

# Facilities With Integrity

Chipotle relies on a strategic in-house maintenance program as well as vendor partners to keep its restaurants running at peak performance.

By Jaime Lackey

Staff Writer

Chipotle has built its reputation with a mission to provide “Food With Integrity,” which includes serving naturally raised meat and working with suppliers to eliminate added hormones in dairy products and to establish sustainable farming practices. The company has also established a corporate culture that promotes partnership within the company and with vendors — and this translates into success for the facilities department.

Denver-based Chipotle has 731 restaurants; all of the restaurants are corporately owned. Most are endcap locations, but the company does operate some freestanding restaurants as well.

There are 37 people on the facilities staff nationwide. Carolyn Roberts, director, oversees the entire facilities department from the headquarters office in Denver. Five facilities managers report to her, and they oversee a total of 27 facilities specialists. Additionally, three facilities coordinators are located in the headquarters office to provide administrative support to the facilities managers and facilities specialists, as well as a national facilities project manager who coordinates all projects over \$25,000.

The facilities specialists, or technicians, oversee approximately 15 to 30 restaurants each. They visit each restaurant every 4 to 6 weeks on a rotating schedule, as well as perform all 1-year anniversary walks.

According to Larry Putt, facilities manager for the West Coast, “The



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facilities department’s main objective is to allow our managers and staff to focus on serving our customers with-

out having to worry about day-to-day facilities aspects.”

He adds that the facilities special-



National vendors handle the company's fire protection and grease trap maintenance contracts. A mix of local and national vendors handle all other trades.

ists handle preventative maintenance during these visits, with a strong focus on all cooking and refrigeration equipment as well as air conditioning equipment. They also handle the majority of the company's installations for new equipment and handle other non-urgent items that can be scheduled to coincide with their visits. Chipotle technicians are factory trained on all of the company's cooking equipment and water heaters, so they are able to perform warranty repairs in addition to regular non-warranty repairs.

After the visits, facilities specialists meet with area managers to discuss work completed, discuss outstanding work that can be outsourced to a service partner or rolled over to the next specialist, as well as share ideas on money-saving tips for the operators.

The facilities specialists work very closely with the operations teams, including store managers and area managers, who oversee seven to 12 stores. "We consider the operations team our valued partner and our best customer. We developed the facilities

department with that in mind," says Putt, who has been with the company for 3 years and is based in Southern California. He oversees 145 stores with the help of five facilities specialists.

Facilities specialists also troubleshoot some problems via phone.



"We consider the operations team our valued partner and our best customer. We developed the facilities department with that in mind," says Larry Putt, facilities manager for the West Coast.

For example, they take calls about beeping icemakers and grills that are not cooking properly. They also field calls where the store managers have questions about their responsibilities. For example, the store manager may question a landlord's responsibility when pipes are leaking.

Chipotle has an Ownership Program, where the facilities specialists teach classes to the store managers. Each class lasts about 4 hours and curriculum includes information about equipment and simple repairs. Technicians share money-saving tips, such as how to change gas flex hoses, replace drain socks, prevent leaking faucets, clean and lubricate equipment, and set thermostats properly. Operators also learn about typical vendor rates for various projects, and the classes help them become more comfortable working with vendors. Area managers request the classes as needed. Classes are also scheduled during the general managers' conference and during the area managers' conference.

As Putt says, "We have an in-house program which we firmly believe in, but at the same time we rely on various service partners for air conditioning/refrigeration and equipment calls.





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“For the most part, our technicians are non-reactionary. This means they stick to a standard preventative schedule with a standard maintenance checklist to make them as efficient as we can, and they do a great job of that. We have found that if the field technicians stay on schedule with preventative maintenance and regular visits, we cut way back on emergency calls.”

When the facilities specialists are not in the area and a problem arises, restaurant managers call service partners directly. The restaurants are given a list of approved service partners for each area; facilities managers are responsible for approving service partners for their area. The lists are broken down by trade very clearly. Each facility manager sets a not-to-exceed limit for

his area. If a service partner’s estimate comes in above this limit, they call area managers or facilities managers for approval.

