

The timberland company: challenges and opportunities essay sample

[Business](#), [Company](#)



The Timberland Company, headquartered in Stratham, New Hampshire, makes and markets footwear, apparel, and accessories. Its footwear includes hiking boots, boat shoes, sandals, outdoor casual footwear, and dress shoes. The apparel line includes socks, shirts, pants, and outerwear, whereas accessories involve such products as watches, sunglasses, and belts. Timberland sells its products around the world through department stores and athletic stores and operates over 220 company-owned and franchised outlets in the United States, Canada, Latin America, Europe, the Middle East, and Asia. Timberland has a strong international operation with a growing market in China; however, it has experienced increased labor costs and tariffs in Europe. In 2006 the tariff issue became very important due to the sourcing of approximately 30 percent of Timberlands total volume from factories in China and Vietnam. The companys international strength has been offset somewhat by its declining market fortunes in the United States. Timberland also faces increased competition globally, particularly from Nike and Adidas.

From 2001 to 2005, Timberland had an average annual revenue growth of 7.5 percent, compared to the industry average of 9.0 percent during the same period. Moreover, revenue growth has been decelerating. In 2006 Timberland had \$1.6 billion in revenues that reflected growth in the business segments serving casual, outdoor and industrial consumers. However, the boot business declined due to significant fashion changes that diminished demand for those products. Although Timberland experienced some market difficulty in 2006, it was still recognized as a great place to work. The company was honored by Working Mother magazine as One of the

Best Places to Work for and by Fortune magazine as One of the 100 Best Companies to Work for. Timberland develops and uses technology to further its business interests and to benefit its customers and distributors. For example, Timberland uses innovative technology that enables customers to customize their footwear online.

Timberlands configuration software allows shoppers to specify so many product details including colors, hardware, laces and typefaces for monogramming that more than one million combinations are possible for any one base [footwear] style. The results of the customization are visualized instantaneously on the customers own computer. A company spokesperson observed, no one else out there has this technology. It was really important to us to include that because the challenge in the online environment is trying to replicate that tactile-visual experience of an offline environment. Another application of innovative technology occurred in the summer of 2005 with Timberlands test of its PreciseFit System in 54 stores, in Europe, Asia, and the United States. The PreciseFit System, tested in the mens casual footwear category, enables Timberland to exactly fit footwear for the 60 percent of men who cant get an optimal fit otherwise and for those men about 35 percent of the market who have a half-size or greater difference between their left foot and right foot.

Each pair of shoes comes with inserts that fit full and half-sizes in narrow, medium, and wide widths, thereby enabling retailers to more easily service hard-to-fit customers, maintain a smaller inventory, and have fewer lost sales. In addition to its efforts to run the business more effectively and

efficiently, to provide customers with continually improving service, and to meaningfully support suppliers and distributors, Timberland is also committed to social and environmental causes. Timberland is committed to using the resources, energy, and profits of a publicly traded footwear-and-apparel company to combat social ills, help the environment, and improve conditions for laborers around the globe.

Jeffrey Swartz, Timberlands CEO, believes that the best way to pursue social objectives is through a publicly traded company rather than through a privately owned company or a nonprofit organization because it forces commerce and justice business interests and social/environmental interests to be enacted in a public and transparent manner. Timberlands social and environmental commitments and efforts are evident in its products and operations as well as in its relationships with suppliers and customers. In terms of its products and operations,

Timberland practices full-disclosure labeling on its footwear. Every footwear box has a label describing the ecological impact with respect to the amount of energy used in by the manufacture and distribution of that particular product. Timberlands goal is to decrease its ecological footprint by increasing the use of wind or solar power in the manufacture and distribution of its products. Future plans for full-disclosure packaging include labeling that details the environmental impact of the chemicals and organic materials contained in Timberlands products. In dealing with suppliers around the world, Timberland promotes fair labor practices and human rights. According to the companys Global Human Rights Standards, [w]e're equally committed

to improving the quality of life for our business partners' employees.

Through our Code of Conduct program, Timberland works to ensure that our products are made in workplaces that are fair, safe and nondiscriminatory.

Beyond training factory management, educating factory workers, and auditing for compliance with our Code of Conduct, we also partner with nongovernmental organizations and international agencies such as VeritÄf©, CARE, and Social Accountability International to help us develop programs focused on continuous improvement and sustainable change. How does Timberland operationalize these standards? One way is that it tries to constructively engage suppliers who commit labor infractions. Rather than immediately discharging such suppliers, Timberland works at getting the suppliers to change their policies so as to keep the workers employed. Timberland engages in similar influence attempts with its customers.

For instance, in making a sales presentation to executives from McDonalds Corporation regarding the possibility of Timberland becoming the contract supplier of new uniforms for the fast food giant, Jeffrey Swartz, Timberlands CEO, used a novel approach. To the surprise of the McDonalds executives, he did not provide product prototypes or pitch the companys creativity or craftsmanship. Instead, he talked enthusiastically about Timberlands corporate culture and what the company was doing in terms of social, environmental, and labor commitments. Swartzs message was that he expected Timberlands culture would rub off on McDonalds, thereby helping McDonalds to build a unified, purposeful, motivated workforce. Can commerce and justice business interests and social/environmental interests

peacefully coexist and mutually reinforce each other for Timberland and its stakeholders over the long term?

Discussion Questions

1. Jeffrey Swartzs approach to running Timberland is based on the belief that business success is compatible with a corporate social and environmental responsibility. Do you share this belief? Why or why not? 2. How does Timberlands commitment to social and environmental responsibility influence the ways in which it deals with the diversity, technology, and globalization challenges that it faces? 3. Consider the ethical, diversity, technology, and globalization challenges that have confronted Timberland. How has Timberland converted these challenges into opportunities for the company? 4. What are some advantages and disadvantages of Timberlands attempts to influence suppliers and customers regarding corporate social and environmental responsibility? How can these influence efforts help Timberland as it seeks to deal with its own ethical, diversity, technology, and globalization challenges?