



## The Original McDonald's

In early 1954 Ray Kroc drove to San Bernardino, CA to see what all the fuss was with a hamburger stand owned by Dick and Maurice (Mac) McDonald. Kroc, who sold Multimixers® or milk shake machines, wanted to know what the brothers were doing that they ordered so dang many of the things. What Kroc discovered was a huge lunch line of ordinary people wanting a 15¢ burger (4¢ extra for cheese), a 5¢ coffee - and a third of them, a 20¢ milkshake! Most important was that all these people were being served at a speedy 15 sec. apiece. You know it as, fast food!

The McDonald brothers had done for hamburgers what Henry Ford had done for cars. Inside the small restaurant, 3 grill men did nothing but flip burgers, while 2 guys did milkshakes and another 2 did french fries. Throw in some counter men and a packager and you have mass production! Their concept came at exactly the right time. America was booming as families moved to suburbia. McDonalds provided a cheap, easy dinner. And right from the start, McDonalds was kid friendly. The brothers were getting attention and had already issued nine franchises. It surprised them when folks wanted to call these new restaurants, McDonalds.

Now, the Dick and Mac McDonald were men with priorities. They made a good living, had nice homes and cars, and didn't want to be on the road, sleeping in motels, while selling more franchises. Not so for Ray Kroc. His vision was as limitless as his willingness to work. He persuaded the brothers to let him be franchise agent. He opened his own first hamburger stand in suburban Chicago in 1955. But the money, as we all now know, was in franchises. Slowly, he grew. By 1956 there were 12, by 1960, 228. In the year 2000, McDonalds had grown to 25,000 restaurants in about 120 countries.

In 1961 Kroc bought out the McDonald brothers, whom he had come to see as lazy and unambitious. The brothers wanted, for the name and the company, \$2.7 million, which was a million each after taxes. A huge amount for Kroc back then, but in retrospect, a great deal. Years later, Dick McDonald when asked if he had any regrets said, "I would have wound up in some skyscraper somewhere with about four ulcers and eight tax attorneys trying to figure out how to pay all my income tax."

I'd like to leave this story of the McDonalds and Ray Kroc with a happy ending. But it ended unnecessarily nasty. Once Kroc had control, his long sublimated anger toward the McDonald brothers exploded. He forced them to remove the name - their own name - from the original restaurant. They renamed it Big M. But that wasn't all. Kroc opened a brand new McDonalds one block away.

Neither Ray Kroc nor the McDonald brothers invented the hamburger. What they did as an innovative way of delivering one to the customer. Can you see where time and environment played a role?