

Discussion Case: *Timberland's Corporate Social Responsibility—Under New Ownership*

Timberland, a New Hampshire–based manufacturer of rugged outdoor boots, clothing, and accessories, was long known for its deep commitment to corporate social responsibility. When VF Corporation, a huge apparel and footwear conglomerate (and home to such brands as North Face, Wrangler, and Eagle Creek), acquired Timberland in 2011, many wondered whether VF would continue to support Timberland's many social initiatives.

Founded in 1918 in Boston by an immigrant shoemaker named Nathan Swartz, Timberland was run for almost a century by three generations of the Swartz family. Although the company was taken public in 1987, the Swartz family and its trusts and charitable foundations continued to hold about 48 percent of Timberland stock until the acquisition. The company's mission was “. . . to equip people to make a difference in their world. We do this by creating outstanding products and by trying to make a difference in the communities where we live and work.” Jeffrey Swartz, the grandson of the founder and the last member of the family to serve as CEO, put the commitment this way:

At Timberland, doing well and doing good are not separate or separable efforts. Every day, everywhere, we compete in the global economy. At the center of our efforts is the premise of service, service to a truth larger than self, a demand more pressing even than this quarter's earnings. While we are absolutely accountable to our shareholders, we also recognize and accept our responsibility to share our strength—to work, in the context of our for-profit business, for the common good.

Under the leadership of the Swartz family, the commitment to “doing good” took many forms. In 1992, the company launched the Path to Service program, which provided employees with numerous opportunities for community involvement—from engaging youth in art and cultural education in Kliptown, South Africa; to participating in rural medicine outreach in Santiago, Dominican Republic; to creating a 30-mile bike path along the sea-coast of New England. As soon as they were hired, employees were granted up to 40 hours of paid time per year to participate in company-sponsored community service activities. Although participation was voluntary, almost 95 percent did so, and most cited the program as one of the most valuable benefits offered by the company.

Timberland contributed more than 4 percent of its operating income as charitable gifts. In 2010, it gave more than \$1 million in cash donations, with hundreds of gifts of in-kind contributions—tools and materials for service events—and nearly \$2 million in product donations. Timberland sent 25,000 pairs of shoes to Afghanistan so that schoolchildren there would have proper footwear.

Timberland also focused on sustainability issues. By the end of 2010, Timberland had reduced its carbon emissions by 38 percent, from a 2006 baseline. The company had accomplished this by installing LED lighting in its stores in the United States and directing its European stores to purchase renewable energy. Shortly before its acquisition by VF, Timberland unveiled new sustainability goals for 2015, committing the company to reducing its carbon emissions by 50 percent and increasing its use of purchased energy from renewable sources to 39 percent of total energy consumption. Timberland established a baseline for its supply chain emissions and challenged all of its suppliers to meet Level 2 of the Global Social Compliance Program standards. "Setting aggressive goals challenge us to go to places we never would," said Timberland's CSR Strategy and Reporting Manager.

In September 2011, right after the acquisition, Timberland celebrated its centennial birthday with a service event called Serv-a-Palooza at its corporate headquarters in New Hampshire. Timberland employees volunteered for various activities, including:

- Touched by the suffering of families in tornado-devastated Joplin, Missouri, Timberland volunteers worked with Habitat for Humanity and framed four houses in its corporate parking lot to be shipped for final assembly in Missouri.
- Timberland volunteers created a new outdoor community gathering and performance space, built an outdoor classroom at a local elementary school, and improved the high school athletic facilities in Newmarket, New Hampshire—the birthplace of Timberland.
- Volunteers worked on "greening" a community center for local nonprofit organizations, transforming the meeting space for local disabled veterans, and knitting blankets for families affected by the Missouri tornados.

Many longtime Timberland employees were pleased to see that among the 566 volunteers were leaders of VF Corporation and their family members. "Their involvement was important as we're transitioning," said a Timberland executive. "People were wondering 'what now?' To have VF and some of their outdoor brands participate in our annual day of service symbolized their commitment to understanding and experiencing something that is uniquely Timberland."

Sources: Based on author interviews and information from the company's website at www.timberland.com. Both quotations by Jeff Swartz are from "Doing Well and Doing Good: The Business Community and National Service," *The Brookings Review* 20, no. 4 (Fall 2002). Other quotes are from the company's website.