

The Future of Work podcast is a weekly show where Jacob has in-depth conversations with senior level executives, business leaders, and bestselling authors around the world on the future of work and the future in general. Topics cover everything from AI and automation to the gig economy to big data to the future of learning and everything in between. Each episode explores a new topic and features a special guest.

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0:01:11 Jacob: Welcome everyone to The Future of Work show. I'm your host, Jacob Morgan and today my guest is Marissa Andrada. She's the Chief People Officer at a small company, small start-up, right?

0:01:32 Marissa: Right.

0:01:32 Jacob: Just a couple of people. Chipotle which... There's actually Chipotle across the street from me and I eat there probably more often than I should, yeah.

0:01:40 Marissa: I love it. As you should.

0:01:43 Jacob: I'm there.

0:01:43 Marissa: There's never more often, come on.

0:01:46 Jacob: Yes. So before we start talking about all these fun things today, why don't you give people a bit of background information about you, how did you get involved with what you're doing today, and what do you actually do at Chipotle?

0:02:01 Marissa: Well, thanks Jacob and thanks for having me. Happy New Year, I'm so excited to join you. A little bit about me. I've been at Chipotle now, I'm coming up on two years. I joined right after Brian Niccol our CEO joined the company so about a month or so after he got here to be the Chief People Officer. And I feel like before I jump in all about Chipotle which is this interview, a little bit about me is I've had a career in business and specifically in people, in human resources, and I've found that the only way you can grow companies is to grow people. And where I found myself the back half of my career after having learned in Fortune 50 Companies every aspect of human resources, I have joined companies that have these things in common, one is they are founder-led and that founder is getting ready to transition to a new CEO, or actually transition to a next chapter for growth in the company. The second thing is, is that they were all consumer-facing.

0:03:00 Marissa: So consumer facing brands that we all know. And that third is they're all positioned for growth. So they've gone from start-up mode and then now it's like what's that next transition for growth? And as I started with, it's really the unlock is around you cannot grow a company unless you grow people. So if I think about the companies where I've led human resources like Red Bull, North America when Red Bull first came to United States, I think about GameStop when overnight they acquired a company and became a \$5 Billion company, and in the four years that I was part of that leadership team, we grew it to \$10 Billion. I joined Starbucks at a time when we were coming out of our turn around and it was really about how do we unlock capability of

leaders to continue to grow the company. And we went from a revenue of \$10 Billion to almost 20 in the six years that I was there. At Kate Spade, positioning it for international growth which is where I was most recently, and now Chipotle. And so, what I get so passionate about is how do you harness and unlock that energy of people, how do you grow and develop them because that is really the secret to growing companies.

0:04:11 Jacob: You worked at some pretty awesome brands. [chuckle] I'm sure a lot of, well, pretty much every brand that you've mentioned I'm sure people have heard of, transacted with, interacted with in some way, so very cool career leading up to your time at Chipotle. And so, what is it about the people, the HR space that draws you to it? Is it just the people aspect?

0:04:34 Marissa: Well, I think at the end of the day, if you think about the purpose of any company, you can't get anything accomplished unless you get the people right. And so, and you create an environment where employees can thrive. And I think that's really what drives me, and I think it's probably more personal too. And I've talked to a lot of people about my career in human resources. Look, I'm one of those classic first generation Americans, my parents immigrated here from another country. They assumed I was gonna grow up and be a doctor, and I loved math and science growing up. But then when I jumped into my undergrad in biology and eventually switched over to business, what I realized is I've always had an affinity for how organizations run. So if I think about in high school, not only did I have to study and get good grades, but it was also about being in student government. It was running on the track and cross country team and being the best that we can be as a team. And also growing up with English as a second language for my family, I was also a big observer of human life. And so, I think all of that is kind of personal for me and that that's really translated into a passion for and a career in Human Resources.

0:05:48 Jacob: And can you give us a bit of background information about Chipotle because I'm sure a lot of people are familiar with the brand or the name, but they might not realise just how massive you guys actually are.

0:06:00 Marissa: Yeah, so Chipotle is just over a \$5 Billion company in terms of revenue the last time we reported it. We have over 2500 restaurants, 80,000 employees primarily here in the US. We've got some restaurants in Canada and a few in Europe, but it's really about how do we bring good real food at an affordable price to everybody? And how do we do that by cultivating a better world.

0:06:00 Jacob: Simple and straight forward enough. And 80,000 people, it feels like... When did you guys first become... I feel like it was so sudden, the growth of Chipotle. I remember when it was first introduced even not that long ago, and now all of a sudden it's like 80,000 people, you guys are everywhere. So clearly, you guys have been on a massive, massive growth path.

0:06:53 Marissa: Yeah, I think, well it's a 26-year-old company and so people don't realize it. When the company first started, Steve Ells our founder really started locally in Denver and it was about 15 restaurants, and then from there grew outside in Ohio and grew in Kansas. But then I would say it really came to the forefront I think, as a big high growth organization probably like six, seven years ago, and then up until the joining of our new CEO, we've just really expanded it in so many ways because of the multiple distribution points beyond traditional go into the restaurant, stand in line and get your food. I think through digital and ordering ahead and picking up or ordering ahead and getting delivery, that has just expanded the access, and I think has expanded the footprint of who we are and really the visibility of our brand.

0:07:45 Jacob: Yeah for sure. Yep, yep, absolutely. So in your current role now, what are some of the big trends that you are paying attention to, whether they're just kind of broader workplace trends, or specific people trends, what are some of the things that really catch your eye these days?

0:08:03 Marissa: Well, I think if you think about our workforce of 80,000 people, and it is primarily you think about who works in the restaurants, millennials and Gen Z represent like 95% of our employees, so the trends...

0:08:16 Jacob: Wow 95%?

0:08:18 Marissa: Yeah in the restaurants.

0:08:20 Jacob: Geez.

