

Sustainable success

PATAGONIA CEO ROSE MARCARIO
ON GROWING AN ICONIC BRAND
WITHOUT COMPROMISING
VALUES

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“Profit isn’t the only measure of success,” says Patagonia’s Chief Executive Officer Rose Marcario. As one of today’s most successful female leadership icons, success, she believes, is also measured by confidence, creativity and commitment—three qualities that must be at the heart of business and at the top of the management agenda.

This past April, at the invitation of a group of Simmons MBA students, Marcario spoke at Simmons College School of Management about leadership and sustainability in business. As the chief executive officer of one of the world’s best known and admired brands—and as the company’s first female CEO—Marcario inspired the Simmons community with stories of her unique experiences, her perspectives on success and achievement, and how an encounter on a busy New York City street, for her, changed everything.

Wake-up call

The granddaughter of Italian immigrants, her parents divorced when she was young. She experienced firsthand the challenges a single mother faces trying to raise a family. Her early years of hardship drove her to seek fiscal independence as an adult and to pursue business as a path out of poverty. Her drive and work ethic catapulted her to prominent positions early in her career. By the age of 35 she was on a solid career path in the private equity industry and had held positions of chief financial officer and vice president at prominent public companies. By many measures she was a success. Privately, though, she was starting to have doubts about the meaning and value of success as she had initially defined it.

She told the story of how one day, some years ago, she was traveling by limousine to a business meeting in New York City when a homeless man wandered

onto the street, delaying her vehicle. Annoyed and impatient at the thought of being late to her meeting, she caught her own expression in the glass of the limousine and was suddenly struck by her lack of compassion in the moment. “What is happening to me?” she questioned. “What is success? Is it chasing money and titles,” she asked herself, “and what is wealth?” This experience she described as “the moment when I woke up.” Not long after this she walked away from her job, spent some time in India reflecting on her life, and looked deeply at how to align her values with business.

Redefining success

In 2008, Marcario joined the outdoor clothing company Patagonia as chief financial officer. She was attracted to the company by its founder—businessman and environmentalist Yvon Chouinard—and by Patagonia’s mission “to build the best product, cause no unnecessary harm, and use business to inspire and implement solutions to the environmental crisis.” She saw the opportunity to combine her business skills with a company that focused on its social impact.

Marcario gained early success through innovative ideas that were not only profitable, but also promoted Patagonia’s corporate values. She saved costs and reduced waste by streamlining production and switching from bulky boxes for product shipping to recyclable bags. The company then launched an innovative advertising campaign that promoted “Don’t buy this jacket” ads on Black Friday—traditionally one of the busiest holiday shopping days of the year. The campaign encouraged consumers to not buy more than they needed and to consider the well-known mantra “reduce, reuse, recycle” as well as “repair” and “rethink” before they buy. Through Patagonia’s new “Worn Wear” program, the company repairs damaged or worn Patagonia products. Its website also offers tutorials on how to do home-repairs on its products.

In 2011, Patagonia became the first certified benefit corporation (B Corp) in California and was one of



photo: Caroline White

Enrolled in the Leading Individuals and Groups course at the Simmons School of Management, three full-time MBA students, Jennifer Eno-Ballbach, Ayumi Oman, and Bing Peng (shown above with Marcario), chose Rose Marcario as a woman leader they wanted to study. “I rallied to pick Marcario as our choice because of my long-term passion for Patagonia and what they do to represent sustainability in the apparel industry,” said Eno-Ballbach. Inspired and resourceful, the team managed to secure a phone interview with the Patagonia CEO. Marcario was so impressed with their questions and discussions, as well as their dogged pursuit, that she offered to come to Simmons to speak to the broader community. “It was a relentless pursuit! I thought, wow, these gals have really rallied their network. . .” said Marcario. She relented and visited Simmons in April 2015. You can read more about it in Eno-Ballbach’s blog at www.simmons.edu/news/school-of-management/2015/april/patagonia-ceo-visits-simmons

the first larger corporations in the country with this designation. As a B Corp, the private, for-profit entity strives to meet highly regarded standards of social and environmental accountability. “I think public companies are driven by financial metrics,” said Marcario. “This has been a disaster and has to change. That’s why we took on the B Corp status—to say that the business has more stakeholders than just financial stakeholders.”

