

[Transcript] Founders / #297 Let My People Go Surfing: The Education of a Reluctant Businessman: Yvon Chouinard

It's amazing how many times that the same themes reappear over and over again in these books. You and I have talked about this idea over and over again. The fact that as a founder, what a large part of your life is trying to search for your life's work. The thing that you are uniquely meant to do, what you feel you're put on this earth to do. And in almost every case, that means starting more than one company. And in the podcast that you're about to hear, Yvon Chouinard goes through that exact same thing. He founds his first company reluctantly when he's 19. It takes him another 15 years till he finds Patagonia, which is his life's work. This is so common that the sponsor of today's episode, Tiny, has built an entire business around buying other businesses. The difference between Tiny and other companies that buy businesses

is that they make it hassle free. They get rid of the headache. If you have a business that you want to sell now or in the future, make sure you go to Tiny first. You can get in touch with them by emailing them high at tiny.com or you can go to tiny.com. You'll get a response within 48 hours. You'll get an offer within seven days and then they close within a month and you get a bag full of cash. They can do deals of all sizes. They bought businesses in the past for as little as a million dollars to deals well over a hundred million dollars. If you want to know hassle, straightforward cash exit now or in the future, make sure you go to tiny.com.

This episode is also brought to you by Hampton. Hampton is a private network for high growth founders. It is a highly vetted membership community for entrepreneurs, founders and CEOs. A few months ago, I spent three weeks reading and rereading Paul Graham's excellent essays and I came across a paragraph on why ambitious founders need. It is mandatory. They need to be around other ambitious people. I'm going to read this quote from Paul Graham's essays and I really feel it describes the value proposition of Hampton. Ambitious people are rare. If everyone is mixed together randomly as they tend to be early in people's lives, then the ambitious ones won't have many ambitious peers. When you take people like this, ambitious founders, and put them together with other ambitious people, they bloom like dying plants given water. If you are an ambitious founder looking for a peer group of other ambitious founders, go to joinhampton.com. I'll also leave the link down in the show notes and it's available at founderspodcast.com and apply today. One more thing before we jump into the episode, make sure you're following whatever podcast player you're listening to this in.

Invest Like the Best. It's one of my favorite podcasts. The host Patrick just did me a very big favor. He just replayed our episode together. If you search, if you haven't listened to it yet, please listen to it. It's on the Invest Like the Best podcast feed. It is David Senra, Passion and Pain. He just replayed that episode. I don't think he's ever done that for any other episode in the past. We recorded it six months ago. We put it back out and a ton of people miss it the first time. I think it's the best interview I've done describing why founders are so important to me and what are the main lessons I've learned from this bizarre seven-year experiment. And you can find it easily by searching Invest Like the Best in your podcast player.

I had always avoided thinking of myself as a businessman. I was a climber, a surfer, a kayaker, a skier, and a blacksmith. We simply enjoyed making good tools and functional clothes that we and our friends wanted. And one day it dawned on me that I was a businessman and would probably be one for a long time. It was also clear that in order to survive at this game, we had to get serious. I also knew that I would never be happy playing by the normal rules of business. I wanted

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to distance myself as far as possible from those pasty faced corpses in suits that I saw on airline magazine ads. If I had to be a businessman, I was going to do it on my own terms. One of my favorite sayings about entrepreneurship is, if you want to understand the entrepreneur, study the juvenile delinquent. The delinquent is saying with his actions, this sucks, I'm going to go do my own thing. Since I had never wanted to be a businessman, I needed a few good reasons to be one. One thing I

did not want to change even if we got serious work had to be enjoyable on a daily basis. We all had to come to work on the balls of our feet and go up the stairs two steps at a time. We needed to be surrounded by friends who could dress whatever way they wanted and even be barefoot. We all needed

to have flex time to surf the waves when they were good or to ski the powder after a big snowstorm or to stay home and take care of a sick child. Breaking the rules and making my own system work are the creative parts of management that is particularly satisfying for me. The original intent for writing Let My People Go Surfing was for it to be a philosophical manual for the employees

of Patagonia. We have always considered Patagonia an experiment in doing business in unconventional

ways. None of us were certain it was going to be successful, but we did know that we were not interested in doing business as usual. We have survived and even thrived for close to half a century. Ironically, we have become the large company that we never dreamed of nor wanted to become. It took 15 years to write this book because it took that long to prove to ourselves that we can break the rules of traditional business and make it not just work, but work even better, especially for a company that wants to be here for the next 100 years. That was an excerpt from the book that I just reread and the one I'm going to talk to you about today, which is Let My People Go Surfing, the education of a reluctant businessman, and it was written by Yvonne Chenard. I first read this book over five years ago. It was originally episode 18 of Founders. Out of the hundreds of founders that have studied so far for the podcast, Yvonne is definitely one of my favorite founders. You could tell just from that excerpt, like his insistence on living life and building a company that reflects his personality and his philosophies, regardless of what other people think he should be doing is one of the most admirable traits that a founder can have. So I want to jump right into his early life. Most of the book is, and I hope I can convince you to buy the book, it's absolutely excellent. Most of the book is really his philosophy of building a company, the history of the company.

So that's where I'm going to spend most of my time today. I do want to pull out a couple ideas from his very early life before we jump into the beginning of like the prehistory of Caligonia, which is going to be him starting the Chenard equipment company. But he talks about his dad and we see the things that he admired about his dad influence his approach to his work that he still continues to this day. He's 83, I think at this time, and he's still working. He says, my father was a tough French Canadian from Quebec. Papa completed only three years of schooling before he had to begin working on the family farm at the age of nine. In later years, he worked as a carpenter, electrician, and a plumber in addition to reading this book for the second time. And I probably read my highlights in this book, I don't even know, maybe 20, 30, 50 times over the years. I also re-listened to, Yvonne did this fantastic interview on the Mediator podcast. I'll leave a

