



Golden Opportunity



McDonald's® NZ Franchise Overview

" To be successful, we need common sense, dedication to principles and a love of hard work. The harder you work and the more pride of accomplishment you feel, the luckier you get. Luck is a dividend of sweat "

*-Ray Kroc
Founder of McDonald's*



Thank you..

...for your interest in McDonald's® and the franchising opportunities we offer.

The successful future of our business lies in our people – our employees and our Franchisees. McDonald's has always been a franchising operation and has relied on its Franchisees to play a major role in our success. We have exceptional Franchisees who work the front line everyday and having that personal entrepreneurship in direct contact with our customers and communities is a big competitive advantage of McDonald's. We believe that a Franchisee can deliver better operations and results than the company can by operating the restaurant. Approximately 80% of our restaurant businesses in New Zealand are owned and operated by Franchisees.

In New Zealand, McDonald's has more than 160 restaurants together employing over 10,000 people. It's all due to Quality, Service, Cleanliness and Value and the McDonald's System of Franchising which, we believe, operates better than any other.

What makes our System unique is our business model of the three legged stool. This concept of a partnership between the three legs of the stool – Franchisees, suppliers and our employees - is one that ensures our strength.

As the Franchisor it is our role to provide clear and positive leadership with vision, competence and integrity. This leadership will ultimately protect the strategic vision of the brand. We will always put the "system first" in our entire decision making process.

Listening and responding to our customers wants and needs through constant innovation have been key drivers to our success. This success places pressure on all parties who have a responsibility to

consistently rise to the occasion each time and deliver an exceptional customer experience.

As we must deliver this leadership, we need our Franchisees to do the same in the restaurants and their communities. Having dynamic individuals who are able to create high performance environments within their organisation is crucial. They must also be great Brand Ambassadors and run outstanding restaurants to deliver on our brand promise. Our Franchisees are also the Mr and Mrs McDonald's in real New Zealand. McDonald's has always wanted uncomplicated people who share our simple beliefs and are willing to get their hands dirty to ensure our restaurants provide customers with a quality experience, every day.

A key factor in both our growth and the growth of our Franchisees is the care we take in recruiting, screening, training, developing and retaining qualified Franchisees – together with our unique relationship with them.

In this brochure we have included some insights from Franchisees. Each one has worked within the framework to build their business and generate success in their local community. Their stories are truly inspirational and make us proud to be a part of the system.

This brochure is designed to provide you with some information and insights into what it is like to be a Franchisee, what we are looking for and our selection process

A handwritten signature in black ink, appearing to read 'Mark Hawthorne', is placed above the name.

Mark Hawthorne, Managing Director



Clearing up the misconceptions

-what's involved?

Talk to any successful McDonald's Franchisee and it is clear there is a lot for you to gain by joining our system.

Here's a preview of some of what is involved. Have you got what it takes?

- You are able to make a significant financial investment.
- You are able to commit to our Registered Applicant Training Programme for a minimum of 6-12 months, depending on your capability. This programme is unpaid.
- You are looking to make a 20 year commitment.
- You are open to the challenge of relocating to anywhere within New Zealand.
- You aspire to become an integral part of your community as an employer, service provider, and local business leader.
- You are energetic and take a hands-on approach.
- You have had a successful business or career, demonstrated significant team leadership and know how to attract and develop talented people.
- McDonald's will be your only business, and you're prepared to put in hard work and long hours to make it a success.
- You will commit yourself full time to the business rather than being an absentee investor.

Whilst most McDonald's restaurants are successful, the start of any new business is a risk and success is not guaranteed. The success of any McDonald's restaurant will depend on many factors, not the least of which will be the Franchisee's commitment and ability in key areas.

One of the key reasons behind our success is that we maintain the highest standards of operational excellence while still creating individual opportunities. It is essential that our Franchisees agree to the philosophy of working within the framework of the McDonald's system.

