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Change Lai

Breaking Bread*Sherleen mahoney*

Panera Bread addresses local hunger with a shared-responsibility concept

PANERA BREAD BAKERY CAFES begin each day at 10 p.m. the night before. At night, when all the customers and staff are gone, delivery of fresh—never frozen—dough, made in one of Panera's fresh dough facilities across the country. Using only the freshest ingredients, all night baking artisan breads, pastries, scones, muffins and bagels.

By morning—with the sweet, warm aroma of freshly baked goodies swirling in the air—16 varieties of bread, including Asiago Cheese Focaccia; 33 varieties of pastries, including Bear Claws, Hot Cross Buns and Cinnamon Crumb Coffee Cakes; and many varieties of scones warm and ready for customers to enjoy.

Serving 7.5 million people a week in more than 1,600 locations in 44 states and Canada, Panera bakes more bread each day than any other country.

The made-from-scratch bread, which never includes preservatives or additives, is the foundation of Panera's vast menu of delicious sandwiches.

For more than two decades, at the end of each day Panera has donated all unsold breads and baked goods to community organizations, churches, to feed the hungry.

"There's never a crumb that's more than 24 hours old in Panera," said Dean DeNardi, Vice President of Construction and Facilities at Panera.

Panera Bread has worked to help combat the problem of hunger for 25 years. The Day-End Dough-Nation™ program, as it's called, donates approximately \$100 million worth of unsold bread and baked goods to local charities.

MORE WAYS TO HELP

In each Panera cafe, customers are able to donate money into a Panera Cares® Community Breadbox™. Panera's company-owned cafes accept donations.

Through a relationship with Feeding America, the nation's leading anti-hunger organization, half of the donations help procure soup for 100 member food banks in more than 75 U.S. markets. The other half is donated as cash to support participating food banks in their efforts to provide food.

At franchise locations, the donations support local nonprofit organizations, such as local hunger-related groups, or other needs in their communities.

Panera also participates in the Scrip fundraising program to help non-profit organizations raise money. This popular fundraising program allows organizations to pre-purchase \$10 Panera Card® gift cards at a 9 percent discounted rate and then re-sell the Panera gift cards at full price.

These programs are only a small part of Panera's Live Consciously, Eat Deliciously philosophy.

ALL ABOUT FRESHNESS

Healthier eating begins with natural, whole foods. To complement Panera's long tradition of baking fresh bread and baked goods in its own ovens, Panera sources fresh produce for its bakery-cafes.

"We're doing everything we can think of to try to get as much fresh product in the cafes and as fast as possible," said Chris Skiles, CEO of Bread Co. "We're trying to trim weeks off of deliveries and distributions."

These days, customers are interested in healthier food choices, even when they're on the go. They are also willing to pay a little more for quality.

With consumers' heightened awareness of food choices that affect their health and environment, one area of growing concern is antibiotic-resistant microorganisms (mostly bacteria) are becoming resistant to antibiotics, giving rise to "superbugs." This has spurred the Food and Drug Administration to limit the use of antibiotics in livestock animals.

When it comes to chicken for popular menu items such as the Chopped Chicken Cobb Salad with Avocado, the Chicken Caesar Salad, the Chicken Caesar Chicken® Panini, Panera has decided to opt out of antibiotics altogether. Its cafes are proud to serve all-natural, antibiotic-free chicken. The type of chicken tastes better and is more tender and juicy.

"We were one of the first companies to roll [antibiotic-free chicken] out," DeNardi said. "We know exactly where it's coming from, who it's getting shipped from."

As a specialty-food restaurant, Panera strives to offer customers nutritious options. For example, they can choose apples or baked chips, soups, salads and sandwiches. The kid's menu includes organic yogurt, all-natural peanut butter and jelly sandwiches on white whole-grain bread on all-natural white bread.

HUMANITY'S TEST

In one of the largest food-producing countries in the world, 50 million Americans—that's one in six adults or one in four children—

astounding number of people who aren't certain where their next meal is coming from.

Ron Shaich, Founder, Chairman of the Board and co-CEO of Panera Bread, is a longtime advocate of addressing hunger in America. He is giving back. In fact, to teach his children this valuable lesson, he would regularly volunteer with them in soup kitchens and food banks.

Though volunteering made him feel good, he found the process inefficient. He wanted to revolutionize hunger relief efforts, but didn't know

Inspiration hit him on March 9, 2009. "NBC Nightly News" featured the SAME Café in Denver on its "Make a Difference" segment. The 2009 kitchen makeover, SAME Café, which stands for So All May Eat, uses a pay-what-you-can approach. Guests pay what they think is fair, and

This concept resonated with Shaich and inspired him to approach Panera's stakeholders to take a risk and open a similar café. "We're serving communities, by being part of people," he said in his 2010 TedTalk.

Despite the successful Day-End Dough-Nation program, Shaich is always thinking of new ways to make a difference. In particular, he wants to find a more personal and direct way.

"[With the Day-End Dough-Nation program] we let someone pick up the food and it disappears," he said. "We don't connect with it; we don't make a difference in ways in which we could."

When he convinced the stakeholders to explore a pay-what-you-can Panera cafe, he began researching and brainstorming ideas for the

He called it a test of humanity: to determine if such a café could be sustainable through a sense of shared responsibility. Would some people be willing to pay for the cost of those who can't?

