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# Note on Setting the Scope of Your Business

The purpose of this note is to consider the decisions that firm's leaders make about the scope of their business. In the following we examine three companies who define their business in vastly different ways: Domino's Pizza, General Mills, and General Electric.

Think about these companies from the perspective of an analyst who is considering making an investment in one or more of these firms. To truly understand the company, the analyst would want to be able to answer questions such as:

- What does the company do? What does it sell? How does it make money?
- Does the company operate in more than one line of business? If so, why does it do so?
- Which of its products (or lines of business) make money? What are the prospects for the future?
- Why does this company exist in this form? Why are these lines of business under the control of one firm?

## Domino's Pizza

Domino's Pizza Inc. was founded in 1965 by Tom Monaghan with a single store in Ypsilanti, Michigan. Because the initial store was so small, Monaghan focused on delivering pizzas as a way to grow sales.[1] Monaghan also came to realize the importance of streamlining workflow and quick delivery. These innovations led to rapid growth and some local renown. Key milestones for the firm were:[2]

- 1967, Domino's establishes its first franchise—that is, an independently-owned site that pays Domino's royalties to use its name and business model.
- 1969, Domino's has 32 franchises, mostly near Midwestern college campuses.
- 1973, Domino's offers the first "30-minute" delivery guarantee.
- 1979, national expansion pushes Domino's to a total of 287 stores.

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