

Let My People Go Surfing (2005, 258pp) **Yvon Chouinard**

Highlights

80%

I have always thought of myself as an 80-percenter. I like to throw myself passionately into a sport or activity until I reach about an 80% proficiency level. To go beyond that requires an obsession and degree of specialization that doesn't appeal to me. Once I reach that 80% level, I like to go off and do something totally different.; that probably explains the diversity of the Patagonia product line – why our versatile, multi-faceted clothes are the most successful.

Questions that haunted me

To reach that theoretical billion-dollar mark, we would have to begin selling to mass merchants or departmental stores. This challenged the basic design principles we had set for ourselves as the makers of the best hardware. Can a company that wants to make the best-quality outdoor clothing in the world be the size of Nike? Can a 10-table 3-star French restaurant retain its 3rd star when it adds 50 tables? Can you have it all? The question haunted me throughout the 80s as Patagonia evolved.

Zen philosophy

In Zen Archery, you forget about the goal – hitting the bull's eye – an instead focus on all the individual movements involved in shooting an arrow. You practice your stance, pull the arrow out of the quiver, notch it on the string, controlling your breathing, and let the arrow release itself. If you have perfected all the elements, you cant help but hit the centre of the target. Similarly if you focus on the process of climbing you will end up on the summit.

Iroquois tribe as model of stewardship

We have to look to the Iroquois and their seven-generation planning - where as part of their decision process, the Iroquois

have a person who represents the seventh generation in the future
– as models of stewardship and sustainability.

Patagonia's mission statement

Make the best product, cause no unnecessary harm, and use business to inspire and implement solutions to the environmental crisis.

Product Design Philosophy

The first part of our mission statement, 'make the best product' is the raison d'être of Patagonia, and the cornerstone of our business philosophy. In creating the 'best product' Patagonia seeks to ensure the following

- Is it functional?
 - Patagonia follows industrial design principles across every aspect of product design including clothes.
 - Industrial Design's 1st precept is that the function of the object should determine its design and materials
 - Every design must begin with a functional need. Function dictates form.
- Is it versatile? Can it double up for another sport / use?
 - Why buy two pieces of gear when one will do the work of both?
 - When we consider the purchase of anything, ask ourselves, both as producers and consumers: Is this purchase necessary? Do I really need a new outfit to do Yoga? Can I make do with something I already have? And will it do more than one thing?
 - Buy less, buy better; Make fewer styles, design better.
 - Still we also make some narrow-use, sport-specific products for climbing and skiing – to help outfit our loyal customers of the sport from cap to sock, and to build credibility and earn respect as a purveyor of critical well-designed equipment that shows that we understand the sport
- Is it durable?

- The ultimate goal should be a product whose parts wear out at roughly the same time and only after a long life.
- The worst examples are electronics where one part fails and the entire machine has to be junked
- Does it fit our customer?
 - At Patagonia, we pattern our sizes to our core customers, who are active and in good shape. This may mean we may lose potential customers in order to keep our core customers happier. So be it.
- Is it as simple as possible?
 - “Good design is as little as possible” – Dieter Rams
 - Story of the fencing-teacher’s wife : from 3 to 1 stone
- Is the product line simple?
 - People have too many choices these days. They are tired of constantly having to make decisions
 - The best restaurants in the world have set menus
 - A proliferation of colours, patterns and styles can drive up SKUs, increase inventory costs and drain profits
 - The best-performing firms make a narrow range of products very well. The best firms’ products also use up to 50% fewer parts than those made by their less successful rivals. Fewer parts mean a faster, simpler and usually cheaper manufacturing process. Fewer parts means less to go wrong; quality comes built in. And although the best companies need fewer workers to look after quality control, they also have fewer defects and generate less waste.
- Is it easy to care for and clean?
 - Italian shirts costs \$300 and is hand-stitched and of the finest quality. But has to be dry-cleaned. This does not fit the ease of care criteria.
- Is it art (timeless) or fashion (now)?
- Is it authentic?
 - Our rugby shirts should be made to play rugby in and its make, colours should reflect that
- Does it cause any unnecessary (environmental) harm?
 - We have to take responsibility for what we make from birth to death and then beyond death, back to rebirth.

- In the final analysis, the best effort we can make toward causing no unnecessary harm is to make the best-quality products, ones that are durable, functional, beautiful and simple.

Production philosophy

- Involve the designer with the producer upfront
 - Similar to how a house is built, a rain-jacket is better made when the producer understands from the start what the product needs to achieve, and conversely, when the designer understands what processes have to be followed and finally, when everyone stays on the job and works as a team until it is done
 - In a concurrent approach, as opposed to assembly-line manufacturing, all participants come together at the approach of a design phase. While about 10% of a product's costs are incurred during the design phase, about 90% of the costs are irrevocably committed
 - The ongoing relationship beyond the design phase is critical too. Builders can make on-site changes without knowing the architect's intentions, and sewing contractors can easily compromise a rain jacket's performance by altering construction of a seam to fit their own work habits and practices.
- Develop long-term relationships with suppliers and contractors
 - Do as much business with as few suppliers and contractors as possible (mutual commitment requires nurture and trust, and this takes time and energy)
 - The downside is dependence on a few, but this is good as they are also dependent on you, and each will work hard to make sure nothing goes wrong.
 - The first thing we look for is high quality of work. It is unlikely that someone will raise it specially for you. Contractors that sew on the lowest-cost basis wouldn't hire sewing operators of the skill we require or welcome our oversight of their working conditions and environmental standards.
- Weigh quality first, against on-time delivery and low cost

- Patagonia puts quality first, period. If you do choose quality against on-time delivery or against paying a reasonable price, you have already blown it. You have to strive constantly to achieve all three, but quality is more equal.
- Measure twice, cut once.
 - Taking extraordinary steps to set up the manufacturing correctly the first time is much cheaper than taking extraordinary steps down the line. Example of a loose button – better to solve the problem at the sewing machine than at the qc inspection stage which is better than to have an angry customer.