Restaurant managers often call their facilities specialist for advice before calling a service partner. “The facilities specialists are the experts in their markets and know the stores in and out, so our operations team relies on them heavily for help,” Putt says. “Again, we stress the partnership attitude to help Chipotle be successful.”

Putt estimates that facilities specialists advise the stores on 60% of the problems ultimately handled by service partners in the West Coast area. Approximately 40% of the issues are referred to Putt for advice or approval.

National vendors handle the company’s fire protection and grease trap maintenance contracts. A mix of local and national vendors handle all other trades.

“In some cases, national vendors can provide great service and prices, while the local vendor can sometimes react quicker,” Putt says. He adds, “We seem to have good luck with local companies because they live where we have our businesses and understand Chipotle’s place in each community and how we fit.”

Putt notes that he meets with vendors face-to-face. “I actually do an interview type of interaction. I try to put vendors on a trial basis and monitor them to make sure Chipotle gets the best service for the fairest price. I find that personal interaction makes a big difference, and I will invite the vendor representatives to meet me at the local Chipotle and buy them lunch. I ask for input from Operations as well.”

The store managers share information about vendors with Putt. He keeps the details about vendors in a database so he can provide specific examples to the company if an issue arises.

He continues, “We want to be partners with our vendors for the long haul. We are in this together to be successful. If the vendor or our partner doesn’t have Chipotle’s best interest at heart, we are not interested. We want

## BUILDING GREEN WITHOUT SPENDING MORE

Chipotle built its first “green” restaurant in Austin, Texas, in 2002. The Sunset Valley store is certified through Austin Energy’s Commercial Green Building program. The company began its foray into environmentally friendly design and construction with two goals. “We did not want to impact operations,” says Scott Shippey, director of design with Chipotle. “We wanted the focus to be on great food and great service. We also wanted to spend the same amount of money we would normally spend on a store. We asked, ‘How green can we be within our typical budget?’”

He adds, “We did a better job researching. We found paints, primers, sealers and caulks with the lowest VOC content and improved indoor air quality. We used a tankless water heater, which takes up less room and is more efficient. We found that we could buy the highest efficiency HVAC unit for a marginal cost increase.”

The company also improved the engineering of the hood area after realizing it was over-exhausting and basically wasting conditioned air. Shippey notes that energy efficiencies like this improve the bottom line as well as the environment.

In 2004, the company began experimenting with energy-efficient lighting at its second green store, located on Congress Avenue in Austin. Applying what it has learned to stores built since 2004, Chipotle can reduce its lighting load by 30% to 40% at stores with energy-efficient lighting.

The Congress Avenue store also gave the company an opportunity to learn about recycling materials left in a location that is being redeveloped. Chipotle began the construction process with a waste management plan. Anything that could be reused was preserved. Ceiling fans and bathroom fixtures that were not being reused in the restaurant were donated to Restore, which sells the items and donates proceeds to Habitat for Humanity.

The company was also able to recycle building materials that otherwise would have taken up 100 cubic yards of space in a landfill. Shippey notes that recycling varies from city to city, but many areas offer places to recycle drywall, ceiling tiles, wood and old carpet.

In two additional Austin stores, Chipotle is testing solar panels. The city of Austin offers economic incentives that make the solar panels feasible. Shippey believes it is important to learn from these opportunities in order to be prepared when, in the future, the solutions become more viable everywhere.

Chipotle is working toward two LEED-certified locations — one in the Village of Gurnee, just outside of Chicago, and one in Minnesota. The company is participating in the U.S. Green Building Council’s LEED for Retail pilot program. As a participant, Chipotle is helping to develop a LEED rating system specific to retail design.