link down below, but it's a Mediator episode. I think 188 Yvonne Chenard on Belonging to Nature. I've listened to that episode four or five times at minimum. And the reason it goes so well together is because he gives added context in that interview, that podcast interview, of stories that are in the book. But what he said in that interview was interesting and something he admired from his father. He says, my old man was a tradesman. He could build a whole house himself. So this like relentless, extreme, Yvonne has like this relentless, extreme levels of self-reliance and resourcefulness. He had it from an early age and he definitely used his high levels of resourcefulness to build a successful company, which is going to come out multiple times in the book. So he says, you know, my dad could build a whole house himself. And this is what he, what he learned from his father. I believe I inherited his love of hard physical work and an appreciation of quality, particularly a fine tool. So that word quality appears over and over again. But I would say Yvonne's North Star is the quality of the product that you're making. It's what he spends the most time in the book talking about. That is a goal and a path that he refuses to deviate from. In fact, later in the book, there's this great quote, I think I'll share it later, but I'm going to read it to you now as well. He says, the first part of our mission statement, make the best product, is the cornerstone of our business philosophy. Make the best is a difficult goal. It doesn't mean among the best or the best at a particular price point. It means make the best period. And so we go back to where we were in the story, we're saying, hey, this, this deep appreciation for our for quality actually came from my father, the love of physical hard work. And then he shares this crazy story. One of the most profound memories of my early childhood was seeing him sitting in the kitchen drinking a bottle of whiskey and proceeding to pull out some of his teeth with his pliers. He needed dentures, but thought the local dentist was asking too much money for the part of the job. He could just do his easily himself. And then the writing in this book is very simple and easy to understand. I'm just going to pull like three sentences from his high school years that tells you everything about who he was in high school. High school was the worst. I was often, I was always in detention. I often had to write lines like I will not 500 times or so. So, you know, I will not curse or I will not, you know, skip school or whatever it is. But this goes back to his resourcefulness. As a budding entrepreneur, I would take three pencils and line them up with sticks and rubber bands so I could do three lines at once. I learned at an early age that it's better. So he's talking about he never played, he was never interested in playing organized sports like baseball and football. You know, he'd rather be out in nature, climbing rocks, climbing mountains, kayaking, surfing. And he says, I learned at an early age that it's better to invent your own game than you can always be the winner. And when I got to this section of the book, it reminded me of, it might be the best, it is probably the best paragraph in the entire book. If you really want to know who he is as a person, I'm going to read it later, but I'm just going to read it now because it's hilarious. I'm actually quoting. So, usually when I read these books, you know, like I read something, it's like, oh, it makes me think of this other book. And it's like, I'm reading this and maybe think of other things he says later in the book. I've read this paragraph, I don't even know, 50 times something that it's hilarious. And this is really going to tie into what he says is like, you know, I'm just going to invent my own game. It does not believe in building an undifferentiated commodity product by any means, right? And so he says, when I die and go to hell, the devil is going to make me the marketing director for a COLA company, all being charged or trying to sell a product that no one needs

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is identical to its competition and can't be sold on its merits. I'd be competing head-on in the COLA wars on price, distribution, advertising, and promotion, which would indeed be hell for me. And this is the punchline. I'd much rather design and sell products so good and so unique that they have no competition. And so now we fast forward, he's 19 years old. Remember the subtitle of the book, The Education of a Reluctant Businessman. He becomes an entrepreneur at 19 reluctantly because he didn't think the quality tied back to that word, the quality of the products that were on the market were good enough. So he is a mountain climber. This is in the very, very early days. And so essentially he realizes, hey, I can't find high quality products. My life literally depends on these products. I need to make my own. And then we see what I mentioned earlier. It's like, I just love these people where it's like, no, I have a philosophy, I have a point of view, and I have a personality. I'm going to inject that into my company. I'm not going to deviate from that. In 1957, I started teaching myself blacksmithing. I wanted to make my own climbing hard way to this day. If people meet when he meets people that don't know who he is, and they say, hey, like, what do you do? He calls himself a blacksmith. He thinks of himself as a craftsman, and he thought his trade in his craft was blacksmithing. He just got into clothing because blacksmithing at the quality levels he did was not profitable. So he's like, I got to sell clothes just so I can make equipment. So as I started teaching myself blacksmithing, I wanted to make my own climbing hardware. At the time, this is the philosophical difference though, and speaks to another thing that I love about Ivan is that he reads, he's very well read, he reads all the time. He says, at the time, all climbing gear was European. And the soft iron pittance, or I think it's pitons actually, pitons, were meant to be placed once and left in position. So that's what the European way of doing things. He found this way completely disgusting. He had a philosophical difference of the Europeans, and it came from the authors that he was that he was reading. The European attitude toward climbing mountains was quote unquote to conquer them. All the gear was left in place to make it easier for others to follow. We American climbers were brought up on reading the transcendental writers like Emerson, Thoreau, and John Muir. You climb the mountain or visit the wilderness, but you leave no trace of having been there. That idea right there, the fact that he has a philosophical difference is going to ripple throughout his entire career. He's like, I don't like the way other businesses are built. So I'll find a different way to do it. And the really like the lesson behind that lesson is like why you do something, why you're doing it affects every other decision that comes after. And so it's in the first year of his career in the very early days of him being entrepreneur, they realize, oh, wait, people always pay for quality. His product is seven times more expensive than the leading the leaders in the market. And people still line up to the point where like he automatically sell out everything that he's able to make. I made these pitons for myself and a few friends, then friends of friends wanted some, I started selling them for \$1.50 each, you could buy European pitons for 20 cents, you had to have my new gear if you wanted to do the state of the art climbs that we were doing. And so at this time in his life, he's nomadic, he's just finding he's like, where's the best mountain climbing, we're gonna go there, where's the best surfing. And what was hilarious is now you know, I've read what 280 books since I've read this for the first time. And it's like, oh, this is another billionaire who started out by selling his product out of his trunk, just like Phil Knight. Most of my tools were portable so I could load up my car

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and travel up and down the California coast from Big Sur to San Diego, I would surf, and then I would haul my anvil down to the beach, and I'd start making pitons before more moving on to another surfing beach. I supported myself by selling the equipment from the back of my car. He is unbelievably poor at this time. And there's just one sentence that illustrates that we ate cat food, but living and surviving and then thriving like this actually taught him this, there's a lot of, he takes a lot of lessons from nature actually went back and read my show notes for the first time that I did this book. And I was like, oh, this is actually really good. I liked what young David said four or five years, I'm just going to read it. He says throughout the book, or I guess I said, throughout the book, he has a really beautiful idea of comparing business and organizing human labor to nature. Part of this idea is he intentionally puts Patagonia through a lot of stress, because he feels you need stress to grow, evolution is not a big change, only happens under stress. So he says, he's talking about who he was as a very young man, we were like a wild species living on the edge of an ecosystem, adaptable, resilient, and tough. And so I already mentioned the fact that Yvonne has this like handful of philosophies and ideas that he just repeats over and over again, and applies to all aspects of really everything that he's doing, whether it's work or play, he says, I believe the way towards mastery of any endeavor is to work towards simplicity, the more you know, the less you need. And so we're getting, again, this is, you know, we're probably two decades, maybe a decade and a half from the beginning of Patagonia. Actually, let's see, he starts his equipment company in 1957, and then Patagonia, 1973. So okay, so yeah, there's about 15 years. But the point here is that he has been always been and still is obsessed with simplicity and quality. And so he says quality control was always foremost in our minds, because if a tool failed, it could kill someone. And since we were our own best customers, there was a good chance that it would be us. And this goes back to what he is reading is influencing the building of his company, which I love, it literally gives me goosebumps. He says, our guiding principle design stem from, I'm going to actually not even attempt to pronounce this person's name. I actually have one of his books, he's a writer, and also one of like the, like a pioneering aviator actually, he wrote Little Prince. And this is a quote from him, in anything at all perfection is finally attained, not when there is no longer anything to add, but when there is no longer anything to take away when a body has been stripped down to its nakedness. Now we go back to Yvonne studying Zen has taught me to simplify, to simplify yields a richer result. And so it goes back to this idea that simplicity is complexity resolved, it's not complexity ignored, right? At the base of a mountain wall, where you spread out all of your gear to organize for a climb, it was easy to spot the tools made by Shenard equipment. Our tools stood out because they had the cleanest lines, they were also the lightest, the strongest, and most versatile tools in use, they were also the most expensive. When other design designers would work to improve a tool's performance by adding on, I would achieve the same ends by taking away, by reducing weight in bulk, without sacrificing strength, or the level of protection. So the, the second time I read the book, as I when I got to that section, I quoted another quote that's later on in the book that Yvonne says, I believe the way towards mastery of any endeavor is to work towards simplicity. And then Yvonne goes back to this idea that he was a reluctant businessman, that he was,

