Patagonia is an outdoor apparel and equipment company that grew out of a small business that made tools for climbers. The company was set up in 1973 by Yvon Chouinard – a climber himself with an appreciation for wild and beautiful places. Patagonia was one of the first companies to convert its entire cotton line to organic, in 1996. Along the journey, the company supported farmers by staying committed to organic, developed solid partnerships with spinners and textile manufacturers, engaged other companies by showing them that a more sustainable way of doing business is possible, and has created a loyal customer base that trust Patagonia to keep true to its mission statement. “Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis.” Today, Patagonia uses 100 percent organic cotton and other more environmentally-friendly materials; it also engages in a number of bold sustainability efforts, such as environmental education, employee environmental internships, and campaigning that inspire people and organisations to join the good cause.
“We can’t bring ourselves to knowingly make a mediocre product. And we cannot avert our eyes from the harm done, by all of us, to our one and only home.”

Yvon Chouinard, Founder, Patagonia
Location
Ventura, California

Type of Business
Outdoor clothing, apparel and gear company using a number of sales channels: online, catalogue, stores

Turnover (2011)
US$ 550 Mio /annum

Number of Employees
1,725

Began selling organic cotton products
1996

OC Value Chain Partners
Spinning mills and textile manufacturers

Sustainability Collection
Garments made of 100 percent organic cotton and other more sustainable materials (e.g. recycled polyester, Tencel, chlorine-free wool, recycled nylon)

Targets
To have all of its organic cotton and other more sustainable materials Bluesign certified by 2015

Recent Recognition
• Top Rating in all Good Guide apparel categories (2012)
• Working Mother-Best Place to Work (2012)
• Outside magazine-Best Places to Work (2012)
• Eco Brand of the Year (2008)
• Coolest Company on the Planet (2007)
In the Beginning

Patagonia grew out of the climbing gear company “Chouinard Equipment” which by the 1970s had become the largest supplier of climbing hardware in the U.S. Right back in those early days, Yvon Chouinard’s actions were driven by his appreciation and awareness of the environment. In 1972, the company took the decision to phase out climbing pitons, their best-selling product at the time, as they were damaging to rocks and replaced them with a more environmentally-friendly option. This was the first major milestone by the company to reduce the negative environmental impact of its products and processes. It was efforts like these, and the fact that the company donates 1 percent of its annual turnover to environmental charities engaged in preservation, conservation and clean-up work, that gave the company its ethical credibility up until today. In 1973, Chouinard then introduced a clothing range. He was keen to find a new name to differentiate the clothing business from mountain climbing and that’s how “Patagonia” was born. Today, all of the cotton garments sold by Patagonia are made from organic cotton. The decision to shift 100 percent of its conventional to organic cotton was already taken back in 1994.

PHOTOS: (Top) Original Chouinard Equipment Company. (Bottom) Yvon with Chouinard Equipment Company pitons.
Learning about the benefits of organic cotton

In the early 90s, the Patagonia team started to think – just like Chouinard Equipment did with its climbing equipment in the 70s – about the impact of its clothing, and the way it did business, and what this would mean for the environment. The company commissioned an environmental impact assessment in 1992 looking at its four main raw materials (cotton, polyester, nylon and wool). The expectation was that polyester and nylon would be major energy consumers and polluters which proved to be a correct assumption. It was cotton however that was standing out in terms of its environmental impact. The study showed that cotton growing was (and still is) a severe soil and water polluter and was damaging the health of farmers. This motivated Patagonia to look into other options. The company embarked on an educational journey working closely with cotton growers from Texas and California as well as environmental NGOs who were teaching them about this topic. Patagonia decided to invest in organic cotton, and in 1992, the company introduced its first organic cotton product – a sweatshirt.
Going for 100% organic cotton

Although the first organic cotton sweatshirt marked a major milestone for the company, the quality of the product was suboptimal due to using a new supply chain requiring more investment and research. Over the coming years, Patagonia introduced further products into its line ranging from socks to T-Shirts. It was not only the product developers at Patagonia though who became increasingly aware of the benefits of organic cotton. In 1994, Yvon Chouinard himself had become highly educated on what was going on in the cotton fields and he made the decision to switch all of the company’s cotton to organically grown. This decision was made in December 1994 which allowed production to be converted for the spring selling season of 1996. At that point, Patagonia decided that as a company it would not go back to conventional cotton and that the only way forward was to figure out how to get the process and the products right. This was a huge undertaking involving tremendous business risk as it required solidifying the supply base. As not all of Patagonia’s suppliers were able to convert to organic cotton or meet the company’s strict quality requirements, it had to drop 30 percent of its cotton products during its first year of conversion. Despite this setback, Patagonia successfully managed the transition, and since 1996, all of its cotton garments have been made from 100 percent organic cotton.

