



## **LEAD WITH WE EPISODE 8: STEVE RENDLE**

Steve Rendle:

This year, we were recognized by Barron's Magazine as the most sustainable company within their large list of companies who they capture. We moved from number 21 last year to number one this year, and I think that's a true credit to our employees' commitment, our organizational drive against our strategy. We're by far a long ways to go to where we want to be, but we're committed, and we're transparent, and we're acting with conviction.

Simon Mainwaring:

From We First, welcome to Lead With We, the podcast where top business leaders and founders reveal how they built high growth and high impact companies by putting we first.

Simon Mainwaring:

Welcome to this episode of Lead With We, where I'm talking to Steve Rendle, the chairman, president, and CEO of VF Corporation, one of the largest footwear and apparel companies in the world that's over 120 years old. Steve, welcome to Lead With We.

Steve Rendle:

Thank you Simon, it's great to be here.

Simon Mainwaring:

So Steve, starting with the most important things, Husky's fan. How long have you been a Husky's fan?

Steve Rendle:

Simon, I've been a Husky's fan pretty much my entire life. I was born and raised in a Cougar household, but for some reason I affiliated with the purple and gold from a very young age, and was able to spend my college career on the Seattle campus.

Simon Mainwaring:

You know, living in Seattle, it gives you a taste of what it's like to live surrounded by nature. I know you're a passionate climber, and you have a deep connection to the outdoors. This time of COVID, what has that taught you about our connection to nature?

Steve Rendle:

Yeah, you're absolutely correct, Simon. I have a long, long history, from very early in my life, spending time in the back country. I grew up skiing, climbing, and so much of who I am today is formed by that time.

Steve Rendle:

What's interesting today, and where we find ourselves in this COVID environment, is people are able to start moving out of their homes, they're moving to the outdoors. They're going to their local parks, they're going to their local state or national park. People are in the outdoors,

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its that one place where you can go, connect with nature, and in that connection feel like you have some freedom. I know I know that personally, we know that from our business. There's so much freedom in the outdoors to express yourself, to explore, just that connection with mountains, with the mountain air, water does get you into a very different frame of mind.

Steve Rendle:

I think in this COVID environment, people are looking for that ability to disconnect from the things you deal with day-to-day, and being in the outdoors in the back country is a beautiful place to be able to do that.

Simon Mainwaring:

I've also been encouraged by the fact that, once we got out of the way, in the waterways, on the highways, in the air, it seemed like Mother Nature came back with a force. Have you noticed that on your end? I actually find that good cause for optimism.

Steve Rendle:

Oh, I think that's a great cause for optimism. And yes, we see it, and I think it's one of those great unexpected outcomes that we saw early on, across the globe. Just not here in our home country of the United States, but we saw it early in our business in our employees activities in China, just the quick clearing of air. The pollution aspect that we deal with every day, pretty much moving away almost immediately.

Simon Mainwaring:

For those who don't know about VF Corporation, because for a long time you've been an enterprise behind many of the brands that are household names to everybody else, tell us a little bit about VF Corporation, just to give us some context.

Steve Rendle:

Sure. Well, VF is a 121 year old company, it was family owned for many, many years. Started as a knitting mill, for women's silk gloves. We have evolved over the years, but through that apparel, more or less, continuum, to where we are today. VF is an enterprise that's comprised of 12 brands today. Those brands look at the outdoor environment, they look at the action, or active based marketplace, and we do have a position within work and work lifestyle.

Steve Rendle:

Our portfolio brands, like Vans, The North Face, Timberland, Ice Breaker to name a few, are very much activity based lifestyle brands. We've evolved our portfolio over the years to be comprised of brands that can connect directly with consumers through our own physical or virtual environments, while also partnering with key wholesalers. But, we leverage the skills and capabilities of our finance team, our operations platforms, our HR, and our digital and technology teams, and leverage that across our portfolio, enabling our brands to access greater capabilities through the scale of our large enterprise than they would normally be able to do in at standalone environment.