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he never started out to start a business, right? That was not his aim. None of us saw the business as an end to itself. It was just a way to pay bills so we could go off climbing trips. The reason I'm reading that to you is because this is all, this is the prehistory of Patagonia. Patagonia is the company that, you know, he's been, I think he's, it's been around for what, 50 years now, produce like this colt like following, and wind up making him, you know, if he's a reluctant businessman, he's definitely a reluctant billionaire as well. But this is the point. Shenard equipment operated at a 1% profit margin. And so he realized that was unsustainable

and then he has a great line here. Then came my first idea for clothing. And so he's like, okay, I'll start making clothing just so it can pay for the equipment. And then his, some of his clothing takes off. He has this, this, I'm going to read it to you now. In fact, I'm going to wait till later. He has this idea that the functional needs of the product should be a design guidepost. And so the first thing that he makes is this rugby shirt, people just like the way it looks. He used it because it actually protected his neck and upper body from all the climbing he was doing. So I'm going to go back to the rugby shirt in a minute. But when I got to the rugby shirt, it made me think of what he said, the difference between a Cadillac and a Ferrari. And he says complexity is often a sure sign that the functional needs have not been solved. Complexity is often a sure sign that functional needs have not been solved. Take the difference between the Ferrari and the Cadillac of the 1960s. The Ferrari's clean line suited its high performance aims. So he clearly is admiring the Ferrari and he hates the Cadillac. Okay, the Cadillac didn't even have any functional aims. He didn't have the steering, suspension, torque aerodynamics or brakes appropriate to its immense horsepower. But then nothing about its design

really had to work. All it had to do is convey the idea of power and creature comfort. This made me laugh of a living room floating down the highway to the golf course. So to a basically ugly shape, we're at it all manner of useless chrome gingerbreads like fins at the back and breasts at the front. And this is the punchline and really speaks to what he discovered with the very first successful piece of Patagonia clothing, but it also ties into his love of the Ferrari's design and his distaste for the Cadillac design in 1960s. Once you lose a discipline of functionality as a design guidepost, the imagination runs amuck. Once you design a monster, it tends to look like one too. And so the year is 1970. He's in Scotland. He's on a winter climbing trip. And he says, Hey, I bought myself a regulation team rugby shirt to wear thinking would make a great shirt for rock climbing over built to withstand the rigors of rugby. It had a collar that would keep the hardware slings from cutting into my neck. So the hardware equipment that he has roped around his neck, right? As he climbs up the mountain, they usually result in these giant cuts and abrasions on the back. And this also speaks to the fact that he has this interclock. Let's go back to what Charlie Munger said to me at dinner, right? He's like, I just did whatever I wanted to do. I didn't care what other people thought. If I thought it was a good path for my life, then, you know, everybody else be damned. He calls that interclock warm buff. It calls an inner scorecard. Yvonne has that. He's had his whole life. He still has it to this day. But his whole point is just like, no one else was wearing the rugby shirt mountain climbing. He didn't say, Oh, you know, what's that? What happens? Like, if I put this on, what other people think, he doesn't give a shit, what other people think? What other people think?

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So he says, I wore it around climbing. And then all my friends asked where they could get one. So he starts ordering these shirts. He's like, kid, I could not keep them in stock. They just could they sold out immediately every time we got them. And then this is where he realizes, Oh, I have a business here. I began to see clothing as a way to help support the marginally profitable hardware business. At the time, we had about 75% of the climbing hardware market, but we still weren't making much of a profit. And so remember the very beginning of the book, he's like, listen, this book took 15 years to write, because I was insistent on running a business my own way. It took time for me to prove that my ideas were actually valid. And so a lot of this, like the book is not that long. So maybe not a lot, but there's several pages of detail like they're just in pain. Because they're like, I've never run a clothing company before. And so I just want to pull out a couple quotes to give you a good idea of what's happening. It's funny how much like he's five wrote down fighting with the bankers, like Phil Knight and Walt Disney, and then getting an offer from the mafia, which is hilarious. So they start the clothing company, and they're going to run a Shenard equipment at the exact same time. I think there's an overlap of like 10. I think he said he sells off the he starts Patagonia in 1973, and then sells off the equipment company thing in the late 80s. So maybe 15, almost 20 years there. But what happens is the clothing is so popular and so differentiated. And it sells so quickly that they can't keep up with the demand. And their bankers aren't helping them. This is exactly like if you read shoe dog, Phil Knight talks about this a lot. And your ladies and Nike says because we've been growing so quickly, and we were still not very profitable, we had a severe cash flow problem. We learned the hard way that there was a big difference between running a blacksmith's shop and being in the rag business, the clothing business at one point, our account even introduced us to a mafia connection who wanted 28% interest. So they're they're striking out trying to get banks to lend them money is what he's talking about. And this one line is a great summary to give you an idea of what's happening. There were a lot of acid stomachs and sleepless nights. So something that he did forever is he's just higher CEO. And he because he believes in this in MBAs, which is management by absence. And I'll get to that in a minute. And so I think over their 40 year history, I think they've had seven different CEOs. And so one of the first CEOs is Chris Tom Tomkin, Chris McDivick Tomkins. And she has this great, great description of a Vaughn, right? Where he just essentially says, okay, you're hired, I'm going off because he would go off constantly, he would never want to be in the office, he's constantly surfing climbing mountains, going on these extreme risk sports, going all over the world. But he's his own first customer. So he's the one that's like, Hey, I need equipment to survive in the cold, or I need equipment to, you know, climb this mountain. And so he uses like his first person experience and then goes back to the team and they design, he's the first customer. So they design the highest quality gear for the risk he calls them risk sports for what he's doing. But there's something that's happening at this point, this is in 1970s. And so she's hired, but they're had the same time he puts her in charge, they're having all this like difficult financing issue, they don't know what to do. And she does something that's really smart. This is also something I learned from Steve Jobs as well. And this is what Chris says, she goes, Evonne didn't want to run the company, he wanted to climb and surf. So he gave me the companies and said, here's Patagonia, here's Shenard equipment, do with them what you will, I'm going climbing. And so what she does here is exactly what Steve

