

THE MAN BEHIND MCDONALD'S

Ray Kroc's vision helped give rise to the fast food industry

BY DAVID HOLZEL



THE SODA COUNTER AT

Walgreens in Chicago always did terrific business at lunchtime. Every stool was taken by a customer having a quick lunch or drinking a milkshake out of the drug store's heavy soda fountain glasses. Customers waited restlessly for their turn to sit down, and the line often snaked out to the street.

Watching this scene, sometime around 1930, paper cup salesman Ray Kroc saw that Walgreens was missing a business opportunity. And he saw an opportunity for himself.

Kroc, 28 years old, told the food service manager, a man named McNamara, that Walgreens could provide faster service and sell more milkshakes if it opened a carry-out window. "You're crazy," McNamara said. "Or you think I am."

He couldn't let customers just walk out with Walgreens glasses, could he? No, said Kroc, who worked for the Lily-Tulip Cup Company. But McNamara could serve them in paper

cups. Kroc's paper cups. "I get the same 15 cents for a malted if it's drunk at the counter, so why the hell should I pay a cent and a half for your cups and earn less?" McNamara scoffed.

Undaunted, Kroc gave Walgreens free cups and set up a takeout counter as a trial. Sales volume soared. Soon, the long lines were replaced by happy, slurping customers paying back the cost of Kroc's cups and more: Paper cups didn't need to be washed. That was good for Walgreens and good for Kroc.

Kroc, who would go on to help pioneer the fast food industry beginning in the 1950s, demonstrated this characteristic over and over through his career. "In each case, Kroc made a practice of analyzing the customer's operation and suggesting changes that would improve them, and in the process increase his sale of cups," writes John F. Love in *McDonald's: Behind the Arches*.

And it wasn't just cups. Kroc made his most far-reaching business decision after he discovered a tiny hamburger



1955

Kroc opened his first restaurant in Des Plaines, Illinois. First-day sales are \$366.12.



1958

McDonald's sells its 100 millionth hamburger.



stand in San Bernardino, California, run by the McDonald brothers. By that time, Kroc's philosophy was set: Help his customers get rich so he could get rich too.

A BORN SALESMAN

"In one word, Kroc was a salesman," Love writes.

Indeed, Kroc seemed born to live by his wits and his gift of gab. He was born in Oak Park, Illinois, outside Chicago, in 1902. His mother, Rose, "was a loving soul" who "ran a neat, organized house," as Kroc described her in his autobiography, *Grinding It Out: The Making of McDonald's*.

His father, Louis, was a "Western Union man" who went to work at age 12 and was determined that his three children—Ray, Bob and Lorraine—would finish high school.

"I was the wrong kid for that," Kroc wrote. Although his siblings went on to get advanced degrees, books bored young Ray. "I liked action. But I spent a lot of time thinking about things. I'd imagine all kinds of situations and how I'd handle them."

He learned piano from his mother, who gave lessons. And he caught the jazz bug. With a friend, he opened a short-lived sheet music business. When the United States entered World War I, Kroc quit high school and joined up.

He was trained as an ambulance driver, although the war ended before he could be shipped overseas. Enlisted in the same company was the young Walt Disney, who "was always drawing pictures while the rest of us were



"McDonald's Sign" ©iStockphoto.com/Ingesche



1961

Hamburger University opens in the basement of the Elk Grove Village, Illinois, McDonald's restaurant. Since 1961, more than 80,000 restaurant managers, midmanagers and owner/operators have graduated from this facility.



McDonald's restaurant general manager Joseph Ellis dishes out fries in the Food Quality Lab at McDonald's University on April 14, 2015, in Oak Brook, Ill.

Antonio Perez/TNS/Newscom

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Left: Dick and Mac McDonald opened the first McDonald's in San Bernardino, California, in 1948. Right: Original crew members in front of first store in Des Plaines, Illinois.

chasing girls," Kroc recalled. In the 1950s, Kroc reminded Disney of their wartime experiences in a letter in which he inquired whether "there may be an opportunity for a McDonald's in your Disneyland Development." But a collaboration never materialized.

At age 20, Kroc took to the streets of Chicago to peddle paper cups. Once, Kroc and his new wife, Ethel, escaped the bitter Chicago winter for Miami. There, Kroc made money by playing piano in a private club called the Silent Night, a glamorous nightspot that served illegal booze—the only kind that could be had during Prohibition. One night, the place was raided, and Kroc spent three hours in jail.

Back in Chicago, Kroc became a top salesman for the Lily-Tulip Cup Company. In 1939, he discovered an amazing machine: It made milkshakes. But instead of one spindle, this machine had five and could mix more shakes faster. Kroc realized that if soda fountains bought this product—called the Multimixer—they could

provide faster service, make more money and, in the process, use more of Ray Kroc's cups.

Kroc's bosses at Lily-Tulip turned down his proposal that they become the distributor for Multimixer. So Kroc decided to do it himself. At age 37, he became a Multimixer man.

Multimixer made Kroc well off. But after World War II, business started to drop. American car culture was exploding and the corner soda fountain was becoming a quaint relic, while in the suburbs, drive-ins and carhop shops boomed.

Kroc was fighting against bankruptcy when he received a phone call in 1954. A drive-in in California wanted to place an order for eight Multimixers. What kind of business needed to mix 40 milkshakes at a time?



1962

McDonald's in Denver, Colorado, becomes the first restaurant with indoor seating.

1963

The 500th restaurant opens, in Toledo, Ohio; Ronald McDonald makes his debut; McDonald's net income exceeds \$1 million.



1964

The Filet-O-Fish sandwich is introduced.



The milk shake blender at the first McDonald's restaurant opened by founder Ray Kroc, which is now a museum run by the restaurant chain in Des Plaines, Illinois.



