

Burger king company business plan



Executive summary:

This business case is mainly designed for planning about the franchise of Burger King Company while this company has been franchise from 1980 in UK and the franchise of this company brings the success in many times. Burger King considers franchise is one of the predominant ways of doing business. At present, the Burger King franchise is one of the greatest food service retailers which have 25, 000 restaurants placed in more than 80 countries. For franchise of Burger King I have to find the location where nearby exists any franchise of Burger King. By franchise this; I have advantage of location because initially I have to invest from my own risk.

Burger King never provides the financial support for franchise and fund must be gained from the non-borrowed personal source. And the statistical figure might be come up to about \$2, 50, 000.

The key objectives of taking the plan of Burge King franchise to achieve profitability. Because the brand image of Burge King is already existed in market and it is more recognized. So, I can expand the market easily and profit can be achieved.

Business opportunity:

There is the opportunity to operate own individual or more than one store. For this reason, I choose the place for establish the franchise of Burge King at 68A, Hillingdon Garden,

Northwood near Northwood Green Lane W-bound bus stop, any branch of Burger King is not placed in Northwood area. Not only this, there is the

potentiality of huge customers and highest profitability because the product or menu of Burge King is already recognized to the whole world.

Benefits:

For Burger King, there is no need to think about new menu and the cooking employees are already extremely efficient and used with all tasks. In Burger King Franchise, risk is reduced to set up my own business where division of labour and turnover intensity of fixed menu grants for appropriate economies of scale.

Another benefit is that any new products are no need to develop and don't require to conduct any kinds of market analysis. And also no need to think about brand name or image.

Costs:

The franchise cost of Burger King might be £ 2, 60, 000 where I have to provide 30% of the worth which is considered as unencumbered finance and the rest 70% will be collected from the bank as a loan in order to favourable funding terms.

Another cost is one-off franchise fee of £ 25, 000 and franchiser training program fee is £5, 000 which is returned after finishing the training program.

Miscellaneous cost:

Rent which will be paid monthly on premises related to profitability and sales will 12%.

A fee will be paid for use of the Burger King – 5% of sales.

National marketing expenses contribution – 4. 5% of sales.

<https://assignbuster.com/burger-king-company-business-plan/>

Returns:

In a year, a cash flow will be made where the cash inflow and outflow will about £75, 000 to £1, 00, 000 per year. But this statement will not certain because it will be made before debt repayment. The return can be more. The return on investment will currently about 10% which shows the profitability rate of this business.

Implementation plan:

Paid initial franchise fee: 12th March 2010

Franchiser training program: 14th March 2010 (start)

Go down payment to Mc Donald: 18th March, 2010.

Service providing will be started from 1st April, 2010.

Literature review:

The report is mainly done on the business plan of Burger King Franchise. I take the business plan of franchise of Burger King, because of several reasons. Today's business world are very much competitive and it's become tougher and tougher for successful in the business market. If a person want to start his business as an entrepreneur it may be impossible to become profitable in the business market. Because establishing the new business or enter the market as a new, it is quite impossible to set up his business or become successful. But if we take the plan of establishing the business as a franchiser then it will be easy to achieve profitability in our business. In franchise business, a recognized brand is already existed and all things are readymade in before. Just spend some money to buy it and start the business.

<https://assignbuster.com/burger-king-company-business-plan/>

Franchising can be defined as the exercise of using another company's brand image and their successful business model. Through this kind of business, we can avoid investment and liability over a chain. The key factors of adopting franchise the business are that we can get the business with a good track record of profitability and that business is easily imitated.

Here, for making business plan, I adopt the Burger King Franchise because I want to be my own boss in my business, can trade a well established and high quality of product, continuous support, benefits from national marketing carried out by Burger King and they receive excess to business forecast information. The best example of franchising is the brand franchising of Burger King. Burger King allows peoples to establish their own business as Burger King Franchiser and grant the rights to set up their business. Under the Burger King franchise, the franchisee purchases the equipments, fittings and the permission to run the franchise for 10 years. All franchisees of Burger King Use standardized branding, menus, design layouts and administrative systems of Burger King. The Burger King franchisees also use the same standards and operating methods or manufacturing and maintain the quality of the menu of items.