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Jobs did when he was a kid and throughout his entire life. The way I would summarize this quote, I'm this quote that I'm about to read to you is that Steve Jobs believed that asking for help is a superpower. And so Steve said, I've never found anybody that didn't want to help me if I asked him for help. I called up Bill Hewlett, the founder of HP, when I was 12 years old, he answered the phone himself. I told him I wanted to build a frequency counter. I asked him if he had any spare parts I could have, he laughed and laughed and laughed. He gave me the parts and he gave me a summer job working at HP on the assembly line, putting together frequency counters. This

is a punchline. I have never found anyone who said no or hung up the phone. I just ask most people never pick up the phone and call. And that is what separates the people who do things versus the people who just dream about them you have to act Chris acted. So she gets the she has no experience. They don't hire anybody they call some dirtbags, which it's not a pejorative, it's like a compliment. Like they're all dirtbags. So like people that just love to be outdoors, and they're just doing it for the missionaries, right. And so these people have no business training at all. And they're just like, Okay, well, what do I do here? And this is what Chris says, she says, I had no business experience. So I started asking people for free advice. I just called up presidents of banks and said, I've been given these companies to run and I have no idea what I'm doing. I think someone should help me. And they did. If you just ask people for help, if you just admit that you don't know something, they will fall all over themselves trying to help that is exactly Chris is discovering the 1970s. This is exactly what Steve Jobs said when he was a kid. And I think he was this is this a quote actually was transcribing from an interview that he did. It's called like the lost interview. And it was right before he came back to Apple in the late 1990s. And so before I go back to this idea about the importance of the founder being their first company, like the first customer, right? And there's so many innovations. The book is full of innovations that come directly from Yvonne's experience, right? Like he loves what he's doing. There's a fantastic quote, our fantastic little story that's just in this. The book is is he didn't even not run a business like anybody else. He read a book like anybody else. There's all these like random stories interspersed to the pages, the pictures, the pictures in this book are absolutely incredible. Again, I really hope you you buy the book, but you stumble upon these random stories of Yvonne from friends. And this is from Tom Brokaw, who was like this legendary, I don't even know if Tom's still alive, but he's like this legendary anchorman that is also like an outdoor enthusiast. And he goes ice climbing with Yvonne. And listen, this is just really trying to give you its personality, which I just personally love because he's just a curmudgeon. But he's a lovable curmudgeon, he's not trying to hurt anybody else. He was prompted with the question, Tom is prompted the question, you know, what was your single toughest climb? He says probably with my friends, including Patagonia founder Yvonne Chouinard, we did a glacier on Mount Rainier. I had never really done ice climbing before, and they gave me a 30 second lesson in crampons and ice axe use. At one point, we were going across a very steep patch of black ice. And if you slipped, you would have gone down about 1000 feet. I said to Yvonne, we should rope up here. And he said, no way, if you go, then I go. And I don't want to do that. This is like catching a taxi in New York City on a rainy day. It's every man for himself. And then now Tom says, it's been helpful to me to be Yvonne's friend. He makes me think about things in new ways. And so then we go back to

this idea about the importance of being your own best customer. Yvonne is there like, now they have a very sophisticated R&D department. But at this point, he is the R&D department. This is what I mentioned. The book is full of innovations like this. They all originate from the same place. Be your own first customer. That's a note. This is what prompted that thought. It does no good, though, to wear a quick drying insulation layer over cotton underwear, which absorbs body moisture and then freezes. So in 1980, we came out with insulating long underwear made of polypropylene, a synthetic fiber that has a very low specific gravity and absorbs no water. And the reason that's so interesting to me is because he says, I'm going to confirm Luddite, he doesn't, now he doesn't have a phone. He doesn't use a computer. He doesn't like electricity. He literally is caught like scared of electricity. And yet his company, because of the need to be able to develop, like they are forced to innovate, like you're not going to survive in these harsh environments where he is without innovation. And so he's actually created a technology company, even though he hates, you know, electronics. It's just really funny to me. This is still the same page. So it just continues on. But they do something smart. It's like, okay, so I'm innovating because I'm my own first count, my own best customer. That's smart. And then you teach everything you know. This is Trader Joe's. This is the exact same thing. If you listen to the episode, I think it was 188 of Trader Joe, the main driver was not advertising say, Hey, we're Trader Joe's, you can buy stuff here. There's this thing called a fearless flyer, which essentially just like goes into deep detail about the things they sell. It's educational informational. And then therefore, if you're reading the people that have finished that and read the whole thing, they're going to buy the products. And so you see Patagonia use that exact same idea here. Using the capabilities of this new underwear as the basis of a system, we became the first company to teach the outdoor community through essays in our catalog, the concept of layering. And very much like Steve Jobs used his own personal taste to decide what products Apple should manufacture. Yvonne does the same thing with Patagonia. He's like, listen, you cannot wait until you have all the answers before you act. I had faith that the product was good. And I knew the market. And that concept, that idea he repeats throughout the book.

Let me read this. This is something that comes out comes along later as well. That's just absolutely fantastic. He says, there are different ways to address a new idea or a project. If you take the conservative scientific route, you study the problem in your head or on paper until you're sure there's no chance of failure. He's not going to do that. However, you have taken so long that the competition has already beaten you to market. The entrepreneurial way is to immediately take a step and that feels good. Take another. If not step back, learn by doing it as a faster process. And what I love here is that this is a feeling you and I have probably both experienced, right, where he's a reluctant businessman. He never wanted to start a business. But when you start something and people start loving it, that's like the greatest high in the world. And there's like this excitement around growth, right? The fact that the idea is working. And he's experiencing that here from the mid 1980s and 1990s. Our sales grew from 20 million a year to \$100 million a year. Melinda, that's his wife and co-founder. And I were not personally any wealthier because we kept the profits in the company, but the growth was exciting. And so one of the way they kept the profits in the company was by insisting on doing things their own way. So his wife is like, Hey, I know what it's like to have children like we are going to pay for and provide childcare in our company. So if you're working, I think they give both maternity and

