Chipotle Mexican Grill's Strategy in 2018: Will the New CEO Be Able to Rebuild Customer Trust and Revive Sales Growth?

Assignment Questions

1. What is your assessment of the ways in which Chipotle responded to the food poisoning incidents in some of its restaurants?

2. Do you agree with Steve Ells's decision to relinquish his position as CEO? Do you approve of the choice of Brian Nicol to become Chipotle's new CEO? Are you surprised by the choice of Brian Nicol?

3. Does Chipotle Mexican Grill have any core competencies and, if so, what are they?

4. What does a SWOT analysis reveal about the attractiveness of Chipotle Mexican Grill's situation and future prospects, as of mid-2018?

5. What are the primary and secondary components of Chipotle's value chain?

6. What were the chief components of Chipotle's strategy prior to the food poisoning episodes? What further strategy adjustments are needed now that Chipotle has (seemingly) gotten through the worst of the fallout of the food poisoning incidents?

7. Which one of the five generic competitive strategies discussed in Chapter 5 most closely approximates the competitive approach that Chipotle Mexican Grill is employing?

8. What chief difference(s) do you see between Chipotle's strategy and the strategy being employed at Moe's Southwest Grill?

9. What does an analysis of the data in case Exhibit 1 reveal about Chipotle Mexican Grill's financial and operating performance? Use the financial ratios in Table 4.1 of Chapter 4 as a guide in doing the calculations needed to arrive at an analysis-based answer to your assessment of Chipotle's financial performance. In addition to the ratios in Table 4.1, there are occasions when you will also need to calculate compound average growth rates (CAGR) for certain financial measures. The formula for calculating CAGR (in percentage terms) is as follows:

    CAGR % = [ending value ÷ beginning value] $^{1/n-1}$ x 100

    (where n = the number of year-to-year or period-to-period changes)

10. How does Chipotle Mexican Grill's competitive strength compare against that of Taco Bell, Qdoba Mexican Eats, and Moe's Southwest Grill as of mid-2018? Do a weighted competitive strength assessment using the methodology presented in Table 4.4 in Chapter 4 to support your answer. Based on your assessment and calculations, does Chipotle have a net competitive advantage over some or all of these rivals? Which rival—Chipotle Mexican Grill or Moe's Southwest Grill or Qdoba Mexican Eats—seems to have the strongest set of resource strengths and competitive capabilities and is most likely to achieve the best financial performance? Does Chipotle have a good enough strategy and adequate resource strengths and competitive capabilities to compete effectively against Taco Bell? Your assessment should most definitely take into account the extent to which Chipotle's food poisoning problems have cut into its competitive capabilities and performance prospects.

11. What action recommendations would you make to CMG's new CEO, Brian Nicol, to help rejuvenate the company's growth and profitability in the remainder of 2018 and on into 2019?