



LEAD WITH WE

EPISODE 14: THE NORTH FACE

Arne Arens:

Consumers right now, vote for brands that are purpose led, right? Our brand equity with these consumers is better served by thinking longterm, than thinking short term. That's the perspective that we have.

Simon Mainwaring:

From We First, welcome to Lead With We, the podcast where we challenge top business leaders and founders to reveal exactly how they drive growth and impact at the same time, by putting We First. Lead With We is produced by goal 17 media storytellers, for the common good. Welcome to this week's episode of Lead With We. I'm really excited to talk about The North Face today because not only are they a really famous brand that everybody knows, but they're also a true sustainability leader, which is so important at this time. Plus, they were one of the brands that were first to lead the charge against Facebook in terms of getting rid of hate speech. And so I'm really excited to welcome Arne Arens, the global brand president of The North Face. Arne, welcome to the show.

Arne Arens:

Thank you so much. Thanks for having me, Simon.

Simon Mainwaring:

Arne, I've got to ask you, being in the climbing business, being a global brand president of someone like The North Face, that is a life calling. Where did your love of climbing come from? Did you spend a disproportionated time at the top of a mountain in a gale force wind, and you thought, this is my calling. What was it?

Arne Arens:

Well, I'd love to be able to claim that, but unfortunately that's not the case. I mean, I grew up in Holland, in the Netherlands in Amsterdam, which is probably one of the flattest countries on earth. Kind of unlikely for me to be a climber, but my parents did take me to the mountains very early on to ski and to hike and mostly the Alps in the beginning. So I've developed a love for the outdoors and for the mountains, for being outside in general, just from a very early age on.

Simon Mainwaring:

It makes a lot of sense. And I always think that there's sort of two places in life that people find restorative. You can be in the ocean. I grew up in Australia in the water and I've got to get in the blue, I've got to get in the water, it kind of makes me a much nicer human being. My wife says I'm much nicer to be around when I've been in the surf or something. What do you find... How do the mountains affect people? Is it the stillness of it? What is it, that's so powerful about it?

Arne Arens:

Yeah, that's a great question. I think nature in general just has a soothing and calming effect on people, right? I mean, it's even proven that if you go for a 20 minute walk in the woods, that your adrenaline level drops by so much. So nature has that effect on us in general, whether it's the ocean... And by the way, I completely share that. There's almost, for me, there's no better feeling of sitting on your board, kind of looking out over the water. I mean, it's just so incredible and in a way, the mountains have that same effect, they certainly do on me. Kind of that majestic... You feel so small, right? You look at the mountains and you're like, oh my goodness. You're kind of in awe of all that beauty and the majestic side of it. And that's really what means a lot to me personally, as well, and I think for people in general.

Simon Mainwaring:

It's good for your outright. Absolutely. Probably even more so right now. When you think about COVID and one of the coping strategies I've used with my family, is just to get out in nature a bit. And even to do it barefoot because you kind of ground yourself and you kind of feel the energy of the earth and so on, because there's so much negativity and stress coming towards us. This whole COVID period has been so tough on business. Every retail outlet has been affected, every brand has been affected. How do you make sure that you still prioritize sustainability and managing your supply chain the right way, at a time when you just kind of want to move product, you've just got to stay in business. How do you calibrate sort of the necessary profit motive and actually being purposeful as well?

Arne Arens:

Yeah, that's a fantastic question. And it's something that we think about a lot. And there's the here and now, and there's the future, right? And we got to kind of do two things at the same time, because you got to deal with the here and now, which has been super disruptive for everybody around the world, for companies, for individuals, for families, et cetera. But we also have... We believe that at some point, when we're going to come out of this, we want to be in a position where we continue to lead. As one of the industry leaders, we feel we have an obligation to lead on that front. So, sustainability does not take a back seat in the day to day craziness of running the business, during COVID for sure.

Simon Mainwaring:

And how do you compete in those terms? Because so many people are now shouting about their sustainability credentials, sometimes legitimately, sometimes not, but there are a lot of companies out there doing really impressive things, from managing their supply chain to circular economy, to regenerative kind of strategies and so on. How do you actually maintain, as you say, leadership? What do you do above and beyond everybody else?