You will receive extensive training and ongoing support, not to mention the power of one of the world's best known brands pulling customers in. But in the end, success is up to you. That's why we're looking for a certain type of business partner: one prepared to follow a proven system – the product of 55 years of food service experience. If you're not good at taking advice, then don't become a McDonald's Franchisee. We don't expect you to reinvent the wheel, just to make it turn faster.

You must personally devote your full time and best efforts to the day to day operation of the business. You must also divest yourself of all other competing

business interests. Our restaurants generally operate 24 hours, 7 days a week. This means that you will be required to work a number of different day parts and days a week to ensure the highest standards are met across all of your trading hours.

Our restaurants are a busy place and require an extremely hands on approach. Managing a restaurant does include an extensive list of administration duties, however, most importantly keeping your customers happy are those tasks that happen day to day in the restaurant. Some examples of what is required include cooking, serving customers, cleaning, talking to customers, accepting deliveries, coaching and training staff. Your ability to lead by example will help ensure your team is well trained and most effective. There is the opportunity in the application process to experience three days in a restaurant to help you understand the scope of what is involved.

Only individuals can apply to become a Franchisee. However, the majority of McDonald's Franchisees have opted to incorporate a company to act as the Franchisee. If you are offered a franchise you should obtain specialist advice on the most appropriate vehicle in which to purchase and operate the franchise.



Mark started with McDonald's as a crew person in 1987, and worked at Head Office for a number of years, including working on the APMEA team for McDonald's. Mark and his wife Debi own seven restaurants across central Auckland. McDonald's is very much in the Rush family blood, with Mark's older brother Brent and his wife LaVerne also owning two McDonald's restaurants, north of Auckland.

Why did you want to become a Franchisee?

I love the McDonald's business. I had seen how successful the franchisees I worked for had been in the business and I knew I could do a really good job if I owned one myself. Having your own skin in the game and having control and being able to plan ahead and take a more long term view on things was really enticing.

I think having been a crew person is an asset – you know what everyone goes through. I know what worked for me and what didn't and I'm always aware of pitfalls I experienced and how I can avoid them with our people now.

Community

We are heavily involved in Ronald McDonald House Charities - we love that charity and we are really passionate about

it. Debi does a lot to ensure she's involved in fundraising activities, which is great. We pioneered quarterly meals in the Auckland House and take McDonald's in, and the kids and families just love it. It's good to show our staff and our people that we do give back, and to show that we really care about our local environment and community. We try to be innovative in how we can get involved in the charity more than anything else.

Best thing about being a Franchisee?

The best thing is that you're still able to be an entrepreneur and run your own business in your own way, but at the end of the day you have the backing of the world's biggest brand.

What you put into it is what you get out of it too. The harder you work and the smarter you work, the better the rewards are. It's a good, motivating system to be part of.



Nicholas Garner

Nicholas Garner completed a Marketing Degree and worked in Corporate Marketing for a number of multi national corporations, before becoming a McDonald's Franchisee in 1997 and now owns three restaurants in the Auckland area and two in the Waikato area with his wife Lynn.

Why McDonald's?

McDonald's is the most iconic brand in the world arguably. It's successful, it's recognised and its number one - who wouldn't want to be a part of that?

What skills have you brought to McDonald's, given your previous experience?

I like to think I can bring in a different perspective and some big picture thinking and experience from where I started out in my career, outside the Golden Arches. Traditionally we can tend to do certain things in certain ways, and it's nice to bring some different ideas to the table.

I think it's also been of benefit understanding how the corporate side works, as well as learning about life at the frontline in my Restaurants. MRL (McDonald's Restaurants NZ Ltd) works really hard for the benefit of the brand and the franchisees.

How have you personally grown through your time at McDonald's?

I think I've grown not just as a person, but as a business person too. At McDonald's you're involved in every facet of the business, whether it's administration, HR, accounts, finance or front line sales. Before McDonald's I had never really had that front line involvement with customers - they were just a faceless crowd. With McDonald's you very quickly learn what its actually like at "The Coalface". The end user interaction has taught me a lot about people.

