There's a crisis at Chipotle

Food poisonings and other challenges are threatening the darling of fast food's reputation

Washington Post December 9, 2015

Chipotle became the darling of the fast-food world by attracting millennials, blue-collar workers and even whole families with its promise of high-quality, sustainably sourced Mexican-inspired cuisine. But a series of food poisonings and other challenges are threatening its reputation and underscoring the difficulty of meeting the needs of a generation of diners who increasingly demand inexpensive food that is safe, natural and nutritious.

The latest crisis began last month when Chipotle closed 43 restaurants in Washington state and Oregon after health authorities linked an E. coli outbreak to six restaurants in the region. Illnesses contracted at Chipotles have since been reported in seven more states, including Illinois, Pennsylvania and Maryland.

Then this week, at least 80 students at Boston College fell ill after eating at a Chipotle, leading the company to close another restaurant. Boston health officials said the cause was norovirus, a common virus, while citing the restaurant for two health violations: improper handling of poultry and the presence of a sick employee.

After years of strong growth and accolades, Chipotle suddenly is facing the same critical challenge brand names such as Costco and Blue Bell ice cream confronted when serious questions were raised about the quality or safety of one of their products. About a decade ago, Taco Bell's business shrank for more than a year after an E. coli outbreak, even though it rapidly fixed the problem.

In each case, the company recovered, but customers have begun demanding better-quality food without being willing to pay much more for it. That means the pressures on companies to achieve both affordability and quality are greater than ever.

Chipotle's reputation is perhaps more at risk than most in the fast-food industry because the chain has promised that it adheres to more-rigorous standards for procuring and serving its food. Now, industry experts warn it could face a permanent red mark even if the latest spate of setbacks proves temporary.

"The real red flags are repetitive failures," said Arun Lakshmanan, a marketing professor at the University at Buffalo's School of Management. "When there is repetition, that's what really damages credibility. It's a risky position for Chipotle to be in now."
In response to one of its biggest health and public relations challenges in its 22 year history, Chipotle has pledged to sanitize its operations, hired food safety consultants and announced that it would introduce more-stringent testing of its ingredients. Company executives and health officials say they may never know what caused the outbreak, since any contaminated ingredients would now be long gone. Chipotle has about 2,000 locations.

A pedestrian walks past a closed Chipotle restaurant in Seattle. (Elaine Thompson/AP)

"If there is a silver lining with an incident like this and not knowing for sure what the cause is, it's that it has prompted us to fully reassess our food handling practices, from the farms that produce our food to the restaurants where we serve our customers," said Chris Arnold, the company's director of communications.

On Thursday, Steve Ells, the company's co-chief executive officer, apologized to customers on on NBC's "Today" show, calling the outbreak "a very unfortunate incident" and saying that he is "deeply sorry." He also promised that Chipotle would be a leader in food safety from here on out. "The procedures we're putting in place today are so above industry norms that we are going to be the safest place to eat," he said.

Chipotle, which has publicly reported strong revenue growth for almost a decade, warned recently that it expects significant declines at its flagship stores as a result of the scare. Its stock price, meanwhile, has fallen by nearly 30 percent since the outbreak was first detected.

Even Chipotle restaurants that weren't implicated in the outbreak seemed to be facing a fallout Wednesday. Patrons in the D.C. area, accustomed to lengthy queues at lunch hour, were surprised to find little to no line.

"I can't believe there are actually people in there eating," said Chad Molloy, 29, as he walked past an M Street NW location in the District on his way to District Taco. "There is no way we're even considering going in there today. It's company wide, all over the country, which means it's a problem."

But others said the company's progressive reputation offset any worry about food illness.

"There is more of a chance that I would get sick eating a cheeseburger from a fast-food joint, because they have sick workers coming in and potentially touching the food," said Tim Tagaris, a partner at Revolution Messaging, a digital agency that does work for the Bernie Sanders campaign, as he had a burrito for lunch.

Most E. coli bacteria are harmless. But certain kinds can cause a range of symptoms, including stomach pain, diarrhea, fever and vomiting. E. coli is rarely fatal: For healthy adults, the recovery time is roughly a week. Noroviruses, meanwhile, are a group of viruses that cause what is often called food poisoning or the stomach flu. They are highly contagious.

