

Around the Water Cooler With Panera's CEO

Ron Shaich's philosophy: A successful business gives as much as it takes

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July 30, 2013



In college, Ron Shaich and his friends got thrown out of a local convenience store in Worcester, Ma., because the security officer suspected them of shoplifting.

Shaich, who had no intention of stealing, was furious. He decided to retaliate by opening his own convenience store nearby. As treasurer of the Clark University student government, he rallied his peers and passed a student tax that would generate thousands of dollars to open a nonprofit shop.

Over one summer, he hired a carpenter, furnished the place with materials from a local store going out of business and had "The General Store" ready when the students returned. Every Saturday morning, Shaich woke up at 5 a.m. to stock the store with goods from a local discount supermarket. It didn't take long for the cash to flow in, and by the end of the year, The General Store had earned a sizeable sum.

"I wanted to throw a Grateful Dead concert on the village green for the students," Shaich recalls, laughing at the memory, "but it went into a scholarship fund."

Fast-forward a few decades and that campus convenience store owner is now in charge of 80,000 employees who run more than 1,700 bakery cafes worth \$4.7 billion. And satisfying about 8 million customers a week is just one of the pleasures the CEO and self-proclaimed "innovator in chief" gets out of operating the artisan food chain Panera Bread.

"Business is like live performance art," says Shaich, who also co-founded the cafe bakery Au Bon Pain. "It's the closest thing a kid who can't dance and can't sing can do in a creative sense. I saw business as something to make a difference, and I ultimately began to feel that the food industry was a place that I could make a difference."

As he munched Thai chopped chicken salad (his favorite Panera item), the 59-year-old Panera founder from Brookline, Ma., chatted with U.S. News about how companies can make an impact on their communities and what can turn a business vision into brick and mortar. His responses have been edited.

When you started Panera 30 years ago, it was a new restaurant model that is now known as "fast casual." For people who have a novel concept for a business, what do they need to do to ensure it succeeds?

They've got to get all the things that support that idea in alignment. They've got to have the resources to do it, they've got to have the control to be able to execute their vision, they've got to have a way to operate it, to execute it. All the things that feed the organism, right? That's really what it is.

So much of choice in life, like your career, is a lot like body surfing when you're in the ocean. You get out in the ocean, you bob around and then you wait for a good wave. You gotta choose that wave. You understand that that wave may be a little further or a little less [away], but you help along by paddling. And so it's not about choosing the right path, and you're going to have it all figured out, and it's not about just rolling with the punches and everything is situational, it's about making choices where you plank and then letting that wave take you while you help yourself out.

Your co-CEO William Moreton is transitioning to an executive chairman role on Aug. 1 and you'll become the sole CEO again. For co-CEOs or co-owners of a business, do you have any advice for how to handle situations in which you may sometimes butt heads with the other person and disagree?

The only way that relationship ever works is if there is a deep level of shared decision-making, context and trust. So for Bill and I, before we ever agreed to it, we spent hundreds of hours talking, and we really developed a shared framework in that the way in which we made decisions was what was good for Panera, the second what was good for us and third how it appeared. We got to a place where I knew he would completely take care of me, and he knew I would take care of him.

In a partnership like Bill and I had, everybody has to know who's accountable for what. In our relationship, and at Panera generally, if everybody knows who's got the final authority to make what decision, then you can be open to taking input. But if you don't know who's going to make the final decision, everybody is afraid to even talk. So we're completely committed to very clear levels of authority – some decisions that are mine, others that are Bill's, others that are other people. And then we can be open to care for each other.