CASE STUDY

Chipotle Mexican Grill

National restaurant chain creates traceability program to advance its commitment to food safety and *Food with Integrity*

CHALLENGE

To deliver on its *Food with Integrity* mission and serve food made from the very best ingredients, Chipotle needed to effectively engage with a large network of supplier partners to establish a company-wide traceability process.

SOLUTION

Chipotle partnered with FoodLogiQ®, a traceability solution provider for the food industry, to implement a traceability program leveraging GS1 Standards for sharing standardized product information at every step along the supply chain – applying proven best practices developed by various industry segments.

BENEFITS

- Increased efficiencies in quality assurance and logistics and real-time visibility of food and other products at each point in the supply chain.

- Improved stock recovery process.

- Ability to capture and share quality attributes throughout the supply chain and enhance reporting at the restaurant level.

- More direct access to supplier-provided information about sustainability efforts.

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— **JASON VON ROHR**, Executive Director of Supply Chain, Chipotle

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>
> — **HEIDI WEDERQUIST**, Director of Quality Assurance & Food Safety, Chipotle Supply Chain Team

Founded on Principle

Steve Ells founded Chipotle Mexican Grill in 1993 with his first restaurant in Denver, Colorado. As a classically trained chef, Ells has always been focused on delicious food made from the best ingredients and transforming a "fast food" experience into one more akin to fine dining. Now, two decades and more than 1,600 restaurants later, Ells' singular purpose has proven to be a winning recipe. Chipotle has pioneered a new restaurant category, the "fast-casual" dining experience, becoming today's fastest growing segment in the industry.

When visiting a Chipotle restaurant or the Chipotle website, consumers see front-and-center the company's commitment to high-quality ingredients, classic culinary techniques, environmentally sound sourcing and sustainability. Chipotle calls its philosophy "*Food with Integrity*."

Chipotle's *Food with Integrity* vision defines the company's mission to continually work to find better sources of food from suppliers that meet its requirements for animal welfare, sustainability and social accountability. It grew from Ells' own research into the supply chain.

"I met ranchers and farmers dedicated to raising livestock and growing produce using responsible, respectful, and sustainable techniques," says Ells. "By partnering with these producers we have increased the amount of naturally raised meats and responsibly grown produce we purchase exponentially."

Traceability Required

Chipotle's *Food with Integrity* mission is strengthened by the traceability program it launched with Chipotle growers and suppliers, using proven GS1 Standards to attain the company's goal of end-to-end supply chain traceability. This enables the company not only to ensure the safety and quality of the food it serves, but also that its suppliers are adhering to environmentally and socially sound practices.

"Our *Food with Integrity* mission is the foundation for all of our business practices, and traceability supports that mission by helping to create a more transparent supply chain," says Jason Von Rohr, Executive Director of Supply Chain for Chipotle. "We are dedicated to serving our customers the safest and highest quality food from responsibly raised and sustainable sources. Knowing exactly where our food comes from and partnering with our suppliers for continuous improvement in quality, safety and sustainability helps us keep our commitment."

The *Food with Integrity* pledge dovetails perfectly with industry-driven fresh foods and foodservice efforts to standardize information flowing through the supply chain. This includes best practices and traceability guidance developed by the Produce Traceability Initiative (PTI), the organization formerly known as the Meat and Poultry B2B Data Standards Organization (mpXML), the dairy, deli and bakery sectors, and the Foodservice GS1 US Standards Initiative. As a result, Chipotle is extending traceability to all of its suppliers, regardless of the type of food or product they supply.

"We carefully select our food suppliers based on their practices," says Heidi Wederquist, Director of Quality Assurance & Food Safety for Chipotle's Supply Chain team. "With our traceability system in place, it will be easier to work with existing supplier partners and onboard new suppliers – including more local and regional suppliers. This will give us greater visibility and assurance that we are using the very best sources of food that we can find."

To mount the ambitious project to achieve whole supply chain traceability, Chipotle is partnering with FoodLogiQ, a GS1 US Solution Partner, offering software solutions that enable companies to proactively track and manage data inside and outside their organizations, leveraging the use of GS1 Standards with its cloud-based approach.