When offering menu items, the important thing is to remember to customers is that they have a choice. They have a huge number of options of spending their money and places to spend it. However, Burger King places considerable importance on developing a menu which customers want.

Market research establishes exactly what this is. However, customers' demands change time to time. What is fashionable and attractive today may

be discarded tomorrow. Marketing continuously monitors customers' preferences.

Therefore, Care is not only taken to affect adversely the sales of one choice by introducing a new choice, which will cannibalise sales from the old one (trade off). Burger King's knows that items on its menu will vary in popularity.

Action of marketing undertaken and the resources invested will be different depending on the stage a product has reached. For example, a new product launch will typically relate to television and other advertising support. In any time a company will have a products portfolio, where each is in a different stage of its cycle. Some of Burger King's options are growing in popularity while arguably the Big Mac is at the ' maturity' stage.

Information about market:

Burger King is recognized as the one of the best known brands around the whole world. Branding is the term which formulated an image of an organization, service or product. The image of the brand focuses on the customers view on the organization. Brand image is mainly used while an organization shows their loyalty towards their customer through their products or services. A brand can be recognized by marketing communication methods such as: promotion and advertising which is used for developing the designs, colours and images. Similarly, Burger King is popular by its most familiar logo. The brand image is a significant factor for franchising. Because without strong brand image, it is impossible to become successful in franchising business.

Burger King faces competition from other forms of businesses in all its market. In addition, there are some factors such as: economic, legal and technological changes and social factors and many other ingredients may affect the success of Burger King. Burger King franchising marketing consists of identifying the needs and requirements of customers and tries to meet these demand in a better way than its competitors and by this the company can get loyal customers.

Burger King has some competitors which are Mc Donald, KFC, Subway, Star Bucks etc. But among them Mc Donald is the main competitor. And in my new Burger King franchising place, these entire competitors branch are existed. If we focus on Burger King and Mc Donald then we can see the first difference between these two is that the Whopper and Big Mac. But both are concentrating on customer health and taste.

Burger King creates the achievement place for children. From this sector, Burger Kind earns a get percentage of their profits. And it is seen that children are requested to their parents to take them to Burger King, while Mc Donald doesn't give any response to this. Another strategic difference between these two is adult advertising. Burger King mainly advertises their salads shows to specify the mothers who bring their kids in the sign of Golden Arched restaurant where Burger King uses other promotional strategy that is the advertisement of Stacker Sandwich which is made with the layer of cheese and meats which is stacking up to four burgers high.

Sub way provides 265 calories in its meal, while Burger King provides a gluttonous 375 calories. Burger King promotes the healthy side of foods by

providing salad and water; they are still promoting the Whooper, that doesn't really help the matter. On other hand, Subway promotes the " fresh" salad and 5 a day veg. Subway provides either sub with a cookie, crips and/ or drink. Where, Burger King provides Whooper, drink and a salad which probably is much healthier than the chips.

Burger King which is treated as a fast food company also gets competition from Star Bucks. Though Burger King has the strong marketing growth in fast food business, but the intention of doing competition against Star Bucks carries some risk. It can shown from the research analysis that Burger King has the slow down services where the Star Bucks serves the customer speedy services. But on the other hand, because of slower marketing growth, Star Bucks stock has lost about half its value since last January.

Chances of success:

In case of Burger King franchising, I have to meet so many competitors like as: Mc Donald, Starbucks, Sub way etc and may be there create tough competition in the fast food market. But as a Burger King franchisee, I can say that there is the possibility of huge success and can be got reasonable returns from this business because Burger King is already market recognized brands and it also famous for its healthy foods which bring young people in the Burger King Franchise.