How does McDonald's develop people?

McDonald's creates such amazing opportunities – one day you can be sweeping the floors and then in a few years time you can be running the company – take Mark Hawthorne as an example, or the number of our Franchisees who started work part time as a crew person. This type of opportunity is fantastic.

The learning curve

The franchise documentation we sign together allows you to operate a specific McDonald's restaurant for a period of up to 20 years according to McDonald's standards. McDonald's purchases or leases the land, develops and constructs the restaurant at its own discretion and McDonald's retains ownership of the building. As a Franchisee you equip the restaurant at your expense with kitchen equipment, lighting, signage, seating, landscaping, airconditioning and décor. While none of this equipment is purchased from McDonald's, it must meet McDonald's specifications. To maintain quality and uniformity, Franchisees must use McDonald's:

- Formulas and specifications for menu items;
- Methods of operation, inventory control, bookkeeping, accounting and marketing;
- Trademarks;
- Concepts for restaurant design, signage and equipment layout; and
- Information systems.

As a Franchisee, you will operate the franchise according to McDonald's Quality, Service, Cleanliness and Value standards. To become a successful Franchisee, you need to take on board everything we've learned in over 55 years of successfully running restaurants.

That is why our Registered Applicant Training Programme goes for 6-12 months full-time and is unpaid.

What does the programme cover? The lot.

You'll learn about all our systems and we'll train you to do every role in a McDonald's restaurant. And we mean every role. If the idea of cleaning turns you off, you might want to stop reading now. At the end of the Registered Applicant Training Programme you will have all of the skills you need to take over a restaurant and start to apply your own talents to making it a success.

The training period is unpaid and full time. This is one of the reasons we require potential Franchisees to have accumulated some capital. You will need some financial reserves to call on during the time you are training.

McDonald's devotes significant time and resources to its highly regarded training and evaluation programme. This comprehensive programme is designed to train you in all aspects of operating a McDonald's restaurant and to assist McDonald's in evaluating your potential as a Franchisee.

Most of your training will take place in a McDonald's restaurant. In addition, there

are four formal classroom sessions which are spread throughout the Registered Applicant Training programme. The first three are held in our Auckland training centre. The fourth, Restaurant Leadership Practices, is a five day course which is held at the Charlie Bell School of Management in Sydney. Your complete training programme will include seminars, conferences and one on one sessions with corporate staff.

After the satisfactory completion of your training and if McDonald's in its sole and absolute discretion continues to regard you as a suitable person in all respects to be granted a McDonald's franchise, you may be offered a McDonald's franchise. There may be a time delay between completion of training and the offer of a franchise depending on availability of a suitable restaurant, and you will not have a choice of location.

Playing an active role in your community

Even after successful completion of the Registered Applicant Training Programme, there is no certainty that you will become a Franchisee.

Of course, the support we offer doesn't end with the training. You learn throughout your time as a Franchisee. A consultant is always on hand to give you advice and support. If they can't help, there are the expert teams at Head Office. We also run regular communication sessions and meetings to keep you up to date with current trends, focuses, effects of legislation and future plans. You will even get your say in McDonald's plans through your representative on the Kiwi Leadership Team. Management is accessible and they really do listen to Franchisees. So in a small way, you'll be able to influence the development of one of the world's great brands.

At McDonald's we believe we have a responsibility to add value to the communities in which we operate and we are proud to play an active role in communities all over New Zealand. One of the ways we do this is by supporting community groups and charities that are important to our customers or that make a difference to the lives of New Zealanders. For our Franchisees and Restaurant Managers selling burgers is only part of their job as they are all committed to giving back to their local communities. The flexibility of the McDonald's system means that each Franchisee can contribute locally in a way that is most relevant and appropriate for themselves and their community. Giving back to the community is a fundamental part of our business philosophy dating back to McDonald's founder, Ray Kroc and is carried on today by the company and our Franchisees. At

the heart of McDonald's commitment to giving back is Ronald McDonald House Charities (RMHC). RMHC is one of New Zealand's major children's charities and helps thousands of seriously ill children and their families across New Zealand every year. McDonald's is absolutely committed to the ongoing growth of RMHC and provides significant financial support every year. More importantly however, it is the sustained interest and involvement of McDonald's company staff and Franchisees that makes the relationship a success.