FOOD IN SECONDS

Kroc flew out to California to meet his customers, brothers Richard “Dick” and Maurice “Mac” McDonald, and to look over their small, octagonal hamburger stand in San Bernardino.

Kroc first sat in the parking lot and watched customers line up at the service windows and come away seconds later with bags of food. Curious, he began questioning them about what they liked.

“The hamburgers were pretty good, but what they really liked were the french fries,” notes historian H.W. Brands, whose book *The Masters of Enterprise: American Business History and the People Who Made It*, includes a chapter on Kroc.

One of those customers was a “strawberry blonde” in a “bright yellow convertible,” who was “demolishing a hamburger and a bag of fries,” as Kroc

recalled. “It was not her sex appeal but the obvious relish with which she devoured the hamburger that made my pulse begin to hammer with excitement.”

What was more, a third of those customers walked away with a milkshake, made with Kroc’s Multimixers.

Kroc met with the McDonald brothers and viewed their operation: A stripped-down menu with 15-cent hamburgers, quick service and high customer satisfaction. The building design even let customers watch the hamburgers being made, a big draw for kids—not a small thing, since families were an increasingly large part of the McDonald’s clientele.

“When I met the McDonald brothers, I was ready for an opportunity,” Kroc wrote. “By then

I had enough experience in food and beverage that I could tell a real idea from a counterfeit.”

If the McDonalds could replicate their success on a large scale, Kroc reasoned, he could sell a whole lot of Multimixers. Over time, he learned that the hamburger business was a lot bigger than the milkshake-maker business.

Kroc worked out a franchising deal with the brothers; in 1961, he bought them out for \$2.7 million (\$21.4 million today). Kroc’s McDonald’s strove for standardization and consistency—so a bag of fries a customer bought in California would be the same as one he bought in Iowa.

And in expanding the company, Kroc turned the franchise business model on its head. Rather than view the franchisee as a short-term cash cow, as

1967

McDonald’s goes international, opening restaurants in Canada and Puerto Rico.

1968

The Big Mac is introduced.



1971

The Egg McMuffin sandwich is test-marketed in the U.S. as McDonald’s first breakfast menu item.

1973

The Quarter Pounder debuts.

The Filet-O-Fish image and World Famous French Fries are trademarks of the McDonald’s Corporation; “Big Mac” ©iStockphoto.com/Popartic; SOURCE: www.aboutmcdonalds.com



The first McDonald's Drive-Thru established in Sierra Vista, Arizona

was the common practice, “his idea was to provide the franchisees with enough services to be successful,” said Don Conley, McDonald’s first franchising vice president. Kroc’s slogan: “In business for yourself but not by yourself.”

Wrote Love: “Franchisees were his customers, too, and if they failed, he failed.”

As a result, McDonald’s became wildly successful, and Kroc’s franchisees became rich long before he did. Many of

the chain’s most famous menu items—including the Big Mac, Egg McMuffin and Filet-O-Fish—were created by franchisees.

Kroc eventually became very rich. He died in 1984. By then, McDonald’s had become synonymous with the United States. “Even more than Coca-Cola, McDonald’s has become the symbol of American globalization,” Brands says.

All from an insight in a drugstore that people in a hurry don’t like to wait. ◀

1975 ▲

McDonald’s opens its first drive-through in Sierra Vista, Arizona; the Egg McMuffin is added to the national menu.

1979 ▲

Happy Meals debut.



1983 ▲

McDonald’s is located in 32 countries around the world; Chicken McNuggets are introduced in all domestic restaurants.

1984 ▲

Ray Kroc dies on Jan. 14.

SOURCE: www.aboutmcdonalds.com; “Happy Meal” ©iStockphoto.com/ABDESIGN

Grease Whip Hose Assemblies and Couplings

Application:

- For use with hand grease guns

Materials:

- Grease whip assemblies and fittings: brass
- Zerk and couplers: zinc plated steel

Features:

- Grease whip assemblies: one-piece crimp fitting, solid base
- Fittings: one-piece crimp fitting, solid or chamfered based
- Couplers: full flow or ball check with shut off valve
- Zerk: permanent installation by threaded connection; prevents loss of grease and prohibits dirt from entering fittings

Specifications:

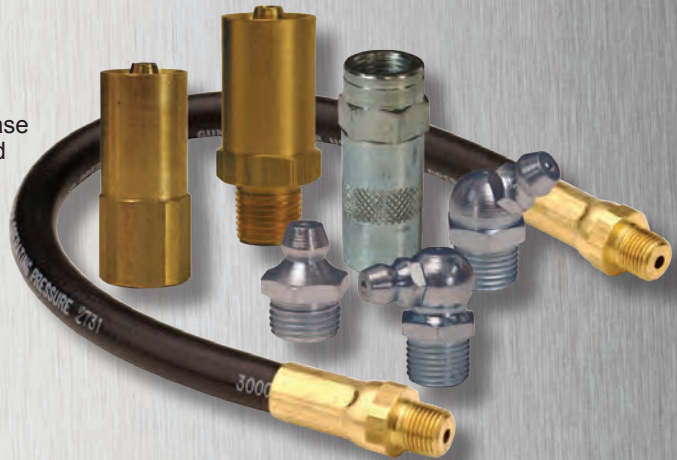
- Grease whip assemblies: 1/8-27 male NPT thread, working pressure 3000 PSI
- GWH Fittings: 1/8-27 Male or Female NPT, working PSI 3000
- Couplers: 1/8-27 Female NPT, working PSI 3000
- Zerk: 1/8-27 NPT and 1/4-28 tapered threads, working PSI 3000

Approval:

- Grease whip: meets SAE100R1-AT

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40 Chestnut Ave. Westmont, IL 60559 • ph 630.323.4442 • fx 630.323.4120



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