Chipotle's pledge of higher-quality food is prominent on its website, where it trumpets the core mission of "food with integrity" and emphasizes a respect for animals, farmers, customers and
the environment. The company has worked to make good on that promise by seeking out ways to cut its carbon footprint, carefully choose its farmers, source its ingredients locally where it can, and work with farmers known for humane animal practices.

But as the company has grown, it's faced limitations.

In 2013, it began serving "conventionally raised beef" after it became clear that there was no longer enough antibiotic- and hormone-free beef to meet demand. Then this year, it pulled pork from the menus at roughly a third of its restaurants after one of its suppliers violated its standards.

Chipotle anticipated only a brief interruption, but it took more than half a year, a foreign company and two of its most disappointing quarters on record to put carnitas back on the menu.

"They're trying to be local and serve food with integrity, but as you grow it becomes incredibly complex and difficult and challenging," said Darren Tristano, president of industry research firm Technomic. "When you look at what's going on, how they're expanding, the outbreak was almost bound to happen."

Experts say Chipotle's plan to improve food safety will face challenges that reflect deeper problems in the industry.

Mansour Samadpour, a food safety consultant who has been advising Chipotle on the improvements, said the industry is resistant to testing all food before it's sold. The government requires only that a sample of food be tested, and suppliers don't want the expense of going beyond that standard.

"Fast-food companies are 100 percent reliant on their food supply to send them something that is pathogen-free, but the supply chain is still extremely reluctant to test every [food] product it provides," Samadpour said. "Many companies are starting to do it, but the reluctance is real and it's problematic — and that's getting in the way of food safety."

Bill Marler, a lawyer specializing in food-borne illness who represents many of the people who have fallen ill as a result of the outbreak, said people shouldn't assume that just because a company touts certain kinds of food that it has taken all steps to protect them from pathogens.

"I worry that they look at food safety from the organic, non-GMO, sustainability, animal welfare standpoint," Marler said. "And a lot of people in that space, in that agricultural movement, tend to believe that because they do those things their food is automatically safer than food that's served at McDonald's or Jack in the Box or Walmart. But that's just not the case."
Chipotle: The Long Defeat Of Doing Nothing Well

Forbes December 14, 2015

Henry I. Miller Contributor

The title of this article, which was inspired by a line from poet John Masefield, seems apt: Chipotle, the once-popular Mexican restaurant chain, is experiencing a well-deserved downward spiral.

The company found it could pass off a fast-food menu stacked with high-calorie, sodium-rich options as higher quality and more nutritious because the meals were made with locally grown, genetic engineering-free ingredients. And to set the tone for the kind of New Age-y image the company wanted, Chipotle adopted slogans like, “We source from farms rather than factories” and, “With every burrito we roll or bowl we fill, we’re working to cultivate a better world.”

The rest of the company wasn’t as swift as the marketing department, however. Last week, about 140 people, all but a handful Boston College students, were recovering from a nasty bout of norovirus-caused gastroenteritis, a foodborne illness apparently contracted while eating Chipotle’s “responsibly raised” meats and largely organic produce.

And they’re not alone. The Centers for Disease Control and Prevention has been tracking another, unrelated Chipotle food poisoning outbreak in California, Illinois, Maryland, Minnesota, New York, Ohio, Oregon, Pennsylvania and Washington, in which victims have been as young as one year and as old as 94. Using whole genome sequencing, CDC investigators identified the DNA fingerprint of the bacterial culprit in that outbreak as E. coli strain STEC O26, which was found in all of the sickened customers tested.

Outbreaks of food poisoning have become something of a Chipotle trademark; the recent ones are the fourth and fifth this year, one of which was not disclosed to the public. A particularly worrisome aspect of the company’s serial deficiencies is that there have been at least three unrelated pathogens in the outbreaks–Salmonella and E. coli bacteria and norovirus. In other words, there has been more than a single glitch; suppliers and employees have found a variety of ways to contaminate what Chipotle cavalierly sells (at premium prices) to its customers.

