

# SWOT Matrix and Organizational Strategic Plan Paper

Example 1: Chipotle

## TOWS Matrix

	<b>Strengths</b>	<b>Weaknesses</b>
	Company maintains ownership over all restaurants	Expanding into markets with a diversified tastes
	Extremely strong financials	Rising labor costs
	Minimal expenses accrued for marketing	Seasonality of sales
	Strong customer loyalty	
	Strong supplier relationships with organic producers	
	Commitment to providing healthy menu items	
<b>Opportunities</b>	<b>SO Strategies</b>	<b>WO Strategies</b>
Growing health trends among consumers	Maintaining healthy menu choices allows customers to be responsible when ordering	
Growth of organic food ingredients	Maintaining “Food With Integrity” mission proves a proactive movement	Foreign expansion may inhibit some use of organic ingredients
Technological advances for ordering food	Innovations such as apps and online ordering systems for ease of acquiring food	
Sustainable restaurant design is increasingly popular	Chipotle was the first chain within industry to acquire LEED permits for new restaurant designs	
Diversification of food concepts		The company is inexperienced in different food concepts and would need to develop a sound plan before starting a new concept
<b>Threats</b>	<b>ST Strategies</b>	<b>WT Strategies</b>
Rising food prices	Backward integration would alleviate rising costs	Expanding operations creates the need for more produce
Ease of entry into the market		
Impact of inclement weather and natural disasters		Varying supplier geographic areas would prevent a complete loss of supplies
Impact of economic downturn from recovering economy		
Changes in consumer tastes and preferences	Maintaining customer loyalty would maintain sales	

# **Strategic Plan for Chipotle Mexican Grill**

## **Introduction**

Since its creation in 1993, Chipotle has become somewhat of a phenomenon within the realm of the restaurant industry. It has experienced tremendous growth since the company went public in 2006. It has steadily maintained a strong buy rating by financial analysts in the stock market. Much of the success can be attributed to the ever-expanding customer base. This has all been achieved through the founder and co-CEO, Steve Ells, and his ability to continuously strive to afford customers with a great experience while enjoying great food. Chipotle's success certainly begins with upper-level management as it continues to expand operations while maintaining each restaurant offers the same experience and quality of food as the next. The company's mission, "Food With Integrity" has been used almost religiously by the chain, and it truly does strive to prepare food for customers that contains quality ingredients. Given a strong focus and dedication from the top to serving a quality product to its consumers, Chipotle has enjoyed enormous success in recent years; however, implementing innovative strategies will further allow the company to expand and further its growth.

## **Developing the Plan**

In developing the plan for future strategic objectives and initiatives, Chipotle will need to maintain existing core values as well as the expansion of current strategies. It is important for the company to identify the critical strategies and values that made the organization successful and attempt to build upon them. Although Chipotle has not traditionally communicated its values by way of mainstream media, it does adequately communicate core values pertaining to the company's triple bottom line. Such values are communicated clearly in the 2010 Annual Report to its investors:

- We focus on trying to find the highest quality ingredients we can to make great tasting food; on recruiting and retaining top performing people to ensure that the restaurant experience we provide is exceptional; on building restaurants that are operationally efficient and aesthetically pleasing; and on doing all of this with increasing awareness and respect for the environment.
- We use high-quality raw ingredients, classic cooking methods and a distinctive interior design and have friendly people to take care of each customer – features that are more frequently found in the world of fine dining.
- Our objective is to find the highest quality ingredients that we can – ingredients that are grown or raised with respect for the environment, animals and people who grow or raise the food.
- As part of our Food With Integrity philosophy, we believe that using fresh ingredients is not enough, so we spend time on farms and in the field to understand where our ingredients come from and how the animals are raised.

Chipotle's goal is to deliver the highest quality product coupled with the highest quality ingredients, all while being friendly to the environment and to the animals that it uses. This has led the company to grow and develop in tremendous ways. All of this being considered I believe that the company must continue to strive to evolve in order to remain competitive and maintain its edge over competitors. While considering such priorities, I have developed strategies that the company must pursue over the next five years. Such strategies pertain specifically to market development, market penetration, and new product development while seeking out potential new markets and even "blue oceans." These strategies will also help ease Chipotle into gaining a more visible international presents.

## **Strategic Objectives and Strategies**

**Objective I:** To increase consumer awareness with regards to the importance and benefits consuming of naturally-raised produce.

