

# How Do You Innovate Dignity?

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Every successful innovation has three key components: an insight driven by a real consumer problem, an idea that solves the problem, and communication to let people know their problem has been solved.

What fascinates me is the way great entrepreneurs unearth insights the rest of us overlook. Or in Ron Shaich's case, find insights in places most of us would rather avoid.

Shaich is the founder of Panera Bread, a company with a \$4 billion market cap and 60,000 employees. The company's story is a remarkable expression of Shaich's desire to make a difference.

That difference includes a strong element of conscious capitalism. Shaich believes Panera should work for stakeholders, as much as shareholders. He focuses on longer-term strategic goals, instead of chasing the next quarter. And he has seeded a culture of transparency and authenticity.

The commitment is more than professional. Shaich and his family have volunteered in soup kitchens and bread lines, and delivered groceries to the housebound. It was those experiences that led to his remarkable insight.

## Truly Awful Negative Energy

Shaich described to me the depression and misery he encountered feeding the needy. "Standing in line outside in a bread line is dehumanizing and robs the people of any dignity they have. And for what? The meal they receive is terrible."

It was an experience that fired up Shaich's entrepreneurial drive. "I'm in the food business. I love the joy of solving problems, creating solutions that work better. I owed it to these people to give it my best shot."

Shaich's idea was to create a Panera where ordinary customers could pay regular prices for their meal, while those in need could receive the same meals for less or no money.

"My idea was that you should be able to eat a nutritious meal with the same dignity as everyone else, in the same place as everyone else. It would let you hold your head up high, and rebuild a bit of your confidence."

Like every great idea, Shaich's concept restaurant -- dubbed Panera Cares -- dumbfounded Panera patrons.

"People couldn't figure out the pricing idea, so we put a sign out front explaining it. They still couldn't comprehend what we were up to, so we had to put someone from our team out there."

The restaurant also drew customers who tested Shaich's faith in humanity. He told me more than a few people tried to 'game' the concept, ordering armfuls of sandwiches and walking away. But he and his team were determined to see beyond this abuse, and believe in the greater good.

Their faith paid off. Today, Panera Cares is a success. The restaurant earns a profit that is ploughed back into the community. More restaurants have opened, and are opening across the country. And Shaich receives dozens of calls a week from corporations seeking to replicate his formula.

But, as he freely admits, it's definitely not a no-brainer. There are hard lessons to be learned for any entrepreneur choosing this path.

### **Lessons From Panera Cares**

Shaich is presenting the Panera Cares case at [this year's Sustainable Brands](#) conference, and has previously spoken at events like [TED](#) on the subject. That said, his lessons are invaluable, and bear repeating:

1. **Make it non-profit** -- In addition to offering food at regular price, reduced price, or free, Panera Cares encourages patrons to pay a little extra if they can. If the restaurant was for-profit, customers would feel like fools paying extra to support a faceless corporation. As it is, they know the profit generated goes toward helping at-risk youth and the needy. Starting from this position of unassailable ethics makes customers feel like part of the solution.
2. **Make it real** -- Everyone knows the real price of a sandwich. Shaich believes it's key to his model that customers understand the value they're receiving. It makes them feel better about paying full price, or a little extra.
3. **Make it human** -- Shaich credits his team with the success of Panera Cares. It's much harder for a customer to look an employee in the eye and 'game' the system.
4. **Make it authentic** -- You can't create a social enterprise like Panera Cares unless you believe in the well-being it's creating. As Shaich says, his restaurant is a manifestation of his sincere belief in giving and service.