0:08:20 Marissa: Now we have every generation working in the restaurants, the majority is really this millennial Gen Z, the Next Gen. And so what we're really paying attention to is, Alright, what's important to them, because they are our future, they're working right now in the restaurants and if you look at our history, working in the restaurants has created opportunity for many. There are people who've started off as crew members who are now high-level leaders in the organization just through opportunity at Chipotle. But what we're paying attention to is for the future of work, and I know that you've done this in your live podcast interviews, you interviewed the CEO of Gallup. One body of work that we really paid attention to, is the future of work. Literally that book, and it is studying what this generation, the millennials and Gen Zs, are really looking for in terms of an experience at work.

0:09:11 Marissa: And I think you know this, and that it's beyond a paycheck but it's worth talking about, that our workforce that sit in the restaurants and that serve our customers every day really are looking for purpose-driven organizations: A place where they believe in what the company stands for, that they're aligned to the values that the company stand for. So I think that's kind of the first thing that we're paying attention to. And then secondly, what this generation or these generations looking for is, How can they join an organization that fits their life? It's not the other way around. So while we may be a big company of 80,000 people, we also need to understand that there's 80,000 individuals who have different lives. Some may want an opportunity and grow in the operation and become a multi-unit leader and a senior leader in the organization.

0:10:00 Marissa: Some people wanna pursue their passion, which is I've met so many restaurant employees who, whether they are in New York and they wanna become a star on Broadway or a dancer or they are an artist or they are in a band or a musician, Chipotle could also be the best side hustle where it's not only about getting paid to do a job but it's also creating an opportunity to learn new skills. And I think that's a trend that we're also seeing that we're paying attention to. How do we bring that back in to the organization? And I think the other trend too is, there is no line between personal life and work life. I think people live their lives. And so what happens in a company is how do you foster and create an environment where people can really bring their full selves and realize their full potential? And so those trends that we're seeing which now have come back into how we think about and what we've done to invest in our employees are really a big deal for us because it's all so consistent with our ethos around cultivating a better world.

0:11:05 Jacob: When you look back at your career and some of the different companies that you've

worked at over the many years, do you think that what we're seeing now is, is different? If you were to think back 10, 20 years ago, when you were in HR, were these conversations just not taking place around purpose and meaning and this blending of work and life? Is this all new stuff?

0:11:30 Marissa: Yeah, I think in some ways, it's new, in some ways it's not. The way we started, as I've shared with you, I've worked with a lot of fast growing consumer facing brands, and I think one thing that hasn't changed at least in the last, I'm gonna really date myself, 20 years of my career, has really been about if there is a brand that really represents a lifestyle that the employees believe in, it's so good to integrate all of that. And so I don't think that it's new in the companies where I have worked. I think part of it is choosing the right leaders who have that ethos on people and people with integrity. Now that's very specific to me, in my experience in those brands. Now, if I were to look at other companies prior to those brands that I shared with you, yeah, I don't know that purpose and vision and values really were at the core. I think they were kind of on a poster, and it's something that you talk about as a company, but I don't know that companies were really living it, and I don't know that the CEO or the leaders of those company were expecting the head of HR or the head of people to really be bringing that to life through leadership.

0:12:45 Marissa: So I think in that way it's new. I just feel like I've been fortunate to have been at lifestyle brands, where you need to have that integration and you need to make sure that people really buy into the lifestyle you're trying to create.

0:13:01 Jacob: So what is causing this to become such a center of conversation for your employees? For example, like at Chipotle, do you actually hear your crew members, your team members telling you that this is what they care about? The same people who are making the burritos and chopping the meat are saying we want this, we want meaning?

0:13:20 Marissa: Yeah, I think what's really great... So it starts with our general managers, they run the restaurants and they talk about the reason why they joined Chipotle is because of this food culture that their founder Steve Ells has created. And when I talk about food culture, it's real food, real ingredients, cooked in a classic way and that we're bringing it to the masses. And so the fact that we're bringing high quality, locally sourced food that make it accessible from a cost standpoint and in terms of just getting to it, I think our employees really believe in that like how the heck we do that? It's not just people who have a certain amount of money in their wallet that really everyone can have access to it. So I think that's kind of the underlying our purpose, and our GMs really believe in that. And then when you get in and talk to our employees, you think about what keeps them there, yes, they are drawn to the purpose. But how that comes to life in the restaurants is that it almost creates this kind of family, and that's how they reference it. Like, this is not just a place where I come to work. It's a place where I become a better person because I think the people around me really do care about me because they care about the purpose, and they know that I'm part of, if I'm a crew member, I'm in there every morning at 6:30, cutting all the vegetables, preparing all the foods so that we can open the door at 10:30.

0:14:45 Marissa: And the fact that you need to care about every detail through humans to do that, you hear it loud and clear from the employees. And so, the work is not easy, we teach people how to do it. And I think when they talk about, you invest in us in terms of creating opportunities to learn new skills, but also the fact that we care about their whole being. We hear that loud and clear. It's amazing when I walk into restaurants and we've introduced values through our GMs. But the fact that they're living it and that our employees are talking about what's important to them. I've met many employees who have said, "Never have I thought I would get this access to not only a great

place to work and grow my skills, but really get great benefits to help me to be a better person in life." You hear that all the time.

0:15:37 Jacob: Yeah. With such a young workforce, is tenure ever an issue? Because I would imagine, for example, Gen Z, millennials even, how do you... Do a lot of people view Chipotle as sort of like a stepping stone to move into another career and if so, are you okay with that? Or how do you... What is the tenure situation like with such a young workforce, and how do you deal with it?

0:16:04 Marissa: Well, I think it's an interesting question and that with 80,000 employees, you can see the side by side. So there are people who come here and the employment value proposition to them is opportunity that this is a stepping stone to continue to move up. And time and time again, I've met so many employees who have said, "This manager believed in me, they asked me to be a kitchen manager. And then I became a service manager, then an assistant manager, then a GM in training." And they've grown their career through opportunity because we've invested in them and just really inspired belief and confidence that they can do the job. So you see some really high tenured leaders in the organization who started off as crew members where they've been here 10, 15, 18, 20 years. And then you've got like this workforce. So we talked about 80,000 people.

