

Chipotle proves fast food can be sustainable

By Joel Stein, Time

I would not be hired by Chipotle because I'm not happy enough. This information was delivered to me – gently and kindly – by Joe Miranda, the chipper, plump, patient manager at the Los Angeles branch where I had spent the morning grilling pasture-raised steaks, peeling locally grown avocados and dicing antibiotic-free chicken.

The rapidly growing restaurant chain has 13 official characteristics every employee must have, and four of them basically mean happy. But if Miranda thinks I'm not qualified to make burritos because of insufficient cheeriness, then there is no way Steve Ells, the founder and a co-CEO of the company, could get a job at Chipotle either.

Sitting at the unfinished-wood conference table at Chipotle's small, sparse, exposed-brick offices in New York City, Ells at 46 is skinny, fashionable, passionate, exacting, candid, digression-proof, smile-free and unwilling to suffer even fools who are writing a long profile about him. The reason his employee-incentive program works, Ells explains, is that it makes happy people pleasers behave more like him. Miranda is one of about 300 restaurateurs—promoted from Chipotle's 1,300-plus managers – who get stock options, a company car and, most important, \$10,000 for each employee they develop into a general manager. The program has spiked profits at the restaurateurs' branches.

“That's because restaurateurs started firing their low performers,” Ells brags. “And their mediocre performers. What fast-food place ever lets go of mediocre performers?” Seriously, Ells could never land a Chipotle lettuce-dicing

gig.

Ells, however, is amazing at inspiring these shiny, happy people he has so little in common with. That's because he does not believe he is selling burritos, and his employees are eager to believe that too. Instead, they believe they are saving the world. Saving us from food without taste. Saving us from obesity. Saving us from chemicals. Saving us from ecological disaster. Saving us from torture of animals. Saving us from blandness. Saving us from unhappiness.

These are things people are willing to pay for. Chipotle has nearly doubled its number of U.S. restaurants since 2006 and tripled its revenue to \$2.3 billion last year. There are now some 1,250 locations serving about 800,000 people a day in the U.S., the U.K., Canada and France. Its revenue grew 23.7 percent in 2011; its stock rose nearly 20 percent in the past year and 800 percent since it went public six years ago. Because the average tab at Chipotle is larger than at a typical fast-food place—\$9 in 2011, or nearly double the average tab at McDonald's—Chipotle's restaurant-level margins, at about 26 percent, are among the highest in the industry, despite its spending more on food than its competitors do.

Ells has created a new category of restaurants designed to bring elevated food to the masses, a strategy that has been copied by Five Guys burgers and fries, Chop't salads and Taco Bell's new, suspiciously Chipotle-like Cantina Bell menu, which is supervised and marketed by Lorena Garcia, a chef who appeared each week alongside Ells last year as a judge on NBC's America's Next Great Restaurant.

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