

one

## the TOMS story

Be the change you want to see in the world.

—MAHATMA GANDHI

In 2006 I took some time off from work to travel to Argentina. I was twenty-nine years old and involved in my fourth entrepreneurial start-up: an online driver-education program for teens that used only hybrid vehicles and wove environmental education into our curriculum—earth-friendly innovations that set us apart from the competition.

We were at a crucial moment in the business's development—revenue was growing, and so were the demands on our small staff—but I had promised myself a vacation and

wasn't going to back out. For years I've believed that it's critical for my soul to take a vacation, no matter how busy I am. Argentina was one of the countries my sister, Paige, and I had sprinted through in 2002 while we were competing on the CBS reality program *The Amazing Race*. (As fate would have it, after thirty-one days of racing around the world, we lost the million-dollar prize by just four minutes; it's still one of the greatest disappointments of my life.)

When I returned to Argentina, my main mission was to lose myself in its culture. I spent my days learning the national dance (the tango); playing the national sport (polo), and, of course, drinking the national wine (Malbec).

I also got used to wearing the national shoe: the *alpargata*, a soft, casual canvas shoe worn by almost everyone in the country, from polo players to farmers to students. I saw this incredibly versatile shoe everywhere: in the cities, on the farms, in the nightclubs. An idea began to form in the back of my mind: Maybe the *alpargata* would have some market appeal in the United States. But as with many half-formed ideas that came to me, I tabled it for the moment. My time in Argentina was supposed to be about fun, not work.

Toward the end of my trip, I met an American woman in a café who was volunteering with a small group of people on a shoe drive—a new concept to me. She explained that many kids lacked shoes, even in relatively well-developed countries like Argentina, an absence that didn't just complicate every aspect of their lives but also exposed them to a wide range of diseases. Her organization collected shoes from donors and gave them to kids in need—but ironically the donations that supplied the organization were also its Achilles'

heel. Their complete dependence on donations meant that they had little control over their supply of shoes. And even when donations did come in sufficient quantities, they were often not in the correct sizes, which meant that many of the children were still left barefoot after the shoe drop-offs. It was heartbreaking.

I spent a few days traveling from village to village, and a few more traveling on my own, witnessing the intense pockets of poverty just outside the bustling capital. It dramatically heightened my awareness. Yes, I knew somewhere in the back of my mind that poor children around the world often went barefoot, but now, for the first time, I saw the real effects of being shoeless: the blisters, the sores, the infections—all the result of the children not being able to protect their young feet from the ground.

I wanted to do something about it. But what?

My first thought was to start my own shoe-based charity, but instead of soliciting shoe donations, I would ask friends and family to donate money to buy the right type of shoes for these children on a regular basis. But, of course, this arrangement would last only as long as I could find donors; I have a large family and lots of friends, but it wasn't hard to see that my personal contacts would dry up sooner or later. And then what? What would happen to the communities that had begun to rely on me for their new shoes? These kids needed more than occasional shoe donations from strangers—they needed a constant, reliable flow.

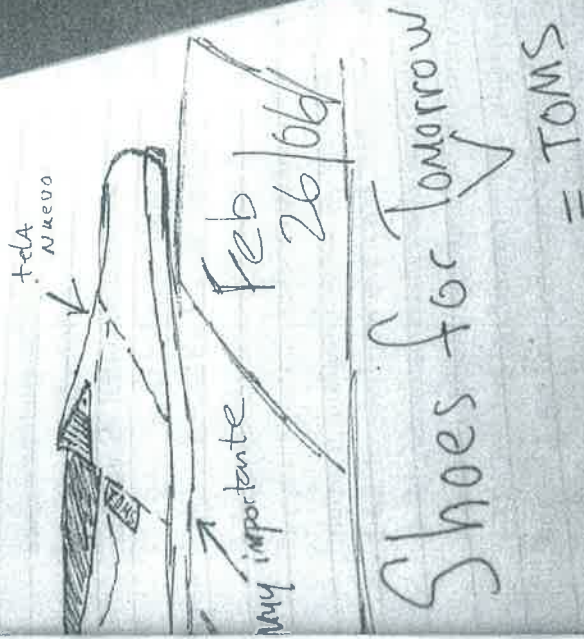
Then I began to look for solutions in the world I already knew: business and entrepreneurship. I had spent the previous ten years launching businesses that solved problems

creatively, from delivering laundry to college students to starting an all-reality cable-TV channel to teaching teenagers driver education online. An idea hit me: Why not create a *for-profit* business to help provide shoes for these children? Why not come up with a solution that guaranteed a constant flow of shoes, rather than being dependent on kind people making donations? In other words, maybe the solution was in entrepreneurship, not charity.