Burger King Franchise business is one that can be beneficial for both franchisor and franchisee. So, while the Burger King Franchisor is benefited through the brand becoming more and more visible and gets franchise fees

from the franchisee, the franchisee that is me, take advantage of working with recognized brand, on there chances of success will be more.

Task 2:

Project resources:

Burger King is mainly recognized for its delicious burgers. In annual, Burger King plan to continue expansion. It is considered as a more suitable place for franchising to own. For becoming successful in Burger King franchising, I have to take care about franchising business requirement that is its required resources such as: financial resources, human resources, business experience, ongoing fees, training, raw materials, considerations, growth, and equipment etc. These resources are described below:

Financial resources:

Burger King franchising headquarters fixed the financial franchise requirement which should be minimum £ 2, 50, 000 of non- borrowed personal resources. It is also said that since the cost of each restaurant does vary, the fee of franchise would also different, but the £ 3, 00, 000 is a standard requirement. Among this requirement, 25% is coming from the franchisee and 75% is coming from bank loan.

Human resources:

Burger King often wants to recruit high experienced people for joining its bandwagon. As a Burger King franchiser, I have huge business opportunities but for using these opportunities I need the high skilled and experienced people who are the efficient on managing or owning business units, low level workers who have the experience of serve the customer and also dealing with the customer.

Store equipment:

In case of Burger King franchising, there has to be signed an agreement for a period of twenty years. This agreements state that the ownership of the building including the property used such as kitchen equipments, seats, decorator, fittings are all owned by Burger King and are taken on lease by the franchisee. So, there is no need to spend money on purchasing these equipments because these equipments are already provided by Burger King.

Staff training and development:

As a franchisee, I take new place where any Burger King Franchise not existing of Burger King which is placed on Northwood. So, there is need to train myself as a franchisee and for this purpose Burger King provides training to franchisee for being able to run the business efficiently. For becoming a franchisee, every franchisee has to complete a full time training program for which franchisee pays money to Burger King after completing the training program this money is refunded to franchisee. This program is lasting for nine months. It is very much important for a franchisee to start work with Burger King, wearing the staff uniform and learning all things from cooking and making food to serving customers and also learn cleaning.

Training is held on regional training centre focuses on areas such as: leadership skill, team building, business management and handling customer enquiries. The franchisees will have to recruit, train and motivate their work force, so they must learn the skill of human resource management. At the end of the training program, they learn about stock control and ordering, profit and loss accounts and the legal side of hiring, and recruiting staff. As a result, no franchisee of Burger King would have to ask a member of his or

her staff to do something that they couldn't do themselves. Knowing this can also be powerful motivator of the staff.

Burger King is not only providing the training to its franchisee, it shows that the success and profitability of Burger King is mostly connected to the success of the franchisee. An experienced and highly skilled full professional consultant team offers continuous support on all things from human resources to accounting and IT business controls. These field consultants may become valued partners of business and are a sounding board for ideas.

In case of Burger King franchising, I take the new franchise of Burger King and in accordance to Burger King franchising business, in existing business there is no need to recruiting, selecting and hiring and train the employee. Because the old one store, there is already all staffs are recruited and trained. And these staffs are highly skilled for doing all types of restaurant jobs such as: customer service, cleaning and managing the store also. Because, Burger King, whenever recruit staff on its store they at first give 3 or 4 days training to new recruited person so that he will be able to do his work effectively and efficiently and he doesn't face any difficulty in sensitive work that is servicing the customer.

Cost of staff training and development:

I already mention that in case of old one store there is no need to recruit, hire, select and train the staff because on that store all things are available in readymade. Not only staff, equipment and store are also placed in right position. And there is the huge possibilities of achieving profit because the cost is only occurred from rent, service fee, franchisee training fee,

contribution to national marketing spend. And franchisee training cost is: 5,000 and it is also refundable.

