

## RON SHAICH'S THEORY ON CEOS

*By Peter Romeo on Jan. 12, 2018*

The 36-year leader of Panera Bread Co. figures he was the longest-serving CEO of a public restaurant company—“longer than Howard,” he says, referring to Starbucks’ Howard Schultz.

“It’s been a journey of learning,” he says. “About what makes consumers work, about learning about myself in a very intense way. How do you lead an organization of 100,000 people?”

The process has forged a well-defined idea of what a CEO should be and do.

“The job is to figure out where the world is going, and to be there ahead of everyone,” he says. “There’s a dynamic process. One, you start by telling yourself the truth. ‘Where are we at? *Nobaloney.*’ The key is telling yourself the truth.

“Second, what’s going to matter in three and four years? Most of the time we rush to judgment because something doesn’t work. But will it work three or four years in the future?”

“Once we commit to what matters—no BS—we make sure to get it done.”

A common failing: “We as leaders don’t take enough time to learn. The one thing that I don’t think we learn and value enough is empathy. We don’t feel what the customer feels.”

A company under Ron Shaich's guidance tends to transform itself every six years. Now, at age 64, the longtime CEO of Panera Bread Co. is recasting his place in the restaurant and business world.

Shaich technically retired on Jan. 1. The operative word is "technically." He's grateful to step away from a six-day, 16-hours-a-day workweek. But he's not ready for a rocker on the porch. His new mission, Shaich says in an animated phone interview, is creating opportunity.

Part of that is finding open runway for entrepreneurs. Shaich is a financial backer and resident sage for a small group of chain startups ranging from five to 200 stores. He mentions Tatte Bakery & Cafe, the eight-branch bakery-cafe concept in Boston, and Life Alive Urban Oasis + Organic Cafe, a three-unit wholesome-foods cafe also located in Shaich's hometown.

"Let's just say there'll be a half dozen of these, all under a half million in sales," he says. "I love those entrepreneurs, but they get caught in the bugaboos. I want to help that founder-leader grow and develop."

Part of that mission is avoiding what Shaich sees as a common stumble in most chains' development.

"Somebody is creative and figures out how to do something differently. That's what I call 'the discovery,'" he explains. "If you get the business off the ground and connect with the customer, then you start to bring in 'the delivery' people. They're the people who are focused on efficiency, the ones who get things done.

"The problems come five years later, because the discovery and delivery people don't talk with one another," he continues. "Over time, discovery is pushed out by delivery, because that feels safe. Then they wake up 10 or 15 years later, and they have all delivery and no discovery."

## Helping other big companies

He intends to foster opportunity for bigger operations by literally investing against what he sees as an “escalation of short-termism” among restaurant-company shareholders.

“You see it with the activists. They walk in the door and say, ‘Hey, I’m your new owner. I want you to do what I ask, I want you to franchise out the whole system. And we won’t worry about business downturns,’” he says with considerable vehemence.

“This is really bad. It’s bad for CEOs because it’s increasingly short-term,” he says, the vehemence ratcheting up. “The last thing anyone wants to do is not succeed. But they’re given short shrift on the time they need to succeed.”

He notes that many of the ventures that transformed Panera, from dropping artificial ingredients to embracing technology and adding delivery, were plotted four years ahead of time. “All the things people thought we were nuts for doing, we were right about,” he says.

“I worry profoundly for the next Sally Smiths, the next generation of CEOs who want to make long-term bets,” he says, drawing a rare breath. Smith was the much-revered CEO of Buffalo Wild Wings who resigned at the casual chain’s annual meeting last year because of a dissident shareholder’s demands for immediate changes in strategic direction.

“I want to speak against that,” he declares. “More than that, I want to invest my money against it.”

He explains that he intends to invest in and support companies whose CEOs find the courage to plan for multiple years, not the next quarter. “I can give them air cover to take on these long-term benefits,” he says.

## Not done with Panera

“Everyone asks me, why would I ever leave Panera, which is humming,” says Shaich. “Six percent comps this year—6%, this year!—and where I own 17% of the stock. We’re in our best years.”

Truth is, “I’m still with Panera. I’m still chairman,” he says. “I’ve become one of the largest investors. I’ll help (current CEO) Blaine Hurst. It’s his show, but I’ll help him however he wants me to help.”

He’s also serving Panera’s new parent, JAB Holding, on strategic matters. He did not disclose what those matters might be. The company, which is known for holding onto its investments for the long term, is also the owner of Krispy Kreme, Bruegger’s Bagels, Caribou Coffee, Stumptown Coffee Roasters and Peet’s Coffee.

“If I feel I can make a difference, I’m going to do it,” he says. “That’s what I’m really looking for, opportunity. I’m not a capitalist, I’m an opportunist.”