Chipotle's traceability implementation enables the company to trace fresh foods back to their original source, including the farm where produce is grown.

"The ability to trace agricultural commodities, ingredients and finished goods using the global system of GS1 Standards backs up the Chipotle brand promise with real-time data."

— **ANDY KENNEDY**, President, FoodLogiQ

Laying the Foundation

FoodLogiQ maintains Chipotle's traceability site where an approved supplier can go to aggregate and store information critical to compliance with the traceability program's guidelines.

Using a simple, step-by-step registration process, Chipotle suppliers create and maintain their own profiles in the traceability system, including GS1 Standards-based data such as the GS1 Company Prefix that uniquely identifies their brands. They also supply Global Location Numbers (GLNs) as entity and location identifiers for each of their fields, pack houses and/or distribution centers.

Suppliers also provide Global Trade Item Numbers for each and every type of product destined for Chipotle kitchens – food ingredients, beverages and even paper products. For each supplier, locations and products are uniquely identified, laying the initial foundation for ultimately tracing a piece of produce, for instance, back to the packing house from which it was shipped, or even to the field where it was grown.

As part of Chipotle's traceability program and to track incoming raw ingredients as well as outbound products, suppliers must use labels containing the product name along with the Global Trade Item Number® (GTIN®), Batch/Lot number, and pack and/or use by date encoded in a GS1-128 barcode on each case of product.

As shipments are prepared, cases are palletized and linked to a GS1 Serial Shipping Container Code (SSCC). On a hybrid pallet label, the SSCC is encoded in a GS1-128 barcode along with each case configuration containing GTINs, Batch/Lot numbers and the quantity on the pallet.

"What makes Chipotle's traceability program noteworthy is that it includes the farm, the restaurant and all points in between. Secondly, the breadth of the information captured is unprecedented. Finally, the comprehensive support that Chipotle offers suppliers is incredible," says Andy Kennedy, President of FoodLogiQ. "The ability to trace agricultural commodities, ingredients and finished goods using the global system of GS1 Standards backs up the Chipotle brand promise with real-time data."

Step-by-Step Visibility

With all Key Data Elements (KDEs), including GTINs and Batch/Lot numbers, provided by growers, distributors and processors, Chipotle links together all this tracking information coming from suppliers' systems in FoodLogiQ's whole chain traceability solution with GS1 Standards.
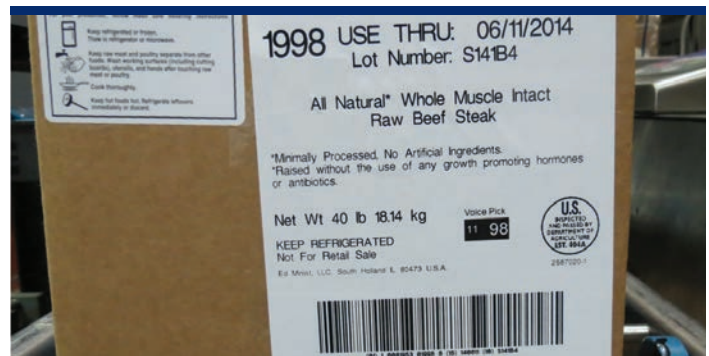
Supplier labels on each case provide the GS1 Global Trade Item Number (GTIN) and other product data for tracking incoming and outbound ingredients.

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In order to connect raw ingredients to source locations, ingredients to finished products and finished products to manufacturer and distributor, Chipotle asks that suppliers also track and share Critical Tracking Events or CTEs. Six CTEs are prescribed, starting with growers that pack cases with produce and assign them to pallets to the event where distributors ship cases of food to Chipotle restaurants.

"Thanks to the interoperability of GS1 Standards, we have a uniform way of identifying food as it moves through the supply chain," says Wederquist. "We can now react even more quickly to a recall, if and when a situation occurs."

Wederquist contrasts this with past days when the Chipotle Supply Chain team had to manually track food through each point of the supply chain and obtain a paper trail for inventory and incoming orders when there was a food quality issue.

"With our new traceability system, we will be able to input the item's GTIN and Batch/Lot number, for example, and get a complete view of its path from the field to our restaurant," says Wederquist. "It takes a matter of minutes to uncover information that once could take much longer."