Sources of resources:**Financial resources:**

An initial investment that is 40% of the total cost in case of a new restaurant 25% is needed to be paid to the company where rest of the money being paid in at least 7 years. In order to down payment, there also have to meet some specification. Burger King franchising financial resources are coming from non- borrowed and personal resources. It may be including of bonds, securities and debentures; cash in hand; real estate or business equity. In case of financing, Burger King doesn't provide any financial support though there is the possibility of getting the benefits of achieve loans at lower rates. In the time of franchise, Burger King has to be paid monthly rent and service fees.

Source of financial resources:

Obtaining finance for a new business is very difficult rather than obtaining funds for a franchising business. The key factors for easily getting funds for franchising business is previous track record of franchise business. Because brand and trademark is already established, therefore Burger King Franchise is considered a lower risk investment.

Franchise Bank Loan:

A franchisee can get loan from commercial bank where this type of bank offer loan to franchise business with lower defaulter rate. In fact, most of the franchising industries expand by taking loan from commercial bank at an average rate of 9 to 10 percent per year. Burger King franchising is also

expanding by taking loan. Here, as a Burger King franchisee I also take the loan from commercial bank. If a potential franchisor has enough credit and seems to have the necessary skills to run the business, franchisors will usually help with financing in any way that they can. Some franchisor may even pre-qualify potential franchisees in addition to helping them put together their loan application packages. A good number of franchisors offer financial help to the franchisee either by financing all or part of the franchisee themselves or by helping them in locating another lender.

Other financial resources:

I can also get financial help from limited partnership, taking loans from friends and family, and second mortgages on existing properties. In end, whatever means a franchisee motivates in financing their franchising, it is necessary to remember that they will need to pertain in making a detailed plan about a new business for showing to prospective lenders how the business will be run.

Human resource:

After considering about financial resources, I have to think about human resources that are about hiring, selecting and training employees. Without employees, a business operation can't run. Here, Burger King offer a limited scope for employee advancement to the level of management which may attract a few motivated persons, most of our work force will be young, inexperienced and just learning about job responsibility. High employee turnover must be expected as employees graduate from high school or college or move on to other work. Good management techniques can make a difference in keeping longer term persuade staff and present continuously.

Task 3:**Implementation of the project:**

Before implanting my project that is Burger King franchising in Northwood, there should be describe about leadership and motivation that is how Burger King leads and motivate employees to do their jobs.

Leading and motivating employees on Burger King:

Employees are considered as the most significant resources in Burger King. Basically, Burger King Company uses three different motivational techniques such as: financial encouragement, non- financial encouragement and social policy. These three factors are mainly described in Maslow's hierarchy theory. According to this theory, all kinds of needs must fulfill one after another. The strategy and structure of Burger King Company represents that only the simultaneous fulfillment of employee's need will be enhanced an employee's performance. In brief, for enhancing employee's performance and company's productivity, Burger King uses effective motivational system. In order to present situation, Burger King Administration staff use situational approach. On the basis of motivation theories, Burger King's administrators have used particular motivational techniques. Having using the procedure of assembly line in food preparation, Burger King has assures the standard of quality and high performance. Basically, managers of different stores use different leadership management technique. But in Burger King Store, every manager use their own management techniques, some managers are stiff and some are easy. And some use the both the hard and soft techniques of management. In fact, there is the mixture of lay back (laissez- faire) and autocratic styles leadership.

Burger King's has achieved the status of one of the most recognizable franchises across the globe through a mixture of successful marketing, consistent service and product, and strong leadership. Burger King mainly uses the goal oriented and task-focused leadership styles that still exists in the corporation today.

Project implementation:

List of activities:

1. Assess financial requirements.
2. Meet the experience requirement as a franchisee.
3. Fill up the franchise application form.
4. Pay initial franchise fees and other fees.
5. Make 20 years agreement with Mc Donald.
6. Start the business.

