

# Portland Tribune

## A wiser Panera still tries to care

*Company founder says pay-what-you-can cafe a little off-kilter*

BY PETER KORN

*The Portland Tribune, Sep 22, 2011*

**Ron Shaich has a reputation for taking on challenges. As the founder and board chairman of the hugely successful Panera Bread Co., with more than 1,450 stores nationwide, Shaich has succeeded in the restaurant business on a scale that is the stuff of entrepreneurial dreams. His company's sales in 2010 exceeded \$3 billion.**

But after a visit to Portland's Hollywood District Panera Cares café two weeks ago, Shaich said there is something different going on in Portland, something that makes it a bit more difficult for him to realize success for his latest project, a noble experiment dear to his heart. Portland is presenting a challenge that Shaich never anticipated.

Panera Cares in the Hollywood District is one of three experimental nonprofit cafés launched by Shaich's larger Panera Bread Co. The idea of the nonprofit cafés is simple: the food and décor at the Panera Cares cafés are identical to those at other Panera stores, but customers pay whatever they want for a meal. People who need a free or reduced-price meal get it, no questions asked. In fact, customers paying cash simply place their donations into baskets. Customers who want to subsidize the experiment can pay extra for their meal.

Here's what has Shaich scratching his head. The Detroit and St. Louis Panera Cares cafes have been taking in donations that equal about 80 percent of the retail revenue the cafes would get if all customers paid full price for their meals. That's enough, Shaich said, to pay the bills and to help fund a program for a local youth jobs training program.

In Portland, the Panera Cares café has taken in about 60 percent of retail. It's losing money. And the premise of Panera Cares is that the cafes will stay open as long as they can pay their way. If they can't, they will be closed.

That's what brought Shaich to Portland two weeks ago, where he worked part of the morning behind the counter and talked with customers, finding, he said, that Portland may be unique in a number of ways.

"There's a palpable sense of people in pain attracted to our (Portland) store," Shaich said.

Shaich said a number of down-and-out visitors to the Hollywood café had an attitude that he calls "a sense of entitlement" that the homeless and disadvantaged didn't appear to have in other cities.

Staff at the café and Shaich talked about people with obvious needs for mental health and addiction services camping out in the eating area, making it less appealing for customers who can pay to keep the café open.

"We had to help them understand that this is a café of shared responsibility and not a handout," Shaich said. "It can't serve as a shelter and we can't have community organizations sending everybody down."

To facilitate that understanding, the café had to do something that wasn't necessary in Detroit or St. Louis. A month ago, the café hired Sam Sachs, whom District Manager Dave Hardin calls a "community outreach associate." It's up to Sachs, a former Multnomah County corrections deputy, to gently convince those who come in too frequently for free meals or who stay too long that they aren't grasping the concept of the community café.



CHRISTOPHER ONSTOTT / TRIBUNE PHOTO  
Customers line up at Panera Cares cafe in the Hollywood district ready to pay...whatever they want. The idea is that the needy can get free or reduced-price meals, but locals abusing the program have forced ownership to restrict the number of free meals individual customers can get.

Hardin said the café is there for anyone to get a free meal now and then. It cannot be a hangout for the homeless or needy.

Hardin's definition of a hangout? "It's your hangout when you have all your bags and everything with you and you camp out all day," he said.



*Tribune Photo: Christopher Onstott • Greeter Sam Sachs holds the door open for customers Cindy Harris and Mike McDowell while explaining the Panera Cares concept..Sachs is a recent addition to the Panera team, part of an attempt to curb abuse of the Panera Cares program.*

### **Learning every day**

When the café opened, the primary problem was students coming in after school from nearby Grant High, grabbing meals and donating a dollar or less. But Hardin said as café staff have explained to the young people the Panera Cares concept, they have ceased to be a major problem.

"The message got out and overall they've been great," Hardin said.

Hardin takes pride in the fact that the café is one of the few places in Portland you are likely to see the down and out dining quietly next to those who are financially comfortable. He's especially proud of one customer who comes in once or twice a week for a meal. Sometimes the man pays, sometimes he doesn't, Hardin said. But at the end of each month the man brings in \$100.

"He just says, 'Here, this is for helping me out,'" Hardin said.

Hiring Sachs isn't the only adjustment the café has had to make. Hardin said when the café opened the bathrooms were unlocked, but now customers must ask staff for a key.

"We're learning from this every single day," Hardin said. "It's taking a little bit longer for people to understand the mission."

### **Dealing with it**

The changes appear to be working. On a recent Tuesday afternoon, nearly every table at the Hollywood Panera Cares was taken and only a second look revealed the few who might have come out of need. What appeared to be a three-generation lunch — mother, grandmother and a pre-kindergarten boy — were eating bread bowl soups at one booth. A well-dressed man and an equally well-dressed woman were facing and ignoring each other at a table for two, the top edges of their laptops nearly touching in the air above their table.

A woman who said her name was Taylor sat in a booth by herself, eating cream of chicken and wild rice soup. She comes in regularly and always pays \$3 more than the listed price for her lunch.

"It's my way to give back," said Taylor, a youthful-looking 32 who bartends for a living and would like to volunteer at various nonprofits if she had the time.

Panera founder Shaich is counting on more Portlanders like Taylor.

“We’re trying to create an environment that helps people to really understand that this is a gift and an opportunity and not an entitlement,” he said, adding that he remains optimistic the changes at the Hollywood café will turn his noble experiment into a success, even in Portland.

“We’re not defeated,” Shaich said. “We’re going to deal with it. That’s why we came here.”

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