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paternity leave and they did this like decades before other people did. But then not only that, when you come back with your baby, like you could be working and it's on site. So if you want to come down and like breastfeed or if you want to come down and read a story or take a nap with your son or whatever the case is, they do that. And they just do it because like no one else was doing at the time. They said now a lot of their suggestions have actually been like put into law, but they're just like, we're doing this because we believe that it's right. And we trust our own judgment. We opened at Melinda's insistence on on site childcare center. At the time, it was one of only 120 in the country. Today, there are more than 8,000. The presence of children playing in the yard or having lunch with their mothers and fathers in the cafeteria help keep the company atmosphere more familiar, more familial, more like a family, I can't even pronounce that word, more like a family than a corporation. And so as a result of all this growth, we see what this is one of my favorite parts of the book is like, he's really he's been in business for like two decades now. And he's still like, do I actually know, do I truly know why I'm doing what I'm doing? And we see that like it takes a lot of self reflection to realize like, oh, maybe I say I do maybe I actually don't. So it says we were growing the company was growing at a rate that if it we sustained it, it would make us a billion dollar company in a decade to reach that theoretical billion dollar mark, we would have to begin begin selling to mass merchants or department stores. This challenged the basic design principles that we had established for ourselves as the maker of the best hardware can a company now wants to make the best quality outdoor clothing in the world. Remember, his North Star is all about not the best at a price point, not one of the best like the best period, right? So that's what he's talking about here. Can we actually make the best outdoor clothing in the world be the size of Nike? This is one of my favorite sentences I never forgotten in the five years since I've read the book the first time. Can a 10 table, three star French restaurant retain its third star when it adds 50 tables? Can you have it all? This question haunted me throughout the 1980s as Patagonia evolved. He's also being changed because he's a father, he's got two children. And he's realizing he's like, oh, wait, he's got a ton of friends that have died in these risk sports up until this point. But once he had he has the company and he has his family, he's like, oh, I should I have to readjust what I'm doing here. So I continue to practice my MBA theory of management management by absence. While I wear tested our clothing and equipment in the most extreme conditions of the Himalayas in 1981, three friends and I set off an avalanche while trying to climb a 23,000 foot high mountain in Tibet. We were carried for 1500 feet and stopped 30 feet from an edge of a 300 foot vertical cliff. One of my friends died from a broken neck. Another had a broken back. I had a concussion and broken ribs. I had never had much interest in climbing mountains over 25,000 feet. And now with this accident, having two young children, my interest waned even more. I was the outside guy responsible for bringing back new ideas. A company needs someone to go out and get the temperature of the world. So for years, I would come home excited about ideas for products, new markets or new materials. And so what I realized by reading the book the second time is like this, this constant repetition of simplify, simplify, simplify comes because it was a mistake that he made by letting it get complicated. So all this is what I'm describing. He was having an exact same time. And he's like, Okay, I need to find out like, I need to know my why. Like we're growing too fast. This is getting too complicated. I could build a business that I

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don't want to be in anymore. And this whole thing is like, I just want to be in Patagonia forever. And not only do I want it to be in forever is like, I want it to live and survive after I'm dead. He ends the introduction saying, Hey, I hope the company's here for another 100 more years after I'm gone. Looking back now, I see that we made all the classic mistakes of a growing company. We failed to provide the proper training for our new company leaders, the strength and the strain of managing a company with eight autonomous product divisions and three channels of distribution exceeded our management skills. Our organization chart looked like a Sunday crossword puzzle. This is about the pain, right? The pain and the struggle and sleepless nights and the acid stomachs. The company was restructured five times in five years, and no plan worked better than the

last one. And so then he realizes, let's try to get a different perspective. They go and talk to this guy, they hire a consultant. And this is actually funny because he's like, okay, we're going to fly down to Florida. We're going to see this guy named Dr. Michael Comey, who actually ran strategic planning for IBM and was credited with help turning Harvey Davidson around. That's how Yvonne had heard about him. So they fly down and they actually meet him and he's a small man in the 70s with a lot of restless energy and he lives on an enormous yacht and he wears a captain's hat. And so he's like, okay, before I could help you, I need to know like why you're in business. I told him the history of the company and how I consider myself a craftsman who just happened to grow a successful business. I told him, I'd always had a dream that when I had enough money, I'd sail off to the South Seas looking for the perfect wave. We told him the reason that we hadn't sold out yet. They got a bunch of like acquisition offers and retired was that we were pessimistic about the fate of the world and felt a responsibility to use our resources to do something about it. Dr. Comey thought for a while and then said, I think that's bullshit. If you really serve us serious about giving your money away, you'd sell the company for \$100 million, keep a couple million for yourselves, and then you'd put the rest in a foundation that foundation could then give away six or \$8 million every year. I then told him I was worried about what would happen to the company if I sold out. And then he said, so maybe you're kidding yourself about why you're in business. It was as if the Zen master had hit us over the head with a stick. But instead of finding enlightenment, we walked away more confused than ever. And so this goes on page after page

after page. But this is one sentence I double underlined because it's essentially what he's searching for. I was still wondering why I was really in business. And the crazy unexpected surprising way he finds, in case he finds the answer to like his why, he actually decides to involve the rest of the people in his company. He decides, okay, we need to write down, this is very common. You probably have already done this in your work in your business as well. But you write down like you need like written, written the written word on what your philosophy is like what are important to you? And what are like the cornerstones of the business of your business building philosophy, right? So you can share with other people in the company. So that is a very like on if on if on like thing to do. And yet he got such great value out of it. Because I think some people hear that like, Oh, it's like really skeptical, like how helpful could that be? And so what he does, they start writing it down. He said, okay, well, that's not good enough, like we're going to write it down. That's like the first step, at least we can do. But then we're going to teach and we're going to teach and we're going to teach. And we're going to teach

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philosophy

classes, company philosophy classes, everybody else in the company. Now why is that important? Because in teaching his employees, his company philosophy, he learned it himself. And of course, it's in his own unique way, I began to lead week long employee seminars in these newly written philosophies. I realized now that I was trying to do was to instill in my company, at a critical time lessons that I had already learned as an individual, as a climber and a surfer and a kayaker and a fisherman, I had always tried to live my life fairly simple, simply, but remember, he just talked about our, our freaking organizational structure looks like a Sunday crossword puzzle. Like how did we let this happen? Doing wrist sports had taught me another important lesson, never exceed your limits, you push the envelope and you live for those moments when you're right on the edge, but you do not go over, you have to be true to yourself. The same is true for business, the sooner a company tries to be what it is not, the sooner it tries to have it all, the sooner it will die. I it was, it was time to apply a bit of Zen philosophy to our business. And so at these company meetings, this is something I never even would think to do. He says, I did know that we had become unsustainable. And then we had to look to the Iroquois, so the Iroquois Native Americans, and their seven generational plant seven generation

planning. And so again, his whole thing is like, he looks for the long term, and he wants his company to last. So at these meetings, he says, we're going to look to the Iroquois and their seven generational planning and not to corporate America as models of stewardship and sustainability as part of their decision process. The Iroquois had a person who represented the seventh generation in the future. If Patagonia could survive this crisis, we had to begin to make all of our decisions as though we would be in business for 100 years. Teaching the classes also gave me the real answer to Dr. Kami's question. I knew, after 35 years, why was in business? True, I wanted to give money to environmental causes. But even more, I wanted to create in Patagonia, a model other businesses could look to in their own searches for environmental stewardship and sustainability, just as our petons and ice axes were models for other equipment manufacturers. I'm going to interrupt this paragraph because when I got there, it made me think of something I heard Jeff Bezos say one time that I think is absolutely fantastic. I talked about Akio Morita, which is the founder of Sony, I think it's episode 102, both Jeff Bezos and Steve Jobs, among a bunch of other entrepreneurs, but both Jeff and Steve are on record about learning from Akio and actually studying his career and using those ideas and building their company, right, which is the entire thesis of what you and I are doing every week on founders. So this is Jeff Bezos on what he learned from Akio Morita and how

it influenced the building of Amazon. This is what Jeff said right after World War II, Akio Morita, the guy who founded Sony, made the mission for Sony that they were going to make Japan known for quality. And you have to remember that this at this time, this is a time when Japan was known for cheap copycat products. And Morita didn't say that he was going to make Sony known for quality.

