Chick-fil-A (CFA) is fast food restaurant, founded by Samuel Truett Cathy, specialized in serving chicken. Originally, Cathy licensed his Chick-fil-A sandwich to other restaurants, but this became a major concern as quality drastically declined. In 1967, Cathy opened his first CFA restaurant in order to control quality of his product. Today, the privately-held family business has over 1,900 stores in 42 states with annual sales of approximately $6 billion (Chick-fil-a.com). In view that today CFA has become one of the leading fast food restaurants, surpassing many of its competitors, we must take closer look into CFA's strategy and why it has been so successful. This analysis will decompose CFA's strategy in terms of Hambrick and Fredrickson's five elements of strategy, explain the strategic issues facing the company, and provide various recommendations for the company to deal with these issues.

CFA's strategy is," to glorify God by being a faithful steward of all that is entrusted to us and to have a positive influence on all who come in contact with Chick-Fil-A, and to be America's best quick-serve restaurant" (Hitt, Ireland, & Hoskisson 76). CFA's focus is not only the quality of the food, but also the quality of the people who operate its restaurants. CFA has been able to build customer loyalty with the belief that," the friendliness of employees and the quality of the food served [people] would become customers for life" (Hitt, Ireland, & Hoskisson 76). To ensure high quality of service, CFA has strict requirements for its franchisees. CFA prefers franchisees who are married, able to work full time at their franchise, and gives as much attention to this business relationship as they would a personal relationship. With strong commitment from operators and customers, CFA has been able to remain a strong competitor despite their small advertising budget and only operating 6 days a week. CFA's adverting budget is a mere $27 million, compared to McDonald's advertising budget of $1 billion; CFA has been able to generate $3 million in profits per restaurant compared to McDonald's average of

$2.3 million (Hitt, Ireland, & Hoskisson 78). CFA's runs a humorous marketing campaign of Holstein cow's encouraging people to "Eat Mor Chikin," along with in-store and online promotions. Another highly successful marketing tactic includes CFA's Cow Appreciation Day, where customers who visit a CFA location dressed as a cow receive a free meal, and get their picture taken to be posted on the company's website.

Decomposing CFA's strategy in terms of the five elements of strategy, we will take a closer look into the arena where they have been active, the vehicle for how they've gotten there, the differentiators for how they have been winning, the staging for what has been their timing, and the economic logic for how they've been obtaining returns. The arena CFA is active in is fast food services specializing in high quality antibiotic free chicken. CFA restaurants use to be located primarily in southeastern U.S., but has slowly expanded 50 restaurants to the west coast, along with a handful of restaurants in Mexico, Puerto Rico, and Canada. CFA targets all market segments, although their main customer base is college educated women aged 25-44 years old. The vehicle for how they've gotten there has been through franchising. The differentiators for how they've consistently been winning is the quality of the product and their superior service. CFA also provides antibiotic free chicken, available both fried or grilled, made fresh upon order. Additionally, CFA provides a variety of healthy options including grilled chicken wraps, salads, fruit cups, and Greek yogurt. They prize themselves on superior customer service, and a clean environment. Focusing on a premier environment, CFA has updated over 900 stores to improve efficiency and support environmental sustainability through recycling. The staging for what has been their timing, they have slowly expanded, opening 70 restaurants or less per year, and have shown very little interest in further expanding internationally. This being attributed to a strong commitment to the quality of their product, CFA would rather "have 70 restaurants operation efficiently and professionally than 500 restaurants where half are run well and the other half not" (Hitt, Ireland, & Hoskisson 81). The economic logic for how they've been obtaining their return has been that CFA is able to charge higher prices than their competitors due to their higher quality chicken, and the quality of service.

One of the biggest strategic issues CFA has faced is the negative response the Lesbian, Gay, Bisexual, and Transgender (LGBT) community has towards the company's core values. CFA is known for their conservative Christian values, and are generous donators to organizations with shared beliefs of the traditional family structure. This sparked controversy in the LGBT community who began protesting and boycotting the restaurant. The company's Chief Operating Officer, Dan Cathy, argued that the company is "not anti-anybody" (Hitt, Ireland, & Hoskisson 82). Despite the controversy, Dan Cathy states the company will persist in its traditional family mind frame. Some cities including Boston and Chicago were unsupportive of CFA's views, and in Chicago, the mayor blocked construction of CFA restaurants. Another strategic issue is the conservatism of the company's expansion. The company opens 70 restaurants or fewer per year, partly due to senior management wanting to ensure superior quality of product, service, and efficiency with which each restaurant is run. Additionally, CFA is opposed to taking on debt to finance expansion. Instead, the company profits are reinvested and used towards expansion. This is a concern as the company's conservatism towards expansion may cause them to pass up on profits.

In response to the recent controversy CFA experienced with the LGBT community, and to prevent future occurrences with other communities, it is recommended that CFA's senior management tie less of its business practices on religion. Although this may be a core value of the company, and the reason many customers support and are loyal to this brand, CFA also needs to be sensitive to all other religions and communities who don't share the same values. The company doesn't want to be characterized as a discriminatory group. Also, in broadening their customer base, the company would be able to achieve even higher profits. In response to the company's conservatism towards expansion, the company should consider expanding its horizons even further in the U.S. Currently, CFA is operating primarily in the southeast, with a few restaurants in the Midwest and California. It is recommended that the company take a risk and take on some financing to further expand. Shifting their focus on expanding not just in the southeast and Midwest, but instead to major cities around the entire U.S., this plan could drastically improve profits. This way, people in other cities would be exposed to the brand, and with their superb quality of product and service, they could expand their loyal customer base even further, generating greater profit than ever before. Eventually, this could lead to even more CFA's opening throughout the entire nation.

Works Cited

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