

FOR A COMPANY THAT STARTED OUT WITH NO aspirations to become a company, Toms is doing surprisingly well.

Blake Mycoskie, who founded the business in 2006, was inspired by a visit to South America, where he realized that a gift as simple as a pair of shoes could dramatically improve the lives of children he encountered. His trip led to the creation of a new business model: for every product sold, another is donated for free to help someone. His success with Toms and “One for One” has inspired dozens of copycats and become the shorthand for a new form of social enterprise, dubbed “Karmic Capital” by *Inc.* magazine.

Over the last 10 years, Toms has grown its giving beyond shoes, to include eye care and other services. In total, the business has given away more than 70 million pairs of shoes and restored sight to 445,000 people, while enjoying dramatic growth. In its first five years it grew by an annual growth rate of 300

ONE FOR ONE,

It all started with shoes. Toms has given shoes in more than 70 countries around the world. Right, founder Blake Mycoskie talks to one young recipient in Argentina in 2010



percent. Much of this has been driven by Millennials, who care deeply about buying from brands that represent their ideals, and the company’s creative use of social media to reach that younger audience.

A study by Brand World Value Index found that, although Toms spends little on marketing, it ranked 22nd among consumers under 35, beating out larger companies, some of whom spend billions of dollars each year on advertising.

Not surprisingly, Toms’ appeal to Millennials has attracted bigger multinational partners. In November, the company developed a Toms for Apple Watch band. For every one of its woven watch straps purchased, Toms will work with SolarAid to provide a year of solar light to someone in need.

Toms’ success has not been without critics. Some have challenged the real social impact of donating shoes, rather than creating jobs. That prompted Toms to respond by shifting its supply chain to favor manufacturing in the countries in which it donates. There have also been personal challenges. Wanting to focus on his family, Mycoskie took a leave from the company. When he returned, he shifted the focus back to its roots, and reoriented his own role back toward storytelling. In 2014, looking for a partner to balance growth with mission, he sold a 50 percent stake to Bain Capital.

The Toms founder remains so closely identified with the brand that people often assume his name is “Tom,” rather than Blake. His hair is ruffled and his wrist is snaked with hand-made bracelets, where

a tattoo declares, “Do the Work.” He has a driven, earnest focus and the character of a restless traveler, carrying a journal with him everywhere he goes, with a solid metal cover depicting a lion, which he acquired in his South American travels.

You’ve described Toms as “a mission with a company.” What does that mean to you?

I didn’t set out to start a shoe company. I set out to give shoes to children in need. For the children I met in South America, something as simple as a pair of

Chief Shoe Giver
BLAKE MYCOSKIE
describes how Toms'
marriage of business
and giving resonates
with Millennials and
beyond. Interview
with Brunswick's
CAROLINE DANIEL

ONE FOR ALL



“The message needs to be authentic. You can’t just look at research on ‘What do Millennials care about?’ and say, ‘OK, let’s create a message that ties into that.’ That’s a disaster waiting to happen”

shoes could be life changing. When I started Toms, that was something I already had in mind: I wanted to help them get shoes. The business is the supporter of the good work that we want to do. But because of that, we want to run a great business to make it a success.

Are there ways that those clash, the balance between the mission and the company?

Sometimes there are clashes regarding how we appeal to customers – whether we focus more on product advertising or mission advertising. We have to find the right balance of marketing around the actual product sale on the one hand, and the reason that you sell them on the other.

How do you manage that tension internally, the mission and the business?

I don’t view the two things as separate. Giving is good for business. The growth of our business is the number of people we help. When we give, we are able to tell that story to our customer, we form a bond, a sense of loyalty with our customers that’s stronger than many other investments companies might make. For us, the costs are long-term investments in brand and reputation – versus trying to sell this product for \$49.95 during the holiday season. It’s probably the same tension that lots of businesses have, even if they don’t have a mission like Toms. They still have to ask, “Are we investing in building our long-term prospects or are we investing in short-term sales?”