Strategic groups:

For becoming successful in Burger King franchising, there are some key factors which I have to consider. These key success factors are described below:

Price:

People can get the facility of food started from breakfast to meal in the price sector. Whenever any person feeds his family to Burger King, he first thinks about its cheap price with delicious and healthy items. In case Burger King franchising, it should be considered by a franchisor about its competitive price advantage.

Quality:

Burger King is one of the greatest food retailers that has reached new peaks at what can be achieved out of a global business market. The burger and French fries of Burger King are prepared to look, taste and smell very similar across the globe, despite all the variations in environmental differences. And in Burger King franchising, standardization of quality is also important.

Location:

Location is very important factor for set up the franchising the business. For selecting the location, any franchisor should have to consider its competitor, its marketing environment and consumer forms. For that reason, as a Burger King franchisee, I choose place of Northwood, where the store of any franchise is not established or running nearby, through marketing it can be going good.

Opening hours:

Generally, stores opening hour is very necessary for set up a business. But it depends on different stores and different place. Numbers of Burger King franchisee stores are 34 and these stores have different opening time and end time. In my Burger King stores, the opening time is 8 am. I think this opening time is better because it is the right time of taking the breakfast and on that more customers can come to the restaurant.

In case of considering strategic group, Burger King is now in group 2 i. e. the main market food retailers- compete on price, offer better ranges and better customer services.

Selected marketing strategy:

There are several strategies such as:

Strategy 1: all unnecessary attributes are removed, leading to lower costs

Strategy 2: offer a range of products but change a lower price.

Strategy 3: hybrid strategies; combination of differentiation and price based strategy.

Strategy 4: the product must be differentiated in a significant way that buyers are prepared to pay extra.

Among these strategies, I take the strategy 3 that is hybrid strategy. This strategy is already used in my Burge King store and this strategy includes:

1. Successful use of price or differentiation strategy can lead to opportunities to develop other strategy.
2. Superior cost advantage of Burger King, which generates profit that is invested in differentiation without destroying the cost advantage.
3. Differentiation may lead to high sales volume, economies of scale, and lower cost. But in Burger King, differentiation leads to lower cost.

Implementation of marketing strategy:

Marketing strategy is basically planned by considering the basis of competition and the standard of quality. Different marketers such as: niche, leader and followers select and implement different strategies in different ways. As a market leader, Burger King may choose to consolidate their position in a number of ways to help them achieve competitive advantage.

They may:

<https://assignbuster.com/burger-king-company-business-plan/>

1. Exploit their superior cost structure.
2. Raise barriers through marketing expenditure, blocking access to distribution channels.
3. Buy competitors and close down their capacity.

Among these ways, Burger King uses the first one that is exploiting their superior cost structure.

Marketing mix:

Product:

When offering menu items, the important thing is to remember to customers is that they have a choice. They have a huge number of options of spending their money and places to spend it. However, Burger King's places considerable importance on developing a menu which customers want. Market research establishes exactly what this is. However, customers' demands change time to time. What is fashionable and attractive today may be discarded tomorrow. Marketing continuously monitors customers' preferences. For meeting these changes, Burger King should introduced new products and phased out old ones, and will continue to do so.

Price

Value of customer's perception is an important factors of the price charged. What a product is worth customers draw the picture of product on their mind. A product is a physical item and it has psychological connotations for the customer. There are some difficulties of using products low price as a marketing tool is that the customer may feel that a low price is symptom of compromised quality. It is very much important when deciding on the price to be fully aware of the brand and its integrity

Promotions

It includes marketing communication such as advertising which is conducted on TV, radio, in cinema, online, using poster sites and in the press. Other promotional sectors are sales promotions, point of sale display, merchandising, direct mail, telemarketing, exhibitions, seminars, loyalty schemes, door drops, demonstrations, etc. Marketing communications skill is to develop a campaign which applies several of these methods in a way that provides the most effective results.