Arne Arens:

On the sustainability side, what we've committed to, and it's pretty much the biggest thing that we can do, is to have... Is by 2023, to have 90% of all of our product content be recycled. And as a matter of fact, 100% of our polyester, which is a lot of the product content that we have, is going to be recycled. Now, when I tell you that 60 to 70% of our entire footprint comes from product and the content there, that tells you that that is probably the single biggest impact that we can make, right? So that's one. Secondly, the down that we use in our down jackets is 100% certified and responsibly sourced. As a matter of fact, back in 2017, we kind of set up a transparent supply chain around down, and shared that with the entire industry so that we can make sure that animals, where down as a byproduct, are actually treated fairly within that supply chain.

Arne Arens:

So, that's something that we did back in 2017 already. So there's a couple of things that are high on our list. We also started a program that's called renewed, with the renewal workshop, which essentially is about the circular economy, right? So getting used product back into hands of people so that it doesn't have to go into landfill. And that's a really successful project that we started about a year and a half ago, and that's well up and running.

Simon Mainwaring:

All of these initiatives are so important, yet at the same time, I think the entire apparel industry faces this challenge of, how do you go from less bad to more good? How do you go from having less landfill or less products going to waste, to really net positive products and so on. So how do you lurch the whole industry forward so that it's really making a positive difference, because all these issues we're trying to solve for are so serious, and the timelines are so short that we've got to think in completely different ways. So how do you get to that stage?

Arne Arens:

What you've seen over the last, let's say 10, 10, 15 years or so, is that the amount of product, because of very quick product cycles, which is to a large extent also driven by fast fashion, that the amount of product that people buy and own, but then also kind of throw away into landfills, has really ballooned. So as outdoor companies, we've always been sort of on the other side of this, right? Our products... I mean, when I speak to people and I tell them that I'm with The North Face, everybody always has their favorite jacket from 20 years ago. And they're like, "Oh, I can't believe how great this jacket still is. And the quality's phenomenal." One of the things that we're trying to do is, make the quality of our product so good that it actually doesn't need to end up in a landfill.

Arne Arens:

And if it does, then let it be made out of recycled material so the impact is lower, right? And even better, could we recycle it? Could we, through our collaboration with the renewal workshop, could we bring it back, could we repair it, could we clean it and get it back into the hands of people, so it gets a second life. And I think we can have a pretty big impact on the category, on the industry as a whole. So when we lead by example, and there's a couple of other companies, for example, Patagonia who's doing it. They're doing a phenomenal job as well. And those companies are examples for other companies in this space, that then hopefully will follow.

Simon Mainwaring:

And aren't you, in a sense, putting yourself out of business? It's kind of like, oh, let's repair what we've already made, and let's make sure that we give products a second life. And that's kind of... Seems to compete with the bottom line. How does that shake out?

Arne Arens:

I don't think they contradict each other, right? On the one hand, making sure that your product is as high quality as possible so that it doesn't have to go into landfill, doesn't compete with the fact that there's always new categories and new growth opportunities that you can pursue with consumers, right? So I think you can do both at the same time, and that's really what our business model is built on. Our footwear business for example, we're primarily an apparel company and our footwear business right now is a fairly small percentage of our business, and we're growing that very fast. So that's a massive growth opportunity, so that then makes up for a lot of the potential things that we don't sell on the apparel side. So the

market's big enough, there's enough consumers that still want to get outside and have a great time. So we're not worried about that at all.

Simon Mainwaring:

And tell me, I mean, you and I both sat in a lot of boardrooms where these sorts of decisions are made and you've got the CFO at the end of the table, frowning at you, going, hey, we'd better make... Just make sure we've got a good next quarter. Who wins? Do you sit there and go, okay, the casting vote in every situation is, let's go back to our purpose and therefore, let's make that right decision. Or is it on a case by case basis? What is that sort of decision making process?

