

Panera to open first local pay-what-you-can cafe in Lakeview

By Emily Bryson York

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Panera is turning one of its first Chicago stores over to the community. The store at 616 W. Diversey Pkwy. is converting to a pay-what-you-can model Thursday with only suggested prices and donation boxes.

This is the St. Louis-based company's fourth "Panera Cares Community Cafe" and its first in Chicago.

In an interview, founder and co-CEO Ron Shaich said the Lakeview location has particular significance for him because he wrote the company's mission statement there.



"Chicago is a very important market for us," Shaich said, adding that the company has more than 100 locations in the area, and co-CEO William Moreton lives in Hinsdale. "We've had a lot of success here."

He added that the Lakeview location is ideal for a community store because there are "million-dollar townhomes and people on the street," meaning there are customers who can help support the cafe and those who can benefit from a free meal.

"When you walk in, it's the full Panera experience," Shaich said. "When you go into a soup kitchen, the energy is so negative and the food is institutional and the experience is institutional."

He said the idea for the community model was to "create an experience," that could "lift people up" and provide some dignity for those who can't afford to pay.

To make the concept work, consumers who have extra money are asked to donate it. Those who are short can pay less, and those who can't pay anything can volunteer for an hour to eat free.

Shaich said the idea has worked because Panera turns the stores over to the Panera Bread Foundation, a tax-exempt organization that runs day-to-day operations. This

frees the publicly traded restaurant company of its obligation to run a profitable business.

Oddly enough, all three of the current locations in Clayton, Mo.; Dearborn, Mich.; and Portland, Ore.; have turned a profit. Shaich said the foundation, of which he is also president, gives the money to social service organizations that provide job training for at-risk youth. Panera hires those who have received the training.

During the recession, Panera profited from a contrarian approach: focusing on the Americans who were still at work, focusing on quality and not slashing prices. Since then, it has posted industry leading sales growth. In 2011, Panera sales rose 18 percent, to \$1.8 billion, while net income grew 22 percent, to \$136 million.