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*The Founder*

Runtime: 1 hr. 50 mins.

*The Founder* features the true story of how Ray Kroc (played by Michael Keaton), a struggling salesman from Illinois, met Mac and Dick McDonald, who were running a burger operation in 1950s Southern California. Kroc was impressed by the brothers’ speedy system of making the food and saw franchise potential. The movie details how Kroc maneuvered himself into a position to be able to pull the company from the brothers and create a billion-dollar empire.

**Directions:** Answer the following questions as you view the movie.

1) At the start of the movie we meet Ray Kroc (Michael Keaton) who is a struggling traveling salesman for Prince Castle Sales. The year is 1954. The movie is opening with him delivering a sales pitch directly to the camera. What is Kroc selling that nobody wants?

2) While traveling around, trying to sell his product, what does Kroc observe about the many fast food/drive-in restaurants that he stops at?

3) When Kroc calls June, who is the secretary of the sales division of the company he works for, Prince Castle Sales, he finds out an order has been placed for six milkshake mixers from a restaurant drive-in out in California. He thinks this is an error so he calls the restaurant which he finds out is McDonald’s. He talks to Dick, one of the owners and finds out it was a mistake. How many do they really want?

4) The ordering of so many milkshake mixer machines by McDonald’s piques Kroc’s curiosity and he makes a drive to San Bernardino to see the restaurant in person. What does Kroc find out about this restaurant that is so different than the other fast-food/drive-ins he has been to? What does he observe/experience?

5) Kroc introduced himself to one of the owners—Mac McDonald and tells him he has some operation and that he was the one who sold him the milkshake mixer. Mac tells him he can give him a tour and Kroc happily agrees. Kroc gets a behind-the-scenes look at how McDonald’s operates. What are they doing that makes them so much better than their competition?

6) After the initial kitchen tour, Kroc wants to take the McDonalds brothers out to dinner because he says he is impressed with how the restaurant runs and that it is so remarkable. Wanting to hear their story/the history of McDonald’s, he takes them out to dinner. Answer the following questions:

1. When the restaurant first opened they were selling multiple items and sales were down. They also realized a drive-in restaurant had a host of problems like attracting teenagers, slow service, etc. They also realized that most of their profits came from hamburgers, fries, and milkshakes. With this realization, what did they decide to do?
2. What was the purpose of the drawings out on the tennis court?

7) Kroc tells the McDonalds brothers he wants to franchise the restaurant. The brothers tell him they already tried and are against it—they already have five restaurants set up—four around California and one in Phoenix, Arizona. They say that is all there will ever be. Why are they against franchising?

8) Kroc makes note of a picture on the wall in the brothers’ office. It is of a McDonald’s with two golden arches on either side of the building. Who came up with the concept/design?

9) True or False. Circle one. Kroc’s wife, Ethel, is skeptical of his idea to franchise McDonalds.

10) Fill in the blank. Kroc insists that the brothers let him start franchising/lead their franchising efforts and says that he will start by opening one in his town- Des Plaines, Illinois so that he can monitor it. They finally agree and he signs a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. It allows the brothers control of every decision made since the franchise stores will be representing them. All changes need to receive the brothers’ approval in writing.

11) Kroc goes from bank to bank to try to get a loan to start his franchise but they all remember him from his other pitches over the years and won’t give him a loan. Finally, a banker is open to loaning him start-up funds but tells him he has to put up what for leverage/collateral?

12) As construction begins at Kroc’s first franchise in Des Plaines, Illinois (where he lives), Kroc tries to make some changes but contractually he can’t unless the brothers will approve it. What big company wanted to be a sponsor for McDonald’s in exchange for having their name on the menu? Note: The McDonalds brothers said no.

13) True or False. Circle one. Kroc’s first McDonald’s franchise opens in Des Plaines, Illinois. Kroc micromanages it to make sure everyone on staff is following proper protocol.

14) At his country club, Kroc entices his wealthy friends to invest/open a McDonald’s franchise. He tells them they just need to pay the franchise fee and he’ll take care of everything else. They aren’t responsible for anything. They can just share in the profits. In the next scene we see the McDonalds brothers talking about how many franchises Kroc has now opened in the last month. Answer the following:

1. How many has he opened?
2. What is Dick McDonald worried about concerning all these new franchises Kroc has popping up all over the place?

