

# Corporate-level strategies

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## Chipotle's Corporate Level Strategies

Chipotle is one of the most successful fast food companies in the country.

The fast food industry has a large number of companies that heighten the level of competition. For a firm to survive, it needs corporate strategies that are strong enough to maintain its market. The company uses various corporate level strategies to retain competitive advantage. The strategies include diversification, effective financial management, and human resource management.

A low-level diversification strategy enables a company to concentrate on the strong brands (Hoskisson, Hitt & Ireland, 2008). Most of the firm's activities concentrate on its major brand, the Mexican Grill, which generates approximately 95% of Chipotle's revenue. The firm couples the strategy with the slogan 'food with integrity' to imply its commitment to offer customers a unique experience at its restaurants while considering the local community, animals and the environment. By so doing, the company creates a good reputation thus maintaining its customers.

The company engages in effective financial management to ensure that the company can fund its operations without using debt financing. The company maintains a debt ratio of 23% that implies that the value of assets is higher than liabilities. The situation means that the firm can easily offset its debts without debt financing that would otherwise increase costs (Paiz et al., 2011).

Chipotle hires highly qualified and talented staff with a broad array of professional skills to execute the company's objectives. A motivated human resource forms strong competitive advantage for the company. One of the

strategies to motivate employees include the “ people first” culture that extends to granting leave to employees during public holidays when competitors are open.

From the analysis, it is evident that Chipotle corporate strategies work and enable it to survive the fierce competition from well-established companies such as Yum! Brands and McDonalds. Strategies such as differentiation, financial management and good human resource strategies are responsible for its success.

#### Reference

Hoskisson, R. E., Hitt, M. A., & Ireland, R. D. (2008). *Competing for advantage*. Princeton, N. J: Recording for the Blind & Dyslexic.

Paiz, E., Anderson, D., Barone, R., Bollinger, B., Calderon, K., Lin, F., & Toguchi, M. (2011). *Analysis of Strategic move by Chipotle*. München: GRIN Verlag.