



CASE STUDY

Workplace Flexibility at Patagonia Delivers Over 90% Return on Investment

COMPANY PROFILE

Patagonia is an outdoor and sports clothing and equipment store that has grown from a small family run business committed to fostering environmental and community inspired values in their business to an international enterprise with a presence in more than 54 countries worldwide. Founded in 1973 by Yvon Chouinard and headquartered in Ventura, California, the company describes itself as an “activist company” with deeply held commitments to environmental and socially sustainable values. Patagonia first sought to address care in 1973 when the small group of friends and employees working in the company began to struggle with care needs at a time where there was little support for caring responsibilities in California. When the company was about 10 years old many of the employees began to have children, or found that they had other caring responsibilities for elderly parents and dependents, so the co-founders began putting in place programs and practices to support working families.

ADDRESSING CARE

Patagonia has been dedicated to providing workplace flexibility and care services from early on. The company has had someone in a human resources capacity working to coordinate and provide “family services” since 1984 and has put in place a system to track these investments. At first the services provided were ad hoc and driven by the specific needs of individual workers. For example, when one working mother went to her car to breastfeed her colicky child, the company recognized the need for a space for on-site breastfeeding, brought a trailer into the parking lot and hired a babysitter to help with other employees’ children. As time went on, these policies became more systematic.

Patagonia has a full complement of policies and services to assist employees with care needs, including:

On-site childcare. What began as a trailer in a parking lot was transformed into an expanded and consolidated set of childcare services to conform to prevailing California state regulations. Patagonia dedicated a building to childcare provision and hired early childcare professionals, creating the Great Pacific Childhood Development Center in 1983. The Development Center at the Ventura headquarters currently has 10 classrooms, provides

services to over 125 children, and has a staff of about 35 trained professionals. For those employees working in smaller stores or telecommuting, without the provision of on-site child care, Patagonia offers a childcare subsidy so that they can purchase childcare services that meet their needs.

“WE HIRE AND RETAIN ACTIVE PEOPLE AND THEY HAVE CHILDREN. WE DO OUR BEST TO SUPPORT THEIR LIFESTYLES AND FAMILY NEEDS”

– Sheryl Shushan, Director of Global Family Services

Paid parental leave. As they developed childcare services, Patagonia also began to offer paid family leave to men and women in 1984. At that time, individuals were entitled to 8 weeks of paternity leave and 12 weeks of maternity leave. This entitlement has subsequently increased to 16 weeks of maternity and 12 weeks of paternity leave. As Sheryl Shushan, Director of Global Family Services, underscores, “this largely followed the movement pressing for paid family leave [in the United States] and followed their guidelines for what was optimal at the time.”

Innovative Leave Opportunities. Patagonia also has a program to address co-worker needs when someone is on parental leave or dependent leave. Individuals can apply to cover the posts of employees on parental leave and use this coverage as an opportunity to develop new skills or occupy a different position or rank within the company. “We have programs in place to provide coverage during parental leave. These are seen as employee development positions. An individual will take an abbreviated form of the role and this allows it to be a development opportunity for someone else in the organization. This provides opportunities for employee growth and learning,” says Shannon Ellis, Senior Director of Human Resources Support.

Travel care. Additionally, if a primary caregiver travels for work, Patagonia’s travel plan enables them to have a caregiver travel with them. Patagonia provides travel support to any mother breastfeeding, or with any dependent child that is bottle-fed,

up to age one. This includes fathers required to travel for work as well.

Health plan. Patagonia also has a very well-resourced private health-care plan which operates alongside their care provision and workplace flexibility commitments. The cornerstone of their benefits plan is to provide high quality health care free to all employees.

MEASURING RESULTS

Every three years the company evaluates the on-site childcare program and reviews the return on investment (ROI).ⁱⁱ The most recent evaluation determined that they had a 91% return on childcare and dependent care investments. Of this, 50% is attributed to a federal tax credit for offering on-site childcare. A further 30% reflects the return on investment because of the greater retention of employees. "We think that this is a very conservative estimate. We looked at different types of positions and estimated how much it would cost to recruit, relocate, train and onboard new employees," says Sheryl Shushan. The last 11% of ROI is attributed to the impact of providing care benefits on employee engagement and loyalty. This was based on data

from surveys and focus groups with employees. When asked about how these programs affected their lives, the employees stated they had more work-life balance and were happier, more settled and less stressed and that this had been reflected in their measurement of higher workplace productivity.

Other data that support the positive impact of these programs include the fact that Patagonia has seen a 98% rate of return to work of mothers after maternity leave. They also believe that these policies and programs have enabled them to create and maintain gender parity at Patagonia. They have reached complete gender parity and pay equity across all job categories and ranks in the United States.

As noted by Communications Manager Tessa Byers, "I can certainly say that I don't believe pregnancy or childbirth affects anyone's chances of promotion at Patagonia. We have even promoted women in their third trimester of pregnancy. Pregnancy or childcaring is not a factor in determining who would be the best candidate for a position. We are looking for the right people in the right places, regardless of gender or age or care responsibilities."

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Conclusions and opinions expressed in this brief and study are those of the authors and do not necessarily reflect the views or official positions of EBRD.

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ⁱPatagonia.com. Accessed at <https://www.patagonia.com/the-activist-company.html>ⁱⁱGita Sen and Pirooska Ostlin. (2013). "Gender as a social determinant of health: evidence, policies, and innovations" in The Women, Gender & Development Reader (eds) Nalini Visvanathan, Lynn Duggan, Nan Wiegersma and Laurie Nisonoff, Zed Books, 2011.

ⁱⁱSee <https://www.linkedin.com/pulse/onsite-child-care-engine-business-growth-rose-marcario/> and <https://www.patagonia.com/blog/2016/08/why-should-employers-care-about-families/>; <https://www.patagonia.com/blog/2016/03/strong-families-build-strong-businesses/>; <https://www.businessinsider.com/business-decision-that-helped-patagonia-triple-its-profits-2016-3>; and <https://www.patagonia.com/blog/2017/08/family-business-weighing-the-business-case/>