

Audacious sacrifice with incredible payoff: the purpose journey of REI by Steve Fuller

REI announces Black Friday closure at 143 stores as part of #OptOutside initiative. Credit: Suzi Pratt/Getty Images for REI.

As any entrepreneur will tell you, success requires sacrifice. And this has never been truer for business leaders who have resolved to put purpose first.

By sacrifice, we don't mean getting up at the crack of dawn or having your social life squeezed, although these may be part and parcel of your purpose journey. We're talking about the scary moments when staying true to your mission seems to risk the short-term health of your bottom line.

The road to realising your purpose to its fullest can sometimes call for audacious, counterintuitive sacrifice in the short-term - actions that would make most conventionally schooled business leaders and investors baulk. Yet we're seeing some of the most popular brands in today's marketplace boldly taking this path less trodden, and flourish.

Companies like REI, one of the most successful outdoor recreation retailers in the US, are seeing their purpose-driven risks pay off. The success they're enjoying as a result is not only considerable, but also sustainable. In fact, at The House we firmly believe that having the courage to commit without compromise to your purpose is the only way to make your business 'future-proof'.

In the words of Paul Polman, CEO of Unilever, "If you want to exist as a company in the future, you have to go beyond [CSR and philanthropy]. You actually have to make a positive contribution."

Let's look at what happened when REI followed this route to the letter, and in doing so, made one of the most astonishing business sacrifices of modern times.

The audacity of #OptOutside

On Friday 27th November 2015, REI did a remarkable thing. It closed the doors of all 143 of its retail stores, its headquarters and its two distribution centres. On this day, REI paid every one of its 12,000 employees to #OptOutside - to enjoy the great outdoors with friends and family - and invited all its customers and the entire American nation to join them.

The most astonishing fact about the #OptOutside store closure was that it took place on Black Friday: the biggest shopping day of the year.

Turning its back on millions of dollars' worth of sales, REI went not just against the grain, but against a cardinal rule of traditional business. Instead of cashing in on a one-day opportunity for inflated profits, it chose to act in a way that would best support its purpose – that of 'inspiring, educating and outfitting its members and the community for a lifetime of outdoor adventure and stewardship'.

Here's how Jerry Stritzke, REI's president and CEO, explained the decision:

"As a member-owned co-op, our definition of success goes beyond money. We believe that a life lived outdoors is a life well lived and we aspire to be stewards of our great outdoors. We think that Black Friday has gotten out of hand and so we are choosing to invest in helping people get outside with loved ones this holiday season, over spending it in the aisles."

So was this a decision tantamount to commercial suicide? An altruistic, admirable act that nevertheless could not be condoned from any sensible business perspective?

It was a risk for sure, but the payoff has been sensational.

More than 1.4 million people responded to REI's invitation to #OptOutside, and 175 organisations – companies as well as non-profits – joined the movement. Hundreds of state parks got on board by offering free entry on Black Friday or other incentives to get members of the public through their gates.

It was a response that showed not just tremendous levels of engagement, but engagement of the highest order. The integrity and respect REI has earned in the eyes of outdoor enthusiasts has shored up the company against the sacrificial 'hit' that #OptOutside temporarily delivered to its bottom line. Indeed, when the company released its latest combined earnings and Stewardship Report in March this year, it proclaimed record annual revenues of \$2.4 billion in 2015, a 9.3 per cent increase from \$2.2 billion in 2014. Comparable store sales, including direct to consumer sales, were up seven per cent, and digital sales had grown by nearly 23 per cent.

Because REI has stayed so true to its purpose, and because it has had the audacity to put purpose first, the benefits it has landed aren't just commercial ones. While maintaining a healthy balance sheet, the company has given millions of dollars back to the outdoor community – including its more than 12,000 employees – all while reducing its total energy use.

Purposeful sacrifice does not equal pain

Though the route to purpose-driven success may demand sacrifice, that doesn't mean that you and your employees have to go through pain. Quite the opposite. One of the real gifts of a purposeful approach is that purpose is bountiful: it gives those who commit themselves to it not only the conviction to act for long-term sustainability, but the courage to take a long-term view. It rewards you not only with sustainable growth but the deep, personal fulfilment that comes from having a genuine and uncompromising positive impact.

REI's story teaches us that purposeful sacrifice can be as heart-warming as inspiring the world to spend a day in the beauty of nature. They may have sacrificed a day's profits, but they've gained the love of their customers, 24/7.