Distribution philosophy

- We aim for a 93-95% mail-order fulfillment rate. This is ideal – a lower rate leads to too many unhappy customers. A higher rate means high inventories and inefficient inventory control – in fact you may have to double your inventory to achieve 98% fulfillment rate.
- We have a philosophy of architecture, which guides how we develop new office or retail locations. This includes such guidelines as – don't build new buildings as much as possible, redevelop older ones, each store must be unique and must honour local heroes etc

Image philosophy

- What is at the heart of the Patagonia image? Foremost is our origin as a blacksmith shop that made the best climbing hardware in the world. The beliefs, attitudes and values of those free-thinking, independent climbers and surfers who worked there became the basis for Patagonia's culture, and from that culture evolved an image: authentic, hard-core, quality products made by the same people who used them. Our image has now evolved to include the culture of a new generation of climbers, kayakers, fishermen and surfers who make the best outdoor clothing in the world.
- Also early employees in the 60s-70s were climbers. While white, middle-class they were alienated from urban, corporate

life making money if only to take off to the mountains for the next climb. Corporate life did not appeal – it was seen as inauthentic, illegitimate and toxic

- In order to tell the whole story, we need the customer's undivided attention. We hold this through both a website as well as a catalog. The first goal of the catalog is to share and encourage a particular philosophy of life – a deep appreciation of environment, motivation to solve the environmental crisis, a passionate love for adventure, human-powered sports and the natural world etc.
- The catalog is our bible for each selling season. Every other medium we chose to tell our story – web site, hang tags, retail displays, press releases to videos – builds from the catalog's base and from its pictorial and editorial standards.
- Patagonia catalogs are renowned for essays / field-reports by renowned writers such as Jared Diamond, Vandana Shiva, Paul Theroux etc. They have 2 kinds of copy – personal stories that illustrate one of our values / promote a cause (anti-dam etc) or descriptive copy that sells products (clean climbing essay helped sell chocks)
- Patagonia's communication charter is to inspire and educate rather than promote. It would rather earn credibility than buy it. It is better to get word-of-mouth recos and favourable press than to advertise. We advertise only as a last resort. What works best is paid announcement for a new store, or to create awareness of a specific issue. Brand advertising is done only in small circulation sport-specialty magazines. Overall we do advtg of <1% of sales, far lower than most outdoor companies.

Financial philosophy

- Making a profit is not the goal, because profits happen when you do everything else right.
- Our mission statement says nothing about making a profit. We consider our bottomline to be the amount of good that the business has accomplished over the year. However, a company needs to be profitable in order to stay in business and to accomplish all its other goals, and we do consider profit to be a

vote of confidence, that our customers approve of what we are doing.

- We recognize that we make the most profit by selling to our loyal customers. A sale to a loyal customer is worth 6-8 times more to our bottomline than a sale to another customer.
- The Strategic Planning Institute's PIMS study shows that quality, not price, has the highest correlation with business success. Companies with high product and service quality reputations have on average ROI rates 12x times that of their lower-ranked peers.
- We like to grow at a natural rate – not through artificial stoking of demand by excess advertising etc – it is easier to make a profit when growing at 10-20% a year.

HR philosophy / Culture

- Where possible, we try and ensure while hiring that as many Patagonia employees be consumers as well.
- Patagonia's employees are committed to the same values their employer believes such as environmentalism, and vice versa.
- Patagonia prefers to hire through informal recommendations from employees / friends / suppliers than through ads in the paper. We prefer an itinerant rock-climber to a run of the mill MBA. We prefer employees who live our outdoor / adventure-sy values.
- Let my people go surfing flexitime policy – because waves don't always appear at 2pm Saturday.

Management philosophy

- For best communication and to avoid bureaucracy, you should ideally have no more than a 100 people working in 1 location. This is an extension of the fact that democracy seems to work best in small societies, where people have a sense of personal responsibility. The most efficient size for a city is 250-300K people – large enough to have all the culture and amenities of a city and still be governable such as Auckland, Florence etc
- The goal of climbing big dangerous mountains should be to attain some sort of spiritual or personal growth, but this wont

happen if you compromise away the entire process (such as getting sherpas to escort you along to the summit)

- Just as doing risk sports will create stresses that lead to a bettering of one's self, so should a company continuously stress itself in order to grow. This doesn't necessarily mean sales-chasing, but could mean switch over to a fully ethical way of working, install a relogistics program etc

Complacency

Our current landscape is filled with complacency, be it in the corporate world or on the environmental front. Only on the fringes of an ecosystem, those outer rings, do evolution and adaption occur at a furious pace (wild species living on the edge of an ecosystem are adaptable, resilient and tough); the inner center of the system is where the entrenched, nonadapting species die off, doomed to failure by maintaining the status quo. Businesses go through the same cycles. Conventional corporations at the centre of the ring will eventually die (of their own misdeed or due to catastrophic events), and only those businesses operating with a sense of urgency, dancing on the fringe, constantly evolving, open to diversity and new ways of doing things, are going to be here 100 years from now.