

July 2021

Five Lessons from Patagonia, a Successful Company with a Conscience

Ritch Eich
ritchreich@gmail.com

Follow this and additional works at: <https://scholar.valpo.edu/jvbl>



Part of the [Business Commons](#)

Recommended Citation

Eich, Ritch (2021) "Five Lessons from Patagonia, a Successful Company with a Conscience," *The Journal of Values-Based Leadership*: Vol. 14 : Iss. 2 , Article 15.

DOI: <https://doi.org/10.22543/0733.142.1372>

Available at: <https://scholar.valpo.edu/jvbl/vol14/iss2/15>

This Case Study is brought to you for free and open access by the College of Business at ValpoScholar. It has been accepted for inclusion in The Journal of Values-Based Leadership by an authorized administrator of ValpoScholar. For more information, please contact a ValpoScholar staff member at scholar@valpo.edu.



Courtesy, Kyle Sparks and Patagonia

Five Lessons from Patagonia, a Successful Company with a Conscience

— Ritch K. Eich, Thousand Oaks, CA USA

On a quiet street at the north end of Downtown Ventura, California, is a store that sells much more than high-end outdoor clothing and gear. Patagonia, named for the environmentally-rich region in South America, also pushes an idea: that minimizing humankind's footprint on the planet is a business as important as buying a well-made warm jacket for a trip to the Arctic.

Patagonia is one of the world's most innovative and environmentally-minded companies, and there's a lot corporate America can learn – and model – from Patagonia's way of doing business.

Patagonia is a hometown company I know well. My family buys their merchandise mainly as gifts especially during the December holidays, knowing we are getting high-quality goods from a company with a conscience. One reason I find Patagonia so impressive and refreshing is this company, worth over \$1 billion, isn't shoving blatant consumerism on the customer. In fact, one of Patagonia's best moments was its unique ad campaign called "Don't Buy This Jacket." Patagonia promoted anti-consumerism outright and criticized over-consumption by telling its customers how much water and carbon dioxide was used to make a certain Patagonia jacket the company had for sale.



It wasn't hypocrisy but another way Patagonia stokes client love and respect in an unusual way – by being honest and blunt. If you don't need this jacket, the company said, don't buy it.

Fighting climate change, protecting public lands and waterways, promoting sustainable agriculture, educating people about the need to use *Fair Trade* workers in its factories, and supporting environmentally-friendly government policies have long been the hallmark of the business founded by Yvon Chouinard, an accomplished rock climber and outdoorsman. “How you climb a mountain is more important than reaching the top,” Chouinard once said.

In Chouinard's mind, winning is making progress on the environmental front and he's artfully using his company in a variety of ways to accomplish that. Among other things, Patagonia donates a portion of its revenue to environmental causes. It uses recycled, *Fair Trade*-certified and organic material in its clothing, deploys solar power at the company headquarters in Ventura, and co-founded the Sustainable Apparel Coalition (<https://apparelcoalition.org/origins/>) – a group of companies that has promised to reduce its environmental footprint.

To promote recycling in a manner that's rare to the clothing industry, Patagonia has held events where they'll fix Patagonia clothing for people for free. They've also published clothing repair guides. The company further allows some of its merchandise in good condition to be returned for credits and resold. The used products are cleaned, repaired, and sold on Patagonia's “Worn Wear” website (<https://wornwear.patagonia.com>) for lower prices. All of these novel programs have expanded the market for used goods in the clothing industry in a way that few have done before, while also increasing sales by making Patagonia's often expensive goods more accessible to customers with smaller budgets, like college students.

Patagonia has been exceptionally artful and innovative in its use of storytelling to inspire people. The company has posted several inspiring videos online that engage people to join the environmental cause. Perhaps Chouinard's most creative work is the full-length feature documentary film he co-produced with Robert Redford called, “Public Trust” (<https://www.patagonia.com/films/public-trust/>) about the fight to protect America's public lands from private industries such as oil drilling and mining companies. The film was released on *YouTube* last year in an effort to raise awareness and call people to action.

The business community would be smart to learn from Patagonia. Here are five lessons other companies can learn from Patagonia's way of doing business:

1. *Businesses can make hefty profits and do good, too.* Being a responsible company should be a goal of all businesses that's equally as important as boosting shareholder profits. Patagonia believes that if you're buying products to use while out and about in the environment, as a consumer you must care about, and protect, the environment or you and your kids might not be able to enjoy it in the future. Promoting environmental conservation is directly tied to Patagonia's products, and Chouinard knows that businesses have a major impact on the environment and its resources; this is inevitable.