Simon Mainwaring:

Yet, a corporation the size of VF is under so much pressure from investors, from the street. You made this pivot to purpose in 2018. What motivated that? And, could you tell us a little bit about the process? Because that's a huge decision, with enormous consequence and even greater potential impact.

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Steve Rendle:

So you're correct, Simon, we made this pivot in 2018, but the pivot actually began in 2016. Where I was in the process of taking on the role of CEO, January 2017, but I was able to work that full year of 2016 with my leadership team, as well as our board of directors, on a new strategy, but really an evolution of our strategy to really position ourselves in what was a rapidly changing marketplace. The consumer was becoming much stronger in their expectations and in their shopping behaviors, and we saw quite a bit of change in our historical wholesale driven marketplace.

Steve Rendle:

We made the decision to become more retail centric, and to apply a more hyper digital approach to how we connect with consumers and managed our business. As we listened to our employees and we listened to our consumers, it was very clear that while consumers were changing their shopping behaviors, they were also changing their expectations of what brands and businesses would bring. Instead of just what are you providing me, why do you exist? We've always been a very performance driven value creation enterprise, but we saw the need and the opportunity to put purpose on par with our performance driven mentality, and really drive this idea of the power of and.

Steve Rendle:

It wasn't one or the other, the decisions needed to be made through this collective filter. It was very clear that this had to be part of our strategic set of choices.

Simon Mainwaring:

So companies of all sizes today face that similar decision, which is how much do they lean into purpose? How much do they let performance drive what they do? But, you're saying that, actually, the two came together, it was an and situation, it wasn't an either or?

Steve Rendle:

Yes. That was actually the debate. Some might tell you that we would have, but we were really clear, that it's not an either or, it has to be an and. If we were going to be a purpose led performance driven enterprise, then both of those filters need to be equally empowered and equally weighted. It's a learning process, Simon. For 120 year old company that's used to driving decisions for shareholders only, we needed to insert the stakeholder on par with our shareholder.

Simon Mainwaring:

So where does that dialogue begin? Because, as you say, you listened to employees, you're accountable to investors. When you make that decision in the confines of an executive leadership team, or a senior leadership team, what do you do next to start rolling this out?

Steve Rendle:

We initially engaged with our employees, and we spoke to 2500 employees across the globe. It wasn't just in a corporate office, we touched our distribution centers, we touched our manufacturing facilities, retail stores, product creation, marketers, finance, and we listened to what our employees felt was important. We put together a purpose statement, and we pressure tested that, multiple times, across the globe with this 2500 person cohort. The idea here is that we would power movements of sustainable and active lifestyles for the betterment of people and the planet. The best way to power a movement is to capture that

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collective energy of our, at that time, 70,000 employees, and really drive forward against a very clear set of objectives.

Simon Mainwaring:

Within that group, or the different groups that you'd mentioned, probably the most potentially resistant might be the investors. You know, you've got those who really support impact investing and sustainability, but there's a large group that really just want to look at dividends, and return on investment, and so on. How did you broach the topic with them? How did you win their buy-in, how did you garner their support?

Steve Rendle:

So it's interesting, Simon, we initially wondered if the investment community would push back, or find our commitment unimportant. What we found possessed the consumers were expecting this type of commitment from the brand that they chose to interact with, and how we brought that to life within our VF enterprise. We had evidence that we could make a decision that was performance driven, driving shareholder value, while at the same time, driving value for our consumers and the communities that we live and work in.

Simon Mainwaring:

It is a leap of faith, though, in some ways because I think market drivers were headed in that direction, but it's a big commitment. How do you make sure that purpose stays elevated, in terms of priorities?

Steve Rendle:

Simon, we practice it every day, and I think our employees will never let us drop it because it's so important to them. It's what they expect. But, it's also what our consumers expect.