These episodes reveal several things. First and foremost, Chipotle is a company so out of control and negligent that it repeatedly endangers the public. But they also illustrate something important about food safety: Although the crops, meats and other foods produced by modern conventional agricultural technologies may not bring to mind a sentimental Norman Rockwell painting, they are on average safer than food that reflects pandering to current fads.

And Chipotle knows it.
“We may be at a higher risk for food-borne illness outbreaks than some competitors,” the company admits in its filings with the Securities and Exchange Commission, “due to our use of fresh produce and meats rather than frozen, and our reliance on employees cooking with traditional methods rather than automation.” (Think about that: Would you agree to open-heart surgery if the anesthesiologist planned to use “traditional methods” instead of state-of-the-art technology?)

One wonders whether Chipotle’s “traditional methods” include employees’ neglecting to wash their hands before preparing food, which is how norovirus is usually spread. And the fresh versus frozen dichotomy is nothing more than a snow-job. Freezing E. coli-contaminated food does not kill the pathogens; it preserves them. (During my laboratory research days, we stored viruses and bacteria in ultra-low-temperature freezers.)

Let’s be clear: The source of the company’s woes is a marketing-driven propensity to exploit current food fads, even if it diverts the corporate focus away from what should always be “job one”—safety.

Instead of buying from the most technologically advanced farms, Chipotle instead makes a point of sourcing as many ingredients as possible from nearby farms so it can tout ingredients as “locally grown.” But this locavorism misses some of the important lessons of Economics 101—namely, the benefits of specialization and comparative advantage. By letting people specialize in those things that they are relatively good at making and then trading with others, we all become richer and better off than if we all tried to be self-sufficient. It’s no coincidence that the cultivation of crops such as corn, wheat, potatoes, and wine grapes is clustered in certain parts of the country best suited to them.

And in spite of what one might intuit, chances are that buying local isn’t any more environmentally friendly. Although local foods do travel fewer miles, there is much more to calculating environmental impact than food-miles. The vast majority of greenhouse-gas emissions occur near where the commodity is produced. As a result, it is logical to find the most efficient spots to grow fruits and vegetables and, from there, to ship them to other regions.

Chipotle eschews high-tech pesticides and genetically modified seeds in favor of rice and beans bearing an “organic” designation, as if that were an indication of a superior product. It’s not.

Contrary to popular wisdom, organic produce is not pesticide-free. Instead, it’s grown with primitive pesticides that can be significantly more hazardous to humans and to the environment. Organic agriculture also lacks the benefits of the many crops genetically improved with modern molecular techniques, like Bt-corn, which reduces the population of insects that allow toxic molds to infest corn. (Organic corn has higher levels of the toxins produced by these molds.)

Chipotle rejects modern synthetic fertilizers in favor of suppliers who use manure on their crops. This approach may be “all natural” and “organic” and make some customers feel warm and fuzzy, but it should not come as a surprise that applying stool, feces and excrement to growing fruits and vegetables significantly raises the risk of spreading disease. Bruce M. Chassy, food science professor emeritus at the University of Illinois at Champaign-Urbana scoured U.S. Food
and Drug Administration data to conclude that organic food is four to eight times more likely to be recalled over safety concerns than conventionally grown products.

Food poisoning is a serious business. Four years ago, 53 died and 3,950 were sickened from an E. coli outbreak in Germany caused by organic bean sprouts.

Chipotle isn’t only subjecting its customers to very serious health risks, it’s also actively spreading the pernicious superstitions of food faddism and mythology—for example, using innuendo to suggest that genetically modified food is somehow “unnatural” or dangerous in spite of mountains of research evidence and real-world experience to the contrary.

The company even produced an original TV series for Hulu called “Farmed and Dangerous” to bash conventional agriculture; New Yorker writer Elizabeth Weiss found “unsettling” the “blurred line between advertising and entertainment” in the program. Chipotle has also become a leading corporate voice in the mendacious “trash the competition” anti-genetic engineering movement.

If sleaze were infectious, Chipotle would be causing a pandemic.

Chipotle’s misguided activism, shoddy quality control and deficient employee training—not modern agricultural technology—are a danger to the company’s customers and to the public at large. I suspect that only stockholders’ expulsion of the current management team will get the company on course. That is, if there is still a company left after the trial lawyers get through with it.