



Panera Founder Launches Restaurant Investment Fund

By Craig Giammona, Bloomberg
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A dish from Zoe's Kitchen, one of Act III Holdings investments. / [Zoe's Kitchen](#)

Ron Shaich wants to bring a touch of Warren Buffett to the restaurant industry.

The founder and former chief executive officer of Panera Bread Co., who sold the fast-casual chain to JAB Holding Co. last year for more than \$7 billion, has started a \$300 million investment fund that he says will help entrepreneurs in the restaurant industry stay off of the “Wall Street treadmill.”

He and his partner, Panera veteran Keith Pascal, say they'll provide emerging brands with industry expertise and so-called "evergreen capital" that will give them room to focus on building a business, rather than the short-term demands that typically come with investments from private-equity funds or venture capitalists.

"This is the Buffett approach," Shaich said in an interview. "We're providing capital and they don't have to spend time fundraising or dealing with board fights."

Shaich, who clashed with activist investors during his stint running Panera, has railed against a Wall Street culture that he argues distracts executives and founders from the day-to-day challenges of running a business. He made more than \$300 million when Panera was sold and now is now using his personal money to prove out his investment thesis in the restaurant industry.

Skift Take

The fund, Act III Holdings, doles out "evergreen capital" to restaurant properties in an effort to give the concepts added time to develop as viable businesses. There are other restaurant-specific investment funds in operation that take a similar approach, but it's always good to see more of this within the industry.

— Erika Adams

Zoe's Deal

Shaich joined with Invus Group to take the troubled Mediterranean chain Zoe's Kitchen Inc. private at \$12.75 a share, a transaction worth about \$300 million that is expected to close this year. The new fund, called Act III Holdings, saw a chance to keep Zoe's out of the hands of activists by investing \$140 million in that deal, which involves a takeover by the privately held Mediterranean chain Cava Grill. The goal is to give Zoe's a chance to reset the brand amid a sales slump and a stock decline since its 2014 debut in public trading.

"That company would have gotten ripped apart," Shaich said.

Act III Holdings has also put money into smaller restaurant companies, including the Boston-based cafe chain Tatte Bakery & Cafe and the small chain Life Alive, which serves vegetarian and vegan food. Shaich said the goal is not necessarily to take these chains public, pointing to Chick-fil-A and In-N-Out Burger as examples of successful restaurant chains that have thrived while remaining private.

And while Shaich has his issues with the culture on Wall Street, there's at least one piece of it that jives his world view: profit.

"We want to make money doing this," he said. "But we think and act differently — we want to build good businesses, we're not looking for that next liquidity event."

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