15) What does Kroc unfortunately encounter when he visits these new franchises that were owned by the country club men?

16) What were the country club men’s’ reaction to Kroc when he went to the golf course to yell at them about their neglected restaurants?

17) Kroc realizes that rich men aren’t good franchisee owners because they don’t care enough. When he stops by his sales company he comes across a gentleman selling a bible to June and when he questions him why he is selling them he says he just wants to make a living. Kroc then gets the idea that working class can get enough money together to buy a franchise and will take good care of it. He has this gentleman and other blue-collar workers buy a franchise. What is this gentleman’s (Leonard) restaurant like?

18) At the Prince Castle Sales Office, June tells Kroc he is almost out of capital. Kroc is not making enough money off the franchises because by contract he only gets 1.4% of the profits. This is not covering his expenses and he is not breaking even. Kroc wants to renegotiate his contract with the McDonalds brothers. He calls the brothers to renegotiate. Will the brothers renegotiate the contract?

19) At home, Ethel tells Kroc that a man called from Illinois First Federal Bank and she is upset that he mortgaged their home/put it up as collateral. How many months behind are they on payments?

20) Kroc has dinner with one of his franchisees, Rollie Smith and his wife June. They share an idea with him on how they can save hundreds of dollars in electrical costs and reduce time in making milkshakes. They say that the walk-in refrigerator and ice cream is costing them a fortune. Answer the following:

1. What is the solution?
2. What is Kroc’s response?
3. What happens when he calls the McDonalds brothers to pitch the idea of the milkshake mix to save costs? Do they agree?

21) While at the bank dealing with his overdue mortgage, a financial consultant for Tastee-Freez named Harry Sonneborn, requests to review Kroc’s books and gives him a solution to his money problems.

True or False. Circle one. Harry tells Kroc he should be in the real estate business. That land is where the money is. He says he should buy land where the restaurants want to set up and make it mandatory for franchise owners to lease from him. He can then control the operation because if they don’t keep the restaurant up to quality, he can cancel their lease.

22) The sales office Ray works for is now called Franchise Reality Group and Kroc sends the brothers a letter with the name as letterhead which upsets them and they call and Kroc tells them he is going to be offering leasing services to new franchises.

True or False. Circle one. When Mac complains that Kroc can’t do that without their permission, Kroc says he can because the contract states he can’t make changes to the restaurants without their permission but this is a separate company out of their purview (range of authority).

23) The McDonalds brothers complain to Kroc when they find out that franchises are receiving shipments of the Inst-a-mix milkshakes packets when they said by contract he could not make that change.

Fill in the blanks. Kroc tells Mac that contracts are like \_\_\_\_\_\_\_\_\_\_\_\_ and they’re meant to \_\_\_\_\_\_\_\_\_\_\_.

24) At dinner one night, Kroc abruptly tells his wife Ethel that he wants a divorce. He meets with his lawyer and tells him she can have the house, the car, etc. but that she cannot have what?

25) The McDonalds brothers call Kroc when they realize he has now named his company The McDonalds Corporation. They threaten to sue him. What does Kroc tell them that sends Mac into a diabetic shock?

26) Ray flies to California to meet with the McDonalds brothers and gives them a blank check. He wants to buy the company. The brothers talk it over and realize they will never beat him in court. What do the brothers ask for?

27) The deal to buy the company is made in person but Kroc’s lawyers say the one percent earnings will have to be carried out by a what? It cannot be put into the contract.

28) After the brothers receive their checks, Kroc runs into Dick in the bathroom and Dick asks him why he didn’t just run off and steal their ideas after he got a tour of the restaurant. Kroc says the restaurant would have failed and tells him he does not realize what made their restaurant so successful. What does he say made them so successful?

29) Due to the terms of their agreement/contract with Kroc, the brothers are forced to change the name of their original hamburger stand because it infringes on the intellectual property of Kroc. What do they change the name to?

30) Kroc opens up a new McDonalds across the street from the brother’s restaurant. When a reporter asks to do a story on his 100th location opening, Kroc gives him his business card listing him as what?

31) What is the one-word Kroc contributes to making him go from an over the hill milkshake mixer salesman to building a fast-food empire with 1600 restaurants in 50 states and 5 foreign markets with a revenue around $700 million?

32) Name three interesting facts we learn at the end of the movie.

Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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*The Founder*

Runtime: 1 hr. 50 mins.

*The Founder* features the true story of how Ray Kroc (played by Michael Keaton), a struggling salesman from Illinois, met Mac and Dick McDonald, who were running a burger operation in 1950s Southern California. Kroc was impressed by the brothers’ speedy system of making the food and saw franchise potential. The movie details how Kroc maneuvered himself into a position to be able to pull the company from the brothers and create a billion-dollar empire.

**Directions:** Answer the following questions as you view the movie.

1) At the start of the movie we meet Ray Kroc (Michael Keaton) who is a struggling traveling salesman for Prince Castle Sales. The year is 1954. The movie is opening with him delivering a sales pitch directly to the camera. What is Kroc selling that nobody wants?

A multi-mixer milkshake machine

2) While traveling around, trying to sell his product, what does Kroc observe about the many fast food/drive-in restaurants that he stops at?

They are inefficiently run with wrong orders and overworked carhops. Many customers are obnoxious teenagers and it takes forever to get food- 20 minutes.

3) When Kroc calls June, who is the secretary of the sales division of the company he works for, Prince Castle Sales, he finds out an order has been placed for six milkshake mixers from a restaurant drive-in out in California. He thinks this is an error so he calls the restaurant which he finds out is McDonald’s. He talks to Dick, one of the owners and finds out it was a mistake. How many do they really want?

8

4) The ordering of so many milkshake mixer machines by McDonald’s piques Kroc’s curiosity and he makes a drive to San Bernardino to see the restaurant in person. What does Kroc find out about this restaurant that is so different than the other fast-food/drive-ins he has been to? What does he observe/experience?

Has fast service, high quality food, disposable packaging, and a family-friendly atmosphere. The restaurant is a walk-up not a drive-thru. Kroc observes that people wait in two lines and order at a window. When Kroc gets to the front, he orders a burger, fries, and soda for 35 cents. Within seconds, he receives his food in a paper bag. This confuses him because it normally takes about 20 minutes to get food. He is told they use a speedy service technique and that the food is disposable and no silverware is required. Kroc gets told he can eat the food anywhere upon asking and again realizes how family-friendly the restaurant is when a mother and her children sit on a bench by him.

5) Kroc introduced himself to one of the owners—Mac McDonald and tells him he has some operation and that he was the one who sold him the milkshake mixer. Mac tells him he can give him a tour and Kroc happily agrees. Kroc gets a behind-the-scenes look at how McDonald’s operates. What are they doing that makes them so much better than their competition?

Have a great assembly line process going on. Speed is the name of the game Mac tells Kroc. Got a bunch of stations. Got two men whose sole job it is to man the grill. Got another station that spits out condiments, another station that is the finishing station, etc. Whole kitchen and equipment is custom built. They have a 30 second process. Shows Dick walking around with a stop watch timing the processes. Trying to find the quickest way to do things. This is known as scientific management which basically involves finding the quickest way of doing things usually by timing them- the one best way.

6) After the initial kitchen tour, Kroc wants to take the McDonalds brothers out to dinner because he says he is impressed with how the restaurant runs and that it is so remarkable. Wanting to hear their story/the history of McDonald’s, he takes them out to dinner. Answer the following questions:

1. When the restaurant first opened they were selling multiple items and sales were down. They also realized a drive-in restaurant had a host of problems like attracting teenagers, slow service, etc. They also realized that most of their profits came from hamburgers, fries, and milkshakes. With this realization, what did they decide to do?

They decided to streamline the menu and focus only on those select items- burgers, fries, milkshakes/soft drinks. They took out the carhops and made it a family-friendly self-serve restaurant with disposable packaging.

1. What was the purpose of the drawings out on the tennis court?

To figure out the best way to set up an assembly line in the kitchen. They rearranged the outline several times to see how to get the best output. They wanted to come up with the best way for their employees to move around the kitchen to improve efficiency—using scientific management. They then used that floor plan to build their restaurant.

7) Kroc tells the McDonalds brothers he wants to franchise the restaurant. The brothers tell him they already tried and are against it—they already have five restaurants set up—four around California and one in Phoenix, Arizona. They say that is all there will ever be. Why are they against franchising?

Quality control. Impossible to enforce standards from afar. Places are messy—filthy kitchens, different menus. Said Sacramento is serving burritos!

