

Panera's cafe for charity starts to pay off

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Monday, October 4, 2010 - Mike Houser of University City eats lunch at Panera's Community Cafe in Clayton. Houser rides the bus to the cafe and says, "It was a blessing for me when they opened this cafe." Houser receives a small disability check but when it runs out he says he goes to soup kitchens. He much prefers the lunch he can get at Panera, where he always asks for extra pickles and gets a chocolate chip cookie -- or two, like with this lunch. The cafe is a nonprofit that allows people to pay what they can afford. A suggested price is given at the register and at a recent lunch hour almost everyone paid the full suggested price.

BY KAVITA KUMAR

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Sometimes, people need a little extra nudge to be good.

At the experimental, pay-what-you-want St. Louis Bread Co. store in downtown Clayton, that nudge often comes from Terri Barr, one of the cheery greeters who explain the unusual concept to customers. When patrons ask whether this is the "free place," she sets them straight in a warm but firm tone.

"Well, it's not free," she tells them. "If everybody pays below the (suggested) price, then we can't help people in need."

And when a few freeloaders come by every day — twice a day even — she asks whether they would like to volunteer for an hour to help the cafe carry out its charitable mission.

But the vast majority of people don't need the extra push.

Company executives say they are pleased to find that customers have been paying about 85 percent of the retail price of menu items since Richmond Heights-based Panera Bread Co. turned this cafe in May into its first nonprofit community cafe. The store is run through the company's charitable foundation.

Ron Shaich, Panera's executive chairman, admits that he was skeptical at first, too, unsure whether people would pay when not required to. But four months into the experiment, he says the results have renewed his faith in humanity.

"Are people responsible?" he asked. "My answer is in sum — on total — most people have stepped up."

It's been a roller coaster ride to be sure, he said. He recalled his rage early on when he saw a group of teenagers put \$3 on a credit card for \$40 worth of sandwiches.

"You have those moments that beat you down," he said. "There are people who game it. ... But most people are fundamentally good."

About 65 percent of people leave the suggested retail price, he said. About 10 to 15 percent leave a bit more. And the remaining 10 to 20 percent leave less. He believes most of those leaving less are struggling to get by.

Now the cafe has stabilized to the point where it is breaking even, Shaich said. And in the next couple of months, he expects it will begin bringing in a "modest amount" of money, though he didn't specify how much, that will be used toward social service projects.

Panera already has put out a request for proposals to about a dozen or so St. Louis-area organizations asking for ideas on how they might partner on programs such as job training.

The Clayton store, at 10 South Central Avenue, has been successful enough that Panera has decided to open two more cafes like it — one in another part of the Midwest in late November and the second on the West Coast right after the New Year. Beyond that, Shaich puts no cap on how many of these cafes there could be in the future — perhaps hundreds one day.

The concept is not going to solve world hunger, Shaich admits. And for that matter, the millions of dollars in charitable giving and donated food by the company's foundation makes an overall bigger impact.

But this nonprofit cafe is a way for Panera to leverage its skills in running restaurants to help the community, Shaich said.

"I think we're trying to set an example that corporate responsibility is not just about cutting a check," he said.

The menu board inside the Clayton store — officially named St. Louis Bread Co. Cares — has "suggested funding levels" instead of set prices.

It's then left up to the customers how much — if any — cash they drop into donation boxes near the cash register. Or they can tell the cashier how much to put on a credit or debit card.

Those with the means to do so are urged to leave the suggested amount — or more. Those with "a real need" are encouraged to take a discount. And those who cannot pay anything are asked to volunteer an hour — doing small tasks such as picking up trays, wiping off tables and watering plants — to get a voucher for a free meal. The cafe gets about 15 to 30 hours of volunteer work a week.

But volunteers aren't just those seeking a free meal. A group of students with developmental disabilities from St. Louis Arc volunteered at the cafe a couple of months ago to learn responsibility, teamwork and social skills. And fraternity brothers at Sigma Phi Epsilon at Washington University have been lending a hand for a couple of hours every week.

In the first month under the nonprofit model, customer traffic spiked about 20 percent. But since then, it has returned to normal levels, Shaich said. A sign near the entrance tells customers how many people the cafe served the week before. The number usually hovers between 3,000 and 4,000 people.

Recession refuge

In some ways, the cafe has become a refuge for people affected by the recession. Employees can rattle off the stories. There's the teacher who lost her job. The tech worker who got laid off and didn't know how to feed his family. The single mother with two children who live in a shelter. There are hugs and tears from those down on their luck.

Some of them don't want to give their name, embarrassed by their circumstances. It's not uncommon to see them roll up the dollar bills they drop into the donation box so others can't see how much they are leaving.

If there's one thing Barr has learned, it is that there's no "cookie cutter" to the face of need.

Some employees get upset by the patrons who don't pay for their meals, she said.

"But you've got to let it go and not judge," Barr said. "Because who knows? We never know. They could be laid off and still carrying a Coach bag. You can't judge."

All of the employees know Michael Houser by name. He takes the bus every day from his University City apartment to come to the cafe. He usually arrives around noon.

He orders the same thing every time: a turkey sandwich on honey wheat with everything. Extra pickles. A bag of potato chips and a cookie or two. A Dr. Pepper or an iced tea.

Sometimes he doesn't have any money to pay. Other times he has a couple of dollars. And when times are good, he might drop in a \$10 bill.

"I come here because I don't have any food at home," said Houser, who says he has schizophrenia and lives off disability checks. He also frequents food pantries.

There's Maria Turner, a teacher's aide who lives in East St. Louis. She heard about the cafe on the news a couple of months back and decided to check it out. She volunteers once a week — sometimes more — to get a free meal for her and her son.

"Times are getting harder," she said.

Some people come to the store just to pick up a loaf or two of day-old bread, which sits in piles around the store. Customers can leave a donation if they would like. "Take what you need. Leave your fair share," signs in the store say.

The other baked goods in the store are mostly day-old products from other local Bread Co. cafes and are offered at a discounted price.

Matt Bukhshtaber, who works down the street in a commercial real estate, is a regular who comes to the cafe about three times a week.

"I always put in a little more. I round up," he said. "I think it's like karma — do a good deed."

But some people have questions about the concept.

Mike Marcely, who eats there once every other week, continues to pay the full suggested amount. But he doesn't pay above that amount because it's not clear to him where the money is going.

"It sounds like a good idea," he said. "But if the intent is to try to help those in need, then I think there would be better places to put this than in Clayton."

Marquitta Jones, who owns the Clayton Diner next door, is not happy about the location, either.

"It's a wonderful thing what they're doing — everybody needs help," she said. "I just wish they would have put it somewhere else."

Her diner, where you can get a simple hamburger for \$2.50 or an egg and cheese omelet for \$3.20, used to be the cheapest place to eat in the neighborhood, she said. But not anymore. Now she sees some of her regular customers heading next door instead.

Her sales have been down about 40 percent since the Bread Co. reopened as a nonprofit, she said.

Jones said Panera representatives have met with her to see whether they could help in any way. But she still is struggling.

"Every Friday when I close up, I think about not opening again because it's not pulling its own weight," she said.