Beyond RMHC our current focus on encouraging active lifestyles means that we have an added interest in supporting programmes that encourage physical activity. In addition to the thousands of contributions made by McDonald's restaurants to their local community, the company and Franchisees join together to support other national sponsorships.



Murray Traill refers to himself as a 'second generation' Franchisee. His parents, Alan and Neti, own three restaurants in Christchurch and Murray owns four. Murray has early memories of helping out in his parents' McDonald's restaurants from when he was around eleven years old.

Why McDonald's?

McDonald's is such a dynamic and complete business. You learn one step at a time as a Franchisee and then, before you know it, you can be successfully running a multi million dollar, international business. It's also great that when you need it, that helping hand is always there.

What advice do you have for people wanting to own a McDonald's Franchise?

McDonald's is a hungry business and it really makes you want to strive to be the best. So if you are prepared to invest not just money but time and heart into the business, then your dreams really can come true.

That might sound corny, but it's absolutely true. McDonald's is the sort of business you can really believe in – it's capable of unbelievable things. To own a McDonald's restaurant is hard work but the rewards and opportunities you get from it are simply incredible.

Most rewarding people moment?

There are so many small things, like bumping into an ex employee who might have left McDonald's as a stroppy teen five to ten years earlier, and them acknowledging that their time at McDonald's had such a significant and positive effect on their career and life - that's a real buzz.

Dinesh
Mani



Dinesh Mani started his McDonald's career as a crew person at McDonald's in New Lynn as an 18 year old, while studying at University. After working his way up through McDonald's, including spending time working at McDonald's New Zealand's Head Office, Dinesh is now the proud owner of McDonald's New Lynn and four other McDonald's restaurants.

Why McDonald's?

I was always inspired by Ray Stonelake (former McDonald's Franchisee) - he taught me to look beyond the job and look at the restaurant not just as his, but as my business too. I cared about the success of the restaurant, so that helped me learn and grow over time.

Greatest achievements?

Receiving a Waitakere Business Award was one of the proudest moments for us, as well as getting 2009 Operator of the Year and winning a Mac Black Award was a big thing for us too. But the reason we do well is because of our staff - they deliver for us and we are really proud of them.

The good thing with our team is that we only set direction - our team is responsible for the strategy and how that direction is implemented in our restaurants.

Best thing about being a McDonald's Franchisee?

The best thing about McDonald's is that it's a secure business, the foundation is solid. Although there are systems, if you follow the systems properly you can't go wrong. It's a proven system and it works - it's up to Franchisees to take it to the next level and make it their own, and most importantly to enjoy it along the way. I don't think any other franchised operation is as strong and as well developed as McDonald's.

Money matters

– financial investment & rewards

The following indicative costs and estimates are subject to change without notice. Actual costs will only be determined when a specific restaurant is offered to a Registered Applicant. Size of the restaurant facility, location and style of décor and landscaping will affect costs.

Equity requirements

The current minimum equity requirement for a new restaurant is 40% of the total equipment/décor package (i.e. 60% maximum borrowings). This minimum equity percentage can be reduced to 30% if you are able to demonstrate that the extra 10% equity is held outside the business and would be available to inject into the restaurant if required. (A signed acknowledgement that these funds will be injected if necessary, will be required).

The current minimum equity requirement for an existing restaurant is 33% of McDonald's assessment of fair value (i.e. 67% maximum borrowings). This minimum equity percentage can be reduced to 25% if you are able to demonstrate that the extra 8% equity is held outside the business and would be available to inject into the restaurant if required. (A signed acknowledgement that these funds will be injected if necessary, will be required).