Steve Rendle:

As we began to shift the way that we spoke to our consumers, and came to them not just selling product but really selling a vision, and an idea, and being much more empathetic. We shifted our marketing from being really transactional driven to being 100% digital, connecting with consumers at home, and really opening up and saying, "Look, we understand where you are. We're in the same place." We began to offer fun things to do, connected to each of our brands' purpose statements, that this has created a more empathetic connection. With that, gaining greater sentiment, greater loyalty.

Steve Rendle:

And then, what was interesting as we all began to get comfortable with this new world we were living in, our eCommerce business began to trend at an exceptional rate. We really do attribute that, not to the great products that we're selling, but that we've connected with our consumers in a very unique and personal way, and through that connection built a stronger loyalty.

Simon Mainwaring:

You know, it's such a powerful market driver now, that when you invest your brand, your products, with the meaning that comes from bettering the future and serving the planet, they take on that badge value which really makes people want them. In the end, you'll achieve the result, you want to build your bottom line so you can scale your impact.

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Simon Mainwaring:

But, let me ask you this. How does it all fit together? Because it's hard enough to do with one brand that's got a stated purpose and take that to market effectively, but you've got an enterprise with a dozen brands. How does that all fit together so it's either not confusing or conflicting?

Steve Rendle:

We have the larger VF enterprise purpose that I had mentioned before, about powering movement of sustainable and active lifestyles. We act as an enterprise, through that lens.

Steve Rendle:

A great example of that is as the racial protests began, we went first with a people first approach. And the same was with our COVID reaction, it was people first. How do we create an environment where we're being thoughtful and caring about our people's safety, our consumer's safety, and really acting with empathy. At the same time, each of our brands was able to activate their connection with their consumers and with their employees, through their own individual purpose. Collectively, that's how we're powering a movement.

Steve Rendle:

A great example would be Vans, and Vans' purpose is about enabling self expression. Through that creative self expression, we're really advancing this notion of being free to be who we are as individuals. One of the great things they did as the COVID crisis began is they launched this fun idea called The Shoebox Challenge. It was this idea into their community, of take your shoebox and create something, create a piece of art, create whatever you want, and then share it back with the Vans community by uploading this content into the web environment. That went viral, and some of the great creations that were posted up connected this community. Vans, through that, was enabling creative self expression, but at the same time, they were creating a tighter bond with that consumer group.

Simon Mainwaring:

That's so powerful, because you're co-creating the impact. You're doubling down on your community by giving them a role to play, which really reinforces what a brand like Vans stands for.

Simon Mainwaring:

There's also the other side of the coin, which is in and around issues like racial inequality or social injustice, companies, especially large ones, are being held accountable internally as well. So it's not enough just to go out there and communicate the right things, you've got to look and say, "Are we complicit in some way? Either through action or inaction. What do we need to do?" How did you respond to the primacy given around diversity and inclusion at this time?

Steve Rendle:

We responded first by really taking a pause, and circling the wagons around our employee base. Justice was, first and foremost, an internal issue that we needed to be aware of. Giving our employees the opportunity to express their feelings, express the hurt, and the historical issues that our people of color have brought with them over the years. We constructed multiple listening sessions, and in those listening sessions, I participated in every one of them, it was so powerful, Simon, to hear our people, and to know that they understand they had permission to share what was in their heart.

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Steve Rendle:

Through that, those of us who don't walk in those shoes every day, were able to really learn and understand what our Black associates have dealt with all their life, what our Latino associates, and Indigenous associates have dealt with all their lives, and being able to try to understand that. Though we'll never be able to put ourselves in their shoes, it was that understanding and that connection, and the moment of understanding that all of our Black, Indigenous, and people of color employees knew that we were listening, and that we were caring, and that we were getting to act as a collective employee base, to mobilize ideas, to begin to make a change first internally.

Steve Rendle:

We have a powerful inclusion and diversity approach, but we can be better. We can be a lot better, and we've been able to articulate that. But also, together we will begin to reach externally, and many of our brands have already begun. But, as an enterprise, we will have an impact externally, in addition to the work we do internally.

