time ever, lost market share to arch-rival Burger King. Franchisees are worried, also because for some time now no new product has thrilled the market. Shares have not grown in value for two years; in fact they are kept just stable by the good performance of foreign markets. Amid all these signs of malaise, the top managers seem to have lost their way: they appear unable to devise a strategy to tackle the stalemate.

Attempts to restructure operations, review marketing, revise the structure seem only able to nibble at the edges of the problem: they fail to provide a stable strategy and a willingness to make it work. Burger King seems to have an edge on McDonalds in product innovation, but McDonalds is more widespread, and very successful internationally, thus remaining the number one spot. Burger King says they focus on revenue per store, as opposed to number of restaurants* Reduced complaints. McDonalds get a lot of complaints. These can vary from a table that hasn't been cleaned to complaints about hygiene and food quality.

However, whatever the complaint McDonalds should take each one very seriously. It is very difficult to access this because the managers do not always keep the correct records of these. I feel that if McDonalds was more responsive and listened to the customer's complaints then they could use them as a positive change and improvement towards McDonalds. If McDonalds have fewer complaints then it means that they are pleasing their customers. This would give the employees and also the managers a greater job satisfaction.

It would also help to gain more market share. I feel that all business should have this as an objective.* Reduced crew turnover. This is simply the rate in which people leave and are replaced.* Achieve enduring profitable growth by expanding the brand and leveraging the strengths of the McDonald's system through innovation and technology Through marketing strategies McDonald's increases their market share by making the public more aware of their products and services.

Their strategies vary from television and radio advertising to getting involved in sponsorship of football teams. McDonald's also get involved in community projects, environmental issues, and also has its own charity – this all raised awareness of McDonald's name, therefore getting more people to visit McDonalds." In today's world a business leader must be an environmental leader as well." – Jack Greenberg, McDonalds Chairman & CEO McDonald's believes it has a special responsibility to protect our environment for future generations.

This responsibility is derived from their unique relationship with millions of consumers worldwide, whose quality of life tomorrow will be affected by their stewardship of the environment today. They share their belief that the right to exist in an environment of clean air, clean earth and clean water is fundamental and unwavering. They realise that, in today's world, a business leader must be an environmental leader as well. Hence their determination is to analyse every aspect of their business in terms of its impact on the environment and to take actions beyond what is expected if they hold the prospect of leaving future generations an environmentally sound world.

They will lead both in word and in deed. McDonald's objectives with animal welfare are to provide leadership and innovation in order to create an industry-changing impact, and to provide transferability to others in the industry as well." McDonald's animal welfare decisions are unprecedented in the retail industry. McDonald's is the first to factor animal welfare guidelines into the procurement process, addressing an issue that is complex and multi-dimensional, consisting of many stakeholders, and successfully engaging its suppliers, scientists, academics, non-profit organisations, and other stakeholders to forge very meaningful solutions. McDonald's used its purchasing power and influence with suppliers to address and eliminate certain animal welfare problems. McDonald's programs can be adopted by others, and likely will be over time.

Thus, the impact goes beyond McDonald's and its own set of suppliers". Marketing strategies can come from head office, or individual store managers. Promotions are constantly held in conjunction with Disney films, which appeals to younger members of the public.