

Having words with Panera's Ron Shaich

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RICHMOND HEIGHTS Mo. Panera Bread Co. chief executive Ron Shaich will step down next May and be replaced by co-chief operating officer Bill Moreton. Shaich, who co-founded the bakery-café concept 28 years ago, will become executive chairman of the board, and the changes will occur at the company's next annual meeting on May 13, 2010.

Shaich said the move had been under discussion with the company's senior management for years and would allow him "to contribute to the broader world beyond Panera." As executive chairman, he will continue to oversee strategic initiatives at the company. See the full story [here](#).

The co-founder of Panera, who has been hailed by many as one of the industry's best chief executives, spoke with Nation's Restaurant News after the announcement.

What do you mean when you talk about using your experience at Panera in the "broader world?"

What I enjoy doing and what I love is solving problems. In many ways, Panera, for 28 years, has been a laboratory and a place to do just that — To solve a whole range of problems and figure out, 'How do you make an organization work?'

Having said that, for a very long time I have felt this capacity to actually solve problems and to make a difference [and] I'd love to contribute to the broader society in a public policy role, potentially in a non-profit, and maybe politically, though I'm not so sure that would be [through] elective office. So many of the ways that we as a community or society approach problems are very short term, and what it takes to run a business like Panera is a focus on the medium term and the long term. I would really like to use some of what I know in the broader society.

Did the difficult recession change your plans, or personal timeline?

No, not in any way. This is something that has been in discussion for certainly the better part of a decade and over the past three to four years our board has been discussing it extensively.

I have such a responsibility and sense of commitment to Panera, I couldn't [explore other options] until I felt the organization was strong enough to allow it and we had the right individual to take it over. And I believe both [those conditions] are true. The leadership is strong. The top ten people in this company have 150 years, collectively, of Panera experience. Bill Moreton has been a strong partner to me and a very strong leader.

I think we have built a transition plan, of which this is just one phase, which represents real continuity and strength. It has taken us several years to get to this point. Nothing will change tomorrow, I will spend the next six months in my existing role as CEO. At our next annual meeting I will step down as CEO and become executive chairman. Bill will become the CEO and

I will be there to support him as he needs best ... and to protect Panera and its value and its vision. I will take on the projects they ask me to do, as I begin a process of personally exploring some of the ways I might be able to make a difference elsewhere.

Does Bill Moreton have certain specific traits that help fuel your confidence in him?

It starts with knowing who Bill is. I've known Bill now, for close to a decade and a half. I've worked with him for close to a decade and been in a relationship with him for close to a decade. He was with us for five years as our founding chief financial officer; he was really my partner in many ways in this enterprise. He took several years and really retired and relaxed. I think he realized that wherever he went he was looking for Panera. He realized, I think, the strength of what this concept is, the strengths of its values and concept essence and wanted to come back here. We invited him back and it became clear to me and the senior management team ... that he was very much the kind of leader our organization, our franchisees and our investors believed in and very much represented a continuity of our core values and what has made Panera such a phenomenal success.

My view of any time you have a leadership selection – It's not so much what you [a candidate] did or even how you answered a question, but it is how you think and your character ... I don't think anyone knows what a business or organization will face, so what you look at is the character. And this is a guy who is comfortable in himself and holds very strong Midwestern values, who can think, is disciplined, can tell you things straight up and is a good judge of people and deeply committed to the very things we're committed to. He is very much my partner and a guy I trust to take this on.

What decisions – perhaps not so obvious at the time – have drastically changed the outcome for Panera?

I think what has made the most difference is that we have had the same fundamental business strategy – something we call 'concept essence' – for, essentially, almost two decades. It's a vision for how we compete, and we've stayed with that vision through thick and thin and through ups and downs. We have not played the game of being 'flavor of the month.' We have stayed disciplined with it. People ask me all the time, 'What are we doing new and different?' There are many things that are done differently at Panera, but they are always done against this vision of how we compete. We have continued to stay focused on that and within that we have continued to iterate, iterate and iterate.

What is Panera's best asset, and how can the company leverage that going forward?

There are things that make a better company and things that make a worse company and they begin with running a company as a small company, not a big company, and this constant commitment to iteration against the vision and going deep and mastering things, not simply doing the superficial and the simplistic or knocking off what everyone else is doing. [It involves] understanding who your customer is – I don't mean just [saying] the words, I mean really staying committed to it. Panera has been clear, strategically, and Panera has been able to execute at that.

Is there a particular challenge Panera faces today?

I think that Panera is in the strongest shape it has ever been in. It just released comps for the first 27 days of the fourth quarter that were up roughly 6 percent or more. I think we're the only system out there growing transactions right now. I think Panera made a bet during the recession. We went into it with a very strong balance sheet and made a bet on using this recession to drive competitive advantage and to actually not cut prices, but to put more on the plate for guests – very contrary [strategies].

This has meant three things for us: Investing more in the business, investing more in our stores and investing more in what we deliver for our customers – that's No. 1. No. 2, it has meant that this is the best of times to grow and we've been growing and reaching our growth [targets] this year; and No. 3, this is the time to hire. Most people have been through companies that are closing stores, laying off [to cut] overhead, but Panera is a company that has continued to grow, continued to add people. We are a safe harbor, I think, in a time of great difficulty.

I feel very good about where Panera is at today and feel very good about what the future will bring Panera. Obviously the company's board does [too,] in that we announced the authorization for a major buyback of stock, as well.

After the transition will you be at headquarters on a regular basis, or will you sort of play it by ear?

Quite frankly, I will always be part of Panera. I can't conceive not being part of Panera. This is 28 years of my life; these are people that I love, that I have deep affection for. I could not conceive of not being in a relationship with them. What form that takes, and how that works, I think we'll figure that out a year and a half or two years from now.

What about this transition excites you?

I couldn't feel better about it. I couldn't feel better about Bill. I couldn't feel better about the strength of the organization. And I also couldn't feel better about the degree to which this transition is coming off as a statement of both stability and the opportunity to continue pressing the limit of what Panera can obtain.

The best metaphor for it is this: It is like going off a diving board. My 11-year-old son, he knows it is good thing to do, and yet, he looks down and wonders, 'How cold is the water? How hard?' I know I need to do this for myself and, yet, I recognize how much I love Panera, and how much we've done and what we've created. The only reason it feels good, is that I know it is in very good hands.

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