Why Dick and Jane Don’t Ask: Getting Initiation Barriers in Negotiations

CaSeiSm.Com
Ray Kroc gets his franchise in 1955.
But Not really.

- Kroc becomes the national franchising agent
- He gets 1.9% of gross sales
  - Just kidding; McBros. get 0.5% of that
- Kroc can make no changes without written consent!

CaseiSm.com
Krock Builds 228 Stores in 6 years but with resistance from McDonald Bros.
The Big Buyout in 1961

McBros. hand everything over to Kroc for $2.7 million

Sometimes

IN CASH

Cheese Quarter Pounder

Diet Coke

Fries

CaseiSm.com
What Did Kroc want?

- To completely end the relationship with MCBroS
- To fully develop McDonalds in to his vision
- To have full control

CaseiSm.com
What Did CaSeiSm.com Dick & Mac want?

- Rid themselves of Kroc
  (they didn’t like his style)

- They wanted Kroc to PAY

- To maintain their burger stand at home, never wanted to expand
BATNA

Ray Kroc:
- Walk away from McDonald brothers
- Find another fast food company to enhance
- Contract was up - he would have to leave

McDonald Brothers:
- Get rid of Ray Kroc
- Find a new man to run operations
- Maybe get run out of business by larger fast-food company
- Lose Kroc's extensive knowledge of industry