0:16:58 Marissa: Our retention rates have really increased in the time that I've been here, I think it's really because of how we're investing in people and how we're communicating our culture. And quite frankly, I think it's okay. Look, if we can get at least 12 months, I'm hoping more, maybe even two years, from someone who believes that Chipotle is the best side hustle, like not their main passion, but a great place where they can get good pay and good benefits while they're pursuing their passion in life, I'd say let's go. Come here. We'll help you do that. And hopefully, you'll have fun along the way. So it's a little bit based on what their needs are and it's not one size fits all.

0:17:40 Jacob: So in other words, you guys are, you're okay with that? I mean you're...

0:17:43 Marissa: Totally okay.

0:17:44 Jacob: Okay, so you acknowledge and understand and you say, "Look, we get it. We're okay with it."

0:17:50 Marissa: Right. So here's an example, we have this tuition assistance program that was introduced a couple of years ago in the organization. And it used to be in order for a crew member, so one of our 80,000 employees in the restaurants to access it, they had to be here at least a year before they were even eligible to get tuition reimbursement. Now, we've changed it in the time that my team has been here. And now the requirement is, "Hey, we want you to be here for four months, and we want you to be working 15 hours a week." And if you get those two things, you can start taking advantage of either our tuition assistance program at 100% reimbursement or begin your debt free degree. And we're not asking them to stay but what we're hoping that does is engage them in a way where, oh, gosh, they're working on themselves pursuing their passion, and they're getting their work done and pay at Chipotle. So, that's an example of I think it's okay if they don't stick around but we want them here long enough so that they know that we're investing in them.

0:18:53 Jacob: So what if somebody says, "Oh, you know what, what if you do all these wonderful things for them and you spend all this money in these programs, and they stay there, they just take advantage of the program and then they leave?"

0:19:00 Marissa: Well, I think, people have asked me that question. We've introduced so many new things that I believe are just leading edge for restaurant and retail, and we believe that, for example, debt-free degrees, we believe that first and foremost, that we are investing in and creating future leaders for Chipotle and for our restaurants, and ultimately the company. And if not, we're creating future leaders for the world. I think there's a responsibility that companies have especially one as large as ours is not only to do well, but also to do good in the world. And so that's how I answer that question like that's why we do it.

0:19:42 Jacob: Yeah. No, that makes sense. It comes down to the philosophy of the business, it's not just about making money, it's about improving the community, the world at large. And so you do this not just as a way to get better people for Chipotle but as a way to impact communities in the world, which I love, I think that makes a lot of sense. And we need more companies who can actually think from that perspective. You mentioned that you guys are investing in a lot of different programs out there. Maybe you can talk a little bit about, as an employee at Chipotle, what are some of the perks and benefits employees get? What is it like to work at the company?

0:20:18 Marissa: Yeah, well, I think immediately... So if I'm an employee before I get into these benefits that I told you about, it's really about where else can you work where you can have a free meal every time that you work at the company and it's not just we tell you what you eat, you can create the largest bowl that you want and you can add your chips, guac and queso so, I think what it's like to be an employee, the immediate perk is access to the Chipotle you want to eat and we believe you need to do that, taste the food, experience it because that's what we're creating, cooking and serving to our customers and our guests who come in every day so, that's one thing.

0:20:56 Marissa: I think the second thing that our employees would say about what it's like to work at Chipotle is that, it's not for the faint of heart. And what I mean by that is, it is very detail-intensive work to prepare fresh food every day. And so there's a camaraderie, there's this thing called, what we call focus prep in the morning. There's camaraderie and teamwork that happens when a shift starts and they all come together to prepare food that they're gonna serve to the guests. So there's this familiarity, there is this immediate team and a place where you feel like you're an integral part of this team that's delivering great food and a great experience for our guest. So I think those are the immediate things that employees will tell you and crew members will tell you what it's like to work at Chipotle and the fact that, because it's kind of a team effort to prepare for our guests every day and that yummy lunch that I tell you that they get on shift when they're here and that they all eat together. There are just some great rituals that I think don't exist everywhere in organizations where there is a large hourly workforce, and so I think that's more the immediate day-to-day, what a crew member would expect, an employee would expect, should they come to work at Chipotle.

0:22:10 Marissa: Now, once you get beyond that, the first 90 days, that's when you start paying attention to, "Oh wow, I have access to benefits." We talked about tuition assistance, we've talked about the introduction of debt-free degrees and the fact that you can get an education care of Chipotle. Look, we love that students will come and work with us and take advantage of that education. We've had so many success stories of students who have graduated with us, and by the way have left to go pursue their passion, after they've gotten their degrees, which we're so thankful for the time we had with them.

0:22:43 Marissa: But there are other things like, we introduced a new crew bonus program to the organization. So, first, I think the restaurant industry and in retail, where look, most companies

really stop at that GM level, and say, "Based on your company's performance, you get a quarterly bonus." Now, what we communicated to the crew at the beginning of this last year, 2019, is that they all are eligible to earn a bonus should that restaurant hit all of its performance metrics like the GM does, and we pay it all the way to the crew, and that's in the form of equal to one week of pay, every quarter. So can you imagine, if you're working as part of a crew in a restaurant that hits their goals every quarter, that's four weeks, it's a month of pay, over and above what you're getting paid in a year, which is unbelievable.

0:23:34 Marissa: A crew member and then part of it too is there's a family aspect or being part of this family at Chipotle, but we also recognize that there is a support system at home. And so when we introduced our tuition assistance, we also introduced English as a second language. We have a lot of employees who come where English may not be their first language, and in order for them to wanna continue to grow and succeed in life, and create opportunity for themselves, they wanna learn English. We will reimburse them for ESL classes, as well as their family because we recognize... Look, if you're learning something new, it's always easier when you have a support network around you. So the fact that we're reimbursing ESL for families as well as GED, so completing your high school degrees.