**Strategy 1:** Retain staff such as attorneys and lobbyists that would engage the Congress in support of banning the numerous chemicals used to genetically enhance animals raised on commercial farms

**Strategy 2:** Establish exams that would pop up on our website that test an individual's knowledge regarding the dangerous chemicals used by commercial farms and reward these consumers who complete the exam with a coupon for a free menu item

**Strategy 3:** Distribute informative brochures that can be placed in the bag of food purchased by customers that detail various benefits of consuming naturally-raised produce

**Objective II:** Vigorously seek out expansion into the European markets.

**Strategy 1:** European tastes do slightly vary from those within the U.S. and may require additional research that could propose slight alterations to the normal Chipotle experience

**Strategy 2:** As the European expansion evolves, it would be critical to acquire foreign talent that resides overseas and would manage foreign operations while collaborating with the main headquarters management within the U.S.

**Strategy 3:** Foreign market research would need to be conducted in order to properly advertise the "Chipotle experience" to the European consumers

**Objective III:** Continue to grow and foster new relationships with food suppliers.

**Strategy 1:** Implement an incentive program for suppliers who continuously adhere to our organization's strict standards in raising its animals naturally

**Strategy 2:** Meet with various large, commercial produce farms across the U.S. and Europe, in order to persuade them to revert to naturally raising its animals with the incentive of becoming an exclusive supplier

**Strategy 3:** Begin a backwards integration initiative, starting with the purchase of small, current suppliers

**Objective IV:** Continue incurring only minimal amounts of expenses relating to marketing and other advertising expenses.

**Strategy 1:** Three to four times a year, offer customers an opportunity to bring in friends and relatives to purchase items such as burritos for \$1

**Strategy 2:** Expand marketing operations through various social media outputs such as live gaming and various social networks

**Strategy3:** Offer cards to customers that for every ten or twenty burritos, they can get one free burrito

Example 2: Panera

TOWS Matrix

	<b>Strengths</b>	<b>Weaknesses</b>
	Strong relationship with franchisees	High dependency on US
	Strong management of Information system	Low presence in high growth markets
	Robust financial performance	Overdependence on single distributor
	Innovation in menu offerings	
	Focus on specialty bread	
<b>Opportunities</b>	<b>SO Strategies</b>	<b>WO Strategies</b>
Decline use of sodium in prepared foods	Petition other chains to join the National Salt Reduction Initiative	
Increase in healthier kids meal options in restaurants	Continue to add to kids menu so parents can bring children there and feel good about what their children are eating	
Increase in importance of farm to fork menus	Chipotle has “Food with Integrity”. Panera should look into marketing how they use all natural ingredients	
Increase in fast casual popularity		Can formulate a plan to move into high volume markets Needs to have a rollout plan of which markets they plan to enter and why
<b>Threats</b>	<b>ST Strategies</b>	<b>WT Strategies</b>
Increasing food costs	Look into if leasing a farm would lower overall food costs, can also make money by selling to other companies	Expanding into new markets will provide need for more local distributors
Rising Minimum wage		
Food safety and food-borne illness concerns		If food has to travel, it must be kept at right temperatures, in refrigerated trucks so food stays good
Increase in popularity of vegetarianism	Continue to add food to menu that can please vegetarians. By not having options for them, Panera loses out on a market.	

**Strategic Plan for Panera Bread Company**

## **Introduction**

Panera has since an increase in revenue each year in the last 10 years. They also have been growing and adding new bakery cafes both company and franchised owned, every year. Former CEO Ron Shiach, now Head Chairmen, has been with Panera for 28 and has driven them to be one of the top fast casual restaurants in American. By having a passion for artisan bread and developing a specific atmosphere, Panera provides a competitive advantage that many other chains simply cannot compete with. Although the past has been great for Panera, the right strategies in place will make the future an even brighter one.

## **Developing the Plan**

In developing the plan for the future, Panera needs to continue to operate by the values that have led them to the success they enjoy today. They cannot forget the roots of their operations and what they try to achieve as a business. Panera must remember that they provide certain competitive advantages because they follow their values when it comes to food. Some of these values are listed below and taken from the 2009 Annual Report to Stock Holders.