He said we're going to make Japan known for quality. He chose a mission for Sony that was bigger than Sony. Is that not? And now I'm interrupting an interruption to tie this back to what he just said. He's like he just picked a mission bigger than Patagonia. Let's go back to what Jeff is saying. He chose a mission for Sony that was bigger than Sony. And when we talk

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about the Earth's most customer-centric company, we have a similar idea in mind. We want other companies to look at Amazon and see us as a standard bearer for obsessive focus on the customer as opposed to obsessive focus on the competitor. Back to where we are in the book, I remembered again how I became a businessman in the first place, that I had come home from the mountains with ideas spinning in my head on how to improve each piece of clothing and equipment I used. Teaching the classes, I realized how much Patagonia as a business was driven by its high quality standards and classic design principles. Having our philosophies in writing, as well as the shared cultural experience of the classes played a critical role in our turnaround. And so during this crisis, I think this is the last serious crisis the company had.

I don't think they've had another serious crisis like this in the next 25 years.

But what he realized is like, oh, we have to, this was the lessons and the learnings and the improvement of our capabilities that came out of this crisis were so important. We have to maintain this. If there's no stress, we're going to create stress. We're going to induce stress.

He has this concept I've never heard of before, which is excellent. It's called YARAC.

I'm going to read it to you. Before I read it to you, I'm going to tell you like,

I'm going to quote Yvonne later in the book. And he talks about, he says this at the beginning of the book, he says this towards the end. The lesson to be learned is that evolution, what he calls change, right, does not happen. Change does not happen without stress. And it can happen quickly. Just as doing risk sports will create stresses that lead to a bettering of oneself, which is why he climbs mountain does all the crazy stuff he doesn't begin with, right?

So should a company constantly stress itself in order to grow. And so that he talks about, it's the leaders, the founder and the leaders role to create stress, even if there isn't.

So your company is constantly evolving and changing and growing. He took this concept because when he was like a young boy, he was like 12 years old, 13 years old in California, he was obsessed with falconry. I didn't even know falconry was a thing before I read this book, to be honest with you. And so he then takes this idea, just like he took an idea from the Iroquois, the Native Americans that applied to his business, like, oh, I have a lesson from falconry that we can apply to the company. And so I just wrote, I love this concept, YARAC, it is Y-A-R-A-K. And so it says, for the most part, the big problems have been solved and there were no crisis except those that were invented by management to keep the company in YARAC.

For the most part, the big problems have been solved and there were no crisis after what we just went through, except what was invented by the management to keep the company in YARAC. What is YARAC? YARAC is a falconry term, meaning when your falcon is super alert, hungry, but not weak and ready to hunt. So Yvonne is telling us, keep your company super alert, hungry, but not weak and ready to hunt. That is one of my favorite ideas in this entire book. And it was something I missed. I missed the importance of that the first time reading the book. And then in a few weeks for episode 300, I'm going to reread James Dyson's autobiography, still the number one book recommendation,

the first autobiography he wrote when he was a younger man, when he was like 45, not the one he wrote when he was like 75 or 70. But what's fascinating to me is that the organization of Yvonne's book is very similar to James, where he'll like line out and some of these sections are specifically titled like, Hey, this is my production philosophy. This is my marketing philosophy. This is my distribution philosophy. This is my financial philosophy. This is why it's

so important to not just listen to this podcast about it, but actually read the book and buy the book and use it as a reference. And so this goes back to where I just have to repeat a bunch of things that are really, really important to me. They've stuck out to me for years, something I want to keep in my mind. It just goes back to qualities number one, quality, simplicity, long term thinking, being a misfit, being a pirate. These are very important lessons from the book that I can think can be applied in like in infinite situations and forever make the best product is a cornerstone of our business philosophy. Striving to make the best quality product is the reason we got into business in the first place. We are a product driven company. We are not satisfied making second best clothing. Make the best is a difficult goal. It does not mean among the best or best at the particular price point. It means make the best period. I actually have a reminder of that saved on my phone. It's actually a gift of Jay-Z doing this interview probably 10 years ago. And he says, what am I here for to be second best? I don't think so. And then a Von just has fantastic one liners. This is one of my favorite lines, one of the best lines in the book. The more you know, the less you need talks about the importance of keeping your product line simple. Few of us have the time, patience or knowledge to order from a 12 page Chinese restaurant menu or to choose among 50 pairs of seemingly identical skis in a ski shop. People have too many choices these days. They are tired of constantly having to make decisions, particularly when it takes major effort to make intelligent decisions. Too much choice brings unhappiness. And really, what he's saying is part of the value that you're providing is making the decision for the customer. You have the time and the knowledge and the specific knowledge to make intelligent decisions. They do not, they're busy with other things are busy with their own work to busy raising their kids are busy with their own life. Part of the value that you provide is making the decision for your customer. And I have no I've already said this one time, but it is really important to repeat it. I wrote when I read this the second time, I feel this in my soul, difference and retention of total control. That is a quote from James Dyson, I feel this in my soul as a quote from me, when I die and go to hell, the devil's going to make me marketing director for a coal company. I'll be in charge of trying to sell a product that no one needs is identical to its competition. It can't be sold on its merits. I'll be competing head on in the coal wars on price, distribution, advertising and promotion, which would indeed be hell for me. Remember, I'm the kid who couldn't play competitive games. I'd much rather design and sell products so good and so unique that they have no competition. And so even though Yvonne definitely marches to the beat of his own drummer and is dancing to music, most of us can't even hear. He's still one thing he shares with. Oh, I would say everybody that you and I study in this podcast is like when you listen to the podcast, you read the books, like, these people are going to hold you to unbelievably high standards. And so he is not with any kind of excuses, reading this book, like when I'm on this page, and I'm thinking about this, and I'm actually like making, I'm underlining, and I'm taking the notes, and I'm like not skipping to the next page and trying to get through the book as quick as possible. I'm thinking is like, do I do any of this? Are there parts of my life, whether it's professional, personal or otherwise, like where I am listening to bullshit excuses, where I would be better served having Yvonne's perspective on this than my own. And this is an example, he just talks about some common examples and excuses that he or he hears from other companies like this is not good enough. Your quality level is too low. It is not acceptable. So it says, are you hear something like, I wish I could help you with that, but you know, I wish we could do it, but our insurance