I felt excited and energized and shared those feelings with Alejo, my Argentinian polo teacher and new friend: "I'm going to start a shoe company that makes a new kind of *alpargata*. And for every pair I sell, I'm going to give a pair of new shoes to a child in need. There will be no percentages and no formulas."

It was a simple concept: Sell a pair of shoes today, give a pair of shoes tomorrow. Something about the idea felt so right, even though I had no experience, or even connections, in the shoe business. I did have one thing that came to me almost immediately: a name for my new company. I called it TOMS. I'd been playing around with the phrase "Shoes for a Better Tomorrow," which eventually became "Tomorrow's Shoes," then TOMS. (Now you know why my name is Blake but my shoes are TOMS. It's not about a person. It's about a promise—a better tomorrow.)

I asked Alejo if he would join the mission, because I trusted him implicitly and, of course, I would need a translator. Alejo jumped at the opportunity to help his people, and suddenly we were a team: Alejo, the polo teacher, and me, the shoe entrepreneur who didn't know shoes and didn't speak Spanish.



I've been keeping a journal since I was a teenager. Here's a sketch that I drew in the earliest days of TOMS.

We began working out of Alejo's family barn, when we weren't off meeting local shoemakers in hopes of finding someone who would work with us. We described to them precisely what we wanted: a shoe like the *alpargata*, made for the American market. It would be more comfortable and durable than the Argentine version, but also more fun and stylish, for the fashion-conscious American consumer. I was convinced that a shoe that had been so successful in Argentina for more than a century would be welcomed in the United States and was surprised that no one had thought of bringing this shoe overseas before.

Most of the shoemakers called us *loco* and refused to



work with us, for the hard-to-argue-with reason that we had very little idea of what we were talking about. But finally we found someone crazy enough to believe: a local shoemaker. For the next few weeks, Alejo and I traveled hours over unpaved and pothole-riddled roads to get to his “factory”—a room no bigger than the average American garage, with a few old machines and limited materials.

Each day ended with a long discussion about the right way to create our *alpargata*. For instance, I was afraid it wouldn’t sell in the traditional *alpargata* colors of navy, black, red, and tan, so I insisted we create prints for the shoes, including stripes, plaids, and a camouflage pattern. (Our bestselling colors today? Navy, black, red, and tan. Live and learn.) The shoemaker couldn’t understand this—nor could he figure out why we wanted to add a leather insole and an improved rubber sole to the traditional Argentine design.

I simply asked him to trust me. Soon we started collaborating with some other artisans, all working out of dusty rooms outfitted with one or two old machines for stitching the fabric, and surrounded by roosters, burros, and iguanas. These people had been making the same shoes the same way for generations, so they looked at my designs—and me—with understandable suspicion.

We then decided to test the durability of the outsole material we were using. I would put on our prototypes and drag my feet along the concrete streets of Buenos Aires with Alejo walking beside me. People would stop and stare; I looked like a crazy person. One night I was even stopped by a policeman who thought I was drunk, but Alejo explained

that I was just a “little weird,” and the officer let me be. Through this unorthodox process, we were able to discover which materials lasted longest.

Alejo and I worked with those artisans to get 250 samples made, and these I stuffed into three duffel bags to bring back to America. I said good-bye to Alejo, who by now had become a close friend: No matter how furiously we argued, and we did argue, each evening would end with an agreement to disagree, and each morning we’d resume our work. In fact, his entire family had stood by me, even though none of us had any idea what would happen next.

Soon I was back in Los Angeles with my duffel bags of modified *alpargatas*. Now I had to figure out what to do with them. I still didn’t know anything about fashion, or retail, or shoes, or anything relating to the footwear business. I had what I thought was a great product, but how could I get people to actually pay money for it? So I asked some of my best female friends to dinner and told them the story: my trip to Argentina, the shoe drive, and, finally, my idea for TOMS. Then I showed them the goods and grilled them: Who do you think the market is for the shoes? Where should I sell them? How much should we charge? Do *you* like them?

Luckily, my friends loved the story, loved the concept of TOMS, and loved the shoes. They also gave me a list of stores they thought might be interested in selling my product. Best, they all left my apartment that night wearing

pairs they'd insisted on buying from me. A good sign—and a good lesson: You don't always need to talk with experts; sometimes the consumer, who just might be a friend or acquaintance, is your best consultant.