0:24:21 Marissa: And I think the bigger one which we just launched at the start of this year, is giving access to mental health care to all of our 80,000 employees and their families at home. And I think that's a big one where you and I started what we're focusing on and what's important to this next generation who will be our future leaders in this world, is that confidence, mental and emotional wellness and fitness, I think, is really important, and there is that blurring of we need to recognize that people are living their lives and bringing it into the workplace every day, and that is why mental wellness and mental health and access to it was really important that we do that for employees.

0:25:04 Jacob: Is there a difference between the back office and the front office, in terms of, for example, employees who work in corporate, do you guys have cubicles, or is it open spaces or what is it like to be an employee on the back side of Chipotle?

0:25:20 Marissa: Well, I think it's interesting you ask this question. I've been here now for two years and you said this, it's a little company. And what I feel like is, while we may be large, with 80,000 employees, I think we've grown up small, there's still very much a startup vibe. If you were to come to the back office, which we call the Restaurant Support Center, we still don't have full offices. We are in building mode right now, where literally it feels to me like a tech startup. A long time ago I worked at Internet 1.0 and that's what the vibe is when you come into the Restaurant Support Center, it's not unlike the vibe in the restaurants where you have every function and department. They're not just kind of sitting in their corner doing their thing, it's about everyone together really reaching across to get it all done. And so, the vibe is consistent, the culture of what it means to collaborate and kind of be a family. We expect that here at the RSC and it is hustle and bustle all the time. I think it's because it's very much that startup mode.

0:26:24 Marissa: I mean, imagine making the decision to move our headquarters. So this happened in mid-2018, and for those who follow Chipotle, the original headquarters and Restaurant Support Center was in Denver. And then we said, "Let's move it to Columbus and let's move it to Newport". And so we invited so many people to join with us, they decided not to move with us. So it's almost like hiring an almost entirely new Restaurant Support Center. So even in that mode, it is like a startup, and so it's not unlike what we're experiencing in the restaurants every day, it's a reflection of

how we live our life, and it's cool, we love it. And when you talk to any employee who's joined us in the past two years, they love that vibe that it is truly open and that we mean what we say, and we're living it. And it's also we're living what the energy that we feel in the restaurants.

0:27:18 Jacob: Makes sense. So I have a couple of questions here from people who are watching the live stream. The first one here comes from Michelle and she wants to know what has been your most successful people initiative in terms of behavioral motivation and driving performance?

0:27:37 Marissa: Oh my gosh, well, Michelle, I think the most successful one in terms of shaping behavior, and driving performance I think of two. So I talked about the crew bonus program. Look, when we first introduced that we had a lot of people on the outside going, Well, how can you afford that? At the end of the day, it pays for itself because when you incent employees to hit their performance marks or the performance measures for the restaurant, they become then invested and interested in, "Well what is it that we need to do to make sure that we're always hitting a great food safety score or that we are delivering accurate food to our customers?" So I think that immediately has really shaped not only behaviors, great behaviors in the restaurants, but also translated to great results.

0:28:27 Marissa: I would say the second thing which is still new, it's only been almost two years, we introduced a program called performance and development 4x4 conversations, which is in the Restaurant Support Center, we expect every manager and employee to have a conversation four times a year about four questions, and those four questions are looking back on the quarter. What did I accomplish? How did I live our values? And looking forward, what is it that I need to focus on and then in what area do I wanna grow and develop? And then we took that to the next level to our crew members and we're having 4x2 conversations, so those same four questions two times a year, so that there's an ongoing dialogue not only on what we expect and how you're doing so you know where you stand but also in how we can support you in your growth and development. And I think just introducing that process has also shaped behavior and it's contributed to results because it's created great stability and increased retention in the workforce which then translates to consistency in results. So I think those are the two things.

0:29:35 Jacob: Yeah, and I think those are good ones. And it sounds like, basically by doing that, what you do, you treat your employees kind of like owners. So they have some sort of accountability in the business, which I think is huge.

0:29:47 Marissa: That's right, absolutely, really on both you do.

0:29:51 Jacob: Which a lot of... Typically every time we work for a company, it's usually the senior level leaders who get the bonus and everybody else is sort of like, "Why are we working so hard for other people to get the bonus? So I like that kind of flipping the discussion a little bit and making everybody feel like they're that owner.

0:30:07 Marissa: Yeah, and it's also I think it's not only that owner but I think about what Brian's mantra is. I know we talked about this a little bit, that we're all in this together. It doesn't matter what your role is, but the fact that we're all in this together, and we will all win together and learn together, and I think that's also part what's driving behind that.

0:30:30 Jacob: Yeah, another question here from Patty, she says, can Marissa share what culture initiatives have been designed to elevate the crew member experience. How does Chipotle get

leadership involvement and commitment?

0:30:44 Marissa: So what culture initiatives has been designed to elevate the crew member commitment is what I'm hearing this question, is.

0:30:52 Jacob: Yes.

0:30:53 Marissa: And I would say the first one really starts with codifying the values for the organization. So this happened on... We started on the eve of our 25th anniversary in 2018, where the new leadership team came together to look at every artifact in history of this company to define then what values do we stand for, who are we and what do we stand for? And most companies would go out and just then roll these out, put them on a poster or whatever, but then what we ended up doing was we took this idea which ended up being nine values and words, and my team in place then went out to the restaurants and we started talking to crew members, shift leaders, general managers and saying, "Hey, we're trying to define values for the company, here's what we came up with," and first and foremost they are like "You want our opinion? This is what you want us to do?" and the fact that it started...

0:31:50 Jacob: They were shocked that you wanted to hear from them.

0:31:52 Marissa: Right, right, not only do we wanna hear from them, but we are shaping these values for the company and they are shaping it with us, and so, I think it starts there. And ultimately, we started with nine statements, ended up with four values, which are... The line is a moment of truth. So if you think about why we exist, it's about that beautiful food line where I talk about our amazing locally sourced fresh real food that we prepare every day and the experience that we create for people, whether it's our employees, and the guests, that people can move through the line pretty quickly. That's one value, the second value is teach and taste Chipotle, that details matter in this organization and while it starts with the food and food preparation It is also around, how do you bring people along, how do you teach them how to become a learning organization? Third is authenticity lives here. Our food is real. And so are we and how do we create an environment where our employees can bring their full selves into work?