How important is it for a business to have a social purpose to connect with customers today?

If it’s not a social purpose, you still have to have the word “purpose” – a purpose that is meaningful to your customers. For some people it might be to deliver the lowest everyday price on a particular line of products. But whatever it is, you have to organize your business and your messaging around it.

We see consumers today as no longer passive recipients of products or services. They are global citizens who are changing the world by demanding transparency, sustainability and a higher mission.

What is your advice for companies who have never really had to articulate that vision to themselves and are starting to think about it?

I get this question a lot. The message needs to be authentic. You can’t just look at research on “What do Millennials care about?” and say, “OK, let’s create a message that ties into that.” That’s a disaster



waiting to happen. Instead, you need to say, “What is the heritage of our business? What do our executives care about? What do the people on our staff care about?” And then build your purpose around that. If it’s not authentic to you, it’s definitely not going to be authentic to your customers.

Toms is a brand that Millennials love. Were you deliberately targeting a younger audience? Or did that just happen?

I think it just happened. Millennials understand their potential to shape the future they live in. They want brands that will work alongside them to create this future. Our success goes back to this question of authenticity, being true to who you are. When you target members of a specific group, it can actually be much harder to reach them. But when you’re authentic about who you are and what you’re doing, then they will gravitate toward you.

That’s a big distinction, and one that frankly we still struggle with at Toms every day. As the company grows, we get consultants who will say, “Gosh, you’re getting so good with Millennials; here’s how you can really hone your message to them.” But then you risk losing the realness of it. You have to be willing to do things that maybe the research says you shouldn’t, but they’re interesting to you.

Let me give you an example. We had some research that told us that people didn’t understand



Toms works with its Giving Partners to deliver new shoes ordered for specific children, that are hand-placed on the children's feet, shown in the photo at left

Mycoskie talks to children in Argentina who received Toms shoes during a giving trip in 2010, above

our giving side. They got that we were a company that does good, but they didn't get our giving message. The researchers were saying "you will sell more shoes and have a better business and then have more impact on people if your marketing is more basic, kind of dumb, it's down to, "This is what we do. This is exactly how we do it."

So, OK, we tried a little bit of that, but what we found was that it really wasn't resonating emotionally. It's more important that customers are emotionally connected with the spirit of what we're doing, versus knowing exactly how we do it. We're not interested in making this an academic process. We're interested in making it an emotional one.

That's when we had to turn back to our gut and say, "What's going to keep our customers emotionally connected?"

Your customers have obviously broadened beyond Millennials. How are the demographics for Toms changing?

Millennials have a big impact. They affect the demographics that are younger than them, because their younger brothers and sisters are looking up to them. And in the older generation, their parents are looking at what their adult children are finding interesting and important in the world.

I've seen all ages wearing Toms shoes. On any given day in New York City, you see a college kid at

NYU, a woman in her mid-50s leaving work and taking off her heels and putting on Toms, and a guy 75 years old just out with his dog. Our message has somehow found a way to resonate with different people at many different ages. Maybe they are not connected by age and demographic, but they are connected by their outlook to the world. You could be 80 or 18 and still say, "I want my purchase to mean something."

Do you target different generations differently in your marketing at all?

Our message of giving is the same. But how we phrase it, or where we might decide to share it, could vary depending on the audience.

How are you trying to tell the company's story, particularly using new technology?

Virtual reality has become a really important part of our storytelling, especially in our own stores and our franchise stores around the world. It really takes people into the experience of giving, the hardships. It takes them to the root of how our shoes are empowering kids and families in these difficult environments. Virtual reality is the ultimate empathy machine.

We are also trying to make social media feel as immediate as possible. We post pictures of trips in real time, so people can see, "Oh, man, they're

actually out there, doing that.” I was on a giving trip in Tennessee recently, posting photos from the trip. That kind of stuff really resonates with people – it’s clearly not just a marketing photography shot.