Arne Arens:

So in the end, what we want to be, is a purpose led company. And I think that in the end, is going to be more important than the sale that we make today. You know as well as I do that, consumers right now vote for brands that are purpose led, right? 70 to 80% of consumers prefer brands that are purpose led and that are living their values on a day to day basis, which is a longterm play, right? So our brand equity with these consumers is better served by thinking longterm than thinking short term, so that's the perspective that we have. Now, is that true for every individual decision that we make in the right here and the right now? If I'm really honest, probably not, right? Because sometimes there are these things that, if quarter end is coming, or year end, and we have to make some commercial decisions, we will, like any other company would. But the purpose led lense is absolutely overriding from a longterm perspective for us, all day long.

Simon Mainwaring:

And have you seen the difference to your bottom line when you make these right decisions, when you kind of align your supply chain? We see a lot of data out there these days, talking about consumer preferences and stuff like that, but does it really translate? Do you go, you know what? We've made a short term and longterm commitment to doing the right thing, and you know what? In terms of repeat business or this or that, we really do see it showing up.

Arne Arens:

Yeah, it does. We have a number of sustainable products in our line right now. For example, our Thermoball eco line, which is essentially synthetic insulation. So it's not a down jacket, but it's a synthetic insulation that... A jacket that keeps you warm and we introduced the eco version of that, which essentially, is made from recycled plastic bottles. And what we're seeing is that, sales on those jackets versus last year, despite the fact that we're in a very tough situation, are actually increasing.

Simon Mainwaring:

It's an interesting time for any brand and business more broadly, because as you say, it's getting more purposeful and so on, but it's also inadvertently becoming more political because you're wading into these issues that have been politicized. Rightly or wrongly, they just seem to bleed into the political sphere now. And you were one of the brands that led the charge against Facebook by boycotting ads for a month, because you wanted to make a stand against hate speech. And when I saw that, I was really impressed. I thought to myself, honestly, I was like, you know what? It's a really important issue to address, but also, it's risky. Are you shooting yourself in the foot? You don't want to sort of bite the hand that feeds, because you do so much advertising on Facebook and truth be told, if you read anything

about the history of Facebook, they could respond in very aggressive ways. So help us understand how you came to that decision, and then more importantly, how did you decide to be one of the first out there?

Arne Arens:

Yeah, that's a great question. And again, this comes back to us living our values on a day to day basis, right? And one of our values as a company is building community. And we want to build a global equitable community around the outdoors. And what we were seeing is that, the way that the information was shared on the Facebook platform, whether that was confirmed or unconfirmed information, was just running rampant. And we felt that, the hate speech that was coming through the platform, which we could also see through our own posts, et cetera, et cetera, was just not something that was in line with our values anymore, because it actually pit people against each other versus creating a connection, which is for us, what building community is all about.

Arne Arens:

So we felt it was time to take a stance and so it kind of became an easy decision. When we spoke to the NAACP and the ADL around to stop the hate for profit movement. And when they contacted us, we said, "Yeah, this is totally in line with what we believe in, and we're on board." So that's how we came to that decision.

Simon Mainwaring:

I remember years ago that, when everyone was starting to use their avatars, their little pictures of themselves, and they'd put images over their picture for a day to champion a cause and it was pride day and this brand is a power brand actually, that we were working with, were sort of like, "Oh my gosh, if we do that, is the world going to explode? Is there going to be positive or negative?" So what's it like, do you sit there and go, which way is this going to go? Is it going to blow up in our face or is it going to be great? What was that like?

Arne Arens:

I'll be honest with you. We didn't know what was going to happen, right? Because we were the first major brand out there to make this commitment. So even after 30, 45, 60 minutes, we could see this gain an incredible momentum and pretty much around the globe, right away. So fairly soon we noticed that the sentiment was positive.

Simon Mainwaring:

And how do you measure success here? Because, there's a lot of media coverage of the issue, especially as more and more brands got on board and so on, but July passed. And as I understand it, millions of pieces of hate speech, what has been recognized or identified as hate speech content, had been removed by Facebook, but did you achieve the result that you wanted?