0:32:53 Marissa: And then, lastly, it really is about the movement is real, this whole notion of creating food culture where fast food can be good. It's not only about food with integrity but we believe we source better ingredients, we hire better people, that there's a movement for how you can do this differently. And so, I know I went broad, but I'll go back into what this means for crew. They're living this every day, they're feeling it, and it starts with the values, and how that now permeates throughout everything we've introduced. So the crew bonus, you better bet that the values are at the core of that, how we talk about performance 4x2, our values are at the core of that. And I think once you get everyone aligned to really those key things, it's magic, and it's special when we see this level of growth and performance we have been so fortunate to experience in the last few years.

0:33:47 Jacob: I'm curious, do you guys have a lot of the traditional practices that a lot of companies do for example, do you have annual performance reviews? Do you do annual engagement surveys or do you have a different take and spin on how you look at some of these things?

0:34:01 Marissa: Yeah, so with the annual performance reviews, we have gotten rid of the

performance review per se, and we've replaced it with these 4x2 conversations at the crew level...

0:34:12 Jacob: Okay.

0:34:12 Marissa: And the 4x4 conversations. And it's interesting when we first introduced the first 4x4 conversation, we just said, "Have a conversation," and people were freaking out going, "Where's the form? What do I fill out?" And then at the year end, they're like, "Where's my form? What do I fill out?" And we just kind of said, "Hey, we're all learning this together. At minimum, we want you to have this conversation. If you feel like documenting it, do it." And so that was what we did at the Restaurant Support Center. But then for our crew members, what we created was just kind of a template to walk through those four questions. But it also helped people to understand, "Hey, here's what I'm held accountable for," but it's not a traditional performance review form. It's really highly customized for that employee. And so that we have a different spin on that and that it's in a very Chipotle way and not a traditional performance review. And from an engagement...

0:35:06 Jacob: And I like that you... I'm sorry, before you jump to the next one. I like that you did that. 'Cause sometimes I talk to companies and they say, "Well, we wanna get rid of our annual performance review, we're doing this big analysis." Like, they go through this really complex, one year, two year pilot to see if it works. But you guys were like, "Look, we know this isn't good and we're gonna kind of learn along the way." And how long was the process between deciding you wanna get rid of the traditional way of doing things towards introducing this new one? How long was that?

0:35:35 Marissa: It was really quick. So if I think about when we made that decision to make the transformation and make the move, we moved to our new locations by August, and by year and we're like, "Let's just get rid of our old processes and redo this." And it's exactly that way, Jacob, the way we introduced it. We're like, "Hey, everyone, we're gonna pilot this. Here's the idea." And what I love about it is that, by the first time we did our first 4x4 conversation, by the second one, we had employees sending in, "Hey, if anyone wants to use a form, here's one that I created." And the fact that it wasn't People Experience that created it, it was actually our employees who created it. And so the fact that there's this element of co-creation, and by the way, that's just one example of many things that we have done where our employees had a voice in shaping what it is that we're doing, it's not just coming from the Center of People Experience, and I think about like, why we even call ourselves People Experience, and people will go, "Well, isn't that human resources?" When I think HR, I think about, here is all the rules and all the programs and policies you need to follow, instead of how do we create an experience where people feel like, "God, this choice that I made to come here every day is awesome." And how do we focus on creating the best experience for our employees? Anyway, I know I just kind of went on a ramble on that but, yeah.

0:36:58 Jacob: No, no, no, no. It's great. And so...

0:37:00 Marissa: I think that co-creation was really cool that we did that and that it just gave permission to it's okay to learn, we're not gonna be perfect, because most companies, I agree with you, will like take for everyone and analyze. But that whole startup scrappy feel, I think is really important to continue to innovate and drive performance.

0:37:19 Jacob: And what about for the engagement reviews? Do you guys do an annual engagement review?

0:37:24 Marissa: So engagement has been completely new. And what I mean by that is, in the past, we may have only measured engagement in the headquarters and maybe at the field level, but for the first time in this last year, we actually asked our GMs what was important to them. So we created kind of the baseline engagement survey, and now have set it up where we can pulse our employees and get them involved in having a voice in things that we're thinking about. But even going back to our initial engagement survey results, we partnered with a company to help us kind of benchmark how we're doing in the engagement, they were off the charts, which we surprised ourselves with because we are just going through a reset with the organization in 2019. So engagement, we are not, while it's still new, so it's a new process, we just introduced it, and now we're going to be pulsing it throughout the organization, it's not the traditional, "Here's the annual engagement survey. We're gonna roll up the results and then cascade them all down." It's about here's the immediate feedback we're getting and what is it that we're doing at every level to react to it. So, and by the way, some of the engagement feedback that we got were good data points that really fed into decisions around how we invest in people. They were great data points for our leaders on how they create dialogue in the restaurants when they're there. So, it's pretty cool.

0:38:52 Jacob: How do you scale all this stuff across 80,000 people? So you have these values, you have this culture that you're creating, but for 80,000 people, that's probably not an easy thing to do. So how do you make sure that people embrace all of this, that it's communicated in the right way, is this all about the GMs?

0:39:14 Marissa: Yes, I think it is all about the GMs, and in fact I was gonna go there so if you follow the journey of our transformation and in August we made the move to a new location, I told you about our journey of codifying our values through meeting with 300 employees to validate them. In September of 2018 we had a unique opportunity, every other year the company hosts an All Manager Conference where our GMs actually all come in to Las Vegas and typically we talk about two things, one is celebrate their successes and accomplishments but then secondly focus on the business and what's ahead of us. And the first time we came together as a new leadership team with Brian as the new CEO, with all of our GMs, it was grounded in cultivating a better world and all of our values. And so every presentation, every discussion, everything that we talked about was really said in that, so that when all of our GMs left Las Vegas, they were all able to talk about, here's our purpose and here's our values and here's what we stand for, and how that even came to life in the restaurants. Before we introduced any of these tools that I told you about, they were talking about it.