“Patagonia is committed to cleaner cotton, a greener environment and happier farmers. By buying organic cotton from India, Pratibha is a proud partner in supporting Patagonia in its commitment. Together, we are not only engaging in business transactions, but strive towards a sustainable community.”

Jayanti Mishra, Manager of Sustainable Initiatives, Pratibha
Organic cotton as a model for other raw materials

Those early experiences with organic cotton also served as a ground breaker for future innovative projects within the company. Today, Patagonia works for example, on a wool project in South America and constantly pulls the lessons from the early days of converting to organic cotton. In order to find solutions for some of the problems that the ranchers in South America (Argentina and Chile) face, Patagonia can rely on its twenty year old relationships with the organic cotton farmers in Texas. Phone calls between partners in South America and Texas help to share experiences and identify potential solutions. One of the main challenges in converting ranches to holistic production is the current very high price for wool on the commodity market. While a good thing for the ranchers overall, it is a difficult time to convince to change production methods when they are making more money than they have in the recent past.
Value Chain Partners...
Getting To Know the Chain

One of the big challenges was finding enough organic cotton that was commercially available to meet the company’s needs. Therefore, Patagonia was motivated to actively search for organic cotton around the world. The company did a lot of networking and one of its main tools was the International Federation of Organic Agriculture Movements (IFOAM)’s membership book. Little by little, Patagonia reached out to cotton growers and certifiers asking questions about the availability of organic cotton – this was at a time when the internet and emails had not reached the mainstream yet. In the early days, Patagonia’s organic cotton came primarily from Texas, California, and Turkey, whereas today’s sources are spread across the globe.

Patagonia also worked hard to engage ginners and spinners, persuading them to clean their equipment after running what would be for them very low quantities. Solidifying Patagonia’s supply base for the organic cotton to go through its existing supply chains was a huge undertaking in the mid-90s. The company had a total of 100 styles and only 18 months to switch from conventional to organic cotton. The company was not willing to compromise on its high quality standards which many of their existing spinners and textile manufacturers could no longer meet with organic cotton. Patagonia was forced to drop 30 percent of its cotton products in the first year of conversion and only produced 66 styles which has major financial implications – a decision that the company was only able to take due to the fact that it is a privately owned company and the family that made up the shareholders was willing to take the risk.
This process however also had its upside for the company. Those spinners and manufacturers that were willing to switch would go on the journey with Patagonia. Up until that point, Patagonia’s supply chain had been very linear: they would go to the agent, who would go to the sewing factory, who would go to the knitting mill, who would go to the spinner – all passing on the question: “Can you provide my customer with organic cotton?” Nobody along the chain asked any questions except the spinning mill: “What is organic cotton? Can you help us find it?” Patagonia and its cotton supply chain partners closed this loop. Whereas Patagonia became more deeply involved with its supply chain, its partners started to learn where their products ended up. This was a mutual learning process that ultimately resulted in finished garments that were of a higher quality standard than before.

Today, organic cotton textile manufacturing is much more mature and it is no longer necessary for Patagonia to go out and search for their organic cotton. They can rely on spinners and textile mills and manufacturers that are committed to this business and who in turn have developed their own supply chains, including growers that they can rely on. Some of the company’s bigger manufacturers are now also growing organic cotton themselves to meet Patagonia and other customer demands.
Making a Difference

Staying committed to organic cotton has made a big difference to the farmers. Unlike many other companies that, for example, may have decided to experiment with organic cotton by doing one line in the early 90s and then dropping it again by the mid-90s because it did not sell as well as conventionally made clothes (or was too complicated), Patagonia was in it for the long run. This enabled the farmers from whom the company sourced to plan and invest. It supported the farmers during the conversion to certified organic production (by buying transitional cotton along with certified organic during the 1990’s) since conversion required a big financial and business commitment for them.

Through its actions, Patagonia also showed other companies that switching to organic cotton is not just a big business risk, but can also be done in a profitable way. An expected area that Patagonia profited from was in its product developments. Prior to the organic conversion, Patagonia was limited to whatever yarn and fabrics the mill was producing. But once Patagonia found partners to make the switch with them, they had their own production line in mills that was separate from the rest of the conventional production. As a result, they were able to develop yarns and fabrics they wanted and not only be limited to what the mill was running. Patagonia became an advocate for organic cotton, encouraging other companies to take up organic as well, and in doing so leading the way to creating a bigger market for organic cotton. In the early years, Patagonia shared its resources with other companies to encourage conversion. The company sent out contact information and even swatches of organic fabrics to show other companies that the conversion could be done and still produce beautiful fabrics. In 2002, Patagonia was also one of the founding members of Textile Exchange in order to work collaboratively with other retailers, spinners, manufactures and producer groups on improving environmental quality, enhancing the livelihoods of farmers, increasing profitability for innovative brands and their business partners, and expanding consumer choices.
Advocacy and Leadership

Now in its sixteenth year, Patagonia was one of the first companies that offered garments made of 100% organic cotton. Although many of Patagonia's customers are loyal to the company because of this approach, other customers purchase its clothes purely based on functionality and style. Given the fact that all of the company's cotton garments are organic, Patagonia took the choice away from its customers -- a concept known as 'choice editing'. If they wanted to buy something made of cotton from Patagonia, it would be organic.