Place:

The most important element of the marketing mix i. e. price is not just about the physical location or distribution points for products. Price gives emphasis on the management of a range of processes involved in bringing products to the end consumer.

Monitoring & controlling:

Majority of the chain of franchising are controlling under both the outlet of company- owned and franchised. In previous, a manager was ran the business and in return he got the salary when the chain is the remainder of the profit. After the time change, franchisee keeps the profit after paying the applicable fees to the chain. Thus, when product is decentralized, then franchisee give incentives as a high amount which are very much significant for a large organization.

As a franchisee, I have to monitor my franchise business because whether it is new or existing one business, every business should monitor by its owner, whether it is run properly or not, whether it gains profit or not, or whether it can satisfy the customer expectation or not. There also has the reason for

monitoring the business. Such as: I have to see whether my business is going according to my plan or not also have to detect and react appropriately to deviations and changes to plans.

As an owner of Burger King franchising, I have to monitor only its quality and its money. Because, other significant things such as: human resources, machines, materials, space, time, task etc. after monitoring these things, the output such as: progress, costs, job starts, completion, engineering or design changes and variance order also have to monitor. But in case of Burger King franchising, there is no need to monitoring the human resources or machines or materials these things. Because, in case of existing store franchising, there all ready all resources and material are ready. For my franchising business, I can visit the store from my head office on logically basis that means on the basis of specific reason.

Monitoring technique:

There are several techniques through which I can monitor and control the franchising business and these techniques are:

1. Through meetings with clients, parties involved in project (contractor, supplier etc.)
2. For schedule -update CPA, PERT charts, update Gantt chart.
3. Using earned value analysis.
4. Calculate critical ratios.
5. Milestones.
6. Tests and inspections.
7. Delivery or staggered delivery etc.

Among these techniques, for my franchising business, meetings arrangement is the best because through meetings I can interact with contractors and suppliers and can also monitor and control my business as a Burger King franchisor.

Conclusion:

This report is made for the purpose of developing a business plan for fulfilling the requirement of Management Research- Project & Presentation assignment. The business plans, which is mentioned and on which basis whole assignment are made, is franchising of Burger King. Specially, I take the business plan of Burger King franchising because I have the interest on this that is how a franchising business can achieve profit or from where its resources collected and how this business implemented. About these things, I add on my report i. e. as a Burger King franchisor, how can I start the business, what should be my requirement criteria, what is staff training and its cost and how can I collect my human and financial resources. And the end on the report, I include implementation process, then the marketing strategy of my business and the last, how can I monitor and control my business and what techniques I can use. The whole report is made as a business report. A full list of references is included at the end of the report.

Reference:

- <http://franchises.about.com/od/financing/a/ease-financing.htm>
- http://www.mcdonalds.com/countries/ireland/ireland_franchise/requirements.html
- <http://ezinearticles.com/?Thinking-About-Starting-a-McDonalds-Franchise?&id=2935173>

- http://www.articlealley.com/article_139666_50.html
- http://ivythesis.typepad.com/term_paper_topics/2009/01/mcdonalds-trying-to-sustain-their-market-leadership.html
- http://books.google.co.uk/books?id=7ctnVNMtBQgC&pg=PA179&lpg=PA179&dq=leadership+styles+in+mcdonalds&source=bl&ots=tYrvB7kzjr&sig=NCLupDugA2IFJwo7MeMQ0BsTtTM&hl=en&ei=ZaqZS_XqF5Dw0gSKu-H6Cw&sa=X&oi=book_result&ct=result&resnum=8&ved=0CB8Q6AEwBw#v=onepage&q=&f=false
- http://www.ehow.com/how_2078345_buy-mcdonalds-franchise.html
- <http://www.stanford.edu/group/siepr/cgi-bin/siepr/?q=system/files/shared/pubs/papers/pdf/06-22.pdf>