



## Will Restaurant Brands International Inc. Ever Get its Act Together?

### Description

Just when investors thought the feud between **Restaurant Brands International Inc.** ([TSX:QSR](#))([NYSE:QSR](#)) and its Tim Hortons franchisees was over, it looks as though a computer virus is ready to get the bad blood flowing once more.

Will Restaurant Brands ever get its act together? It's not looking good.

Several media outlets have reported that a computer virus in Tim Hortons's point-of-sale (POS) terminals has brought some of its businesses to a standstill.

The parent company says that less than 100 restaurants were affected by the virus and no more than 10 were unable to operate their cash registers at all.

So, why then is the Great White North Franchise Association (GWNFA) threatening to sue if it doesn't get a meeting with the company by Friday, March 2? If the situation is well at hand, why send a letter to CEO Daniel Schwartz threatening legal action?

### Why indeed?

It seems that Schwartz and the rest of the executives at Restaurant Brands are using a head-in-the-sand leadership philosophy, hoping everything will just blow over. Maybe it will, maybe it won't, but this is not how you handle a relationship that's already strained to the limits.

Franchisees are beyond frustrated with what's happening to their beloved Tim Hortons brand.

"The cash registers just plain don't work. Many of the stores had to close totally. Some had to close their drive-thrus and have customers go into the stores to one or two working registers," an anonymous source told *BNN*. "It's been a tough week. It has impacted sales greatly and pissed off customers greatly."

The company swears it's doing everything in its power to rectify the situation but reminded its franchisees in an internal email on February 23 that the solution is ultimately in the hands of

Panasonic, the providers of the POS system.

“Panasonic and the collective Tim Hortons team, have been fighting the malware that has infected the Panasonic POS terminals ... We appreciate the gravity of this issue, and the impact it has on your restaurants,” stated the internal email sent to franchisees obtained by the *Globe and Mail*.

Even if it's true, talk about passing the buck. It's almost as if Restaurant Brands wants its store owners to storm Panasonic headquarters rather than laying the blame where it belongs — at the feet of CEO Daniel Schwartz.

### **I'm one of the only dissenters**

I can't even remember when I began my series of articles questioning how Restaurant Brands manages its business, but I know I'm a rare breed among the investment media. Most have bought, [hook, line, and sinker](#), into the company's growth story.

I have nothing against any of its three brands. In fact, before I stopped eating meat, I was a big Popeyes supporter. And, of course, Tim Hortons is a Canadian staple I'll have when visiting small towns where no other coffee shops are available.

What can I say? I'm a [supporter](#) of **Starbucks Corporation**.

However, you'd have to be blind not to see that Restaurant Brands continues to handle issues surrounding its franchisees in a terribly insensitive manner that borders on arrogance and aloofness.

You'd also be remiss if you didn't take notice of the fact that **Kraft Heinz Co.** (NYSE:KHC) recently delivered lower-than-expected results that included a seventh consecutive quarter of lower year-over-year sales in the U.S., the company's largest market.

Who owns Kraft Heinz? It's the same people who own Restaurant Brands International.

### **Bottom line on latest mishap**

Fool contributor Chris MacDonald wonders if I'm short QSR; I'm not. In fact, I've never shorted any stock in my life. I don't believe in the practice, but I do understand the reasons shorts are good for the market.

My beef is with Restaurant Brands's management, who I believe have done a terrible job of franchisee relations. If it were **McDonald's Corporation** doing these kinds of things to its franchisees, there would be hell to pay from investors.

How many times can the GWNFA sue Restaurant Brands before investors wonder what the heck is going on at corporate headquarters?

I know I sure do.

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## Author

washworth

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