In 2010, Patagonia gathered leaders from apparel companies, NGOs, academia and the US Environmental Protection Agency to discuss collaboratively developing an index of social and environmental performance. The groundwork for this project was laid when Patagonia teamed up with Walmart in 2009 to support them with the development of a sustainability assessment tool. The CEOs of both companies decided to open this project up to other apparel and footwear brands by founding the Sustainable Apparel Coalition (SAC). Today, 62 members participate in the SAC which represent nearly a third of all clothing and footwear sold globally. Once again, Patagonia could draw on its tradition of inspiring others (many of those competitors) to collectively work on challenges which are impossible to solve by one company alone.

Patagonia is also engaged in environmental initiatives beyond organic cotton. Every year, the company donates 1 percent of sales to small grassroots organisations committed to preserve and restore natural habitats. Donations have been made, for example, to restoring degraded river habitats or improving air quality by promoting cycling. Additionally, business founder Yvon Chouinard, co-founded the non-profit 1% For The Planet -- a progressive alliance of businesses that support natural preservation. Furthermore, since 1988, Patagonia has initiated annual national environmental campaigns. Its latest is Our Common Waters to raise awareness about the need to balance human water use (e.g. through large-scale dam constructions) with ‘in-steam’ consumption needs of animals and plants. Since 1994, Patagonia has also been organising regular Tools for Grassroots Activists Conferences to teach marketing and publicity skills to some of the groups the company works with.

Success Factors:
• Privately owned company allows for more flexibility and ability to take risky business decisions
• Was an early ‘mover’ in organic cotton – one of the first companies to convert to 100 percent organic cotton
• Able to go back to long term organic cotton relationships and use those for input to current projects
• Established trusted value chain partners (especially spinners and textile manufacturers)
• Created a loyal customer base by practicing what they preach (e.g. “Don’t Buy This Jacket” campaign)
In the early days, the company relied on conventional communication channels to educate consumers and the public about its work on organic cotton and other eco-initiatives. The company used its catalogue, in-store displays, and its network of independent sales reps to spread the message. Although today Patagonia clothes made of organic cotton are labelled as such, the company took the decision to stay away from hangtags as a way to minimise product packaging.

Patagonia’s Common Thread Initiative is one of the most pioneering in the industry: an online plea to consumers to only buy what they really need and to reduce, repair, reuse and recycle wherever possible. Part of the project is also an advertising campaign asking people to buy less, including its own products – “Don’t Buy This Jacket” was the message sent out on Black Friday which is one of the biggest shopping days of the year in the U.S. Through this campaign, the company took a deliberate decision to miss out on potentially huge sales opportunities in an effort to demonstrate its ethical values and urge consumers to get behind its mission.

“My key advice for companies wanting to integrate organic cotton into their range would be to just start, but to do it in a way that what you adopt today, you’re not going to drop tomorrow. Start at a slow and steady pace and stay committed to your environmental decisions. Start with initiatives that are aligned with your values, keep building small parts. This is a much better approach to build a program than trying to do too much all at once.”

Jill Dumain, Director of Environmental Strategy
Where to Next?

One of the areas beyond using 100 percent organic cotton where Patagonia wants to make further environmental improvements are dyeing and finishing. These phases of production were also highlighted as having a big negative impact in its 1992 environmental assessment. Twelve years ago, Patagonia started to work with Bluesign Technology on evaluating and reducing resource consumption and to screen raw materials, including dyes and finishes, used in its supply chain. For the last 6 or 7 years, Patagonia has been actively employing the Bluesign standard into its own supply chains with dyeing and finishing operations and has made the commitment to have all of its fabrics Bluesign certified by 2015. This shows that the company remains committed to use the best available technology and best practice for its cotton and other material garments – a commitment to continuous improvement knowing that sustainability is a journey not a destination.

“Patagonia’s brand value is deeply entwined with nature, so environmental stewardship has always been part of our core business. How our clothes are made is part of that equation, and that requires new kinds of relationships with our suppliers to ensure our manufacturing processes aren’t damaging ecosystems. Through collaboration, we hope that commitments similar to ours will become common in the apparel industry.”

Casey Sheahan, CEO, Patagonia
Textile Exchange inspires and equips people to accelerate sustainable practices in the textile value chain. We focus on minimizing the harmful impacts and maximizing the positive effects of the global textile industry. Our signature program focuses on organic cotton value chains; improving lives for farmers, stimulating markets, and supporting best practice.

Website: farmhub.textileexchange.org/

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