Supplier cases are linked to a GS1 Serial Shipping Container Code (SSCC) encoded in a GS1-128 barcode on a hybrid pallet label for ease of delivery receipt at Chipotle's distribution centers.

Food Safety and Sustainability

With the traceability system, other types of information can be automatically captured and shared such as a supplier's food safety audit documents, product specifications and recipes.

Feedback from Chipotle restaurants helps track quality assurance metrics, and the system gathers input for product condition, age, and temperature compliance, particularly important for fresh produce and for foods requiring refrigeration. Quality checkpoints stop products in the supply chain if they don't meet certain benchmarks, like proper temperature or condition.

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Sustainability metrics such as "food miles" can also be gathered, so Chipotle can track foods sourced locally. The system also automatically prompts Chipotle suppliers to upload new versions of critical business documents such as audits, codes of conduct, and insurance certificates prior to the document expiration dates.

Suppliers of ingredients can also use the traceability system to verify raw materials and dates of shipments and arrivals at a distributor; the distributor shipping to Chipotle can verify its shipments arrived promptly and can use the information to facilitate invoicing and inventory processes.

Wederquist offers the following recommendations to others in the industry with similar goals:

• **Start the process now; it takes time.** Chipotle selected a GS1 US Solution Partner with experience and expertise in traceability processes across all food categories and the global GS1 Standards to help guide its work.

• **Communicate with suppliers consistently and frequently.** Chipotle provided a simple, easy-to-understand roadmap along with support for its suppliers for participation in its traceability program.

• **Start with the customer experience.** Chipotle 's *Food with Integrity* mission clearly defines the company's expectation for transparency throughout its supply chain in order to provide customers with the best food possible. With a focus on this mission, the company worked with its supplier partners to help translate this vision into reality.
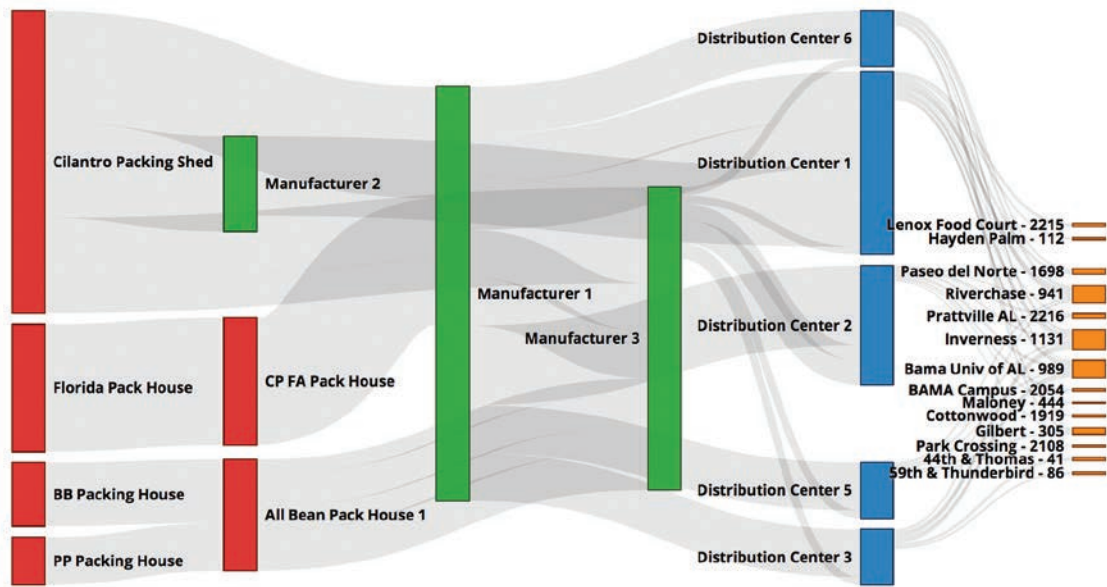
With the FoodLogiQ Traceability Investigation application, Chipotle can easily track ingredients back to their sources and trace forward to restaurants receiving them.

