Deber- Brandspodcast

Transcript - Episode 05

Interview with William Espey, Brand Voice Lead, Chipotle Mexican Grill

I'm particularly delighted to welcome **William Espey (WE)**, the 'Brand Voice Lead' at Chipotle Mexican Grill - that sounds very intriguing and we'll talk about that. He's been involved with Chipotle for the past fifteen plus years, particularly with their design and their voice, and the tonality of that voice which is fantastic, at least as far as business results would tell because, I think, Chipotle has been growing in the high double digits for the last twenty odd years or so.

JP: Thanks a lot William for being on the show.

WE: Thank you for having me, I appreciate it.

[01:04 - pls always add 45sec. to adjust time stamp accuracy]

JP: I know it's a very busy time in many, many respects right now at Chipotle, so I appreciate it even more. Now, brand voice lead is an unusual title. Can you explain a little bit about the background of this, your history with Chipotle and maybe how it mixes with Chipotle' history overall.

WE: It's an unusual position and it's everything about here has been rather unusual. I started at Chipotle over sixteen years ago, and when I started we only had twenty locations at the time and now we have over two thousand.

I had no background in marketing whatsoever. I just kind of stumbled into this, I have been living in Europe and painting. I came out of fine art and really didn't know what to do with my life. Family, friends just sort of looked into advertising and ended up landing in a very small agency back here in Denver, where I grew up. From there I met a freelancer who became the first director of marketing at Chipotle and I gave him a call when I heard he was here. He was like "Dude, you want in?" and I was like "Sure, why not?"

So I was the first hire in the department and there really wasn't anything here, in terms of structure. There came the opportunity that something had to be written and so, I wrote this thing and he was like "Oh, that's easy!", because already the established voice that had been created for Chipotle was very close in line to who I was as a person and how I communicate. I'm very reverent,

snarky and I try to be intelligent with what I say. But all these things were just a very natural fit for me.

JP: So, you were writing this ad, and it came quite naturally...

WE: Yes, that was the moment of "Oh, I can do this!", and so, I started producing stuff primarily for a local store marketing team. The main core of our early marketing was all word-of-mouth, and so we had people in each of our markets as we grew, connecting the restaurants to the communities around them, either with employers, schools or community groups. And then I was producing all the collateral that was connecting our restaurants to those groups, using the specific languages of the groups in order to create something relevant to them in terms of language, but also connecting them to the message that we had. So, there was always this playful use of words and this thing just started snowballing. For a period of about ten years, I was the sole internal creative.

Now, you give me credit for Design but I really don't see myself as a designer, especially in those early years when our design was so incredibly simple where you had those white spaces with the floating burrito and the headline. For me design was pretty much relegated to simply making that headline look balanced. And then I was also ragging my headline. So, how it was flowing and made sense to me. That was the extent of design, really it was about just the writing. It wasn't scientific at all, it was just me doing what we thought was funny and it was really kind of nirvanic experience as a creative, because I was both creative and a client.

So, I just did whatever I wanted and it was tremendously fun. And occasionally I would offend people because you don't know where the edge is until you cross over it and then you can say, "Oh, now I know", because if you don't know where the edge is you're not relevant. So, that was part of the processes.

[04:38]

JP: Now you bring up a lot of points that we find being common among Ueber-Brands, one is *approaching communication and advertising in a very non-traditional way, we call it 'Un-Selling'*. And your advertising, like you say, is extremely simple and it seems to be, from the beginning, on the billboards and the gift cards. *And the other thing is that it's a very personal voice*.

WE: The phrase that I coined around this was 'The genius of naïveté' and it was the genius of the fact that we just didn't know what we were supposed to do. Again like I said I didn't come from a background of marketing, so it was simply trying to engage with the audience, whatever audience that may be, based on their truths, and based on what's important to them. A big part of what I believe in is empathy, having empathy for your audience, understanding who they are, both intellectually and emotionally, and then speaking to them in their language.

[05:40]

JP: Definitely you have a love for conversation and language, it sounds like...So I guess that's how, ... poems and essays being printed on Chipotle bags, that all made sense because it continues the tradition and integrates into the packaging of your life. Is that right?

WE: I totally agree and that too was the opportunity to do something completely unexpected in context of fast food. That idea came to us from Jonathan Safran Foer, he was the one who was sitting in one of our restaurants and said, "Hey, I'm sitting here. Wouldn't it be nice to be reading something?" So, he approached Steve and pitched the idea and Steve's like, "Yeah that sounds awesome".

JP Commentary: I just want to quickly interject that we're talking about Steve Ells who found Chipotle in 1993.