0:40:23 Marissa: I looked at... I was shortly thereafter, so that was in September of 2018, end of October of 2018 I'm in the back of a restaurant in New York and I see that this GM comes back and he wrote on his own in the back communication board "Cultivating a Better World" and wrote out all of our values and then specifically said, here's what that means in this restaurant, we didn't direct that to happen, I think it's just that energy where he was just so fired up about. Then times hundreds of restaurants that I've been to where you see their fingerprints all over it before you even start introducing tools, and then things like integrating our values into our GMs success profile, they have the top five accountabilities but also that success profile reflects how they live the value, so you've gotta integrate something as basic as that in everything you do to begin to scale it and...

0:41:24 Jacob: What do you...

0:41:25 Marissa: Yeah.

0:41:26 Jacob: Oh, sorry, go ahead.

0:41:27 Marissa: Well, yeah and so as I talked about our 4x4 and 4x2 conversations it's grounded all in there where it is about reinforcing what we're focusing on, reinforcing our values and it may take time. Look, it hasn't been quite two years yet, I'm feeling good about how we've landed with our GMs and how now that's getting to the next level with our employees and all I can say is the proof is in our retention rates and the results.

0:42:01 Jacob: Yeah. Well, clearly you guys are doing something right. So I have a couple of other questions from the chat but before I jump into those who are watching and listening live I just had one question I wanted to ask you, and that is, when you are looking for potential leaders inside of Chipotle whether you wanna hire somebody or promote somebody internally, what are some of the particular skills and mindsets that you guys look for specifically in Chipotle for someone who will make for a good leader?

0:42:27 Marissa: Well, I think for somebody who would make for a good leader it starts with a growth mindset. We've talked a lot about how we like to iterate and evolve and learn, and I think what's important if you get promoted at Chipotle or you're new to Chipotle, we always tell people, "Hey look, we value you for all the experience that you bring to the table, but now come and do something with it and do something different with it." I think there's always a thing that I see in organizations where people come in from their outside experience, they take exactly what they did before and they try and cut and paste it into the organization. That would not work here at Chipotle, you need to be able to evolve and meet the culture where it's at. And so that's what I mean about that growth mindset, that whether it's someone we're promoting or someone we're bringing into the organization they need to be able to do that and meet the company and the culture where it's at with whatever responsibilities that they have. I think that's kind of the first thing that we think about and look for when we promote leaders and when we bring them into the organization.

0:43:34 Marissa: I think the second thing is really the ability to collaborate and problem solve across functions, that is really important. I would say everything that I have experienced working with employees and leaders in this organization, not unlike the story I told you about everyone working together in the restaurants for preparing for the day, we need to be able to know that they can collaborate and think across functions and not just solely be about, "Okay, this is my job and this is what I do," but also understand, "Gosh, how does this impact other functions? How do I include other thinking to make this the best product or the best service that it can be?" So I think we look for that too, as leaders...

0:44:19 Jacob: Which makes sense. So one thing I was just gonna mention, so in my book that's coming out in January I asked 140 CEOs about some of the skills and mindsets that they think are gonna be most essential for future leaders, and one of the things that they mentioned is exactly that, it's this idea of I called it having the mindset of the global citizen, so basically thinking bigger picture instead of just about what's right in front of you. I use a lot of chess analogies so it's kind of like seeing the whole chess board instead of just one position of where the action is happening. So I love that that's a [0:44:51] _____

0:44:52 Marissa: Yeah, we talk about that all the time with leaders, it's about having that broad perspective, get out of the little silo and think about the big picture, and we think about what's best for the organization of Chipotle. So I agree with you, I love that analogy of being a global citizen.

0:45:10 Jacob: Perfect. So, a couple other questions from you from the chat. One person, this is from Jose, he says, "Dear Marissa, I would like to know what is the key skill or value that Chipotle looks at to train and foster in its retail environment. So specifically for your retail employees, is there a particular skill or value you look for?"

0:45:29 Marissa: Oh gosh, well I don't know that it's so much a value that we need to look for, but it's one that we want to make sure that we reinforce when our career members are in the restaurants. It is authenticity lives here. How do we harness that energy, good thinking experience that every one of our hourly employees wants to bring and that they can be authentically them and still be part of Chipotle. I think that's one thing that we encourage. I don't know so much that we need to look for it, but people feel confident in doing that, at the company. The second thing is, if I think about Teach and Taste Chipotle, one of our values but it's also a skill, we are very specific in how we train our team members on how to prepare our food and how to deliver a great customer experience. Now, I think that's a skill that our employees learn here, and it's fun watching Instagram when... I think there was a post about an employee who just said, "Hey man, it was a great year in my life, I was at Chipotle and I learned how to roll burritos."

0:46:36 Marissa: And they actually take pride in that, they take pride in flipping lids and putting it on top of the bowl when someone's taking it to go. So, I think that's a unique skill that I think no one else teaches, taking pride and really doing great detailed work in a quick way because you've gotta get people through the line quickly.

0:46:56 Jacob: Yeah, oh man, I've been to those Chipotle... Man, it's amazing. Sometimes I run over to Chipotle and my wife's like, "Man, you are already back?" I'm gone out the door and back in five minutes, it's really amazing...

0:47:09 Marissa: I love hearing that.

0:47:09 Jacob: Just the process that you guys have figured out.

0:47:10 Marissa: Yeah, and you can also do that by ordering ahead, just run in and pick it up. You can do that too.

0:47:15 Jacob: Yeah, I might have to download the app. Another question for you, from Ryan, he says, "What is she most excited about... She of course being you, what are you most excited about regarding People Experience at Chipotle in 2020?"