First, for this experiment to work, he knew it needed credibility and to attract a broad range of customers. The café needed to be in an economically diverse area with public transportation.

Most importantly, Shaich wanted to serve people with dignity. It wasn't enough to offer some soups, coffee and yesterday's baked goods. Dignity means the cafe must offer the full Panera experience to everyone, including the full soup, salad and sandwich menu, with no set prices.

LIKE CLOCKWORK

To ensure customers are always getting the best experience, Panera remodels its cafes every seven years. A remodel includes a whole cafe, with new carpeting, paint, lighting, dining tables, chairs and artwork.

"It's not about looking a little crisper; it'll look entirely different," DeNardi said.

Last year, the company remodeled 76 cafes and this year it will remodel 80. The company is dedicated to never losing customers because

"Other concepts let their environments degrade to the point where customers stop going," DeNardi said. "When they make improvement and they see that as a sales lift. We say it's not a sales lift if you're just recapturing people you've lost. Our approach is we don't want any

Interior designers are challenged to get creative and add personal touches. Their goal is to create fresh, comfortable and inviting spaces that hang out. That's also why many Panera cafes have fireplaces and all cafes offer free Wi-Fi.

As for the back of the house, Panera takes a proactive approach in equipment replacements and maintenance. The facilities department understands the importance of addressing issues as they arise, even when there is an upcoming remodel.

"[The back of the house] is just as important for customers to have great operating and clean environment as it is for the associates who work there," Skiles said. "It all relates back to the customers. We're proud of the environments we create and how our facilities maintain them." For homeless people. It's also about people or families who are going without meals or just having one meal a day. It's about them coming to dinner," Skiles said.

The next challenge was to figure out how to collect money. The expectation of cash registers would be too intimidating to those who came with a "Take what you need, leave your fair share" slogan, Shaich opted for a simple donation box, along with a credit card point of sale. That way, customers can discreetly pay what they can, or nothing at all, without judgment.

The final decision was to determine what entity would operate the cafes. After a lot of discussion, Panera agreed to use its existing 501(c)(3) Panera Bread Foundation—to house the Panera Cares enterprise. The Foundation operates as a separate entity from Panera LLC. By being non-profit, Panera could then limit its risk. Panera donated the cafe to the community, but ultimately it was the community's responsibility.

On May 16, 2010, with all the major details ironed out, the Panera Bread Foundation opened its first non-profit Panera Cares Community

OPEN TO ALL

When the cafe opened, many customers didn't understand the concept. Shaich, who spent the first few weeks working in the restaurant, explained the idea to customers instead of serving and running the restaurant. He soon created the greeter position to explain the process and answer

"What's important to us is for people to go there with dignity, not be embarrassed to have that conversation," DeNardi said.

As the concept caught on, Shaich admits that some people do take advantage of the system, but the majority doesn't. He knows the cafe and families who would otherwise go hungry, and that makes the venture worthwhile.

"One morning, a guy comes in," Shaich said in his TedTalk. "He said he was a tech writer who lost his job six months ago. 'My family has no money. I don't know where these kids'—he had three children with him—'are going to eat tonight. We used to love to come to Panera. Can we

why this place is here; come on in.”

Customers also have the option of volunteering in the cafe for an hour in exchange for a meal voucher.

“You don’t have to do that, but what we’ve found is that many people want to do that,” Skiles said.

The Panera Cares cafe in Clayton serves roughly 3,500 guests each week. The Panera Bread Foundation estimates that 20 percent of customers pay the suggested price, 60 percent leave the suggested amount and 20 percent leave less.

The fact that the cafe model is generating more revenue than it costs means humanity is passing the test. The model is working, and it is challenging other large corporations to do more for communities.

“It’s not about just giving money or donating food,” he said. “It’s about what you can do to make a difference. As a restaurant company, it’s a restaurant to give back to the community.”

EXPANDING THE CARE

Since 2010, the Panera Bread Foundation has opened four more Panera Cares cafes in Dearborn, Mich.; Portland, Ore.; Chicago and Br

The expansion of these pay-what-you-can cafes means some people view Panera Cares as a way for them to contribute to those in need. They are willing to invest in their communities and support companies that try to make a difference.

“This was to see if our customers, who we think are the best in the world, would embrace a concept like this, and they did,” Skiles said.

The Foundation will take this year to observe these locations and continue to expand on the idea with additional programs, such as cooking offering job training to at-risk youth.

PAYING IT FORWARD

True to his spirit of helping others and giving back, Shaich has directed Panera to expand its shared-responsibility model with an end-of-the-line Turkey Chili in a Bread Bowl. In 48 cafes in the metropolitan St. Louis area, customers can pay what they are able to for this menu item that includes free turkey, fresh vegetables and beans in a sourdough bread bowl.

The suggested price is \$5.89 (tax included). All other menu items have set prices. Those who can’t afford the retail price are welcome to pay anything. Guests who pay more will cover the cost of those who cannot pay the full amount.

If the venture is successful, Panera may expand the idea to more cafes across the country in order to help raise the dialogue about food and opportunities to feed those in need and allow others to contribute to this shared responsibility initiative.