Businesses should find a way to tie their products to a positive message that helps people. For example, a company that sells skin care products could launch a healthcare campaign to educate people about ways to prevent skin cancer or take better care of their skin – and not just by using their product. Food companies and restaurant chains could support charities or programs that help low-income people or people living in isolated rural areas access fresh food. Pharmaceutical companies becoming enriched from the mass production and sale of

COVID-19 vaccines could expand their charitable giving or find new ways to share their financial success with the communities they serve.

2. Follow Patagonia's mission statement: "Make the best product, cause no unnecessary harm, and use business to inspire and implement solutions to the environmental crisis." Regardless of what type of business you have, a focus on value and safeguarding the environment should always be among the company's top goals.

This is also a message the public generally supports. Many businesses have already taken steps to increase sustainability in their business practices and improve environmental stewardship. It's time for all of corporate America and small businesses too to jump on board in a much stronger way and consider the environment an equal stakeholder in the business along with the buying public. No company can be 100 percent sustainable – Chouinard acknowledges this – but many can, and should, do much better. Chouinard said, "Who are businesses really responsible to? Their customers? Shareholders? Employees? We would argue that it's none of the above.

Fundamentally, businesses are responsible to their resource base. Without a healthy environment there are no shareholders, no employees, no customers and no business" (<https://www.logomaker.com/blog/2013/03/11/15-quotes-to-inspire-small-business-owners-from-yvon-chouinard/>).

3. Trust in, and use, science. Turning to science can improve your products and help protect the environment as much as possible. Patagonia employs a team of scientists and engineers that use science to "develop, test and improve" Patagonia products as well as reduce its ecological footprint (<https://www.patagonia.com/stories/trust-the-scientists/story-94032.html>). According to Patagonia, the global clothing industry contributes up to 10 percent of worldwide carbon impacts. Patagonia has set a goal to reach "carbon neutrality" by 2025. Working toward that goal, Patagonia's scientists analyze environmental impact data and advise the company's product designers about the best fabrics and materials to use that have been found to have the least carbon footprint.

On its website, Patagonia says, "Science alone can't solve the drawbacks of different materials, but it makes the journey toward sustainability clearer. We know we can stand behind our transition to recycled materials because data gathered through life cycle assessments shows that using recycled fibers can reduce carbon emissions by 44 to 80 percent, depending on the fiber. There will always be trade-offs. For any given material, our scientists and designers need to find the best balance that does the most good."

Businesses should embrace such a devotion to science if they haven't already.

4. Implement company policies that promote employee well-being and treat employees well. Patagonia offers a flexible work schedule, one example of an employee-focused policy that many workers favor. The idea behind the flexible schedule is if a worker wants to go surfing, for instance, they should be able to surf, with a flexible shift, when the waves are good (https://medium.com/@ash_sopp/the-future-of-work-what-we-can-learn-from-patagonia-2c923f70e38).

Decent pay should be a part of this. As companies become more successful and profitable, they should make changes to ensure that profitability cascades down the workforce in the

form of higher wages or benefits for the employees. Amazon is one global business that has become hugely enriched by the pandemic as many people have moved to shopping more online. But while Amazon has raked in billions in additional profits during the pandemic, its workforce hasn't shared that bounty. A few years ago, Amazon committed to paying all its U.S. employees at least \$15 an hour (which is \$31,200 annually for a full-time employee working 40 hours a week). Considering the company's net worth is over \$1 trillion and founder and CEO Jeff Bezos' worth was listed by Forbes as \$1.81 billion as of January 2021 (*Business Insider* reported that from March to June 2020, Bezos' wealth rose by an estimated \$48 billion - <https://www.businessinsider.com/billionaires-net-worth-increases-coronavirus-pandemic-2020-7>), \$15 an hour isn't enough.

5. Be honest and true to your message. Don't lie to your customers about your products or services and don't fake things in your advertising or marketing. Be very careful with photoshopped images. And remember, consumers especially don't like a hypocrite. "If you can create a company of honest messaging and truth, your customers will look to you for what's right," Chouinard said (<https://alvanon.com/brands-must-speak-out-to-change-the-world-says-patagonia-founder/>).

My uncle was a Hoopa Indian who loved the earth. I think he and Yvon Chouinard would agree this Native American quote says it all: "When all the trees have been cut down, when all the animals have been hunted and the last fish eaten, when the air is unsafe to breathe, and the last stream poisoned, only then will you discover you can't eat money."

About the Author

Ritch K. Eich, Ph.D. (Michigan), is former chief of public affairs for Blue Shield of CA, U.S. Naval Reserve captain (ret), hospital executive, and author of five books on leadership including his most recent *Leading with Grit, Grace & Gratitude: Timeless Lessons for Life*. Eich has served on more than 12 boards of trustees and directors.

For more information, please write to ritcheich@gmail.com.