

Buying a McDonalds Franchise

With over 30,000 locations and fifty-plus years in the burger business, *the McDonalds brand continues as the most recognized and successful franchise in the world*. But how much does a McDonalds franchise cost, what are the profits operating a McDonalds and what's the best way to obtain their franchise?

Not surprisingly, any [franchise attorney](#) will say a McDonalds franchise is number one in the world. But how much does a McDonalds franchise cost? How can one buy a McDonalds franchise? How much does a McDonalds franchise owner make? What are McDonalds franchise profits and profit margins? Most people hear McDonalds franchise earnings and profits are substantial and the cost to buy a McDonalds franchise is \$45,000 - an investment that's within their franchise affordability range.

McDONALDS FRANCHISE FEE & DIFFERENT INVESTMENT MODELS

As with most things in life, a little information is a dangerous thing. While it's true McDonalds charges a \$45,000 franchise fee, this is only the initial fee for licensing rights - the upfront fee charged to join the network and access the McDonalds System. There's a LOT more financial commitment and cost involved to buy a McDonalds franchise after that.

A new McDonalds franchise, depending on the model selected (there are three), can range from a low of \$172,425 (for a Satellite McDonalds) to a high of \$1.9 million (for a traditional McDonalds).

There's also the continuing McDonalds royalty fee (called a "service fee"), currently 4% of gross sales each month. In addition, a monthly base rent or percentage rent that is a percent of gross sales is also payable to McDonalds.

THE McDONALDS FRANCHISE DISCLOSURE DOCUMENT

All the need-to-know info is disclosed in precise detail in the mammoth 386-page McDonalds FDD Franchise Disclosure Document issued by McDonalds May 1, 2011 and amended January 15, 2012. This FDD is very difficult to obtain but is available on the [McDonalds FDD page](#) of the Franchise Foundations website. It answers questions like: what does a McDonalds owner earn? What are McDonalds franchise owner profits? This information is contained in Item 19 of the McDonalds FDD. The FDD also contains 3 years of audited financial statements on the franchise entity offering McDonalds franchises, so you can see how much money McDonalds makes.

THREE STEPS TO USE TO APPLY FOR A McDONALDS FRANCHISE

Before applying for a McDonalds franchise, I recommend you use the following three steps:

Step One - learn as much about the franchise program as you can, as this will help you complete their application from a position of knowledge and impress McDonalds. The best way to do this is by reviewing the entire 386-page McDonalds FDD Franchise Disclosure Document already discussed

Step Two - using what you learned from the McDonalds FDD, complete a “draft” of your franchise application. Don’t use the simple, online application. McDonalds recently eliminated their PDF long-form franchise application. But a lot of these are still circulating, and undoubtedly will be accepted for the next six months or so, so don’t miss a unique opportunity that most applicants don't have. If you use Mr. Franchise's application review-fine tuning service, you can get the PDF long form application along with help completing and submitting it. The long form gives you a significant opportunity to present your qualifications and background in much greater detail. This, coupled with Mr. Franchise's input in how to structure your application and attachments, gives you an opportunity that others don't have and won't last long.

Step Three - before submitting your franchise application, send your draft to Mr. Franchise so he can review your application and help fine-tune the information and narratives, based on his three decades of franchise industry experience dealing with franchise companies including McDonalds. That way, your franchise application will be submitted in the very best possible way and give you the best chance of standing out and competing favorably against the many thousands of other McDonalds franchise applications.

BOTTOM LINE

You only get one chance to make a good first impression. A review and fine-tuning of your McDonalds franchise application by an internationally-recognized franchise expert can go a long way towards making the best possible first impression so that you move forward in the process and get to that critical first interview. Over 95% of McDonalds applicants never get this far.

Author credentials and background

Kevin B. Murphy, Mr. Franchise, is a Franchise Attorney based in San Francisco with a 32-year practice devoted exclusively to franchise law. For 22-years he has also been a franchise expert witness in court and arbitration proceedings giving him vast experience in knowing where the bullets come from in franchise litigation. During this same period he has drafted, reviewed and negotiated over 500 Franchise Disclosure Documents and assisted an even greater number of individuals apply for a franchise, including a McDonalds Franchise . In 2002 -2003 he started, operated and sold a very successful franchise. Mr. Franchise holds degrees in business administration and law from the University of San Francisco and an MBA from San Francisco State University. He is the author of over 50 publications, including 4 books on franchising and one book on trade secrets.

Copyright 2012, Kevin B. Murphy, B.S., M.B.A., J.D.