Energized by the opportunity to promote business with social awareness, Marcario thrived and redirected her career down a path of corporate social value. She became Patagonia’s chief operating officer, and then in 2014 became the company’s first female chief executive officer. By all accounts, she is credited with Patagonia’s recent success and is considered the most powerful woman in business at the company.

As CEO she remains focused on social responsibility and sustainability over profit. She sees these as important company assets, because as she believes, customers value a company that is ethical. “When we went to all organic cotton in 1996 [it increased our costs]. All organic cotton costs more—it just does,” she told Simmons. But she noted, “We did it because we felt it was

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—Rose Marcario

the right thing to do. ... What’s happened is the brand has become very beloved for doing the right thing, so we’ve gotten a big return on that in customer loyalty and brand loyalty.”

Her strategy has proven successful. Patagonia has an outstanding brand reputation among customers and 2015 has been one of Patagonia’s most profitable years to date. Marcario proudly noted that business has tripled and profits have more than tripled since her arrival.

The success, she said did not come by changing the corporate culture or compromising on values, but by updating the company’s infrastructure and delivering on the brand promise. When asked about Patagonia’s remarkable growth since her joining Patagonia, she stated, “All we really did was start servicing our current distribution better, and invested more in our international subsidiaries. We reenergized the values and the mission, and the rest happened naturally as a result of these efforts.”

An authentic leader

A lot of things seem to happen naturally when Marcario is at the helm. Her authenticity—and the respect and trust that flow from this—are what draw so many to admire her leadership style. She strives to balance and connect the human side with business, saying that businesses need to remember that they are actually employing people with human needs. “Lots of people come to study us,” said Marcario, “[but] it seems so obvious to me. Just be good to people, just be good to your employees, just respect them.”

Following in the footsteps of founder Yvon Chouinard, she has kept the company’s employee-friendly benefits that include an on-site child care center and policies that encourage employees to take time off to experience nature and life. Of this, Marcario said, “It creates an amazing, wonderful, supportive environment for people to work in.”

Her philosophy for success could perhaps be summed up as: be yourself and do the right thing and

good things will follow. “I think that who you are as a person, who you are as a complete person, and who you bring to work every day is very, very powerful,” she said. “You have a lot of power, even though you might not feel like you do. If you just assert what you know to be true, and you assert your value system, I think it will guide you in the right direction, and it will also inspire other people around you.”

Inspiring a new business model

By asserting its value system, Patagonia is inspiring a whole class of new businesses that share in its values and vision of social responsibility.

With Patagonia’s growing success, the company is now investing money in other small businesses that are focused on sustainability. In 2013, Patagonia launched “\$20 Million and Change,” a project that invests in start-up companies related to food, water, energy or waste. These businesses practice alternative, eco-friendly styles of production and use renewable energy. Marcario stated, “We know there are great entrepreneurs out there with really great ideas and resources.” Patagonia’s investments have ranged from \$500,000 to \$5 million. “They are amazing companies. They are doing amazing things in the supply chain to make it greener.” She is proud that Patagonia’s sustainability strategy has become a business model, and is confident that smaller sustainable businesses are the wave of the future.

Today, Patagonia’s success is paralleled by Marcario’s commitment to social responsibility and sustainability. Both are known not only for their business growth and profitability, but also for their vision and commitment to employees, community and the environment. Recently Marcario was honored as a “Champion of Change” by the White House for her support of family-friendly policies. Her redefined success has established a trend in a new category of sustainable business, and she has set expectations and created opportunity for a new generation of women leaders who bring balance and social focus to business success. ■