

PATAGONIA, INC.: A SOCIALLY CONSCIOUS COMPANY

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ABSTRACT

This case discusses the history of Patagonia, Inc. and the actions taken by company executives to support the values of being a socially conscious business and doing its part to preserve the environment. The case provides an excellent example of corporate social responsibility.

Keywords: Patagonia, corporate social responsibility, management, marketing

CASE OVERVIEW

Yvon Chouinard began making climbing equipment in 1957. Demand grew and he went into partnership with his friend and fellow climber, Tom Frost, in 1965 and they increased production of climbing gear. By 1970, Chouinard Equipment was the largest supplier of climbing hardware in the United States. The company expanded into clothing and to keep the clothing line separate from the climbing gear, Patagonia Company came into being.

Patagonia has 4 core values to guide its day-to-day operations, innovation, and future decisions. 1) Build the best product – focuses on function, repairability, and durability of its products and limiting its ecological impact. 2) Cause no unnecessary harm – change business activities to do less harm and to do more good. 3) Use business to protect nature – take actions to protect and restore the stability, integrity, and beauty of the web of life. 4) Not bound by convention – developing new ways to do things.

After hearing a presentation by Mark Capelli about cleaning up the Ventura River, the company hired him to lead their conservation and social responsibility efforts. Over the years, company actions have included: increased use of recycled paper content, reduce energy usage, establishment of \$20 Million and Change, set company environmental standards for sourcing inputs, use organically grown cotton, fair labor standards at foreign manufacturers, and formation of 1% for the Planet.

THE TEACHING NOTE

Suggestions for using the case

Several classes could use the story of a successful start up to a well-run company built on solid values and principles. The case could be used in a strategic management course to determine how the company can maintain its socially conscious image; a human resource class could discuss participative management techniques; and beginning management or entrepreneurship classes could discuss socially conscious practices, the impact of the founder and current issues. Marketing courses could discuss how to continue Patagonia's unique brand and maintain that public image.

Learning Objectives

1. Analyze company actions by applying brand management principles.
2. Analyze the macro-environmental forces.
3. Analyze the competitive environment using Porter's Five Forces Analysis.
4. Evaluate the leadership and actions taken.
5. Recommend actions for the owners on how to maintain employee engagement.

Suggested Assignment Questions

1. How might companies in this industry segment, target, and position (STP) in order to appeal to experienced, novice, recreational outdoor users and the general public?
2. Prepare an analysis of macro-environmental factors and discuss how they impact the industry using a SWOT analysis.
3. Prepare a Porter's Five Forces analysis of the industry.
4. What recommendations, if any, would you make to Patagonia with respect to maintaining socially conscious practices?
5. What actions should the company take to continue its strategic direction?

REFERENCES (Available Upon Request)