What have you found beyond Twitter in social media that has been a good vehicle for you?

Snapchat is really effective for reaching a younger demographic, and in taking people on experiences in real time. We’re exploring how Facebook Live helps us reach that customer, too. Instagram is really great for just beautiful photography. People really like seeing us on a giving trip in Honduras, Haiti or Rwanda. And right after that we can post a beautiful shot of a product. And that doesn’t feel weird to people. It feels natural for the brand to show imagery about its products and activity in beautiful ways.

Does the appeal of a brand with a purpose vary in different parts of the world?

No matter where you are around the world, you’ll find human beings who like the idea that they can buy something that they want and help someone with something that they need. That idea has a universal audience that has allowed us to be truly a global brand and stay true to who we are.

The Middle East is one of our growth areas right now. We’ve only been there for a couple years. There’s really big growth as well in Asia, where we’ve been for quite a while. But what I’ve found is that the idea of One for One, the idea of Toms and what we stand for – that’s not a US idea or a California idea, it’s really a human idea.

Is there anywhere where the response has surprised you – in either a good or bad way?

France has been challenging. I’m not sure why, but the shoes and the message have not connected as well there as they have in other parts of Europe. At the other end, South Korea has surprised us with how much people there love the brand. In some of my recent visits to China, the Millennials I met have had a deep interest in our social message.

When you had 300 percent annual growth over five years, how much were you focused on telling the story of the company and its product?

Oh, lots! Telling the Toms story has always been our top priority. It’s what elevates the Toms experience from a transaction to a human connection. Our product is a vehicle to this bigger story.

What’s next for the One-for-One products and services? How do you decide which categories feel authentic?

We are always diversifying our product selections and strengthening the designs of our shoes and eyewear. With any new product that we consider, we start by identifying a global need and then we work to create products to help address them.

There are some critics of the One-for-One model: some say it isn’t sustainable, others that it hurts local job markets. What’s your response?

We work closely with our giving partners who all have a deep experience in the regions they serve and expertise in poverty alleviation and development. We’re constantly learning from them and evolving to determine how our giving can add the most value in a community. We didn’t begin with all of the answers and we do seek to understand our impact and how we can continue to improve our efforts.

How weird is it to see copycats of the One-for-One model springing up?

Weird? I’m just blown away by all the people who have thought about ways to evolve or scale One-for-One giving. Since Toms was founded, the model has been adopted by more than 100 other businesses. And countless others are pioneering new purpose-driven business models around the world.

We’re really humbled that we can inspire so many others to make a difference. I would love it if all companies understood that charity is a viable growth strategy. The issues our world faces are too large for brands to remain silent and passive. Business has an opportunity and arguably a responsibility to step into a leadership role.

How are internal policies related to the social purpose of your external message?

Our employees are agents of change and we work to empower them in all parts of their lives. The purpose of Toms is built from the inside out.

Five years from now, what do you hope most for Toms to have achieved?

I hope that five years from now, Toms’ impact won’t only be measured in the pairs of shoes we’ve gifted or the eyesight we’ve restored, but also the people who feel inspired by us to live a life that matters, and to use business for good.

CAROLINE DANIEL is a former Senior Editor with the *Financial Times*. She is a Partner in Brunswick’s London office, advising on media and technology.

BLAKE MYCOSKIE

The Founder and Chief Shoe Giver of Toms, Blake Mycoskie is the person behind the idea of One for One, a business model that helps a person in need with every product purchased. His 2011 book, *Start Something that Matters*, outlines Toms’ success. Prior to founding Toms, he started several other businesses, including a successful campus laundry service, which he later sold.

Mycoskie founded **TOMS** in 2006, on the One-for-One business model. The simple idea has fueled extraordinary growth. Toms has given away 70 million pairs of shoes to children in need. In recent years it has added eyewear and coffee, using those sales to help restore eyesight and supply fresh water to those who need them. The company is based in Playa Del Ray, California.