

## Hard Choices: Ronald M. Shaich

*The architect of Au Bon Pain and Panera Bread bakery-cafés on abandoning one business venture to focus on growing another*

As told to Diane Brady

In 1980, I opened a cookie store in Boston. I wanted to add French baked goods and merged with Au Bon Pain, a small, troubled business that was in debt. I owned 60 percent of the new company. By 1993 we were a public venture with about 250 stores when we bought St. Louis Bread, a chain of



cafés that made and served artisan bread. I quickly felt it had more potential than Au Bon Pain. It was tapping into a long-term trend: a drive for specialness. People wanted fresh, local food. We began to roll out bakery-cafés and eventually changed the name to Panera Bread.

Over Christmas in 1998, I was sitting on a beach in the Caribbean and feeling down. Panera ([PNRA](#)) was our smallest division, with 135 stores. It was a jewel in the rough, and I felt we were going to screw it up. Then a friend said, "What if Panera owned Au Bon Pain?" I knew I'd have to sell everything and put my energies into Panera. It was a wrenching decision. Au Bon Pain was my first son. But it had to go if Panera was going to be a national brand. I told my board we had to rip the company apart to focus on Panera. It was a bet-the-job kind of choice. There was a big fight, and there was very serious questioning of me. The stock was flat. The Internet was booming and there was pressure to figure out what to do online. I was saying double or nothing.

After getting the go-ahead, our sale to a private equity buyer dragged out over 18 months. I finally threatened to take Au Bon Pain private myself just to get the deal done. We got around \$73 million from that to invest in Panera. It wasn't all a success from there. We atrophied after the close and had a drop in profitability. It took a while to evolve the concept. We have about 1,500 Panera cafés now. We're also testing pay-what-you-can cafés as a philanthropic endeavor.

I make my best decisions when I'm on vacation. You're not focused on all the stuff that comes at you as CEO. I've moved into a chairman role and I'm now more productive than ever. My decisions are formed by where I want to go. You can see the sculpture you're trying to make. Then you have to iterate to get there.