8) Kroc makes note of a picture on the wall in the brothers’ office. It is of a McDonald’s with two golden arches on either side of the building. Who came up with the concept/design?

Dick came up with the design to make the building stand out when someone drives by but they only implemented it in one of their restaurants- the Phoenix one. Kroc drives out to see it and is very impressed.

9) True or False. Circle one. Kroc’s wife, Ethel, is skeptical of his idea to franchise McDonalds.

10) Fill in the blank. Kroc insists that the brothers let him start franchising/lead their franchising efforts and says that he will start by opening one in his town- Des Plaines, Illinois so that he can monitor it. They finally agree and he signs a contract. It allows the brothers control of every decision made since the franchise stores will be representing them. All changes need to receive the brothers’ approval in writing.

11) Kroc goes from bank to bank to try to get a loan to start his franchise but they all remember him from his other pitches over the years and won’t give him a loan. Finally, a banker is open to loaning him start-up funds but tells him he has to put up what for leverage/collateral?

His house

12) As construction begins at Kroc’s first franchise in Des Plaines, Illinois (where he lives), Kroc tries to make some changes but contractually he can’t unless the brothers will approve it. What big company wanted to be a sponsor for McDonald’s in exchange for having their name on the menu? Note: The McDonalds brothers said no.

Coca-Cola

13) True or False. Circle one. Kroc’s first McDonald’s franchise opens in Des Plaines, Illinois. Kroc micromanages it to make sure everyone on staff is following proper protocol.

14) At his country club, Kroc entices his wealthy friends to invest/open a McDonald’s franchise. He tells them they just need to pay the franchise fee and he’ll take care of everything else. They aren’t responsible for anything. They can just share in the profits. In the next scene we see the McDonalds brothers talking about how many franchises Kroc has now opened in the last month. Answer the following:

1. How many has he opened?

3

1. What is Dick McDonald worried about concerning all these new franchises Kroc has popping up all over the place?

He is worried about how Kroc is going to maintain standards.

15) What does Kroc unfortunately encounter when he visits these new franchises that were owned by the country club men?

The restaurants are being neglected. There is garbage all over the place. The burgers are overcooked, putting wrong number of pickles on bun, adding lettuce to bun that should not be there. One restaurant is selling fried chicken, biscuits, and corn on the cob. Kitchens are filthy. Sees same poor management ethic which doomed the original franchise efforts.

16) What were the country club men’s reaction to Kroc when he went to the golf course to yell at them about their neglected restaurants?

Said there was nothing wrong with the food items. Looks good to them. People love fried chicken, etc. One says he is retiring and that if he wanted a job he would apply for a cook position.

17) Kroc realizes that rich men aren’t good franchisee owners because they don’t care enough. When he stops by his sales company he comes across a gentleman selling a bible to June and when he questions him why he is selling them he says he just wants to make a living. Kroc then gets the idea that working class can get enough money together to buy a franchise and will take good care of it. He has this gentleman and other blue-collar workers buy a franchise. What is this gentleman’s (Leonard) restaurant like?

Very well kept, in great shape. He is watching the kitchen while his wife is outside taking care of the customers passing out lollipops to children—team work. Husband and wife side by side.

18) At the Prince Castle Sales Office, June tells Kroc he is almost out of capital. Kroc is not making enough money off the franchises because by contract he only gets 1.4% of the profits. This is not covering his expenses and he is not breaking even. Kroc wants to renegotiate his contract with the McDonalds brothers. He calls the brothers to renegotiate. Will the brothers renegotiate the contract?

NO

19) At home, Ethel tells Kroc that a man called from Illinois First Federal Bank and she is upset that he mortgaged their home/put it up as collateral. How many months behind are they on payments?

3

20) Kroc has dinner with one of his franchisees, Rollie Smith and his wife June. They share an idea with him on how they can save hundreds of dollars in electrical costs and reduce time in making milkshakes. They say that the walk-in refrigerator and ice cream is costing them a fortune. Answer the following:

1. What is the solution?

Use INST-A-MIX powdered milkshake mix. Just add mix to water, stir, and you have a milkshake. It costs a fraction of ice cream, easy to make.

1. What is Kroc’s response?

Kroc loves the idea but knows he needs approval from the McDonalds brothers but does not want to admit this so he says he will think it over.

1. What happens when he calls the McDonalds brothers to pitch the idea of the milkshake mix to save costs? Do they agree?

