



Crisis at Chipotle

Hundreds of Chipotle diners were sickened after eating contaminated food.

Can this popular burrito joint regain its customers' love?

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**AS YOU READ,
THINK ABOUT:**

How should a business handle a crisis?

It was a crisp winter day last December when dozens of vomiting students flooded the infirmary at Boston College. They all showed similar symptoms: diarrhea, stomach cramps, nausea. According to one onlooker, the kids in the waiting room were throwing up so much they had to be given their own buckets. In the end, more than 140 students would be

JOHN UELAND

BRAND X/GETTY IMAGES

plagued by the mysterious illness—including half the basketball team.

So what had made them sick?

It wasn't the stress of finals. It wasn't allergies or the flu.

It was food.

The students had recently dined at Chipotle Mexican Grill, where they had been infected with norovirus, a highly contagious virus and common cause of food poisoning. Unfortunately for the popular burrito joint, this outbreak was not a one-time incident. It was merely the latest in a series of food-poisoning scandals. Over several months, hundreds of Chipotle customers across the country had been sickened.

With this latest outbreak, it seemed Chipotle was in serious trouble. In the coming days, sales would fall. Restaurants once packed with happy diners would sit empty.

Was this the end of Chipotle?

Negative Attention

Few situations test a company more than a **crisis**. Journalists report the story minute by minute. Customers disappear. Profits fall. Workers feel rattled. Sometimes, government **regulators** and even criminal investigators get involved. Whether the consequences last for days or years, a crisis affects employees, **investors**, and the public.

Of course, Chipotle is not the first company to find itself in a big mess. Over the years,

plenty of businesses have faced crises—some even more dire than Chipotle's. But no matter what the problem, the way a company handles the situation is critical. One misstep can turn even a minor issue into a full-blown nightmare.

Take United Airlines. In 2008, musician Dave Carroll was horrified to learn that his \$3,500 guitar had been tossed around carelessly by baggage handlers. The guitar was ruined. For the next nine months, Carroll tried to get United to pay for it. He called. He e-mailed. He called again.

Every time, United said no.

So he wrote a song called "United Breaks Guitars" and put it on YouTube. The video was an overnight sensation, racking up millions of views and creating a tornado of negative attention for the airline company. United contacted Carroll and offered to pay for the guitar if he would take the video down.

But this time, *he* said no.

Shattered Image

Over the past decade, Chipotle has risen from a small chain in the Southwest to a national fast-food powerhouse, with 1,900 restaurants across the U.S. Its reputation was built on quality. The meat comes from animals that are raised

humanely. Whenever possible, each Chipotle restaurant gets its produce from nearby farms. But what really sets Chipotle apart is the fact that its food is made fresh in front of customers. (With most fast-food chains, food is made off-site, frozen, shipped to restaurants, and then reheated in back kitchens.) As a result, many customers saw Chipotle as a healthy alternative to greasy burgers and fries.

The food poisoning scandals shattered that image.

The crisis began in August 2015, when 64 diners in Minnesota got

Every year, an estimated 48 million people get food poisoning in the U.S. Most cases are not life threatening, but they are very unpleasant.

salmonella poisoning, a potentially deadly form of food poisoning. That same month, more than 200 diners in California contracted norovirus. In October and November, the sickening saga

continued as customers in 11 states became ill from *E. coli*, another dangerous form of food poisoning.

Then came the Boston College outbreak. By the end of 2015, food poisoning had sickened about 500 Chipotle customers across 13 states. And those are just the ones whose illnesses were reported. Food-safety experts say that the number affected could actually be 10 times higher. ➔



Norovirus spreads through contact with contaminated water, food, people, or surfaces. Symptoms include fever, stomach cramps, vomiting, diarrhea, and headache.



What Causes Food Poisoning?

Food can get contaminated in all sorts of ways. Perhaps the person fixing your dinner didn't do a good job washing his or her hands after using the bathroom. Maybe a rainstorm washed cow manure through the field where the lettuce on your burger was grown. Maybe your taco touched a dirty kitchen counter.

