

DAVID SOLOMON: Welcome to Talks at GS. I'm very excited to be joined today by Brian Niccol, the Chairman and CEO of Chipotle Mexican Grill. Brian has served as the CEO since 2018 and became the Chairman earlier this year.

So Brian, thank you so much for joining us.

BRIAN NICCOL: Yeah, thanks for having me. Great to be here.

DAVID SOLOMON: So, let's start, I always like to go back and, you know, start near the beginning, not the absolute beginning, but I want to start when you were a teenager running a lawnmowing business with some friends. And I read that that was a job that helped you learn the power of marketing. And so, let's relate lawnmowing to marketing. What did you learn and how has it stuck with you today?

BRIAN NICCOL: Yeah. So, yeah, that's right. My first job was a - we cut grass, me and two other guys because I had-- the deal was with my parents, I had to have insurance money and gas money and go 50/50 on a Bronco II that I wanted to buy. So, you know, that was the motivation.

And then, you know, what we discovered is sometimes it's not just enough to use word of mouth to get people's lawns to cut. And we went the old-fashioned way of knocking on doors and, you know, posting flyers at gymnasiums and schools. And the next thing you know, we started to get, you know, more business than, frankly, three guys could handle with their own personal lawnmowers. So, you know, and my point sharing that story was, it's like, you know, look, awareness is a key piece of the puzzle. And then you know, committing to what you're actually going to do and then following through on what you commit on, you know, in marketing terms now, like, what's the benefit you're selling. But I didn't have the right jargon back then. I just knew, well, if we could get more people to know that we show up, we cut grass, and we're a good price, we'll end up with more lawns. And that kind of stuck with me.

And then probably the other thing I learned quickly too is you can't count on all the same guys to necessarily show up and cut grass. So, I kind of got my first taste at it's important to pick your fellow employees really well because, you know, unfortunately they can make or break the company you're trying to build. So, I parlayed lawnmowing into picking up range balls, as well, on the side.

DAVID SOLOMON: Which that could be a very, very profitable business. But good simple lessons. And also, you know, the simplest lesson, you know, if you want to do something, go out and do it. You know? Go knock on doors. Go do it.

You know, I as a kid, when it snowed, you know, I grew up outside of New York, with a friend we used to go knock on doors to shovel driveways. And you know, it wasn't that complicated. You knocked on a few doors, you made some money. And so it's a good base lesson.

So, you know, progressing to more important things, although I think there is some grounding that's important there. Your first job out of college was in brand management at P & G. And I think one of the great organizations to go to to learn and get some training in brand management. You then joined Yum Brands where you became the first official Chief Marketing Officer of Pizza Hut. So you went out to run Pizza Hut and then you were named the Chief Marketing Officer at Taco Bell. And ultimately, you became the CEO at Taco Bell in 2015. Marketing is clearly, when we kind of listen and we go through that background, marketing is clearly at the core of what you've done throughout your career. How have you connected marketing to running a business now that you've had a couple of CEO jobs? And so, obviously, there's a difference, but how have you connected the two?

BRIAN NICCOL: Yeah. You know, look, one of the things that was really great about my time at Procter & Gamble was that, you know, brand management, the core discipline was marketing. But you also got to do a lot of the generalist roles. You know? So I worked on, you know, product supply initiatives, you know, to IT initiatives, as well as traditional marketing initiatives. And then you got really good training in the analytics around making decisions. And one of the things I still really value from my time at P & G was getting down your thoughts into a one-page memo because it just crystalized your decision making. And, you know, I still use it today. And I really appreciate the opportunities that I got at P & G where, you know, I went from Scope mouthwash to Pringles potato chips to working on Kroeger, Albertsons, Safeway. You know? I was down in, you know, the plants for Scope mouthwash out in Iowa to the Pringles facility in Tennessee. Dealt with a plant getting hit by a tornado and we were single source, which, you know, you quickly realize that's a risk when you've got one plant. And I was 20 something years old. And you've read about it, but until you actually experience it, you're like, "Yeah, this is a big deal." You know?