0:47:28 Marissa: Wow, what am I most excited about with People Experience in 2020? I think look, it's just seeing the impact of everything that we've worked hard to introduce for our employees come to life. I think what I so appreciate about being part of this leadership team and organization, is that we have been so focused on specific objectives that we want to deliver and I think with People Experience I don't know how many more new things that we want to introduce it's more about how do we then see these benefits, and the investments we're making in people, make a difference in their lives. So, not only their life at work but also their life at home and how that might translate to better performance at work. So, I know that's a broad thing, but I can't think of any very specific thing we'll be introducing. I think once you kind of reset a company one thing that I've said a lot to my entire People Experience team is, "Now we need to build muscle and create wraps and get people strong at what it is we're trying to create in the organization. And you can't do that if you keep switching things around." So it is about staying the course and delivering continued great

results, but also through an amazing culture and great leaders.

0:48:47 Jacob: Yep, yep, and by the way I don't know if you could see on the screen, Jason Averbrook I put his comment on there, he says, "Say hi to Marissa for me."

0:48:53 Marissa: Hey Jason, how are you?

0:48:54 Jacob: Jason, we can all see your comment down there, I popped it up on the screen. Another question for you, from Reuben, he wants to know if you can talk a little bit more about what does a 4x4 or a 4x2 conversation look like? So if you were sitting down with an employee and you were having this conversation, can you get a little bit deeper on how you structure those questions, actually you talked about... From a highly level with those questions were earlier I don't know if there's something you can add to that.

0:49:19 Marissa: Yeah, they were pretty high level. Look, Reuben, here's how we introduced 4x4 conversations: We sent out an email, it was pretty scrappy, we sent out an email and said, "Hey everyone, we're trying something new, instead of a year-end performance review, we are deciding that we want to try out performance and development 4x4 conversations, which is have a conversation with your manager four times a year about these four questions." And I know I mentioned them and I'll mention them again. So, looking back on the quarter what did I accomplish how did I live these four values and then I said look forward, what is it that I want to focus on or accomplish, what are my goals? And then lastly is, in what area do I wanna grow and develop, and then what support do I need from my manager?

0:50:04 Marissa: We sent this all out in an email and said, "Hey, as an employee, we recommend the next time you have a one on one with your manager, you may wanna just create a note, send some notes ahead to them that these are the topics that you wanna talk about, like these are... This is what you're thinking about." And manager, just be prepared also to have that conversation with your employee. And so, it's as simple as that, as those four questions, and what we said was... And for those who've been around long enough for the year, this will serve as your year-end performance evaluation, but for everyone else we're gonna be doing this going forward four times a year, so that by the end of the year, it's really about... It's separate than the merit and the bonus decision because you've already had those four conversations.

0:50:47 Marissa: When we first did it, and we sent that email out, it was as simple as that, we didn't send out any forms, the feedback that we got because we did go and collect feedback formally, we also got anecdotal people who fed it back immediately. Especially those who've been around the company a long time, they're just like, "This is the first time I've actually had a real conversation with my manager about me and what's expected of me, how I'm doing, what my passions are and what I'm interested in." I think that's really at the core of what happened that you kind of walked away from that anxiety of, "It's a stressful year-end performance evaluation?" To really me as the individual and how do I show up in the organization, how am I contributing and making a difference? They were really excited about, "Wow it's probably the most real conversation I've had as an employee."

0:51:08 Marissa: And imagine doing that at least four times. Now, look, I think really great leaders do it naturally all the time. But look, if we can provide a guideline where at minimum you're doing that four times a year, that's really awesome. So that's what those conversations look like at least at the RSC and the field leader level. With the crew members we've...

0:51:08 Jacob: It's just a conversation, right? It's not a form...

0:51:08 Marissa: Yeah, the conversation...

0:52:02 Jacob: Okay.

0:52:02 Marissa: Right. And it's also about not only, "What is it am I doing for you, and what do I need to be doing?" But then, "How do I need to grow and develop so that I can be successful and continue to grow with the company?" And so... And that that's not happening once a year, it's... I think most businesses these days, and I think about our business, it's so... Has to be so agile. You live quarter to quarter, so you need to be able to track and adjust along the way. And so, I think that's what's happening in these conversations, and then take that all the way to the hourly level. What it's turned into is... It's great and I don't know that we designed it this way, it just kind of happened. I told you about the crew bonus that we introduced. And what it's turned into is, employees really wanna know, "Gosh, what is it that I need to continue to be doing to support my restaurant, so that the restaurant can get its bonus, and I can get my bonus?" So it's fascinating it's turned into that.

0:52:58 Jacob: Yeah.

0:53:00 Marissa: And it's also turned into, "Hey look, here's what I'm passionate about and, How can I live that at Chipotle?" So that development question, it's not just, "Here's what you need to be doing better in your job." But, "How can we help you be a better human being? At least the human being you wanna be, and bring that into the office." So that that's how it was... I think our GMs use that as the entry point to talk about, "And here's all these other great benefits that we wanna provide to you." So it's a place...

[pause]

0:53:41 Jacob: Uh oh. Did we lose Marissa? No. [chuckle] Marissa where did you go? Hang on one second. Oh, it looks like she disconnected or dropped. Let's give her a minute. Hopefully, she will click the link and come back in. One second.

[pause]

0:54:18 Jacob: Let's see. Hopefully, she'll come back in. Yeah, she got disconnected. Alright, one second everyone. Technical difficulties, as is what happens with technology. I know there are still a couple questions and comments, I still see here in LinkedIn Live. So if Marissa is able to join back in, then I will go ahead and ask her these questions. But if you have any others, keep them coming in there, and I'm gonna see if I can get Marissa back. Give me one second.

[pause]

0:55:11 Jacob: Stay tuned. Yes, exactly. Stay tuned. I'm emailing them right now, really quick, to see if I can get her back. We only had a couple of minutes left anyway. So I'm gonna see if we can... If we can get them back in, so I can ask the last few questions.

[pause]

[chuckle]

0:55:51 Jacob: Thanks Michelle. Oh, there she is. She's back. There you are.

