DISCUSSION QUESTIONS

1. Describe Chesapeake’s businesses. Does their new focus make sense?
2. What are the features that make the oil and gas industry attractive for investment? What makes it unattractive?
3. How hard would it be to enter the oil and gas industry? What are the barriers to new entrants?
4. Does Chesapeake seem to possess any unique and hard-to-imitate resources or capabilities that give the company a sustainable competitive advantage over its major competitors? If not, what might they do to develop such resources or capabilities?
5. What are the most important factors in the external environment that are important to Chesapeake’s business? How can the company effectively deal with each of these factors?
6. Was it ethical for Chesapeake to allow its CEO to claim a stake in every well that was drilled? Why do you suppose he got such a contract in the first place? Would you consider McClendon dishonest or unethical to take advantage of his contract? If so, why? If not, then why did he step down?
7. The board and top management shakeup at Chesapeake hurt the company’s reputation. Now there are a lot of new faces in these positions. How can a humiliated company like Chesapeake restore the confidence of its shareholders and the financial community?
8. Should Chesapeake’s managers try to mitigate risks or is it in the interests of the shareholders for them to simply deal with changes as they come? What could Chesapeake do to mitigate its risks in this highly volatile industry?
9. Should Chesapeake invest in solar energy technology? Why or why not?
10. Would you invest in Chesapeake in 2013? Why or why not?