

Addendum to Purpose+Profit: How Organisations Will Shape the Defining Challenges of Our Time
 Interview on purpose-driven leadership with Ryan Gellert, GM EMEA for Patagonia

1. Are you familiar with current ideas around ‘long-term capitalism’, or ‘people, planet, profit’ metrics? If so, how do they shape your thinking at Patagonia?

While we follow the current literature on the role of business in having a responsibility to do more than maximize shareholder wealth, we find much of our inspiration in natural systems and the history of movements – whether they be labour, environmental or social in nature.

2. I realize that the UN SDGs came later than the Patagonia mission statement, but do you look at those for inspiration at the moment?

Well, I think we are trying to accomplish many of the same things. That said, the philosophical direction at Patagonia has long been set by our founder Yvon so we often avoid making changes in response to each new emerging framework.

3. What do you see as the main role organisations should play in the societies where they operate?

For simplicity, there are three basic actors - individuals, governments and organisations. While I believe that every successful movement begins with an individual or small group of them, it is nearly impossible for individuals to drive system change on their own. Unfortunately, governments are failing us in solving some of the biggest problems we face as a species (e.g. climate change, poverty, hunger). So, if individuals can’t do it, and governments won’t, I’d argue that businesses must fill the void.

Furthermore, I would argue that given their influence on the world today, businesses have a moral responsibility to help find solutions to our biggest challenges. That obviously includes us in Patagonia. With few exceptions, businesses are falling short. While the idea of sustainability is getting greater traction in the world of business, I think if you could chart ‘business leadership on issues of sustainability’ next to ‘the health of the planet,’ the pace of planetary destruction is grossly outpacing positive business impact.

The reality for Patagonia is that we’re not a sustainable business yet: we take more from the planet than the planet can replenish. If anything, we’re a responsible business that’s challenging itself every day to change that equation. There are a lot of problems we haven’t been able to solve yet, but we are constantly challenging ourselves to minimize our impact. It’s a journey without an end.

4. Let’s cut to the chase. What would Patagonia be if this sense of purpose wasn’t there?

We’d be just another clothing company, nothing more than that. We could still be proud of the quality I guess, but at the end of the day we’d just be selling more clothing in a world that has plenty of it.

And to be clear, I wouldn’t work there. I don’t think any person that we currently employ would.

5. As you're aware, Patagonia was brought up with a clear purpose coming from Yvon. How do you view other companies that are struggling to articulate/discover this purpose today?

Well, you have to target that question to specific layers of organisations. When it comes to leadership, I can be really harsh. If you're a CEO of a publicly traded company, that failure is indefensible. You're a leader for a reason and cannot ignore the biggest issues we're facing. I'm generally a bit less harsh to mid-level employees who are trying to balance feeding their families with progressing their careers, as well as trying to have a positive impact. But, I do think all of us have a role to play here. I would suggest people vote with their careers. Advocate for change inside the organizations in which you interview or work and leave if their values are incompatible with your own.

6. How do you view the financial part of the equation? Does it add to the financial success of the organisations?

Well, that depends a bit on the timescale. Probably the single biggest constraint companies are facing today in implementing a more long-term, purpose-driven way of working is their incentive structure, particularly within publicly-traded companies. The quarterly pressure drives and rewards short-term decision-making.

We're clearly living in a world with finite resources that are being depleted. In the US we're using 4-5 times the resources the planet can restore, and it would be foolish to assume developing economies (China e.g.) wouldn't aim for similar standards of living. The math is simply no longer working. Therefore, the imperative for building a more sustainable business is an obvious one, except for people who are measuring their success in 90-day blocks.

7. Next to Patagonia, are there any other firms you look to for great leadership in this area?

I have respect for any organisation that is committed to helping solve our biggest challenges. When I look at a company like Tesla, regardless of how wobbly their financial situation appears at the moment, I believe they're impacting transportation for the better. When I look at IKEA, I'm a bit sobered that they make products that are mostly single-use in nature, but I'm still inspired by the social impact they've gotten behind. Danone – the French food and beverage company – is another that appears from the outside to be committed to minimizing their impact on the planet.

8. How do you see this trend developing in China?

I lived in China for five years, from 2005-2010. My wife is Chinese, and we spend time there with our family regularly. What was interesting during my time there was watching whole technological 'steps' like landline phones get almost skipped as the country adopted mobile phones. And I think the opportunity for China to now leapfrog much of the rest of the world in green energy adoption is a real one.

I would like to believe the necessity that China has created with the levels of air, water and food pollution that has accompanied their rapid economic growth combined with their ability to leapfrog existing infrastructure could allow them to transition quickly from a carbon-based power grid to a far cleaner set of systems.