[06:33]

WE: It fits totally in line with what we've been doing over the years which I call the democratization of fine dining. Steve was a classically trained chef that tried to make burritos using classic cooking techniques and offering that at a price that was just unheard of for the quality of food, so that's the democratization of this culinary process. But then, creating a space architecturally that was the democratization of a design which you just couldn't expect for a price of \$6.

So, here we are offering a \$6 experience that was so far above in terms of the quality of the food, the atmospheric that we're creating with handpicked music, I was a part of that process as well early on. We're trying to create this thing that was almost overwhelming in terms of the quality and the experience. So, the 'CUTS' that we've done recently, the CUltivating Thought

Series, that falls in line historically with what we've tried to create in the restaurants just because we love the experience as well. This has been a kind of personal expression of the people who have been involved with the brand very early on. This wasn't a thing as a strategic moment, like twenty years ago people where people are sitting around the conference table saying "Okay, we're going to be like this". It was just an actual genuine expression of the people who are involved with it, just wanting to share the things that we thought was cool and the things that we loved.

[08:10]

JP: Now, this mission of 'Democratization of Great Foods', as you call it, seems to have evolved over time and have gotten an edge. You are playing the role of 'David versus Goliath' and the Goliath here is obviously the industrial big foods, gene manipulated foods and others. I just discovered this comedy series that you had called 'Farmed and Dangerous', which has exploding cows and all kinds of things in it...explain that.

WE: We call that our 'Food with Integrity' mission and just like everything with Chipotle, it's kind of happened by accident. Steve started the very first restaurant in 1993 with no intention of creating a chain of restaurants. He was just going to open one and that was it. And then, he accidentally ended up creating a chain that kind of revolutionised fast food because it wasn't designed to be fast food from the beginning.

And the in 1998 he read an article Ed Bera's 'Art of Eating' about these pork farmers in the middle of Iowa who are raising their pigs naturally. They are rotating their crops, alternating the crops with the pigs every other season and they were naturally fertilizing the soil and getting nitrogen in there and breaking it up and they would raise flakes or corn. So, he decided to go and check this out. At that point, Niman Ranch was very well known on either coast, you may go to New York or San Francisco and that's what you'd be eating in a fine dining establishment. Steve went and checked it out and was blown away by how beautiful this experience was or how good the meat was. And so not knowing, he wanted to see one of his current suppliers. So, he arranged with our pork supplier and went and saw a normal, conventional pork farm, and he was horrified at what he saw in terms of how the pigs were being treated, what they were being fed, the filth and the stench.

And his immediate response was, we're going to stop this right now, and he was able to work with 9 meter ranch to better utilize the carcass of the pigs. So, most of the nice cuts were going to the nice restaurants but the rest of the carcass was being sold at commodity prices, because no one else was buying. So, these farmers were putting extra effort into creating meant, but unfortunately, they weren't able to sell it at a premium. But we went in and said, "Okay, we want all your pork shoulders" and we needed our pork recipe for the carnitas using the pork shoulders and were able to create economies for these farmers that didn't exist before.

When we started working with nine-meter ranch, there were approximately thirty farmers in their network. We created enough demand every time we opened another restaurant that they could bring another family farm into their network. I think, currently, they have between five to six hundred farmers, because we have so much demand for their meat.

[11:14]

JP: But, those carnitas got you into supply chain trouble... I have read a couple of times those almost cute photo-copied notes saying "No carnitas today because we cannot get enough responsibly raised pork" In my mind, this actually has a positive brand-building and brand authenticity effect. In fact, if a business is willing to not serve something- not because it's not available at all but because its level of quality isn't available - that's a good signal. How does Chipotle management look at that?

WE: There was much weeping and gnashing of teeth, when we got to that point. We found out that one of the suppliers wasn't raising their pigs according to our humane raise standards, everything else was correct, in terms of diet, no hormones, etc.. But the pigs were not being treated humanely, and there was just absolutely no way we can stand for that, especially because the sort of establishing moment for us was pork. The differences in chicken and beef are purely 'chemical', it's very little about how they are handled, except for the chicken to some degree. But for pork it's a stark contrast and there was no way we could live with ourselves getting conventionally raised pork. It was just a matter of necessity, and so we decided that we're just not going to do it.

JP Commentary: Just to point out how passionately Chipotle defended this icon of theirs, which is the Carnita Burrito. It is not only their icon in terms of product but also in terms of bringing their mission to life.

WE: We were very concerned but the reaction was amazing from the public. We were like "Wow, that was a beautiful surprise", because people were very impressed with our stand and our unwillingness to compromise on that.