Chipotle Suppliers Pioneer Traceability Program

The following are three Chipotle partners that are early participants and supporters of the traceability program.

As one of the largest diversified suppliers to the foodservice industry, servicing 100+ customers and 25,000+ restaurants on five continents, Golden State Foods was among the first distributors to get involved with Chipotle's traceability program. With a wide range of product portfolios of liquid products, meat products, produce and dairy, the company was able to make significant contributions to developing the process that is designed to work for all categories of products. www.goldenstatefoods.com

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"Golden State Foods is fully committed to enabling supply chain transparency and traceability in partnership with Chipotle. We are excited to be a part of this first-of-its-kind program within the foodservice industry and applaud Chipotle for their leadership."

— **STEPHEN WETTERAU**, National Accounts Manager, Golden State Foods/Quality Custom Distribution

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Ed Miniat, Inc. (Miniat) was the first Chipotle supplier to meet the case-labeling requirements and already had Batch/Lot traceability in place. Miniat operates a value-added, meat facility in South Holland, Illinois and its meats are featured in nationally recognized food brands and restaurant chains. The company's core values continue to encompass business traditions of honesty, integrity, fair dealing, and quality that began four generations ago. www.miniat.com

OSI implemented case-level traceability and integrated its SAP ERP system with the FoodLogiQ application programming interface (API) to enable automated Advance Ship Notice (ASN) directly to Chipotle through a web-based application. This standardized ASN message is used as an alternative approach to traditional Electronic Data Interchange (EDI) data exchange. OSI began its business as a family meat market in 1909, and since that time one thing has remained steadfast: the company's unwavering dedication to its customers' success. That is why many of the world's leading brands regard OSI as their premier global food provider. www.osigroup.com

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About the Companies

CONTACT US

To learn more about traceability leveraging GS1 Standards and how GS1 US can support your company, visit www.gs1us.org/retailgrocery or www.gs1us.org/foodservice, and/or contact the GS1 US Customer Service Team at +1 937.435.3870.

ABOUT CHIPOTLE

Steve Ells, founder, chairman and co-CEO, started Chipotle with the idea that food served fast did not have to be a typical fast food experience. Today, Chipotle continues to offer a focused menu of burritos, tacos, burrito bowls (a burrito without the tortilla) and salads made from fresh, high-quality raw ingredients, prepared using classic cooking methods and served in a distinctive atmosphere. Through our vision of *Food With Integrity*, Chipotle is seeking better food from using ingredients that are not only fresh, but that—where possible—are sustainably grown and Responsibly Raised® with respect for the animals, the land, and the farmers who produce the food. Chipotle opened with a single restaurant in 1993 and currently operates more than 1,600 restaurants, including 17 Chipotle restaurants outside the US, 6 ShopHouse Southeast Asian Kitchen restaurants, and is an investor in an entity that owns and operates one Pizzeria Locale. www.chipotle.com

ABOUT GS1 US

GS1 US, a member of GS1, is an information standards organization that brings industry communities together to solve supply-chain problems through the adoption and implementation of GS1 Standards. More than 300,000 businesses in 25 industries rely on GS1 US for trading-partner collaboration and for maximizing the cost effectiveness, speed, visibility, security and sustainability of their business processes. They achieve these benefits through solutions based on GS1 global unique numbering and identification systems, barcodes, Electronic Product Code-based RFID, data synchronization, and electronic information exchange. GS1 US also manages the United Nations Standard Products and Services Code® (UNSPSC®). www.gs1us.org

ABOUT FOODLOGIQ

FoodLogiQ® is connecting the world's food and agricultural supply chain to make it more productive while promoting food safety, sustainability, and transparency. FoodLogiQ's on-demand platform combines whole chain data collection, sharing and reporting applications that are easy to use and simple to integrate with existing business systems. Located in the Research Triangle Park, with over a decade of experience, FoodLogiQ is recognized as a leader in the domain. www.foodlogiq.com

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GS1 US Corporate Headquarters
Princeton Pike Corporate Center
1009 Lenox Drive, Suite 202, Lawrenceville, NJ 08648 USA
T +1 937.435.3870   E info@gs1us.org   W www.gs1us.org

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