With any reported food poisoning outbreak, officials from health agencies, such as the Centers for Disease Control and Prevention, are brought in to investigate. Like detectives solving a crime, these officials must find the cause of the outbreak so it can be stopped. In the case of Chipotle, officials traced the norovirus outbreaks to sick employees. The investigation also turned up troubling issues, such as dirty kitchen equipment and improper food storage.

The *E. coli* outbreak, however, stumped them. Chipotle gets its food from dozens of suppliers and didn't always know which foods were ending up at which restaurants. This made it difficult for investigators to figure out the source of the *E. coli*. In the end, the cause was never discovered.

Outraged Diners

Most **crisis managers** will tell you that during a scandal, a company needs to communicate with the public immediately—and that information needs to come from a person in charge, such as the owner or **CEO**.

Instead of panicking and staying silent, companies should use the press and social media to get the message out about what is going on—even if it's bad—and what they are doing about it. Apologizing and taking responsibility go a long way. That can be difficult, though, especially when a company isn't sure what exactly happened or how widespread the problem is.

In the early days of Chipotle's crisis, company leaders seemed invisible. As outraged diners took to Twitter and Facebook with horror stories about dirty restaurants and cases of burrito-induced diarrhea, Chipotle remained silent on social media. In fact, Chipotle said nothing about food poisoning on Twitter until November 9, nearly three months after the first serious outbreak. To some, it felt like the company wasn't taking the situation seriously, or worse, that its leaders didn't care.

In fact, Chipotle was spending enormous amounts of time trying to understand what went wrong and spending millions of dollars to

prevent additional outbreaks. The company temporarily closed many restaurants and scoured them for clues. It deep-cleaned kitchens, interviewed workers, and inspected its key food suppliers. It worked closely with state health agencies. And it hired a food-safety expert to overhaul its business and create new safety standards. What it didn't do was share this information with the public—at least not at first.

E. coli victim Chris Collins told *Bloomberg Businessweek* that he ended up at the emergency room after eating at Chipotle and was sick for weeks. He was particularly infuriated by a note on one of the restaurants that closed during the outbreak. The note read: "Don't panic. Order should be restored to the universe in the very near future."

"That felt so snarky," Collins said. "People could die from this."

Speaking Out

In November, Chipotle finally started to speak out. "The fact that anyone has become ill eating at Chipotle is completely unacceptable to me and I am deeply sorry," wrote CEO Steve Ells in a letter published in newspapers across the country. The next month, he went on the *Today* show to apologize and talk about changes the company was making. He also went to Seattle, where there had



Salmonella bacteria can be found in raw or undercooked foods such as eggs, poultry, or meat. A salmonella infection causes diarrhea, fever, stomach cramps, and vomiting.

Lessons in Crisis Management

Three companies that handled trouble well



Odwalla

What happened: In 1996, one child died and more than 60 people got sick after drinking Odwalla apple juice containing harmful *E. coli* bacteria.

How the company handled it: Odwalla immediately pulled all juices with apple from store shelves. It offered to pay medical bills for anyone affected, put up a website explaining the problem, and gave frequent updates on the situation.

Lesson: Being **transparent** and taking quick action go a long way.



Toyota

What happened: In 2010, more than 8 million Toyota vehicles were recalled because of safety defects, such as problems with gas pedals and brakes. These defects and other safety issues are suspected to have contributed to the deaths of 89 people over the past decade.

How the company handled it: After staying silent in the early days of the crisis, Toyota got its act together, issuing public statements from executives taking responsibility and reassuring consumers of the overall safety of its vehicles.

Lesson: Reminding customers of your good safety record shows that the crisis is an isolated tragedy—not a bigger, scarier problem with your company.



JetBlue

What happened: In 2007, a big ice storm and poor communication within JetBlue led to the cancellation of nearly 1,000 flights in five days. Thousands of passengers were stranded in airports and on runways. Some people were left on grounded planes for six hours.

