



## **McDONALD'S FRANCHISING**

On 15 April 1955, Ray Kroc opened his first McDonald's restaurant in Des Plaines, Illinois - USA, not far from Chicago, Illinois. The famed "QSC & V" (Quality, Service, Cleanliness & Value) motto, which remains a creed for everyone in the McDonald's Family to this day, was coined.

McDonald's success is built on a family-style philosophy with everyone working for a common cause - and it is a family which now stretches right around the world, with over 35,000 restaurants in 120 countries, serving food and drinks to over 70 million customers daily. McDonald's restaurants are located in all types of demographic and socio-economic areas. McDonald's is a restaurant for all people.

## **McDONALD'S AND YOU**

McDonald's is recognized both as a top quality business organization and one of the best franchise opportunities available. We remain committed to franchising as our predominant way of doing business. In fact, the key to McDonald's success is a solid base of unique individuals - our franchise owners.

## **WHAT QUALITIES ARE WE SEEKING IN OUR FRANCHISEES?**

1. A person of high professional and business integrity.
2. A strong business background, with special emphasis on interpersonal skills, team leadership and financial management, or compatible experience.
3. A willingness to personally devote full time and best efforts to the day-to-day operation of the restaurant as an on-premises franchisee (owner/operator).
4. An entrepreneurial spirit and a strong desire to succeed.
5. The ability to successfully complete a training and evaluation program for a minimum of nine months, full time.
6. The flexibility to relocate within a large geographic area for a restaurant opportunity.
7. The ability to meet the financial requirements.

## **ADVANTAGES OF BEING A McDONALD'S FRANCHISEE**

Being a McDonald's franchisee offers many advantages - from the training and support of a solid organization to the opportunity to own a potentially thriving and successful business.

- The chance to own your own business and the rewards that come from being responsible for your own success. Yet, with McDonald's unique approach to training and support, you are in business for yourself, not by yourself.
- The tools to help make your business a success include local and national support in the areas of operations, training, advertising, marketing, real estate, construction, purchasing and equipment.
- The enjoyment that comes from working with people, from your restaurant crew to your customers and local community.
- The opportunity to contribute to the success of McDonald's. For example, Big Mac, Filet o'Fish and Egg McMuffin have all been developed from ideas generated by franchisees around the world.
- Personal satisfaction, both as an individual owner/operator and as a member of McDonald's respected worldwide organization.
- Personal growth and business knowledge from McDonald's extensive training and from your experience as a business person.

McDonald's encourages an open exchange of ideas between the Company and its franchisees. As a McDonald's franchisee, you will experience a unique relationship with the Company - one that is unparalleled in the Quick Service Restaurant industry. McDonald's leadership position continues to be built on a level of mutual respect and partnership between the Company and its franchisees.



## EMPLOYEE TRAINING

Training is a top priority at McDonald's because the success of the Company depends on dedicated, well-trained people and uniform operations from restaurant to restaurant. An ongoing commitment to state-of-the-art training is a fundamental part of McDonald's corporate focus.

## THE APPLICATION PROCESS

Submitting an application does not obligate applicants or McDonald's in any way. It is simply the first step in a process that is designed to make sure that both parties will be happy joining forces through a franchise arrangement.

Your application will be reviewed and you will be notified, via e-mail, of the review result.

Applicants meeting McDonald's initial requirements are interviewed and if the interview is favourable, the applicant is asked to work for three days in a McDonald's restaurant. This "On-the-Job-Evaluation" gives the applicant a close look at McDonald's while giving us the opportunity to observe the applicant's hands-on suitability. We're able to make a good assessment of the applicant at this stage. For those who have performed well and wish to continue (some choose to drop out), a set of panel interviews is scheduled and if successful, the applicant is invited for a final interview with our Managing Director, who will then decide whether the applicant will be approved to commence training as a RA (Registered Applicant).

Registered applicants agree to successfully complete a minimum nine months' full-time training.

After the satisfactory completion of the training and if McDonald's in its sole and absolute discretion continues to regard the applicant as a suitable person in all aspects to be granted a McDonald's franchise, the applicant is offered a franchise for a specific restaurant. There is no binding obligation on either side until such time as the franchise documentation is executed (signed) by both parties.

## FRANCHISE COST

The cost of a franchise varies - actual costs are only determined when an individual franchise is offered to an applicant.

The size of the restaurant, location, pre-opening expenses, inventory, selection of equipment, signage, seating and style of decor and landscaping will affect cost. The estimated cost can be somewhere from R4 million - R6 million, depending on the type of restaurant and other factors.

An applicant must have a minimum of 35% of the purchase price of a Restaurant in unencumbered, non-borrowed cash. Institutional finance through e.g. banks can be used to fund the balance (McDonald's does not provide financing or loan guarantees nor does it permit any form of borrowing from any third parties for purposes of financing the franchisee's initial 35% contribution).

Partnerships of any kind and absentee investors are not allowed.