Arne Arens:

I think the main result, Simon, for us, was the fact that we could engage in a serious dialogue with Facebook about their policies and the way they run the platform, right? And I think that's resulted in a very constructive dialogue that by the way, still is ongoing. And they've clearly indicated that they're making change and they're improving. And by the way, they have, which is great, and we'll continue that dialogue. So, I think that was probably the most important success for us, just kind raising the issue, addressing it, and then engaging in a dialogue to make things better and to make change.

Simon Mainwaring:

And are you taking confidence from this, that brands, when they work together, have a little bit more muscle, whether they're advocating for policy change with politicians, or whether they're pushing back against social media platforms on which you depend? Do you think this is something that you're going to see more of moving forward, the private sector working together this way?

Arne Arens:

I think so. I mean, obviously we have a very... We're part of VF corporation, which is a very powerful coalition of brands that has quite some scale, right? So when we, as a company, address challenges and issues, we have an open ear and we can actually drive a lot of change, which the corporation has, on many fronts. And in joining forces with brands in the industry, makes that even more powerful around the topic of, whether that's sustainability or public lands, which is a really big topic here for a lot of outdoor brands in the United States, or whether it is on certain social issue. So I think, for sure that's the case.

Simon Mainwaring:

And if there's one issue top of mind, as we look to the future, it's probably the climate crisis. So what's your vision for how The North Face is going to show up in the next five to 10 years to take on climate crisis?

Arne Arens:

Well, we're going to continue to work as a sustainable brand, right? And I mentioned a couple of the initiatives around whether that is recycle or recycle material, our down standards or our efforts around circularity. And I think these are only going to increase in importance. So especially the circular economy topic, I think is going to be a really big one, right? And we talked about it earlier. It's a double edged sword because if we bring stuff back into the cycle, we can't sell new stuff. But we do believe that longterm, this is the most impactful way in which we can contribute to this big crisis that is sort of looming over our head. And again, we believe that we have... There's many growth opportunities left for us to be able to do this at scale and still be a profitable growth company.

Simon Mainwaring:

And give us all a piece of advice. I mean, we're only really going to change our thinking and behavior around the environment and climate, if it really touches us, if it really moves us. Here we are in COVID, we're staring at our screens all day long, we're social distancing, we're inside. If there was one thing you could ask all of us to do, to kind of reconnect to nature and understand what's at stake here, what would you suggest?

Arne Arens:

Every time I go out there, whether that's in the woods or the mountains or in the ocean, it just kind of reconnects me with not just myself, but with other people as well, right? Which is one of the things that we, with our purpose, are trying to do. Getting people outside, to connect with themselves, but also connect to other people because we believe that the world needs that more than, probably at any other point in history, right now. And that's actually a fact, that if people spent more time in the outdoors, they're actually more willing to protect it. So for 10 years, we've run The Explore Fund, which is really our way of supporting people to get outside. This has been aimed primarily at underprivileged kids, but it's across the board, right?

Arne Arens:

We inspire people to go outside and to spend time in nature, and we'll continue to do that because that is one of the ways in which people can really feel what it is that is worth protecting. And they will put in the effort. So that is work that we're going to continue, full force for sure.

Simon Mainwaring:

Arne, thank you so much for all the insights today. And as Arne says, let's all get out there into the natural world. It's really good for us individually, it's good for us together, and it really positions us to take care of our future. So thanks Arne.

Arne Arens:

Really appreciate that, Simon. Thanks for having us.

Simon Mainwaring:

Thanks for joining us for this week's episode of Lead With We, where I spoke with Arne Arens, the global brand president of The North Face, who shared with us how you actually make sustainability work for your business and the planet and how they took a really strong stand against Facebook in a way that not only built their business, but changed business altogether. And what it means to be a leading company in these challenging times. You can subscribe to Lead With We on Apple, Google, or Spotify, and do recommend it to your friends and colleagues so that we can all make a difference more quickly, together. If you'd like to learn more about how you can build a purposeful brand, check out, wefirstbranding.com, where we have lots of free resources and case studies. See you on the next episode of Lead With We.

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