Simon Mainwaring:

It is such a powerful opportunity, just to listen to your employees and to better understand each other. Just the fact that we all do meetings via Zoom these days and we get to see the backgrounds of everyone's lives, and we get to know each other, let alone deep systemic issues, like social injustice and so on. I mean, how has it changed your culture, this recent period of COVID, and the Black Lives Matter movement? In a lot of ways, it's been incredibly challenging but it's also given you a chance to really mobilize your purpose. How has it shown up inside the company?

Steve Rendle:

Yeah, I think as we all interact now in a very different way, Zoom has become the standard, and to your point, we see inside each other's lives. We hear children crying, we hear dogs barking, we see children walk by the camera, or a spouse stop and say hi. For the first month, month and a half, and it still happens but a little bit less, every conversation started with, "How are you? Are you and your family safe? Is everyone healthy?" That became the first thing you asked, and that creates a connection. It was there before, we have a very thoughtful, caring culture, that's one of the unique ideas behind the larger VF enterprise. We're all working more, in a much more difficult environment, and at the same time we're becoming closer as an employee base.

Simon Mainwaring:

You know, that can only set you up for success in the longterm, because we're still in the wings. We're facing issues like the climate crisis, and extreme weather as a result of that. As a sustainable leader, you've got an opportunity not only to fix problems in a remedial sense after they happen, but to actually prevent them in the first place by working with your suppliers upstream so that you don't create the problems in the first place. What are you doing to help business at large really mitigate the risk through the climate crisis?

Steve Rendle:

It's being upfront, very forthright with what our commitments are. We're one of the first public companies to hold ourselves accountable to science based targets. Through those targets, we've set clear objectives around where we will be in reducing our carbon footprint.

Steve Rendle:

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But, we're also leading. As we've stepped forward, other organizations have listened. And I think this is another way of powering a movement, is by acting with conviction, staying true to your strategy. This year, we were recognized by Barron's Magazine as the most sustainable company within their large list of companies they capture. We moved from number 21 last year to number one this year, and I think that's a true credit to our employees' commitment, our organizational drive against our strategy. We're by far a long ways to go to where we want to be, but we're committed, and we're transparent, and we're acting with conviction.

Simon Mainwaring:

You know, as a publicly traded company, it's rewarding to hear that it means a lot to employees, but at the same time you're always on the hook for what's it doing for the business. Ultimately, the more you grow the business, the more you can scale your impact which is a great thing. What value have you found it delivered to the business, the brands, the bottom line, the stock price? Has it translated?

Steve Rendle:

It is translating, Simon. It's not immediate, it's not overnight, this is a journey. But, I think one of the emerging consumer trends that we see today, coming through this COVID crisis, is a higher recognition by consumers that there is a need to combat climate change. We see a strong move to the outdoors, we're seeing a strong commitment to health and wellness. But, we're also seeing a very strong commitment coming forward around doing the right things to prevent climate change. That is where we are, as an organization, and we can now message that with our consumers, we can speak about the things that we're doing. We can represent the changes to our products. We can represent the work that we're doing within our retail environments, or across our organization, as proof.

Simon Mainwaring:

You know, this type of purpose led behavior is really allowing brands to lead movements, to shape culture, to better the future. I think this is especially true of younger demographics, like Gen Z. Are you seeing that in your own experience with your brands? And how are you preparing for the future consumer?

Steve Rendle:

Yeah, this is a great question, Simon, and this goes to our strategy of becoming more consumer minded in how we act. That consumer minded aspect of our strategy, the consumer data file that we have and that we continue to build, it's being able to pull the insights out of that information that we have on consumers, and listening to what's important.

Steve Rendle:

To this new, younger consumer, it is extremely important, and they are measuring where do the brands that they are interested in, where do they stand on these different social and environmental commitments. They are choosing to interact with those brands based on what they're learning.

