

# The Boston Globe

## Five things you should know about Ron Shaich



SUZANNE KREITER/GLOBE STAFF

**Ron Shaich, the Panera chain's founder, will step down as chief executive on Jan. 1.**

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*As the founder of the Panera and Au Bon Pain restaurant chains, Ron Shaich has made a career of making smart long-term decisions about what Americans want to eat. "I have run a public company as its CEO longer than almost anyone — 26 years," he says. "That's longer than Cal Ripken played baseball, and over 100 quarterly earnings calls." Now, after selling Panera to JAB Holdings this spring for \$7.5 billion, and in November reuniting*

*Panera and Au Bon Pain, Shaich is stepping down from the role of chief executive to become Panera's chairman on Jan. 1. The Globe spoke with Shaich about his appetite for changing the culture of investing, and how he plans to help restaurants prosper in a competitive age.*

1. Shaich has placed a series of big bets over the course of his career, but one of the biggest came when he began seeing that more Americans were turning up their noses at the thought of fast food. That led to the creation, and eventual expansion, of Panera, but also helped create an industry-wide push for menu concepts that focused on healthier fare. So if you've had a Sweetgreen salad or DigInn quinoa bowl, you might have Shaich to thank. "Fast food had essentially become self-serve gasoline for the human body. It was my view that we could give people real food that they could respect, in an environment that they could be engaged in, served by people who really care. That became what is now considered 'fast casual' dining, though I never use the title, as I've yet to meet a consumer who wakes up and says, 'I want to go to a fast-casual restaurant.' But I'm excited that it's a \$50 billion thing — we changed the currency, we changed the way people thought."

2. Empathy may seem like a squishy concept in the context of billion dollar businesses out to make a profit, but Shaich believes that the "ability to stay present and listen and learn from others," has driven his success. "I used to drive my kids to school. We live in Brookline, [Panera's] office is in Needham, and their school is in Dedham. I would go for double brownie points and let my wife stay in bed, and get them breakfast and lunch on the way. My kids would always want to go to Panera, so I was smart and I called in the order from the highway. I'm the CEO and so I'd get the manager on the phone, and I'd tell them the food we were eating and my son would run in and hand them my credit card and we'd be done in 30 seconds. I said to myself, 'Ron, this is amazing, but what about the other 8.5 million people we serve every week? They're waiting in line.' That led to Panera 2.0 — a vision to use digital to rebuild the whole way we do production in store."

3. Shaich stepped down once before as chief executive of Panera, but came back when he realized the company needed a reboot. "In 2011, we had a vision of how to compete that was rooted in a business built in the '90s. I remember going through this transformation agenda. It was the most difficult time of my life, these last six years. In the public markets, investors no longer hold a slice, they rent the stock. The sense of vulnerability was extraordinary. When you love a company and you really care and you know that some short-term investor could walk in the door and say, 'I have 6 or 8 percent of the company I have a good shot of getting the votes and no one is going to care about the

rotting carcass when I'm done.' I voted for 17 percent of the company and I also had a track record of phenomenal success, and I felt vulnerable. And that's what every CEO feels."

4. Shaich says he's concerned about "short-term" business decisions being made by stockholders in general. He's hoping to change the way people think about investing. "I believe that the degree to which our capital markets have become increasingly short-term has a powerfully negative impact on the way in which our economy evolves. When CEOs are short-term, the only kind of initiatives they can make are cost-cutting. Long-term innovation is almost impossible. [Harvard Business School professor] Clay Christensen was saying this a year ago to me. He calls it the 'church of new finance,' and says it's now impossible to make the kinds of innovations that drive economic growth. What I want to work on in the future is continuing to give voice to and supporting long-term growth. I can help those public companies make those long-term transformations, and I'm interested in putting my money where my mouth is."

5. Shaich also plans to spend his time supporting the smaller local food businesses that he's invested in, like Clover, Kava, Life Alive, and Tatte Bakery, which Panera bought a majority stock in last year. "With these smaller companies, I know I can help the entrepreneurs accomplish what their businesses want to accomplish. All these things that I spent years obsessing about, they're doing today."