How the company handled it: JetBlue CEO David Neeleman did not blame the weather. Rather, he vowed his company would do better. He created a customer bill of rights, which included the right to be **compensated** if you get stuck on a runway for a long time.

Lesson: Making new policies to prevent the problem from happening again can restore confidence.

been two *E. coli* outbreaks, and ate at one of the restaurants to show that the food was safe.

"I think Chipotle should get a lot of credit," says Tim Calkins, a **marketing** professor from Northwestern University. "They demonstrated they were concerned; they took action. The problem is, you can only do so much when there's a series of bad things happening."

Looking Ahead

By early 2016, it seemed the food poisoning outbreaks were finally over. Still, a poll in January showed that 15 percent of customers didn't plan to eat at Chipotle anytime soon. In the meantime, Chipotle has continued to make improvements to its food-safety measures, which are clearly outlined on its website. It also closed all of its restaurants for a day of employee training—and

live-tweeted the event.

The crisis isn't over, however. Chipotle is facing lawsuits from victims and a criminal investigation by the Justice Department. But it is continuing to reach out to customers with advertisements inviting them back and fun promotions like free burrito days.

Is it enough?

Maybe. "People do tend to be forgiving," says Calkins, "especially if they think a company is doing the right things and taking appropriate steps." ●



Most *E. coli* bacteria are harmless, but a few strains found in water, raw fruits and veggies, and undercooked beef can make you sick. Symptoms include diarrhea, vomiting, stomach cramps, and—in severe cases—kidney failure.



How to Handle a Crisis

In 1982, someone laced Tylenol with poison. It was an unimaginable crime that resulted in the deaths of seven people. Here is how Johnson & Johnson, the company that makes Tylenol, responded.



Tylenol is one of the most trusted medicines on the market. But in the fall of 1982, it was at the center of a horrifying crime. Seven people in the Chicago area died after taking Extra-Strength Tylenol that had been poisoned with cyanide.

Overnight, the Tylenol brand went from being a symbol of healing to a symbol of terror. Johnson & Johnson, the company that makes Tylenol, took immediate action. It yanked the product from every store in America and launched a campaign to warn the public.

Though its **stock price** fell for a time, the company emerged from the tragedy with the public on its side.

Today, the way Johnson & Johnson handled the Tylenol tragedy is considered a model for how companies should handle a crisis. Here's why.



1 It took immediate action to protect the public.

On September 30, investigators told Johnson & Johnson about the poisonings. That same day, Johnson & Johnson issued a national alert warning the public. Within a few days, it had set up a hotline that people could call for information. On October 5, Johnson & Johnson recalled all 31 million Tylenol bottles from stores around the country—about \$100 million worth of product. It did this even though there was little chance that bottles outside Chicago had been tainted. It was one of the first mass recalls in American history.

2 It stopped advertising.

Johnson & Johnson pulled all advertisements of the capsules from magazines, newspapers, TV, and radio. It used the media only to share information about the crisis.

3 It reached out to the families of victims.

Although Johnson & Johnson was not directly responsible—the poisonings were the work of a criminal—the company still issued an apology to the families of the victims. It also provided counseling and financial assistance.

4 It communicated with the public, even the bad news.

Nearly 100,000 newspaper articles and hundreds of hours of television coverage were devoted to the Tylenol crisis. Johnson & Johnson's chairman, James Burke, let reporters into his office to observe—in real time—what his company was doing. As a result of this transparency, the public trusted that Johnson & Johnson was telling the truth.

5 It was part of the solution.

Johnson & Johnson made significant changes to its production process. Two months after the murders, it developed a new tamper-resistant bottle that is still being used today. It also set up random inspections of its shipments.

WRITING CONTEST

How should successful businesses respond in a crisis? How does this information relate to our own lives when facing a personal crisis? Answer both questions in a short essay. Use text evidence. Send it to **CRISIS CONTEST**. Five winners will get *The Omnivore's Dilemma* by Michael Pollan.



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