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## No Bologna, Please

by Julia Hanna / photos by Mark Ostow



*Ron Shaich (MBA 1978) leads restaurant phenom Panera Bread with plenty of vision but no illusions.*

Imagine a restaurant that doesn't charge for its food. There's a box for money—and a suggested donation amount—but no one can see what you pay, if you pay anything at all. That's the concept behind Panera Cares, a group of five distinct restaurants within the ever-expanding Panera Bread chain. "Before we opened the first Panera Cares in Clayton, Missouri, in 2010, we'd focused on food-insecurity issues and given away hundreds of millions of dollars in product and donations," says Panera CEO **Ron Shaich (MBA 1978)**. "This was just an opportunity to be involved with our own arms and legs."

That sort of no-nonsense approach typifies Shaich's outlook. "When evaluating one's life, I've always felt the key was to do a pre-mortem, not a post-mortem," he says. "I like to constantly challenge myself to see if I'm full of bologna or not."



For Shaich, that's led to a series of risks where the payoff wasn't obvious. After HBS, he opened a cookie shop in downtown Boston—and watched commuters stream by in the morning until he added fresh croissants and baguettes, both novelties at the time. That store would become Au Bon Pain, which Shaich and his partner, Louis Kane, took public in 1991. In 1993, the pair acquired St. Louis Bread Company, a 19-store chain of eat-in cafés based in St. Louis, Missouri, serving freshly baked artisanal bread, sandwiches, soups, and salads.

By this point, Au Bon Pain had 250 stores. But Shaich saw a developing trend: Consumers were looking for products and experiences that made them feel special, and the handcrafted approach of St. Louis Bread Company was the best way to meet that need. "By May 1999 all of our other businesses were monetized, and we were able to focus exclusively on the St. Louis Bread Company concept, which evolved into Panera," he told the *HBS Alumni Bulletin* in 2004. "As we went through a year-and-a-half of divestitures, our stock sank to a split-adjusted \$3 a share. Those were not happy times."

Today, Panera's share price hovers around \$180, making it the best-performing restaurant stock of the past decade. With nearly 1,800 stores in 44 states and Ontario, Canada, the company and its franchisees employ about 80,000 workers and saw system-wide sales of nearly \$4 billion in 2012. Menu items include a range of quick but distinctive options, from a shrimp and soba noodle salad to a "big kid" grilled cheese made with Vermont cheddar, Gruyère, and bacon. Specialty pastas, soups, and baked goods—including bread, of course—round out the offerings, all served in an atmosphere that encourages customers to linger rather than dine and dash.

"Serving people is the most powerful way I know to make a difference," says Shaich, who is based in Boston but visits an average of 25 stores a week. "Once you've resolved your basic financial needs, work is about three things: solving problems; making a difference; and doing something that you feel a passion and respect for. That's what keeps me coming here every day."