JP: That almost answers the question I had ...usually people challenge me and say, "Well it's all nice for these brands to have such high standards and this mission but the average 'Joe' in the street, who streams into these restaurants or buys these products, they don't know about it."

WE: We have studied this a lot and people are very aware of what we're doing. And some people are on board with us because that's an important thing for them and they seek us out, but I wouldn't say the majority do, for the majority it's about great tasting food. And I think for a majority of people in general, as a restaurant company, you have to realise that on a basic instinctual level a person just wants to be fed delicious wholesome food and that's what they desire. And I think, that's what we're providing after all going to this idea of 'Truth' and it's about tasting great, that's the common denominator that pulls everything together ... and if you would layer on top of that other conversations - maybe about culinary preparation or sourcing or other things - people come along with you, and either consciously or unconsciously become aware of important things and hopefully they become important to them.

[14:29]

JP: And you used the word 'Truth' a lot, which is interesting and rare and we use it in our book when we talk about 'Living the Dream' and brand authenticity.

... I also wanted to look at your traditional advertising, your communication. It seems to be split, where on the one hand you've these very simple visuals with focus on the Burrito as the icon – they literally levitate it up there and give it a saint's halo. And then, on the other hand, you have these - mostly digitally based – critiques ... you have the scarecrow film that talks about sustainable farming and food versus the industrial complex, you have this comedy series... is that a very conscious communication strategy you're pursuing there? Did I get it about right?

WE: Yes, definitely. The realisation we had was you cannot talk about food with integrity in traditional advertising on an outdoor board. Someone is driving at 65 miles/hr and you can put up 5 words up there that he can read, so

what can you say in that context is very little. It has to be equivalent to a pick up line in a bar. In order to have a deeper conversation about food with integrity we again came to the realisation that we needed to create deeper content and do storytelling. So, it started with 'back to the start' which was an allegory about pig farmer going from traditional to industrial back to traditional again. And after we did that piece, and it was so successful, we realised "Oh, this is the way we need to do this". And by telling the story and doing it in a very truthful and transparent way, so people can see what we're talking about and what we're up against out there, because the machine, as it is, industrial agriculture and industry, in general, they've got a lot of money pouring in to make people buy whatever they are selling. So, the truth is very diluted or hidden, so we've realised the best way to serve the truth is in an entertaining way. Hence, looking back to the scarecrow or the farm endangered and you're taking real truth, and presenting it in a fun, engaging and entertaining way like a spoonful of sugar helps the medicine go down and people engage with it and they learn, because they are entertained in the process.

And what we've come to understand is that the more than people know about the industry as a whole, the more that people know about food and about what we're doing they are likely to become our customers. So all we have to do was educate the world about what we're doing. If you look at those pieces like farm in dangers, Chipotle has never mentioned all the actions as joke. We didn't put the logo in there at all. The term I coined while we were developing these things was 'It is not brand integration, it is not product integration, but it is values integration'. We're integrating our values into those content in order to connect with the audience on an emotional level, bring them along with us as we teach them about what's going on with us and connect with them in a way that they want to connect with us.

[17:43]

JP: I guess the proof of the pudding that that "goes deeper" is that even though you're irreverent and cheeky in delivering your messages, you also seem to make quite serious enemies. There is, for example, the 'Centre For Consumer Freedom' and they have serious attack ads [against you]... it almost seems like a political campaign. So, I guess, that makes you a player way beyond providing food, a player in the cultural and ethical sphere, maybe even in politics. Is there a mythical element to Chipotle's? Is it the "Fighter for Better Food"?

WE: I don't think we're taking a position as a 'Fighter', we are just determined to do the right thing. Period. Honestly, it would make more economic sense for us to buy conventionally raised meats. In reality, we stand for this thing because we think it is the right thing to do. The fact that it was becoming politicized wasn't our desire, it wasn't our desire to make it a political issue, and it wasn't our desire to get pulled into this dialogue in that way. But stand what we stand for and we're not going to back down.

So, that makes it political because other people are willing to politicise that or make it an issue or make it turn into a conflict like this centre for consumer freedom and if you dig in to those people there's some much dirty blood on their hands, it's unbelievable. We're simply going to say that it is about standing for the truth. It's being truthful, honest and transparent, and if someone else wants to politicize it, Fine! But if you're standing in the truth you can stand confidently and say whatever you need to say and need not worry about what you're saying or how you're saying it.

[19:36]

JP Commentary: I guess you can feel the passion here in William's voice and the use of the word truth. In our book and in our research of Ueber-Brands, we find this very strong desire by many consumers, what they think of as the truth and, living and manifesting that truth, being a strong driver for ueberbrand trial and loyalty.