policy just won't allow it. And so he's going to say, he's going to be the example which you'd hear, and then he's going to say what he would say. So I wish we could do that, but our insurance policy won't allow it. Why not just do it anyways, or get another insurance policy, or don't even have insurance, get out of the kitchen if you cannot stand the heat. Here's another example, we can't get any more fabric or aluminum or whatever. So substitute another material, try another mill or 50 or 100 other mills, try mills in other countries, call a competitor and find out where they get their fabric. Another example, I've called and called and called and I can't get through. How many times have you really called three or four times, call 20 times, try an email, or a registered letter or catch them at home with a 5am wake up call. Here's another example of an excuse I didn't have the time or been too busy to answer your letter or to return your call or to write a weekly report or to clean my desk, whatever. These are dishonest excuses. What the person really means is that the job didn't get done because it had the lowest priority. And in fact, he may never return your call because he really doesn't want to. People do what they want to do. And lastly, impossible. This is the lamest of the lame excuses. Difficult maybe, or impractical, or too expensive, but rarely is anything impossible. And then another reason I recommend this book so

highly is because he just conveys these ideas and he doesn't take a long time. He's not if he can convey the idea in a sentence or a paragraph, he's going to be able to convey that idea in a sentence or a paragraph and not take an entire chapter. And so this jumped out at me, this is something I missed the first time where he's like, oh, high quality people who he's targeting with his his products, right? He's like, high quality people want specialization. This is going to echo what Johnny I've learned about Steve Jobs when Steve Jobs came back to Apple in the late 1990s. He says, by carrying a little bit of this and a little bit of that, these stores, meaning his competitors, have evolved into non specialty stores. That would be okay if your average outdoor store customer had average taste and an average mentality. But we are talking about smart people with money

and not much free time. In most cases, the consumer has far outgrown the capabilities of average outdoor stores to service them. And you can summarize that entire idea with high quality people want specialization. This is a quote from the biography of Johnny I've that I read back on founders one episode 178. Jobs didn't want to compete in the broader market for personal

computers. Yvonne does not want to compete in the broader market for outdoor wear or outdoor activities. He is specialized, right? These companies competed on price, not features or ease of use. Jobs figured theirs was a race to the bottom. Instead, Steve argued, there was no reason that well designed, well made computers just like Yvonne is arguing here that well designed, well made clothing couldn't command the same market share and margins as a luxury automobile. A BMW might get you to where you're going in the same way a Chevy that costs half the price does, but there will always be those who will pay for a better ride in a sexier car. Why not make only first class products with high margins so that Apple could continue to develop even better first class products. And then he talks about his marketing philosophy and actually realized like there's ideas spread over probably 50 different pages that all kind of relate to each other. So I'm going to get into nonfiction marketing in a minute. And really, I think like an important part of the nonfiction marketing is that teaching, like if you teach the sales, if you focus on teaching your

customers, sales will take care of themselves. I mentioned is exactly what trader Joe's did earlier with Fearless Flyer. They took ideas in fact in that they talked about they took ideas from David Ogilvy like 20 years earlier and just use his ideas in that like the more you teach the more you sell or the more you tell the more you sell I think is the Ogilvy quote. So he's talking about the mail order catalog but he says the mail order catalog has always been our soapbox and enables us to transmit information about Patagonia's philosophies and products directly. My first principle argues that selling ourselves and our philosophy is equally important to selling the product. So his form of selling there is education. And so they're doing that not only on their own properties, on their website, on their catalogs, in their stores, but then they go and spend money enabling other people to teach their customers. Patagonia catalogs have printed field reports. These are brief essays about experiences in the wild by writers and friends. And these are like some famous writers and outdoorsmen. There's like six listed here. And in addition to that, we have commissioned and printed environmental essays and documentaries and they list another six or seven other people as well. He's just like, okay, that is a form of education.

You could also argue it's a form of, you know, advertising in public relations, but the education and the teaching comes first. And if you do the education teaching first, then the sales will come naturally. Later on, this is all spread over many, many pages. I did not understand that's the first time I read the book. But you see that pop up. And I'm glad I left notes on all these different pages and reread them last night before I sat down to talk to you today.

And I was like, Oh, shit, there's a pattern I missed. Our approach to public relations is aggressive. Advertising, as I mentioned, rates dead last as credible source of information.

His whole point is just don't advertise, say, Hey, this is what I have, buy it from me.

His point is if you teach, inform and inspire, and you do so relentlessly, the sales will follow, teach, inform and inspire, do so relentlessly, and the sales will follow. That's an excellent idea. And it ties back to how he opens the marketing philosophy portion of the book.

This is an idea I did not miss the first time. And I love it. It's called nonfiction marketing.

And I bet everything on this, that people crave authenticity. We hate this fake

shit that companies do. Our branding efforts are simple. Tell people who we are. We don't have to create some fictional character like the Marlboro man, or a fake responsible caring campaign like Chevron's We Agree advertising campaign. Writing thick, this is so good. Writing fixtures so much writing fiction is so much more difficult than nonfiction. Fiction requires creativity and imagination. Nonfiction deals with simple truths. Patagonia's image arises directly from our values and passions of its founders and employees. You cannot make it into a formula. In fact, because so much of the image relies on authenticity, a formula would destroy it. Amen. Without a formula,

the only way to sustain an image is to live up to it. Our image is a direct relation of who we are and what we believe. And I would also argue this authenticity is a form of resourcefulness. When they started doing this, they would take pictures like he's producing clothing for God's sake.

So you take pictures or you get models, you hire people, or in case when you didn't have any money to be friends and they would just snap a picture. And he's like, yeah, but that's like, it's a stage photo. This doesn't make any sense. And so there's the form of resourcefulness is the fact that humans crave authenticity. They respond to it. And then they're not necessarily just identifying with the company, but they're like, oh, they create your customers. If you have, like if you