Term of Franchise	20 Years (except where restricted by the term of a head lease)	
Outgoing fees	A monthly service / royalty fee based on a percentage of the restaurant's gross sales (currently 5%)	
	A monthly rental being a fixed base rent and a percentage of the restaurant's gross sales	
	A monthly advertising contribution of not less than 4% of gross sales	
	All outgoings including rates and utilities.	
Initial costs (new restaurant)	Franchise fee paid to McDonald's on or prior to the commencement of the franchise (if restaurant is purchased from another franchisee then no Franchise fee is payable for the current term of the restaurant)	NZ \$75,000
	Security deposit for the performance of the franchise	NZ \$25,000
	Application fee (non-refundable)	NZ \$1,600
	Approximate cost of living expenses whilst training, staff training, salaries, purchase of trading stock, and other normal start up expenses	NZ \$150,000 - \$200,000 (indicative costs)
	Approximate cost of kitchen equipment, signage, seating, décor, air conditioning and landscaping (paid to suppliers)	NZ \$1.5 Million (indicative costs)

The select few

You may be the right person if you have a proven track record and can demonstrate your ability in the following areas:

- Recruiting and developing talented teams.
- Creating and implementing business plans with short and long term objectives.
- Delivering financial results in a commercial environment.
- Managing teams in a high pressure, dynamic workplace.
- Working in a high-volume, high turnover customer environment.
- Working in a highly standardized operational/production oriented environment.
- Managing a capital intensive business.
- Having personal accountability for the success of a business with little support.

Our selection process has 5 stages:

Stage 1

A We ask that you complete our application form, and post it to us with a cheque for \$1600 to activate the recruitment process.

B Phone interview. This is an opportunity for us to find out some more information about you, that supports your application, and it's also an opportunity for you to ask any questions you have about the application process.

Checkpoint: This is an opportunity for both McDonald's and you as the applicant to assess your application so far and decide whether or not to proceed to the next stage.

Stage 2

A Personality and Ability Testing. You will need to complete a personality questionnaire and some ability tests. These tests give us more information about your suitability to become a Franchisee. You will receive a report summarising the results.

B We will invite you to McDonald's headquarters in Greenlane, Auckland, for a 2.5 hour face to face interview. During this interview we will ask more competency based questions and give you feedback on your personality and ability tests.

Checkpoint: This is an opportunity for both McDonald's and you as the applicant to assess your application so far and decide whether or not to proceed to the next stage.

Stage 3

A On the job evaluation. We ask you to spend three days in one of our restaurants (usually on the busiest days of the week: Friday, Saturday, Sunday) learning about life in a restaurant. You will be making burgers, serving customers, doing everything that a McDonald's team member would. Your performance on the job will be assessed by the host Franchisee and you will be asked to prepare a presentation on your experiences for the Panel Interview at the end of your On the Job Experience (OJE). This three days also includes an interview with representatives from our finance department.

B Meeting with existing Franchisees. You probably have lots of questions about what it's really like to be a Franchisee, so this is your opportunity to make contact with some of them and get the low down.

Checkpoint: This is an opportunity for both McDonald's and you as the applicant to assess your application so far and decide whether or not to proceed to the next stage.

Stage 4

Interview with McDonald's Senior Management Team. We invite you to McDonald's headquarters in Greenlane, Auckland for a 1.5 hour interview with our Senior Management Team.

Checkpoint: This is an opportunity for both McDonald's and you as the applicant to assess your application so far and decide whether or not to proceed to the next stage.

Stage 5

Registered Applicant Training Programme. The programme is when we train you to be a Franchisee. It is full time and takes place over a 6-12 month period in one of our restaurants, where you will learn in depth all of the systems and processes involved in running a McDonald's restaurant.

To find out if you qualify to enter Stage 1, go to the Franchising section of our website: www.mcdonalds.co.nz/about-us/franchisees where you will find our contact details. Once you have submitted your completed application form you will then be notified whether you qualify to enter Stage 1.