And fast forward to my time at Yum, you know, I was very fortunate. I had some guys at Yum that, I mean you meet David Novak, you know, was like, "Hey, if you really want to be running the business, you've got to understand the operation." Meaning you've got to get into it. And while I was the Chief Marketing Officer, I actually did an area coach job where I was managing three or four restaurants. And you know, the gentleman that was the COO at the time, you know, I think gave me a little bit of a ribbing. He broke out my region as my own region. So, I got to see every day on the daily sales report, the Brian Niccol region of four restaurants. Which, you know, it just makes everything real when every day you wake up and you see your region.

But I learned, you know, so much about running a restaurant, the people involved in running a restaurant. The importance of, you know, the culture in the restaurant. Having the right general manager. And then just understanding, you know, if there aren't the right processes and execution in place, there are really crazy compensating behaviors that emerge. And you know, you've got to pay attention to those because they're emerging for a reason. And I've kind of taken that with me.

And then, you know, when I switched to Taco Bell, you know, we were very much in a turn around phase. And that was another one of those opportunities where, you know, folks were like, "Hey, we want to give you a shot at turning this business around." And you know, luckily, we did some great things. And you know, today that brand continues to be really strong.

DAVID SOLOMON: I'm thinking I want to talk for a minute about younger customers. And I know that you have three of them at home. And so, I'm kind of curious as to, you know, what you've learned from your own kids about the way you approach Chipotle's products, and they resonate, you know, with a younger population? And so, all of us see things through the eyes of our children. You know, this is a business where you can really learn something seeing it through the eyes of your kids. Talk about that a little bit.

BRIAN NICCOL: Well, yeah, I've got two tough customers because I've got two teenagers. And you know, and a nine-year-old. But you know, the teenagers are brutally honest. When they don't think something in social media is spot on, they're not afraid to give me the feedback.

But you know, here's what I'll tell you, and I'm amazed by this.

You know, my oldest daughter, she's 15. And we were talking at dinner and, you know, she brought up this animal welfare issue that, you know, I think it was Fair Life Milk had run into some problems where, you know, they went to a dairy farm and the cows were not being treated correctly. And I was just amazed that, one, she was aware of it. Two, she took enough time to understand the issue further. And then three, it struck a chord with her to the point where she wanted to talk about it.

And what I've discovered is more and more younger kids really care a whole lot about, not just the brands that they buy, but what their brands do beyond just the items that, you know, they happen to purchase. And you know, my daughter and a lot of her friends, they all like Chipotle, and they all say, you know, "Hey Mr. Niccol, we feel really good about Chipotle. The food's better, right?" And you know, so they don't completely know how to articulate it. But they understand that we take a different approach to animal welfare. We take a different approach to farming. We want to support young farmers, regenerative farming.

You know, we just did this thing called Real Food Print which is basically seeing the footprint you leave behind by using Chipotle's food practices versus conventional food practices. And you know, we've made it very simple on, like, the impact on carbon, water, soil. And it's just demonstrating sustainable farming versus, you know, some of the industrial farming that we're dealing with. And you know, that resonates with young people. It means a lot to them to know that, you know, you care about more than just your end product, you care about how your product gets there. And you know, they consistently give me that feedback.

DAVID SOLOMON: Yeah. And this all ties to sustainability having been a major focus for you since you came to Chipotle. The brand's purpose is to cultivate a better world. And this, obviously, relates to what you're talking about. And so, just elaborate a little more on that purpose and how it's connected, both to your customers and the food that you serve them?

