

Tim hortons corporate finance assignment

Business



This is an off the balance sheet item which is recognized under revenue, and in 2012 accounted for 28.8% of total revenue. Under this agreement if the restaurant is not operating successfully and meeting sales targets, HTH retains the right to buy back the restaurant, make any necessary changes and franchise it to someone else. The assets and liabilities owned under the VIE structure are consolidated and accounted for on the balance sheet under notes receivables. The main competitors that were chosen for Tim Horror's are McDonald's and Cutbacks.

After rigorous screening of many competitors It became clear that there are no perfect competitors, MAC and SUBS would provide useful Insight towards ranking HTH among its peers. The main Issue with McDonald's is Its size and international presence while SUBS Is targeting a different target market (higher end) with the focus on selling the " Cutbacks Experience". Both of these competitors have similar operating strategies as Tim Horror's, although It Is structured differently.

For Cutbacks their company operated restaurants account for 79% of net revenues, they ranches way less locations In order to ensure the excellent customer service and Cutbacks brand are represented accordingly. HTH puts a lot more emphasis on product Innovation than the experience, thus their franchising structure differs significantly. McDonald's on the other hand has a very similar operating strategy as HTH having 80.8% of restaurants franchised, their continuous product Innovation and strong brand presence attract customers no matter what, this allows them to be more flexible with franchising.