

Panera Founder Ron Shaich Bakes A Tasty Third Act

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Panera Bread founder Ron Shaich uses self-reflection to find long-term success. (Photo: Act III)

Once each year — right around the winter holidays — restaurant industry trailblazer Ron Shaich goes away to reflect. The question he ponders: Where do I want to be with my life?

Specifically, he reflects about how to improve his work life, his family life and his own spirituality. He doesn't return until he has answered all three questions.

"The time to reflect is now, not in the ninth inning," said Shaich, 65, billionaire and restaurant industry groundbreaker through his founding — and selling — of Panera Bread and Au Bon Pain. Most recently, he created Act III Holdings, a \$300

million fund investing in leading-edge restaurants that are hip to cultural trends in better eating.

Like most trendsetters, Shaich (pronounced shake) keeps pushing the industry envelope. With Au Bon Pain and Panera, he's already pushed it — from fresh baked food to "clean" food, which contains nothing artificial. Now, with Act III, he's pushing it further still.

Leader? Innovator? Human? How often can such diverse terms be attached to a restaurant industry CEO? Never mind that Panera's profit skyrocketed more than 5,000% during its 26-year run as a public company from 1991 to 2017 with Shaich at the helm.

Investors who bought Panera shares also gained more than 5,000% with Shaich, toasting the 2,108% gain in the S&P 500 Restaurant index and 548% increase in the Standard & Poor's 500. Shaich stepped down as Panera's CEO on July 18, 2017 after selling the successful company to a Dutch holding company for more than \$7 billion.

But investment returns aside, it's Shaich's humanity that arguably separates him as a leader. "The reason people have confidence in me is that I tell the truth," he said.

Set Honest Goals — And Track Progress

On his annual end-of-the-year inner sojourns — which he's taken for the past 25 years — Shaich meticulously writes down all of his thoughts. He sets specific goals for his business, family and inner soul. But he also details the steps to accomplish those objectives. Then, to keep himself honest, every three months he circles back to see where he is.

"When you're a CEO, you have to know where you're going," said Shaich, in two self-introspective phone interviews with Investor's Business Daily. "You can't be bounced around by the winds." This, he says, is why he writes everything down. That way, he refines thoughts so that he can make his goals clear to all of his employees.

Shaich also keeps a master calendar that he constantly checks and updates. That said, he always leaves the equivalent of two weeks open every month to be filled in as needed. So his discipline is always knowing what truly matters and relying on his calendar to keep him focused.

Take Time To Think About Others

Great leaders lead. But they also reflect — and keep their hearts open to others who they've worked with. Just ask Denny Marie Post, the recently retired CEO of restaurant chain Red Robin Gourmet Burgers (RRGB), who views Shaich as "a thought leader and relentless, thoughtful innovator."

Right after she left Red Robin in April 2019, Shaich was among the first people to reach out and offer guidance through her difficult transition away from running a giant company. "It means so much to hear from someone as busy as Ron on such a human level," she said.

What makes a great leader? In a word, Shaich says, empathy. Leadership is about serving your constituents. And in the restaurant business, that means your customers. You can't serve a guest if you can't walk in their shoes and feel what they feel, he said.

Ron Shaich: Look Beyond The Short Term

For Wall Street, the most uncomfortable topic that Shaich has outspokenly told the truth about is this: Short-term thinking ultimately results in long-term failure.

"It's tougher to build a hugely successful business than it is to climb Mt. Everest," said Shaich. "I profoundly believe that the most powerful way to compete is to think long-term, not short term."

Through Panera, Shaich is widely credited with co-creating the fast-casual dining model — now a \$50 billion industry. It was his aim, in part, to protect Panera from short-term pressures. And that, in 2017, ultimately led to its sale for \$7.5 billion to German conglomerate JAB.

Shaich said he believed Panera could prosper under private ownership, rather than as a publicly owned company strapped with meeting quarterly earnings goals. Some years before that, he sold Au Bon Pain so that he could laser focus on his goals of making Panera an industry leader in technology, loyalty, delivery and clean food — all of which he accomplished.

Ron Shaich: Use Resources To Control Your Destiny

Shaich is using proceeds from the sale of Panera to found Act III. "I put the money where my mouth is," he says. He took \$300 million to create an evergreen fund to help businesses build what he calls "a better competitive mousetrap" without going public. Act III has majority ownership stakes in Tatte, a bakery cafe chain, and Life Alive, a vegetarian organic cafe chain. It also has minority ownership in Cava, a Mediterranean chain; Clover, a vegetarian chain; and Zoe's Kitchen, a fresh-made Mediterranean chain.

What kind of leader does something like this? Well, perhaps it takes one outside-the-box entrepreneur to fully recognize another. Seth Goldman is executive chairman of Beyond Meat(BYND), the wildly successful maker of plant-based protein fare. Although Beyond Meat recently went public — and set Wall Street records in the process — it required decades as a private company for Beyond Meat's food system to develop, says Goldman.

"Ever since I first read the Au Bon Pain case study in business school, I've gained inspiration from Ron's recognition that rewiring it will be a long journey and requires a vision and mindset that cannot, and should not, be measured three months at a time."

Ron Shaich: Blend Work And Family

One of Shaich's top decision-making priorities at work is knowing that his wife and children would respect the business decisions that he makes.

"That's a challenge I hold myself to," he says. He doesn't draw a firm line between work life and home life. Instead, he says, there can be real life at work, and work life at home. "I want my kids to see the joy and pain of what I do," he said. In the

end, he says, leadership success is not measured in what you do for a living, "but how you think."

Ron Shaich: Prepare For Your Own 'Judgment Day'

Which brings us back to how Shaich spends his time toward the end of every year.

It's never just about looking backward — but about focusing forward and making a plan. Shaich says that after his parents died some years ago, he started looking at time differently. He realized there is a Judgment Day, as he calls it — even though he can't say exactly where or what that is. "All I can tell you is that everyone needs to find the time to reflect on their own lives."

No one can move forward while looking backward. Nor is success achieved while looking aimlessly around. Asked to describe the best path to success — not just at work, but in life — Shaich doesn't hesitate to answer. He sums it up in six words: "Focus on the stuff that matters."

Shaich's Keys

- Founded two successful restaurant chains including Au Bon Pain and big stock market winner Panera Bread. In the process, he pioneered the "fast-casual" dining experience that melds the convenience of fast-food with the comfort of a casual sit-down.
- Overcame: Pressure from Wall Street to focus on short-term financial goals. Instead, he strove for the longer-term objective to build a lasting business that made a positive change in the restaurant industry.
- Quote: "It's not where you got to or how much you accumulated, but a sense that you can look at yourself and say: I respect that person."