

Chapter Eight

Currency: Reputation & Prestige

Patagonia: Love Us or Leave Us

Yvon Chouinard is a maverick. Gritty. Courageous. Shrewd.

Equally determined, the founder of outdoor clothing company, Patagonia, allows *nothing* to stand in his way. And Chouinard places his love for the outdoors above all else. *Even above the desires of his loyal customers.*

Patagonia's roots were planted in 1957 when Chouinard, a world-class mountaineer, became dissatisfied with the quality of the climbing equipment available. As a result, Chouinard taught himself blacksmithing and began manufacturing his own equipment, selling it to climbers he met along the

trail. And by 1972, Patagonia had evolved into a manufacturer and retailer of premium outdoor clothing.

Fast forward to the late 1980s: Patagonia swelled into a corporate juggernaut with annual growth accelerating at 40 - 50 percent.

The company was fueled by a rich and diverse customer base: The hardcore outdoorsman swore by the dependability of Patagonia clothing. While the yuppie crowd donned Patagonia as a status-symbol.

Patagonia had finally reached cross-over



appeal. And the company's currency of reputation and prestige was beaming.

But the U.S. recession of 1990 caused a cosmic shift in the mind of Chouinard. Although annual growth still hovered around 20 percent, the economic slowdown caused Chouinard to question Patagonia's strategy of uncontrolled growth. He began researching the environmental impact of manufacturing and – in a heart-stopping moment – was shocked to learn that his own company was destructive.

Chouinard responded with bold and sweeping changes.

His prime directive: Transform Patagonia from a premium outfitter into a champion for the environment. The manufacturing and retailing of Patagonia clothing would simply become the vehicle used to transmit Chouinard's message of environmental sustainability. And his first order of

business was to switch Patagonia's cotton clothing from conventional to 100% organic cotton.

Sounds like a snap-your-fingers-and-presto done deal, right?

Not a chance. Back in the environmentalism dark ages of 1993, this was a beastly undertaking. None of the world's major manufacturers or retailers produced cotton clothing made exclusively from organic fibers. Not Levi's. Not Nike. And, most certainly, not Wal-Mart.

Patagonia became the first.

But every revolution is accompanied by protest and push-back from the establishment. Employees grumbled. Suppliers defected. Money bled.

Undeterred, Chouinard marched on. He sent a clear and direct warning to

suppliers, “Switch to organic cotton or Patagonia will never use cotton again.”

But there was one, not-so-little snag: None of the world’s cotton suppliers were equipped to manufacture the amount of organic cotton Patagonia would need. To get the job done, Patagonia had to retool suppliers *at its own expense*. And the decision to go organic *doubled* the price of cotton.

The once vibrant Patagonia now struggled to earn a profit.

Now here’s where things get super dicey: Patagonia risked its reputation and prestige with its loyal customers when the company began preaching and practicing environmental sustainability at the retail level.

Chouinard carved out *forty-five percent* of the company’s recurring retail catalog

space to offer instructions on how one can better live in harmony with the environment. The company also mandates that shoppers refrain from wasteful purchases: Patagonia doesn't want you to buy from them unless the items are absolutely needed. And overnight delivery is heavily discouraged. Expedited shipping equals wasted fuel.

Patagonia also discontinued many popular products that couldn't be manufactured in an eco-friendly way. This obsessive purging of products is a tradition the company still practices today – even though customers find it aggravating.

Not surprisingly, more than 50 percent of Patagonia's correspondence comes from disgruntled customers. Here's one such customer who found her organic undies in a bunch over Patagonia's "Vote for the Environment" campaign:

"We are given the gift of our land by God in which to have dominion. That means to use and to a degree pollute. We are also called by God not to worship idols. The notion of a largely untouched pristine environment has become a quasi-religious idol for many. Hence with regard to environmentalism we have a distorted hubris, even dark influence."

You have to build a thick wall to remain standing under a barrage of scathing remarks. But in true maverick fashion, Chouinard stays the course and takes a "love us or leave us" attitude.

Here's Chouinard's response to this customer's caustic comments and concerns:

"It's surprising, not alarming. I couldn't care less. I could get 10,000 letters

saying "Take me off your mailing list" and it wouldn't bother me. If you're not getting those letters, you're not trying hard enough. That's the way I see it. What they don't realize is that I'm not in the business to make clothes. I'm not in the business to make more money for myself, for Christ's sakes. This is the reason Patagonia exists – to put into action the recommendations I read about in books to avoid environmental collapse. That's the reason I'm in business – to try to clean up our own act, and try to influence other companies to do the right thing, and try to influence our customers to do the right thing. So we're not going to change. They can go buy from somewhere else if they don't like it."

Now, it's shockingly clear that by risking its reputation and prestige, Patagonia's message of environmental responsibility is believable. No one would question

the company's sincerity or mistake this statement as hyperbole.

But, does Patagonia's message unite customers with the company or disconnect them from it?

The answer is both. And I specifically shared the example for this very reason.

The outdoor aficionados – who worship nature and care about conservation every bit as much as Chouinard – believe Patagonia's values are aligned with their own. *And, they're obviously right.*

However, those trendy little twits – wearing Patagonia as a status symbol, and whose idea of roughing it in the great outdoors is cutting the lawn – now see a chasm between the values of Patagonia and their own. *And, they're correct, too.*

They can't begin to comprehend why Patagonia would risk its good name by flinging this strict environmental spiel onto its customers.

Knowing this will help you appreciate that one's perceptual reality shapes the meaning of every message. And not everyone will share the same interpretation.

But don't sweat it. Remember, you're not going to arm-twist everyone into buying from you. *So please don't try.*

Patagonia didn't try. Instead, the company risked its stellar reputation and prestige when Chouinard redefined its values. And, in every instance where Patagonia placed the environment over the perceived happiness of its customers, the company was rewarded with a sustained leap in sales and a deeper commitment from its army of outdoor-loving shoppers.

Today, Patagonia remains a privately held company with annual sales exceeding \$270 million dollars.

Avis: Throwing down its reputation and prestige

Your company's reputation is a lifeline to credibility. You cannot become or remain successful without one. And as a general rule, it's reckless to risk one's good name.

But in 1962, Avis bucked conventional wisdom and placed its reputation on a tightrope with its legendary, "We Try Harder" campaign. A bold move that boomed Avis' credibility and sparked spectacular growth.

Here's how it all went down: After 13 consecutive years of operating in the red, Avis found itself nearly bankrupt. The company sucked wind trying to catch up to juggernaut Hertz. In a last-ditch effort,