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The road to Panera's \$7.5 billion sale began at a Cookie Jar in Boston

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WENDY MAEDA/ GLOBE FILE

PANERA BREAD FOUNDER RON SHAIKH IN 2010 AT ONE OF THE CHAIN'S STORES IN NEEDHAM.

Panera Bread, which this week was bought for \$7.5 billion by the private equity firm JAB Holding Co., is based in St. Louis, but its acquisition represents something of a shake-up for the Boston business community. Many of Panera's executives work in a Needham office, including chief executive Ron Shaich, who stands to reap at least \$400 million from the deal.

The Brookline resident has been based in Massachusetts for decades, since the company's earliest days.

In 1980, fresh out of Harvard Business School, Shaich opened a cafe in downtown Boston called The Cookie Jar. A year later, he merged the small business with Boston-based Au Bon Pain, at the time a young company with just three bakeries.

Panera "is still that company," Shaich said this week in an interview about the chain's origins.

Au Bon Pain grew over the next decade and went public in 1991. Two years later, it paid \$23 million to buy a 20-store Midwest chain called Saint Louis Bread Co. The company, which sold soups and sandwiches, expanded under new ownership and adopted the Panera name.

By the late '90s, the company owned or franchised about 265 Au Bon Pain shops, compared with 125 for Panera. But Shaich believed there was more potential in Panera, and wanted to focus more on that part of the business. So the company, at the time called Au Bon Pain Inc., in 1999 sold its Au Bon Pain division to a private equity firm. Shaich likened it to "selling my first son."

"Panera was the smaller of the two brands, but as somebody who'd done this for a very long time, I could see that Panera had the potential to be a nationally dominant brand," Shaich said. "In 1998 I was in a lot of pain, because I didn't know how to help [Panera]. I had all these different divisions."

Au Bon Pain has changed ownership a couple of times since, but it remains based in Boston. The company says it has 300 stores now.

Shaich's bet on Panera proved a good one. The company took off, and today has grown to about 2,000 restaurants nationwide. While Shaich and many of his top executives continued to work out of Boston after the separation, the company's official headquarters shifted to Missouri, where much of the staff from Panera's predecessor, Saint Louis Bread, was based. Today, about 800 people work in St. Louis, while 150 are based in Needham.

"We've never really had a headquarters," Shaich said, adding that some senior-level executives work in other parts of the country.

Despite private equity's reputation for cutting costs, Shaich doesn't expect Panera customers to notice many changes under the ownership of Europe-based JAB, which has a sizable coffee- and cafe-centric portfolio that includes Keurig Green Mountain, Stumptown Coffee Roasters, and Krispy Kreme Doughnuts.

Shaich said he intends to stay on as chief executive, and is eager to operate a private company after two decades of dealing with publicly traded businesses.

"Short-termism has pervaded the way the public market's operated," Shaich said. "Twenty-five years ago, most of my shareholders held the stock for a year or more. Now most are in and out in a quarter."

He predicts that in coming years more publicly traded companies are going to "recognize that being private is a powerful way to compete."