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are actually an authentic brand and company, your customers want to help you. And so the form of resourcefulness, how this all ties together is the fact that like, Yvonne had an idea one day, he just popped into his head. He's like, well, we're spending all his money, we're hiring models, and we're taking photos and everything. And this doesn't really look good. It's not really authentic. What if we just put a line, they put a line in our catalog, and says, we're going to collect photos from our customers of real people doing real things. We put a notice in our catalog for our customers to capture a Patagoniac. I guess it's a line for the people that love Patagonia the brand. And we were inundated with photo submissions from our customers and photographers, photos of real people doing real things that they gave you for free. So that's what I mean about the resourcefulness. I mean, you might have 2000, and he only needs four or five. So you know they're going to be high quality because he gets so much inbound from that. It's free. And it's your customers want to do that because they're responding to your authenticity, your nonfiction marketing. So then Yvonne takes his love of simplicity and applies it to his financial philosophy for running the business. And he says our mission statement says, and this is also going to remind me of something the Steve Jobs said as well, our mission statement said nothing about making a profit. In fact, our family considers our bottom line to be the amount of good that the business has accomplished over the year. It's still family business. I think he just gave it ownership to like a trust. I'm not sure if that takes place or if it already has taken place or if it happens when he dies. But he says however, a company needs to be profitable in order to stay in business and to accomplish all its other goals. And we do consider profit to be a vote of confidence that our customers are proof of what we are doing. We have to be profitable because the profit keeps the company in business, right? And he has a funny line here. It's okay to be a centric and he knows his ideas on business are a centric. So this is a case it is okay to be a centric as long as you're rich. Otherwise, you're just crazy. At Patagonia, making a profit is not the goal. But as the Zen master would say, profits happen when you do everything else right. There's this fantastic book called In the Company of Giants. I think it's episode 208 of Founders. It's printed in 1987. It's like an interview with like 16 technology company founders and Steve Jobs said in that book, I was taught by some wise people that if you manage the top line of your company, that your customers, your products, your strategy, the bottom line will follow. But if you manage the bottom line of the company, meaning finance first, and forget about the rest, you'll eventually hit the wall because you take your eyes off the price. And so then you ties in the fact that if you have a high quality product and you control your costs, then you can't help but make a profit. Our profits are directly tied to the quality of our work and our product, a company that doesn't take quality seriously, will attempt to maximize profits by cost cutting, increasing sales by creating artificial demand for goods, and hammering the rank and file to work harder. Quality, not price, has the highest correlation with business success. That's so important. Let's repeat it twice. Quality, not price, has the highest correlation with business success. Companies with high products and services, high product and service quality reputation, excuse me, have an average return on investment rates 12 times higher than their lower quality and low price competitors. Whenever we are faced with a serious business decision, this is the most important sentence in this entire section, in my opinion, whenever we are faced with a serious business decision, the answer almost always is to increase quality. And to prove the point that repetition is the mother of all learning, he says that again,

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we never wanted to be a big company, we want to be the best company. And it is easier to try to be the best small company than the best big company, we have to practice self control. Our goal is to have no debt, which we have achieved a company with little debt, or with cash in the kitty, can take advantage of opportunities as they come up or invest in startups without having to go further in debt or find outside investors. That reminded me of what Charlie said, when I had Charlie Munger said, I had dinner with him, said that him and Warren and Berkshire in general had made a ton of money because they always had cash and they could act fast. And then just to wrap up this section, this importance of quality, actually underline this. And I text my friend Rob Moore, who's the co-founder of the human lab podcast, because I'm always thinking about who are the smartest players on the board. And in terms of quality and execution, not only the quality of their product, but also how they think about their business, they're leading in this profession. And I've talked to them enough that this is clearly how I'm trying to think and this is how they already think, I can imagine any company that wants to make the best product of its kind being staffed by people who do not care passionately about the product. Amen. At the top of this page

is one of my all-time favorite quotes in general. If you had to choose a North Star, a quote as a North Star, this is a fantastic one to get the most out of life. A master in the art of living draws no sharp distinction between his work and his play, his labor and his leisure, his mind and his body, his education and his recreation. He hardly knows which is which. He simply pursues his vision of excellence through whatever he's doing and leaves others to determine whether he's working or playing to himself. He always appears to be doing both. That's how I feel about Yvonne. I think Yvonne nailed that. And then we go back to this idea which I actually love is the fact that he gets all these lessons on how to run his business from reading books and they're not even books about business. So he's reading this book called The Beak of the Finch by his name Jonathan Wiener. And it has this idea where it's like a theme throughout the book where he feels change is opportunity and that if your company isn't undergoing stress, you actually need to induce it because that's how you grow. So he says in his book, Jonathan Wiener talks about an insect that was found preserved in amber. This specimen is millions of years old and is identical in appearance to that specimen or that species living today with one big difference. The present day insect has developed the ability to shed its legs and regenerate new ones after touching plants covered with pesticides. The lesson to be learned is that evolution and he puts in parentheses change. The lesson to be learned is that change does not happen without stress and it can happen quickly. You should not see change as a threat rather as an opportunity to grow and evolve

to a higher level. A company needs to constantly stress itself in order to grow. Our company has always done its best work whenever we had a crisis. When there is no crisis, the wise leader or CEO will invent one not by crying wolf but by challenging the employees with a change. If you don't move now, then you might not be able to move when a real crisis happens. Teddy Roosevelt said in pleasant peace and security, how quickly the soul and a man begins to die and then he reiterates that

they're doing so to make the highest quality product, to make a business that lasts over 100 years and to use the resources to fight this global ecological crisis that is that he goes into much detail in the book and then there's just this excellent quote that I've never heard before

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and wait to get to the last line. If you want to die the richest man, then just stay sharp. Keep investing, don't spend anything, don't eat any capital, don't have a good time, don't get to know yourself, don't give anything away, keep it all. Die as rich as you can but you know what, I heard an expression that puts it well. There's no pocket on that last shirt.

And then Yvonne leaves us with some parting advice, adapt or die. When I look at my business today, I realize one of the biggest challenges I have is combating complacency. I always say we're running Patagonia as if it's going to be here 100 years from now, but that doesn't mean we have 100 years to get there. Our success and longevity lie in our ability to change quickly. Continuous change and innovation requires maintaining a sense of urgency. This is a tall order, especially in Patagonia, seeming laid back corporate culture. In fact, one of the biggest mandates I have for managers at the company is to instigate change. It is the only way we're going to survive in the long run. It's the same in nature. Nature is constantly evolving and the ecosystem supports species that adapt either through catastrophic events or through natural selection. A healthy environment operates with the same need for diversity and variety evident in successful businesses. And that diversity evolves out of a commitment to constant change. Our current landscape is filled with complacency, be it in the corporate world or in the environmental front. Only on the fringes of an ecosystem, those outer rings do evolution and adaptation occur at a furious pace. The inner center of the system is where the entrenched, non-adapting species die off, same for startups and older businesses, older, unchanging businesses, doomed to failure by maintaining the status quo. Businesses go through the same cycles. Conventional corporations are at the center of the ring, and eventually they will die off through either their own misdeeds or catastrophic events, such as dismal economic climates or unforeseen competition. Only those businesses operating with a sense of urgency, dancing on the fringe, constantly evolving, open to diversity and new ways of doing things are going to be here 100 years from now. Adapt or die.

And that is where I'll leave it for the full story. Highly recommend buying the book. People always ask me to make like a top 10 list, which is so hard to do, because I love all the books in general, but all the books that I cover. I would have to imagine if I did ever have like a permanent top 10. I think this book would be in it. That's how much I recommend. There's just a ton of interesting ideas and prompts for your own thinking in the book. So if you buy the book using the link that's in the show notes on your podcast player, it's also available at founderspodcast.com. You'll be supporting the podcast at the same time. If you want to join my free email newsletter, I'll email you the top 10 highlights from every book that I read. That link is down below. And finally, another way you can support the podcast is by joining Founders Premium, where I make episodes on questions that I receive from subscribers. That link is down below and available at founderspodcast.com, along with everything else. That is 297 books down 1000 ago, and I'll talk to you again soon.