

# FACULTY OF MANAGEMENT STUDIES



Management and Strategic Lessons  
from the movie - **The Founder**

**Submitted By:-**

**Group 3 - Millennials**

- Himanshi Bagrecha (13)
- Nihkil Singh (26)
- Preeti Kannan Iyer (32)
- Shreya Pokharna (48)
- Siddesh Mehta (51)
- Vikas Bansiwala (57)

**Submitted to:-**

Prof. Karunesh Saxena

*The Founder* is a 2016 American biographical drama film directed by John Lee Hancock and written by Robert Siegel. Starring Michael Keaton as businessman Ray Kroc, the film portrays the story of his creation of the McDonald's fast-food restaurant chain. Ray, a salesman, meets the owner of McDonald's, a burger joint in Southern California. He realizes the potential of the place and decides to make it the biggest restaurant business in the world.

An epilogue reveals that the McDonald brothers were never paid their royalties, which would have been in the area of \$100 million a year, and that everyday McDonald's feeds approximately 1% of the Earth's population.



# **6 Management and Strategic Lessons**

**Learnt**

**Have a Vision**

**Look for Next  
Level  
Innovation**

**The Right  
People are  
Crucial**

**Own the Asset  
or Supply Chain**

**Choose  
Business  
Partners Wisely**

**Persistence**



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1. It is unifying.
  2. It is inspiring.
  3. It provides a focal point for goal-setting and business planning.
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## 2. Look for Next-level Innovation

Instead of falling in love with one innovation, to remain competitive, it is important for businesses to spend time and effort in creating the next innovation. McDonald brothers brought efficiency by innovating assembly line operations for their restaurant. They focused on just a few high selling items such as burgers, fries and drinks, and figured out an efficient way of order delivery. For scaling up the business, Ray Kroc introduced standardization,



automation and discipline.

# **Why Is Innovation Important**

1. Innovation Helps Companies Grow.
2. Innovation Keeps Organizations Relevant.
3. Innovation Helps Organizations Differentiate





Themselves.

3.

“You’re only as good as the people you hire,” says Kroc. Initially, Kroc tried to attract wealthy

investors to open McDonald's franchises. So, following a meeting with a Jewish man who sold bibles "to make a living", Ray targeted middle class investors who were more hands on and willing to follow the successful McDonald's formula. New franchises begin to pop up across the country.

# Importance of Right people in Management

Hiring the right person is essential. The business is only as good as the employees. From the front desk to the executive offices, every employee represents a facet of the business to clients, and to the community at large. Hiring the wrong person can cost more than just money.

- **Time** - When we hire the right people, we can focus on running our business, rather than worrying about whether employees are getting the job done, and done right, the first time.

- Customer Service** - By hiring the right person, who respects customers and co-workers alike, we're cultivating the best customer service experience in the market
- Business Growth** - Hiring the right people today can reduce the number of people we'll need to hire in the future, as our company grows.
- Team Building and Morale** – No business is an island. Businesses thrive when teams work together toward a common task or goal.

## 4. Own the assets or supply chain

Over time Kroc was going broke, although he had been exceptionally successful in getting franchises operating he was not making enough from it to meet his commitments. This is when he came across advice that he needed to own the land upon which the McDonalds restaurant stood.



This had two benefits, one it meant he got the capital growth of land ownership and income from the rent, however it also meant the franchisee was the tenant not the land owner. McDonalds owning the land putting the franchise in a more powerful position should the franchisee not be meeting expectations they could be simply removed and a new franchisee put in that store. For Kroc it was also outside his agreement with the McDonald brothers.

# Importance

## ASSETS

1. Generate revenue
2. Increase your business' value
3. Facilitate the running of your business
4. Helps in reducing risk



## SUPPLY CHAIN

1. Boosts customer service
2. Reduces operating costs
3. Improves financial position

## 5. CHOOSE BUSINESS PARTNERS WISELY



In the movie Kroc was busting to get a piece of the McDonalds action and entered into a binding agreement with the McDonald brothers. This was the whole premise of the movie as the brothers would not let Kroc change systems and processed. Kroc found the brothers to be inflexible and not adaptable to the opportunities within the business. Distrust was grew between the brothers and their business partner which also lead to angst between the brothers. In the 1961 Kroc bought out of the contract with the brothers for \$2.7m USD, currently equivalent to just under \$22m USD in todays



money terms.

# IMPORTANCE OF CHOOSING BUSINESS PARTNER WISELY

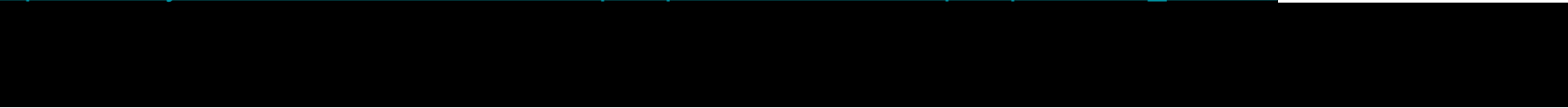
Choose a Partner That Practices Good Personal and Business Ethics. Only enter into partnerships with someone you can trust. ... A poorly chosen business partner may end up stealing from the company, taking your ideas or clients to start their own business, or breaking laws that could get your business into legal trouble.

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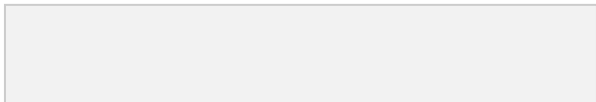




[https://www.youtube.com/watch?v=ocXP1pLeqLM&list=RDocXP1pLeqLM&start\\_radio=1](https://www.youtube.com/watch?v=ocXP1pLeqLM&list=RDocXP1pLeqLM&start_radio=1)



The phrase ‘when the going gets tough, the tough get going’ is particularly appropriate in the business world. Persistence, and the willingness to overcome a wide range of obstacles, usually



determines the fate of a company.

1. Business is more likely to succeed.
2. Find New Ways to Do Things
3. Attract More People to Your Business
4. Leads to Better Individual Work and Team Work
5. Uncover More Opportunities
6. Business becomes Stronger