0:56:00 Marissa: Sorry about that. Hey, let's iterate. Let's learn and move on. [laughter]

0:56:04 Jacob: Yeah, it happened that...

0:56:05 Marissa: Great.

0:56:05 Jacob: And I just realized that I've been... So I've been saying your name wrong. It's Marissa.

0:56:08 Marissa: That's right. It's like Teresa with an M.

0:56:11 Jacob: Okay. So I apologize. I've been saying Marissa this whole time. So it's actually Marissa. It's one of those days.

0:56:18 Marissa: No worries.

0:56:19 Jacob: So a couple other questions... Maybe one more question before we wrap up, 'cause I know we're pretty much out of time now. And this one is... It's actually a good question from, I guess you pronounce it Samer. S-A-M-E-R. Samer. And he says, "Can Marissa share anything about how new employees and leaders get onboarded at Chipotle?" So anything that you can share about either the leader or the crew member onboarding experience, and what that might look like.

0:56:49 Marissa: Yeah. So our culture is really based in the restaurant. So if I think about, at our Restaurant Support Center, that part of the onboarding, you know, you go through your orientation the first day that you get here, and then the first month to get into the benefits. But as part of that first month, there is also the restaurant experience, in that, anyone who works in the Restaurant Support Center also has the opportunity to go train and learn in the restaurants and work side-by-side with our crew. It's really important to do that. So that's part of the orientation for our Restaurant Support Center, is to be out in the restaurants for three or four days, working side-by-side with the crew.

0:57:26 Marissa: I think as you onboard, as a new employee, a new hourly employee, it is also the same thing. We don't just have you get on the line right away and like, "Hey, get a tortilla and say, Is it a bowl or a burrito that you want?" We also take the time to teach our employees and work side-by-side with them, so that they can experience the restaurant, understand the tasks, etcetera, before they're actually put in live in front of the guests and the customers that come through. So that's the technical aspect of it. I would say another piece really is, we do dive deep and spend the time really educating our team on the values. And there's a lot of great, I'd say, communication and media that we put together, that's a reflection of our leadership team, our field leaders, all talking about our values, that everyone has access to. So it's those two things.

0:58:24 Jacob: Perfect. Well, maybe to wrap up, I can just ask you two or three fun rapid-fire questions about yourself.

0:58:30 Marissa: Okay.

0:58:30 Jacob: And then, you can let people know where they can go to connect with you. So what has been your greatest business failure?

0:58:37 Marissa: Oh, business failure. Well, I think about a time when I worked in entertainment, so it predates all the other experiences that I told you about, where we thought we can just create a performance review form. And I think the failure was, I'd allowed the team to just cut and paste from another organization, and we failed miserably, because...

0:59:00 Jacob: Oh.

0:59:00 Marissa: Leaders were just like, "This is not who we are, and not our culture." So it was a great learning as a result of it, but it was a failure because I thought, "Ah, a shortcut. Maybe we can just slap this in there, and do this performance review program." And it was a bust. But what came out of it was the reinforcement that, "Meet the organisation where they're at." You know? And create something that makes sense for that culture.

0:59:26 Jacob: What's your most embarrassing moment? At work.

0:59:29 Marissa: Oh my gosh. In life?

0:59:32 Jacob: No, no, no. At work, at work.

0:59:34 Marissa: Oh gosh. I rarely... I mean, I'm kind of an out-there individual. So rarely do I get embarrassed. I would say, I mean, I don't like a lot of attention when it's specifically an individual recognition, I'd rather just... I'm embarrassed by that, I'd rather just recognize the team, if that makes sense. Yeah, I don't know that I've been like fully embarrassed at work. I haven't... I have... That hasn't happened yet.

1:00:09 Jacob: What is a business or non-business book you recommend for people to check out?

1:00:14 Marissa: Well, I just mentioned one which is, It's the Manager, and it's everything that we've been talking about. I think, at the end of the day, if you want to focus on the most important person in the organization and how to make a difference, in business results, it is about focusing on the manager, and it's the book that was produced by Gallup, published by Gallup a year ago. And then...

1:00:39 Jacob: Yeah, and Jim Clifton was a podcast guest as well, so people can tune in and listen to that one as well. We talked a lot about that stuff, it's a meaty book, it's got a lot of stuff in there.

1:00:47 Marissa: Yeah, and another book that I really love, it's... Gosh, it's so dated now, it's published in 28 different languages, is The Medici Effect. I don't know if you've heard about this, Frans Johansson? And it's about... If the way I can summarize it is, it's about... The Medici Effect is, if you look at the intersections of diversity. Right? You bring different people, different thinking, and you look for those connections, you create innovation out of it, and so that's the whole Medici Effect. I love that book in that it just makes you think about business differently, and work differently.

1:01:27 Jacob: Yeah. Very cool, I'm gonna have to check that one out. Well, I know we're near the end of our time here, so thank you everyone who left comments, and who was watching live. Where can people go to connect with you or with Chipotle? I mean, anything that you wanna mention for people to check out, please feel free to do so.

1:01:46 Marissa: Well so, if you wanna connect with me directly, you can find me on LinkedIn. It's MarissaAndrada@LinkedIn, it's pretty straight forward, you'll see me at Chipotle. If you go to our Chipotle website backslash jobs, careers, you can also learn a little bit about Chipotle, get on the website. I would also check out Instagram, peopleofchipotle. A lot of what the vibe is working in the restaurants, and everything we're doing with our employees, peopleofchipotle@insta, on Instagram, is a really great place to access us and DM us directly and we'll make sure to get in touch with you. I'd say it's those three things.

1:02:22 Jacob: Perfect. Well thanks for taking time out of your day to speak with me, and thank you everybody for joining live, and for everybody who's listening to this, is the podcast version when it goes up. So Marissa, again, I really, really appreciate you coming on and sharing all your insights with us.

1:02:38 Marissa: Jacob, so much fun. Thank you so much. Happy New Year.

1:02:41 Jacob: Yes, Happy New Year to you, and I'll see all of you in... Next week, we'll have another episode. See you later.