- Bread is our platform and the entry point to the Panera experience at our bakery-cafes. It is the symbol of Panera quality and a reminder of Panera Warmth, the totality of the experience the customer receives and can take home to share with friends and family.
- We believe our competitive strengths include more than just great food at the right price. We are committed to creating an ambiance in our bakery-cafes and a culture within Panera that is warm, inviting and embracing. We design each bakery-cafe to provide a distinctive environment
- We strive to achieve what we call Concept Essence, our blueprint for attracting and retaining our targeted customers that we believe differentiates us from our competitors

- Our goal is to be the best competitive alternative for those customers craving soup, salad, or a sandwich.

Panera's goal is to deliver a high quality product, in a high quality environment which has led them to be very successful. I believe they can do more. They are only present in 40 states and barely present at all in some of the bigger markets in the U.S. Also, they need to continue to be the healthiest option for consumers by offering low calorie and low fat meals as well as provide more food for vegetarians. Over the next five years, I will pursue the strategies of new product development, market development, and market penetration as well as continue to be on the cutting edge of the restaurant trends. I believe that Panera has a strong product, and that it can be profitable in many different markets including countries outside of the U.S. By executing these strategies, I believe Panera can achieve international success.

### **Strategic Objectives and Strategies**

**Objective 1:** Conduct ongoing research on emerging trends in the restaurant industry.

**Strategy 1:** Monitor any research or information put out by the FDA about new ingredients, unhealthy ingredients, and what people should be eating more or less of and change menu to adhere to these findings

**Strategy 2:** Survey current and potential markets and about what else they want to eat. By asking the people what they want and receiving answers, Panera can put out new menu offerings to reflect what the people want to eat.

**Strategy 3:** Hire people to research what other fast food, fast casual, and casual dining restaurants are adding to their restaurants. Even though this strategy will cause them to be not early innovators, it will still allow them to change their offerings if their other research missed future trends.

**Objective II:** Continually add and improve kid's meal so they can have options too. Add more choices for vegetarians to add them to our customers

**Strategy 1:** Find out what parents want to feed their kids when they bring them to Panera. If we can offer these foods, parents will buy our food rather than packing their own.

**Strategy 2:** Hire a vegetarian to help design more vegetarian options to put on the menu. We have a lot of ingredients that vegetarians eat already, by hiring a vegetarian as a consultant, we can figure out how best to use those current ingredients and which new ingredients need to be purchased.

**Strategy 3:** Market to kids and vegetarians. Once we have the menu offerings right for kids and vegetarians, we need to get them to come to the restaurant to try them. The new items will do no good if no one is eating them. Once we have a decent following of vegetarians, word of mouth marketing will continue to bring in more customers.

**Objective III:** Expand heavily into untapped urban markets

**Strategy 1:** New York and LA are big markets that we need to have more of a presence in. Hire actors to do commercial spots for our restaurant in order to reach people in the film, design, and photography business

**Strategy 2:** Hold grand opening party for celebrities only at new Panera restaurants in LA and New York. By showing them that this is good food for them that they will like, they will not have to think twice about deciding to eat at Panera.

**Strategy 3:** Tailor menu slightly to reflect the most dominant flavors of the specific region. Having regional favorites will draw customers in because they want to try our version of their favorite dish. Once they have come in, they will like the regional dish and then move on to try other regular dishes.

## **Objective IV: Expand into Europe**

**Strategy 1:** Research the European markets and narrow down the best areas to start in and choose a place to build a fresh dough factory

**Strategy 2:** Find out what are the most important factors customers in these regions look for in a restaurant. We might have to slightly change the way we look in order to reach a foreign consumer

**Strategy 3:** Research what menu items are most ordered by customers of that region and make sure the first menu has several of these items

**Strategy 4:** Don't be afraid to change concept a little bit. While expanding into a foreign country, the concept that worked in the U.S. does not always work overseas. While we want to deliver the real Panera to these countries, we must not forget that some tastes might be different. On the same note, we must stay true to who we are as a company in order to succeed.

## **Conclusion**

In conclusion, Panera needs to continue to be a leader in the restaurant trends and not be shy to add new items to their menu. They must also work on capturing the vegetarian market by offering several delicious items for vegetarians. Furthermore, Panera has the resources to expand into the bigger markets in the United States as well as overseas. Eventually, Panera will not be able to grow anymore in the United States so they must start the process of looking into foreign countries. As long as Panera follows their two most predominate values of quality bread and ingredients, as well as providing a great ambiance and atmosphere, they should always be a successful company.