They say NO that is goes against everything they stand for.

21) While at the bank dealing with his overdue mortgage, a financial consultant for Tastee-Freez named Harry Sonneborn, requests to review Kroc’s books and gives him a solution to his money problems.

True or False. Circle one. Harry tells Kroc he should be in the real estate business. That land is where the money is. He says he should buy land where the restaurants want to set up and make it mandatory for franchise owners to lease from him. He can then control the operation because if they don’t keep the restaurant up to quality, he can cancel their lease.

22) The sales office Ray works for is now called Franchise Reality Group and Kroc sends the brothers a letter with the name as letterhead which upsets them and they call and Kroc tells them he is going to be offering leasing services to new franchises.

True or False. Circle one. When Mac complains that Kroc can’t do that without their permission, Kroc says he can because the contract states he can’t make changes to the restaurants without their permission but this is a separate company out of their purview (range of authority).

23) The McDonalds brothers complain to Kroc when they find out that franchises are receiving shipments of the Inst-a-mix milkshakes packets when they said by contract he could not make that change.

Fill in the blanks. Kroc tells Mac that contracts are like hearts and they’re meant to be broken.

24) At dinner one night, Kroc abruptly tells his wife Ethel that he wants a divorce. He meets with his lawyer and tells him she can have the house, the car, etc. but that she cannot have what?

A single share of stock in McDonalds.

25) The McDonalds brothers call Kroc when they realize he has now named his company The McDonalds Corporation. They threaten to sue him. What does Kroc tell them that sends Mac into a diabetic shock?

They can’t afford to sue him because he can bury them in court costs. He’s the president and CEO of a major corporation with landholdings in 17 states. They run a burger stand in a desert and are small business owners.

26) Ray flies to California to meet with the McDonalds brothers and gives them a blank check. He wants to buy the company. The brothers talk it over and realize they will never beat him in court. What do the brothers ask for?

They ask for $2.7 million, one percent of the company’s profits, and to keep the San Bernardino store.

27) The deal to buy the company is made in person but Kroc’s lawyers say the one percent earnings will have to be carried out by a what? It cannot be put into the contract.

A handshake

28) After the brothers receive their checks, Kroc runs into Dick in the bathroom and Dick asks him why he didn’t just run off and steal their ideas after he got a tour of the restaurant. Kroc says the restaurant would have failed and tells him he does not realize what made their restaurant so successful. What does he say made them so successful?

It wasn’t the system but the name. It is an all-American name that appeals to everyone. Kroc said as soon as he saw the name he had to have it. Nobody would eat at a restaurant called Kroc’s.

29) Due to the terms of their agreement/contract with Kroc, the brothers are forced to change the name of their original hamburger stand because it infringes on the intellectual property of Kroc. What do they change the name to?

The Big M with a tagline of “We’ve been here 23 years!”

30) Kroc opens up a new McDonalds across the street from the brother’s restaurant. When a reporter asks to do a story on his 100th location opening, Kroc gives him his business card listing him as what?

The founder of McDonalds

31) What is the one-word Kroc contributes to making him go from an over the hill milkshake mixer salesman to building a fast-food empire with 1600 restaurants in 50 states and 5 foreign markets with a revenue around $700 million?

Persistence

32) Name three interesting facts we learn at the end of the movie.

* June Martino (Kroc’s sales office secretary) rose to become a part owner of the McDonalds Corporation. She was the first woman allowed to trade on the floor of the New York Stock Exchange.
* Fred Turner (originally the great worker who was at Kroc’s first franchise in Des Plaines, Illinois) eventually succeeded Kroc as senior chairman. He expanded the operation to more than 100 countries.
* Harry Sonneborn (the financial consultant Kroc originally met at the bank and who helped him take over the company) became the 1st president and CEO of McDonalds.
* Kroc ends up marrying Joan (had been the wife of one of his franchisees Rollie Smith/both came up with the milkshake mix idea) and they were married until his death in 1984. She donated much of their fortune to charity.
* Kroc’s San Bernardino McDonald’s put the Big M out of business within a few years.
* Unable to prove their handshake deal, the brothers never received their royalties. Today those royalties would be worth over $100 million per year!
* Today McDonald’s is one of the largest real estate holders in the world.
* Eventually McDonald’s added ice cream back to their milkshake.