These are the first projects where Chipotle has spent more on design and construction, but the company requires a 5-year payback or less on its investments. “It is important to be

a responsible corporate citizen and to be successful,” Shippey says. “We must be concerned about the business model. Decisions must make good economic sense.”

The freestanding Gurnee store, which is going for an LEED rating of Silver, will

have an energy management system (EMS) to monitor energy usage for rooftop units, lights, compressors and exhaust fans via the Web. This technology provides data that helps facilities teams diagnose equipment problems without even seeing the equipment. A crude diagnosis based on the data helps them stock the right parts before visiting the store. The system will also monitor the natural light and will adjust the store’s lights accordingly. “We have tested this in a couple of stores and no one notices when lights dim because there is so much natural light,” Shippey says, adding that it creates tremendous savings.

The Gurnee store will have a 2,000-gallon underground cistern to harvest rainwater, which will provide 100% of the landscaping water.

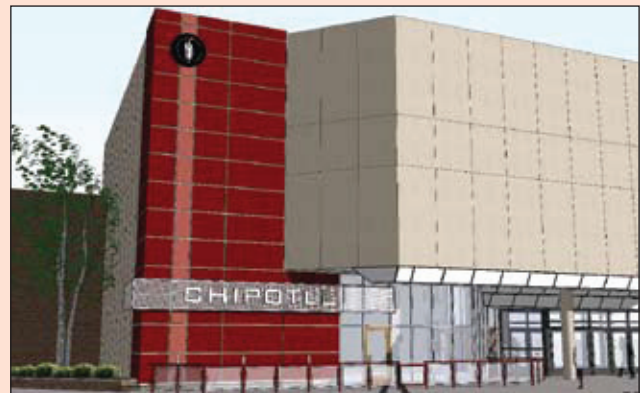
Shippey adds that the company is researching the use of a wind turbine to supply approximately 10% of the store’s power. The store will still draw on Xcel Energy to meet its power needs. Interestingly, Shippey notes, Xcel Energy offers net metering. This means that when the turbine makes more energy than the store needs, the meter rolls back. Chipotle will sell energy to Xcel at the same rate Xcel charges the store. When the wind blows in the middle of the night, the turbine will continue to offset the store’s energy usage.

The Ridgedale, Minnesota, store is going for the Gold rating. It is located in an endcap space attached to a mall. Both of the LEED stores are expected to open in September.

—Jaime Lackey



The Gurnee, Illinois, Chipotle is going for a Silver LEED rating. It is researching the use of a wind turbine to some of the store’s power.



The Ridgedale, Minnesota, store is going for a Gold LEED rating and is expected to open in September.



them to be successful so we can be successful. Like most companies, we do not want to be 'on the list.' We want to be at the top of the list, and we try to do that by having close relationships with our vendors as well as ensuring they get paid on a timely basis."

Putt also credits the company's culture with the facilities department's success. "We are deeply entrenched

with our operations folks in a unique way. Our culture at Chipotle is so different from other companies with respect to the way people here are treated — and our business results show it. Our restaurants buzz and are exciting; the crews have a blast serving great food. Our facilities department picks up on this attitude. I think our group has a lot of diversity and vary-



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Chipotle location at Kent Station in Kent, Washington.



Chipotle in Redmond, Washington.

ing backgrounds, and we have a good time at work. We take it very seriously but have fun at the same time. Plus, we have a very dedicated group of facilities specialists that always looks out for Chipotle."

He adds, "We have many specialists who come from Operations to join us in the facilities department and they love this aspect of the job. Those people are very successful with us. They know both sides of the business and conduct their tasks every day with Operations in mind.

"Our leadership backs us 100%, and without that, we would not be successful," he continues. "Upper management in the facilities department has instituted the culture of caring in our department; so much credit goes to those folks. While we have a very 'caring' attitude, the highest performance levels are expected of our department and, historically, we have lost very few individuals because of their lack of understanding or performance in this aspect."

Putt says that everyone is treated like family at Chipotle — the crews, the customers, the facilities staff and the vendors. 