BRIAN NICCOL: Yeah, sure. So, you know, look. There's a lot of things that we do because at the end of the day our values and our purpose make it very easy to make the investment in these things. And you know, we invested into mental health benefits for our employees, you know, again this was kind of fortunate because we were basically talking to our employees and we were like, "You know, look, we want to spend money on the benefits. But I want it to be on benefits that actually you want to

utilize. And help you be, you know, the best you." And one of the things that came back over and over again was, "Hey, you know, we could use some mental health benefits. Not just for myself, but my family." And so, we put in a mental health program back in January. And I'll tell you what, you know, that has proven to be very valuable through this pandemic and all the other challenges, frankly, 2020 has presented.

And you know, we made the decision because at the end of the day it was the right thing to do from an idea of cultivating a better, you know, employee, a better world, or a better community. Because mental health is such a challenging thing, or it can be a very debilitating thing. And the fact that we were willing to talk about it and say, "Okay, we're going to do it," you know, it shows up with our employees.

And then in our food, I would say where it shows up the most is the partnership we have with small farms to even big farms on the idea of animal welfare. You know, we want these animals raised humanely. We want these animals fed correctly. We want them taken care of correctly, for two reasons, one it's better for the farms. It's better for the animal. But also you end up with much more nutritious and delicious meat. I mean, it's just-- it's like this works. Like, why not do the right thing for the animal because we know doing the right thing for the animal and the, you know, that farm ends up with a better product for you the customer.

You know, I'm personally really interested in it. You know, I just had a great conversation the other day. You're going to be like, on what? On carbon neutral chickens. But it's-- you know, we buy a lot of chickens. And if you can figure this out and still have delicious, humanely raised birds, and do it in a way where it's carbon neutral, not just buying offsets, but you know, really--

DAVID SOLOMON: Really, really carbon neutral.

BRIAN NICCOL: Yeah. Really carbon neutral, you know, it's powerful.

DAVID SOLOMON: What do you think the company will look like five to ten years from now? What will be different? What will be the same?

BRIAN NICCOL: Yeah, well look, I definitely know one thing that will be the same will be our prepares around cultivating a

better world and our commitment to food with integrity. You know? That will be unchanged. As I look forward though, I definitely do think you're going to see a lot of different access modes for Chipotle. You're going to have these digital-only opportunities. These Chipotle-only opportunities. And then I also think you're going to see us be able to take our restaurant experience and move it around the world.

I don't think this is unique to just the United States. You know, we've started a little bit in Europe, in Canada. But I do think, you know, in Chipotle's future, it is going to be a global company that can cultivate a better world, not just a US company that's trying to do its part to cultivate a better world. So, you know, it's pretty amazing to think, like, today we're 100,000 employees. Not too far down the road we could have, you know, 300,000 employees. 6,000 restaurants. All different kinds of access modes. And be a multi billion-dollar digital company as well as a traditional restaurant company. So, it's pretty amazing to think, you know, it started with a burrito idea in Denver and fast forward to where I think we'll be, you know, five years from now, ten years from now.

DAVID SOLOMON: It's a great American story.

BRIAN NICCOL: Yeah.

DAVID SOLOMON: Best piece of advice you've ever received.

BRIAN NICCOL: You know, I think it really is around this idea of look at every opportunity and see what you can learn from it. You know? If you can walk away from the opportunity and you've learned something, then I think you've taken the time to really listen. And you know, it's kind of the combination of listening and learning are two things that I think huge advice that was given early in my career. And I've tried to use it just about everywhere.

I do believe, like, you can learn something from everybody. No matter where they come from or, with what they're currently doing. So, I take that to heart.

DAVID SOLOMON: Yeah, that's the idea of kind of a learning mindset, a growth mindset, I think, is a hugely valuable lesson for all of us. So that's well said.

Look Brian, this has been fantastic. Thank you. I'm sure everybody has really enjoyed it that's been watching. I really

appreciate you taking the time today to tell us, you know, your story and also to talk about the company, which is really doing wonderfully well. So, congrats on the success. And we'll look forward to seeing you soon.

BRIAN NICCOL: Yeah, thank you. It was a lot of fun. Take care. All the best.

DAVID SOLOMON: Absolutely, great to see you. Thanks a lot.

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