By then I had gone back to working at my current company, the driver-education business, so I didn't have a great deal of time to devote to hawking shoes. At first I thought it wouldn't matter and that I could get everything done via email and phone calls in my spare time.

That idea got me nowhere. One of the first of many important lessons I learned along the way: No matter how convenient it is for us to reach out to people remotely, sometimes the most important task is to show up in person.

So one day I packed up some shoes in my duffel bag and went to American Rag, one of the top stores on the list my friends had compiled, and asked for the shoe buyer. The woman behind the counter told me that I was in luck, because on this particular day the buyer happened to be at the store. And it turned out that she had time to see me. I went in and told her the TOMS story.

Every month this woman saw, and judged, more shoes than you can imagine—certainly more shoes than American Rag could ever possibly stock. But from the beginning, she realized that TOMS was more than just a shoe. It was a story. And the buyer loved the story as much as the shoe—and knew she could sell both of them.

TOMS now had a retail customer.

Another big break followed soon afterward. Booth Moore, the fashion writer for the *Los Angeles Times*, heard

about our story, loved it—and the shoes—and interviewed me and wrote an article.

One Saturday morning not long after, I woke up to see my BlackBerry spinning around on a table like it was possessed by demons. I had set the TOMS website to email me every time we received an order, which at the time had been about once or twice a day. Now my phone was vibrating uncontrollably, so much so that, just as suddenly, the battery died. I had no idea what was wrong, so I left it on the table and went out to meet some friends for brunch.

Once I arrived at the restaurant, I saw the front page of the *Los Angeles Times*'s calendar section: It was Booth Moore's story. TOMS was headlines! And that's why my BlackBerry had been spinning so crazily: It turned out we already had 900 orders on the website. By the end of the day, we'd received 2,200.

That was the good news. The bad news was that we had only about 160 pairs of shoes left sitting in my apartment. On the website we had promised everyone four-day delivery. What could we do?

Craiglist to the rescue. I quickly wrote up and posted an ad for interns and by the next morning had received a slew of responses, out of which I selected three excellent candidates, who began working with me immediately. One of them, Jonathan, a young man with a Mohawk haircut, spent his time calling or emailing the people who had ordered shoes to let them know their orders weren't coming anytime soon, because we didn't have any inventory—in fact, they might have to wait as long as eight weeks before we had more. And



yet only one person out of those 2,200 initial orders canceled, and that was because she was leaving for a semester abroad. (Jonathan, by the way, is still with TOMS, working on our global logistics—and he still has the Mohawk.)

Now I had to return to Argentina to make more shoes. I met with Alejo and the local shoemaker, and we immediately set out to manufacture 4,000 new pairs. We still had to convince the shoemakers to construct our design; we had to find suppliers willing to sell us the relatively small amounts of fabric needed to fulfill the orders; and, because no one person or outfit could construct the entire shoe from start to finish, we had to drive all over the greater Buenos Aires area ferrying fabrics to stitchers, unfinished shoes to shoe-

makers, and so on. That meant spending half the day on the very busy streets of the city in our car, driving like madmen. Alejo, who was used to it, was talking on two cellphones at once while weaving in and out of traffic as I gripped the seat, white-knuckled. I was scared out of my mind. Not even running a driver-ed course in America could prepare me for this.

In the meantime, back home, publicity kept growing as the *Los Angeles Times* article sparked more coverage. The next big hit came when *Vogue* magazine decided to do a spread on TOMS, although I doubt they knew our company consisted of three interns and me working out of my apartment. In the magazine, our forty-dollar canvas flats were being featured next to Manolo Blahnik stilettos that sold for ten times as much. After *Vogue*, other magazines, such as *Time*, *People*, *O*, *Elle*, and even *Teen Vogue*, wrote us up.

Meanwhile, our retail customer base was expanding beyond the trendy Los Angeles stores to include national powerhouses such as Nordstrom, Whole Foods, and Urban Outfitters. Soon, celebrities like Keira Knightley, Scarlett Johansson, and Tobey Maguire were spotted around town wearing TOMS. Step by step, our product was making its way across the country, and our story began to spread.

We ended up selling 10,000 pairs of shoes that first summer—all out of my Venice apartment, a fact we had to hide from my landlady because I wasn't at all certain that my lease allowed for running a shoe company out of my living room. She was something of an oddball and would occasionally walk into the apartment unannounced. Luckily, her car had a terrible muffler that announced her presence from a block away. Whenever anyone heard that racket, we'd per-

The one and only Alejo Nitti. Perhaps the only polo player turned accountant turned shoemaker that you'll ever meet.



form an extreme cleanup and all the interns would hide in my bedroom; when she showed up, there was no sign that a full-fledged business was being run out of a residential apartment. Sometimes we'd even hold drills just to make sure we could clean everything up within a few minutes.