JP: Now, there's one thing that I'm sure, which the listeners want us to talk about is you have not only run into this episode of supply chain trouble with the pork but also recently into some food scares like salmonella in Minnesota or E. Coli in Oregon. Some people are sarcastically saying that in the end Chipotle goes the same way as all the others, they grow so fast, they have so many restaurants, they need to process so much food, and of course they're now ramming into the same food safety issues as everyone else. What is Chipotle's reaction to all of this? How are you dealing with all this?

WE: This is tremendously unfortunate, we just feel awful for the people that have been affected by this. But then as we look in terms of what we are doing and how we are doing it, we determined not to take the tag of the industrial food companies because how they are preventing this kind of thing. There's bleach in their food and if you watch the list of the chemicals that these companies are using on their food which in turn is going to people's

bodies...that is not the position we want to be a part of. So, I don't think we're taking the way of industrial food, in that sense. But *the solutions that we're coming up with, in order to ensure that this never happens again, is: 'How do you work with fresh ingredients without additives, preservatives and bleaches and be able to make it the safest food possible'.*

We did an open letter from Steve and put it in 64 different publications in order to be completely transparent about what had happened, what we are doing about it and what the future holds.

[22:02]

JP: So transparency and trying to figure how to approach food your way in a safe way is your reaction?

WE: Yes. *Transparency is key*. You built a relationship with the public that is based on the idea of truth, speaking truth, and when something like this happens the best way to deal with it is being absolutely transparent.

I was talking to a group about this, a couple of days ago and I said this was akin to messing up with your girlfriend. The first thing you got to do is apologise profusely, you take responsibility, and you really own it. And then, you need to look at how you connected with that audience in the first place meaning how she fell in love with me in the beginning to have her fall in love with me again. So, that's how as a brand in a crisis like this we need to look at this as be transparent, take ownership of what happened and then how do we fall in love again.

And that's a big part of why it has been so dramatic, in terms of the media and people's reactions, because there was so much connection, so much love with our customers that they feel hurt.

JP: That's what we call 'seducing rather than selling', but obviously the fall can be even harder when you're at that level in the relationship. Now, it gets harder though, doesn't it? You started when Chipotle had only 20 restaurants, and now it has 2000, it's growing at incredible speed. How does Chipotle look at the future? Is it just building one restaurant after the other to push out burritos... what's the vision there?

WE: It's not just to push out the burritos. Of course, we [the restaurants] are all corporate-owed. There's no franchise involved or anything. It's about doing what we know we can do based on a sustainable rate. And what the market

will allow in terms of demand, and we found demand was there and we're opening a new restaurant every other week, and they're doing just fine.

Where that growth goes to? Well, we're not pointing at a number in future and saying we're aiming eight thousand, we're going to aim for what naturally is. Again, this is kind of based on the psychology of how the restaurant was founded. Steve had no intention of making more than one restaurant, and the next units that he ended up opening were based on the demand that were there, the natural flow of expansion. Now, we've expanded into Europe and UK, we're in Germany and France. We're very slowly letting that develop and grow on its own pace, we're not pushing it at all.

[24:58]

JP: I want to switch gears and talk about the design of the stores because I think it is quite exceptional in terms of integrity, not only it's the advertising, the cards the billboards but also the restaurant themselves. How does the setup have such a consistent execution?

WE: The architecture and design of the restaurant has been a priority, from the very beginning. And again this came out of a happy accident. When Steve opened the first restaurant in Denver he had very little money to work with, so he got creative with a school friend of his, Bruce Goosewell, who was a sculptor and artist. And they used very simple materials in order to create the very first restaurant, corrugated steel and plywood and bare bulb fixtures and did it in a very clever and beautiful way to make it work but be very inexpensive. What he ended up creating was sort of this industrial chic look.

From the very beginning we had a design director who was working with every single restaurant we are opening for design for that space. You go into multiple Chipotles and you'll see they're all designed differently but they're using the same ingredients over and over again, but they're using the natural form of each space in order to make it work best for where it is.

Now, coincidentally or not, our current CMO, actually he doesn't want to be called a CMO, he is the 'Creative Officer', Mark Crumpaker is also our chief development officer. So, he's been overseeing the development team for at least two or three years now. He's intimately involved in the architecture and the planning and the development of the restaurant as well, and he's a designer by profession. He has done tremendously successful designing before coming to Chipotle's and he was a long-time friend of Steve's from way back.

Actually, he designed the very first Chipotle logo. So, he comes at design with his aesthetic idea of what it is and how it works, and that's bake into our DNAs. There's no conflict between the operator and the designer, it is all one thing and we're all part of the same mission and we all understand the importance of that. So we're all brought in to this vision, this idea.

