

Bus205 mod 3 ca

Law



McDonalds' blank contract McDonalds has successfully dominated the fast food industry around the world. The company remains vibrant in its operations and competitive in comparison to its rivals. The position of this company in the industry it operates in is characterized by enormous contracting between the company and other parties that are central to its operations. The supply chain for example is critical in ensuring deliveries are met in due time when demanded. It is also important for the company to effectively and efficiently meet the ever rising fast foods demand, given its customer base locally and internationally.

Blank contracts are evident across McDonalds' operations. They range from supplies, transportation to customer service contracts. A dominant blank contract central to the operations of McDonalds is franchising. McDonalds allows other parties other than its founders to own and run McDonalds restaurants around the world. All McDonalds' stores are however subject to the regulation and control of the top management and the McDonalds Corporation. This means that deviant practices from those of McDonalds Corporation are not acceptable. Franchising ranges from buying, leasing to co-operating McDonalds stores.

The sale of goods and services is subject to laws that seek to regulate and control the underlying transactions. An essential law to account for is the Uniform Commercial Code (White & Summers 130). This code is basically a law that governs the sale of products and services. The code is made up of different articles, each of which addresses a specific issue prior to transactions that involve sale of goods and services. In the McDonalds context, article 2 of the UCC is evaluated in regard to McDonalds' blank contract in franchising.

McDonald's employs three different franchising strategies. These are: conventional franchise, business facilities lease (BFL) and joint venture franchising (Shaw & Lafontaine 1041). The first strategy is a twenty-year lease of the company's stores. The second one involves a contract where the company sells its stores to potential buyers. Finally, the third strategy is basically the partnership of the corporation and its affiliate parties in a bid to expand and spread McDonalds' operations.

Article 2 of the UCC provides for the sale of goods only. The article does not provide for any service contracts. The critical aspect of this article is that a good is defined as an item that is identifiable and movable at the time of sale (White & Summers 237). In this regard, some franchising contracts by McDonalds come under the jurisdiction of this article, while others do not. Buying of McDonalds' assets that do not include land come under the provisions of article 2 of the UCC. However, sale of stores or other assets that encompass transfer of land from the corporation to the franchisee are not provided for under article 2.

Any service contracts between the company and other involved parties do not fall under the jurisdiction of article 2 of the UCC. Goods covered by the article include McDonalds' owned items that can be identified and moved when the sale is taking place. If the sale of McDonalds' goods fails to meet this criterion, then the sale fails to come under the jurisdiction of article 2. At the time of sale, identifiable and movable goods in the franchising contract are provided for under article 2 of the UCC.

Works Cited

White, James & Summers, Robert. Uniform Commercial Code. New York: Thomson/West, 2010.

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Shaw, Kellen & Lafontaine, Francine. The Dynamics of Franchise Contracting: Evidence from Panel Data. *Journal of Political Economy*, Volume 107, Number 5 (2007), 1041-1080.