During the course of our selection process and the Registered Applicant Training Programme, McDonald's has the right to terminate your participation in its sole discretion and without being required to provide you with any reasons.

Of course, you are also able to terminate your participation at any time.

If you participate in the above selection process you will incur costs for:

- An application fee payable before commencement of Stage 1
- Travel to our Auckland office, perhaps more than once.
- Travel to the regional evaluation restaurant and perhaps accommodation for four nights.
- Travel to Auckland for the Senior Management Team interview.

There is also the cost of your time as you will need to bear in mind that McDonald's will not pay you for the time you spend participating in the selection and training process.

If after reading this document you feel that you have what it takes and are interested in applying then go to:

mcdonalds.co.nz/about-us/franchisees



Brent Rush has been involved in McDonald's since 1981, having worked his way up from crew person to Franchisee. Brent and his wife LaVerne own two McDonald's restaurants – in Whangaparaoa and Orewa. The extended Rush family is very much involved in the McDonald's business. Brent and LaVerne's four children work across their two restaurants and Brent's brother Mark and his wife Debi also own seven restaurants in central Auckland.

brand defining – it's one of, if not the, most recognised and powerful brands. Ray Kroc, our McDonald's founder, defined our brand correctly from the word go, and that's really filtered through. McDonald's is all about the people, and how the people make the system better off. Without the people, we wouldn't survive.

How do you create high performance in your restaurants?

I think creating a high performing environment is very much reflective of how serious you look at your job and what you feel you need to do to have your business perform. That's the difference between whether you're going to accept mediocrity or whether you strive for high performance.

At McDonald's, we don't accept mediocrity. We put incentives and programmes in place to reward our high performers – it's about recognising and

rewarding those who make the effort to excel. It's about having pride in yourself and your business and being able to walk in that restaurant and feel good about our people and our business.

We feel passionate about what we do and we expect the same from our staff. You can't be in this job for money, you have to love what you do. It's the McDonald's brand and the McDonald's way.

What is the best thing about being a Franchisee?

McDonald's gives us the ability to employ so many people and learn about them. We have the ability to change people's lives, and I think we have done that on a number of occasions. We love to see our crew really grow as people - it's so rewarding to see that.

What makes McDonald's different?

McDonald's has so much more to offer than any other brand. The Golden Arches are



Sam
Maharaj

Sam Maharaj started at McDonald's when he was in high school, working part time while he was at University and working his way up through McDonald's, including being the Director of Operations for McDonald's New Zealand, before becoming a Franchisee. Sam now owns four McDonald's restaurants across Auckland.

Development opportunities?

McDonald's helps you develop as an individual, and provided you get engaged in the business, and really give it everything, it teaches you how to be a solid, well rounded individual.

McDonald's encourages you to be proactive and think about what you can be doing to make the business better, rather than always taking direction and having to be told what to do. I think those learnings are taken through life, regardless of when you leave the system, and they're so important.

What makes you proud to be a McDonald's Franchisee?

Lots of things, but the big thing is when I'm out in public and I'm talking to someone, when you introduce yourself, and for the next 15 minutes they're talking about how good McDonald's is. When you're at that stage, with someone else talking about how great the business is, it makes you extremely proud.

I get so much satisfaction from growing a successful business but it is so important to have that balance in knowing

what your community thinks - I think that's really powerful. And to be able to go back to the restaurants and relate that back to your people, that's the best part about it.

Community relationships?

The value of supporting community groups and events is huge - just how thankful people are and how grateful they are that you have supported them. It's really rewarding to hear stories about how you have contributed to an individual. Recently I spoke to a woman who said her son would have pulled out of the sport he had played had it not been for the extra coaching support he received thanks to our sponsorship of coaches and now his true potential has come out and he is playing out of his skin. It's really rewarding to hear stories like that. The majority of our customers are from our local communities and you can't forget that.

Gold has always been a great investment.