[27:18]

JP: And Steve's role within the organization: Is it more towards design, creation and product development or is it more towards business, operations and financials?

WE: Steve is primarily in the realm of food. He's a classically trained chef. We weren't started by a banker, we were actually started by someone who lives in the culinary world. That's where his focus is, it is on the food. But we have a cool CEO Steve, and then we have Marty Moran who is the Co-CEO, another old friend of Steve's and he was our counsel for many years. He oversees the operations in the restaurants but most importantly he had this revelation when he came on board that we were busy hiring our middle managements for operations from outside the company trying to get other people's experience who had been in other fast food chains and all, and he realised that it was completely broken and toxic. Because we're bringing people who are bringing in habits from other places that were broken and he realised that the people who had the real experience of what was going on, the ones who had institutional knowledge were the ones on the Tortilla press, they were the people on the line who understood how the restaurant worked. And he turned everything on its head and we started hiring everyone at crew with the expectation that they will be running the restaurant, if not multiple restaurants.

So, we've created a culture of empowerment and cooperation that is just absolutely unprecedented in the fast food world. Our expectation is that we will grow these people and have them running the restaurants and be our future leaders as opposed to the other fast food restaurants where the expectation is every single person will be gone in the next three months. Because some place like McDonald's or Burger King have a three to four hundred percent turnover rate and we're totally against that.

[29:20]

JP: We find again this notion of more 'Artist' oriented and 'Operator' oriented leaders working together in this case [as we do find frequently in our case studies], knowing each other for a while and of people being attracted. I heard that people come to you rather than you needing to spend a lot of effort, and as you say your turnover is lower. It also seems that now that the economy is back, at least back more than it was, and you're not the stand out in terms of growing while there's a crisis around you, isn't hiring getting more difficult? I heard you had this one day binge hiring, for example. I heard that you voluntarily offer a higher minimum wage. Is that a sign that the love only go so far ...

WE: We need to attract good people. So, we're talking about the base level of the economy. It's an absolute competition in that level, it's not about higher concepts but about 'Can I pay my bills?' and 'I need a Job'. But just bringing it up a notch is allowing us to draw people that we can filter through and then get the right people too. We interview a ton of people that we don't hire because we are very picky, our mission is that every single hire is ultimately going to be a manager. And every person coming at the restaurant, they're getting interviewed by the entire crew and not just the manager. The entire crew is interviewing this person because they know as a team that's how they're going to get forward and they need to bring a team member that they can all believe in and not just someone the manager picked up from the street because they needed a warm body to push a button on a microwave, cause that's not how we do it.

[31:11]

JP: That makes total sense. Do you think that beyond the aspect of money and career development, your passion for food, your almost missionary push for food integrity also has an impact at that level, when you hire people at the lowest level of the organization? Or does that become relevant later only in the headquarters?

WE: I think they grow into that. I don't think on that level people can afford to think about that. I think about my life and I have been a vegetarian for twenty years and I remember that I started becoming a vegetarian when I could afford it. And then in the corporate level, they ask you questions from earlier, and I think yes, a lot of people who get involved have a greater awareness of the food system.

Now, I was speaking to an orientation group [the day before] and I was mentioning about the mission and I mentioned the fact that I was a vegetarian based on a moral principle. There was a guy in the back waving his hand in the air because he could relate to that and he clearly wanted to be a part of this because of the mission, because that's a powerful thing to have a job where you're doing something which is actually greater than yourself. And in the non-profit world that's very typical, I would imagine, but in the profit world that doesn't happen very often. Usually, it's about money.

What my efforts are doing is making it better for animals over all, the humane treatment of animals than I can ever hope to do by protesting on a street corner. So, I'm fully committed to this mission, I'm very passionate about it. And having been here sixteen years I can't imagine myself anyplace else because I can't just simply believe in any other thing.

[33:07]

JP: And I can certainly feel the passion. William thanks so much for sharing that passion, those insides, your wisdom and the Chipotle story. I think it has been fantastic.

WE: Thank you for giving me the opportunity here. So, it is always sort of good to talk about this stuff holistically. I really appreciate your questions and enjoyed talking about it.

JP: I guess it's good to like to talk if you're the brand voice lead, isn't it?

WE: Laughs out loud... Yes, I guess it is. It better be.

JP: If readers (listeners) want to get touch with you, where should they turn to?

WE: I speak publicly a lot, and so there are a lot of opportunities for people to connect with me. I actually can be <u>reached through LinkedIn</u>.



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