Simon Mainwaring:

One of the issues that begs always is, who gets the credit? Quite rightly, every brand, when they invest real money and time into an effort, whatever it might be, sustainability, or COVID response and so on, they do want to get some recognition for that conscious choice. How do you balance getting credit between brands, and also getting credit for the work that you're doing individually at VF?

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Steve Rendle:

Yeah I guess in the end, Simon, credit is certainly one thing that needs to be thought of, but that's not the top of mind for us. We feel that if we truly act through a purpose led performance driven mindset, and we drive against the strategies that we've clearly documented for our enterprise, and our brands have documented for themselves. It's that connection to our consumers and providing them the proof points that we are acting in the manner that we've committed to, and that loyal connection that we're creating. You know, the benefits come by creating change, and actually seeing those changes come to life in customers' lives.

Steve Rendle:

And then, the benefit for us is we drive revenue and earnings, and we deliver against our commitments to our shareholders. It's really a virtuous cycle.

Simon Mainwaring:

Yes, it is. Sometimes it involves difficult choices. I recently saw that The North Face was boycotting Facebook advertising for a period of time. These are not easy decisions for any brand to make. Obviously, North Face is part of the VF Corporation portfolio. How do you navigate those decisions? It can't be easy.

Steve Rendle:

It's not. I think it's how we work as a collective enterprise, it's how we connect with our brands. In the case of the example used here, about North Face being one of the first to step forward and withhold advertising dollars with Facebook, that came from our enterprise work but also our brands' work with our employees. And knowing what was important to them, what was important to our consumers, is that we needed to take a stand.

Simon Mainwaring:

You made an equally brave and responsible decision when it came to boycotting leather from Brazil when the Amazon was being burned. This comes at a huge cost to the company, and it resonates very deeply in the marketplace. It captures a lot of earned media, a lot of tension because you're really setting an example. How did you navigate that retooling of the supply chain? And ultimately, was it good for the business? In the sense that it allowed you to double down on your purpose and take a stand that you felt was really important.

Steve Rendle:

You know, Simon, the issue you bring up here really goes more centrally to our commitment to run a responsible supply chain. In that responsible sourcing set of objectives is understanding the origin of all the materials that we use to produce products. When you make a commitment to act in a responsible way, you really have no choice. But when you do the homework, and you understand that aspects of your supply chain are not meeting your stated objectives, you must act. Or otherwise, your commitment is really no longer valid.

Steve Rendle:

When we looked at the leather from Brazil, we had concerns about how it was being produced, and how the animals were being treated. We weren't able to positively answer the questions against our expectations, the decision becomes quite clear. If we're true to our conviction and true to our commitments, then we needed to make a change. This is the power of our VF supply chain, is we moved away from one aspect of our supply base, we



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were able to pivot, and make up through our diversified supply chain, and cover the needs that our businesses had at that time.

Simon Mainwaring:

So the size of your supply chain can persuade suppliers to be more responsible, but also it can accommodate big decisions like this.

Simon Mainwaring:

One of the questions, though, that every company faces out there is what tone of voice do you strike when you're bringing your purpose to life? You can, at one extreme, just positively reinforce your values. At the other extreme, you can be very strident and take issues head on. Whether you're a founder or the CEO of a global corporation, how do you work out what tone to strike?

Steve Rendle:

We have a lot of conviction around the commitments that we make, and we spend a lot of time understanding the needs and the issues that need to be solved across our business. We've formed strategies that help us act against those. As we make those commitments, we begin to act with conviction.

Simon Mainwaring:

Steve, you're speaking to something really important now, which is this new definition of what leadership looks like because we all find ourselves living on a very challenged planet. As someone whose responsible for a wide portfolio of brands, a global enterprise, so many different associates around the world, how would you describe what leadership would look like moving forward?

Steve Rendle:

I think leadership in this world where we are today, Simon, and every one of us needs to look at ourselves, and understand how we bring our best selves to the people who we work with. In this case, the people that you lead, and the organization that we drive, you have to really be thinking through the lens of empathy.