***"McDonald's doesn't confer success on anyone. It takes guts and staying power to make it with one of our restaurants. A total commitment of personal time and energy is the most important thing. You must be willing to work hard and concentrate exclusively on the challenge of operating that restaurant." - Ray Kroc***



## FREQUENTLY ASKED QUESTIONS

### **Do I need to have found a premises/location in order to get a franchise?**

No, McDonald's sees Franchising as separate to new Restaurant Development. Having a location is not a requirement for applying for a franchise.

### **I own a premises/location. I would like to become a McDonald's Franchisee in the Restaurant located on that site.**

New Restaurant Development and Franchising are seen separately by McDonald's. You could either offer to sell your property to McDonald's, or apply to become a Franchisee – not both.

### **I will become the Franchisee but could I nominate someone else run the business?**

McDonald's requires their Franchisees to devote their full-time and best efforts to the day to day running of the business. You would recruit, train and develop your own management team.

### **I have other business interests and would like to continue running them while I am a McDonald's franchisee.**

McDonald's requires their franchisees to devote their full-time, best efforts to the running of their Restaurant.

### **Would I be entitled to remuneration from McDonald's during my training period?**

Registered Applicants are not employees of McDonald's. You would not be entitled to remuneration.

### **Can I do the Training in a shorter time period? Part-time?**

The volume and method of training at McDonald's makes it unlikely that you could finish the course in less than 6 months – it will likely take longer.

### **I am only interested in owning a McDonald's in this location, no other.**

McDonald's requires Applicants to be "geographically flexible". While the applicant's wishes are a very strong consideration, we cannot guarantee that a restaurant in the applicants preferred area will be offered.

### **Is training done in South Africa?**

Yes, all required training is done locally. Applicants may voluntarily elect to attend one of our six Hamburger Universities, located on all continents, to complete their Restaurant Operations Leadership Course, if they so desire.

### **Is it possible for McDonald's SA to sign a guarantee prior to accepting me as a Franchisee in order for me to secure funds from public grants etc.?**

No. McDonald's cannot sign guarantees prior to the applicant successfully becoming a Franchisee.

### **What do McDonald's Franchisees have in common? What are the things that make for a successful application?**

The characteristics listed in this information brochure are all we are looking for. McDonald's Franchisees only have one thing in common – their diversity.

### **Do I have to be from a previously disadvantaged ethnic group to apply for a Franchise with McDonald's?**

Our selection processes are completely non-discriminatory. We value and celebrate diversity.

### **I would like to open a McDonald's in a territory neighbouring South Africa.**

McDonald's South Africa currently only holds the Master Franchise Agreement for South Africa. We are unable to operate outside the borders of South Africa. To obtain further information regarding franchising in the rest of Africa, please visit [www.mcdonalds.com](http://www.mcdonalds.com).



**Where can I do more research on McDonald's Franchising?**

- Go to our international website ([www.mcdonalds.com](http://www.mcdonalds.com)). There is a wealth of information on the site. It details our philosophies, models and methods of franchising.
- Take links to comparable markets like Australia and the U.K. for more information.
- Investigate and visit current Owner Operators.

**I would like to talk to the Franchise Manager/Director, before I submit an application form.**

Please send an e-mail with all your questions to [franchising@za.mcd.com](mailto:franchising@za.mcd.com). Your questions will be answered as a matter of priority.

**What profit does McDonald's guarantee?**

McDonald's does not guarantee any profits.

**What is the duration of my Franchise agreement with McDonald's?**

10 years.

**How much money do I need to apply for a Franchise with McDonald's?**

McDonald's requires an Applicant to have a minimum of 35% of the purchase price of a Restaurant in unencumbered cash. Having the financial resource is no guarantee that an application will be successful.

**How many Restaurants are franchised in South Africa?**

Around 55% of our Restaurants are franchised.

*Please forward any further queries which you may have to [franchising@za.mcd.com](mailto:franchising@za.mcd.com).*



# APPLICATION FORM

Name: _____	Date of Birth: _____
Address: _____ _____	ID/Passport Nr: _____
_____	Length of time as RSA Resident: _____
_____	Home Phone: _____
_____	Business Phone: _____
Marital Status: _____	Cellular Phone: _____
Number of Dependents: _____	Fax Number: _____
Country of Citizenship: _____	Email address: _____
<b>PREFERRED LOCATION:</b> _____	

**Education:** Highest level of education completed: \_\_\_\_\_

Degree(s) earned: \_\_\_\_\_

Name of College and/or Graduate School: \_\_\_\_\_

**Financial:** Total unencumbered cash or cash equivalent (stocks, bonds, etc.) available for investment in a McDonald's business: R \_\_\_\_\_

Fair market value of business(es) owned (if applicant): R \_\_\_\_\_

Equity in real estate owned: R \_\_\_\_\_

Value of pension fund (or similar) if applicable: R \_\_\_\_\_

Current annual income: R \_\_\_\_\_

## Business Experience:

It is important that you attach a CV including:

- Motivational letter as to why you think you would make an excellent Franchisee;
- Work experience;
- If applicable, brief description of the nature of the business(es) owned and your involvement;
- Any other documentation or information that you believe would assist the reviewer in making an informed and correct decision.

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
DATE

Email applications to [franchising@za.mcd.com](mailto:franchising@za.mcd.com) or fax to 086 604 1326