Steve Rendle:

We need to have a deep understanding, not of just what we need, but what are the communities that we live in work in, what do they need? What do the consumers need? We touch not just consumers in the cities that we live in, but we touch people that are part of our supply chain in far parts of this globe. For us to be truly a purpose led organization, we need to think broadly, we need to think holistically, and we need to touch everybody who our brands connect with.

Simon Mainwaring:

These conditions, whether it's climate crisis, COVID-19, have really presented a challenge on a personal leadership level. I mean, literally the CEOs of companies around the world are responsible for the economic health of the company, as well as the physical health of their employees. Everyone's had time to reflect, and been forced to reflect in some ways. What have you learned about leadership on a personal level in the last four to five months, since COVID began?

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Steve Rendle:

To me, it's really a recognition of yes, a senior leader needs to have a vision and a way of working, and expectation. But, it's the people that you work with, and how you all come together to make collective decisions that drive our organization, and the health and well being of our people. To me, it's just an affirmation of something I knew, but having an even more powerful understanding today as we've all had to come together to really drive what we call our Now and Next approach to fighting this pandemic.

Simon Mainwaring:

There's huge pressure, whether you're a solopreneur, or the founder of a small company, or the CEO of a large corporation, just to keep going during this time, to motivate your teams, to keep spirits up when there's a lot of cause for concern out there. What do you do for yourself? Do you spend time in nature? How do you keep yourself going? Because that's a skill we all need equally, as well.

Steve Rendle:

Good question. I think, for me it's a couple things.

Steve Rendle:

Right out of the box, March 16th, I began to stay home every day. I'm a person whose traveled his entire career. I've probably seen my wife, Julie, more in the last four months than I've seen in the last four years. I draw a lot of energy from her, and being able to speak openly, and talk about how I'm feeling, the issues that we're dealing with, and be able to gain insights from her is a big aspect of how I'm able to manage this.

Steve Rendle:

But, also I am driven to the outdoors, and being able to get outside, into the mountains. I spend as much time as I can on my bike, that's where I'm able really disconnect, really open my mind and free my mind from what needs to be dealt with. But I'm also able to solve a lot of problems in those environments, as things become very clear because you've lost all the clutter that sits inside your business every day.

Steve Rendle:

It's really a combination of those people that I hold near and dear, and love dearly, and those activities, and those environments where I'm able to gain solace from.

Simon Mainwaring:

Steve, I cannot thank you enough for your leadership, in terms of VF Corporation and its brands. And also, the courage that the enterprise has shown, taking on many issues that are very, very important in the last several years. So thank you for joining us today on Lead With We. We look forward to following VF's leadership in the future.

Steve Rendle:

Thank you very much, Simon. I really appreciate the opportunity to share our story.

Simon Mainwaring:

Thanks for listening to this episode of Lead With We, where I spoke to Steve Rendle, the chairman, president, and CEO of VF Corporation, who shared how a global enterprise pivots to purpose with a portfolio of leading brands. And how to mobilize that portfolio, and it's

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employees, around issues like COVID-19, and what the future of leadership looks like, to the benefit of all stakeholders in our future.

Simon Mainwaring:

If you're inspired by what you heard today, here are three things you can do to become a purposeful company. First, shift your mindset from marketing to movement making, so that everybody builds your business and it's impact with you. Shift from advertising to advocacy for what you stand for. And finally, shift from calls-to-action to calls-to-activism, so that you can build the impact you want to create together. You can subscribe to Lead With We on Apple, Google, or Spotify. And recommend it to your friends and colleagues, so that they too can become a purposeful and profitable business.

Simon Mainwaring:

If you'd like to learn more about how you can build a purposeful brand, check out [wefirstbranding.com](http://wefirstbranding.com), where we have lots of free resources and case studies. We look forward to having you join us on the next episode of Lead With We.

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