I'd set 10,000 shoes as the milestone number when we'd go back to Argentina and give away the promised shoes to the children in need. When we hit that number I decided to take my parents, my brother and sister, Jonathan the intern, and several good friends who had been supporting TOMS by spreading the word around Los Angeles.

The studio apartment in Venice where it all began. From left to right: Jonathan, Garrett, me, Liza, Hajime, and Ailie. This whole crew is still with TOMS today.



Once in Argentina, I rejoined the crew—Alejo and the shoemakers—and together we rented a large sleeper bus with a spacious storage area for our hundreds of containers of shoes. We started in the greater Buenos Aires area and then drove eighteen hours to the northeastern part of the country, going from village to village, some nights sleeping on the bus, other nights renting rooms in small motels. We spent ten days traveling through Argentina, driving from clinic to school to soup kitchen to community center, handing out 10,000 pairs of shoes on kids' feet.

The children had been told we were coming, and our local organizers had informed us of the needed shoe sizes. The kids, anticipating a new pair—or their first pair—of shoes were so eager for our arrival that they would start clapping with joy when they spotted the bus rolling into town. I broke down in tears many times. *Oh, my God, I thought, this is actually working.* At each stop I was so overcome with emotion that I could barely slip the first pair of shoes on a child without crying with love and happiness. Just nine months ago, this started with a sketch in my journal and now we were about to provide 10,000 pairs of new shoes to children in need. This is when it really hit me that a simple idea could have real impact, and that a pair of shoes could create so much joy.

When distributing the shoes, we tried to be very organized, asking the kids to line up according to their shoe size. If they didn't know it, they could step on a foot-measuring scale drawn on the back of a cardboard box (my mom came up with that idea). But the whole time we were all so overcome with emotion it was almost impossible to be business-like.

I remember one village that looked like a trash dump. Everything was broken down: The houses were barely standing, the streets filled with broken glass and garbage. But the kids were joyful, swarming around us, laughing and playing and thanking us with such sincerity that, once again, we were all overcome with so many emotions. I remember looking at my mom and dad and seeing them in tears, and that just made me cry more, which, when they saw me crying, made them cry again. I'd never really understood the expression "tears of joy" before. Now we all did.

On the facing page is what I wrote in my journal that day.

When I returned from that first Shoe Drop, I was a different person. I also realized that TOMS wasn't going to be just another business for me. It was going to be my life, in the best sense. Each of the four other businesses I'd started were satisfying in different ways, but this one provided me with a sense of fulfillment unlike anything I'd ever felt before. All at once it made a living for me and everyone who worked at TOMS, it brought me closer to the people and places I loved, and it offered me a way to contribute something to people in need. I didn't have to compartmentalize any of my life's ambitions: personal, professional, or philanthropic. They all converged in a single mission.

Once I realized this, I had to tell my partners in my driver-education business that I wanted to be bought out, and they soon obliged me. The sale gave me some capital with which to hire people who really understood the shoe

Oct 16, 06

The 1st school was quite emotional. We lined up in the cafeteria while all the children sitting before us and it was when Alejo addressed the crowd that I realized we were about to fulfill my dream! We were about to embark on the work I knew my life was created for. I broke down like a baby, embracing Alejo, and looking around at all my friends who took time out of their busy schedules to make this possible. That cafeteria will be in my memory forever, and the smiling faces of the children my motivation for years to come.

business. Now, with a few industry veterans on board, we were ready to scale up operations.

Of course, while making plans to ramp up the business, I also started thinking about the next Shoe Drop, and the



next, and the one after that. I'd always been determined in my business ventures, hungry to succeed and challenge myself to new levels. But I'm more hungry than ever now, because the work I'm doing isn't only for myself and the TOMS family but also for the millions of children around the world whose feet sorely need shoes.

There is something different in the air these days: I feel it when I talk to business leaders, give speeches at high school and college campuses, and engage in conversation with fellow patrons at coffee shops. People are hungry for success—that's nothing new. What's changed is the definition of that success. Increasingly, the quest for success is not

Putting shoes on children's feet is the heart of what we do at TOMS—here I am with designer and good friend John Whitley.



the same as the quest for status and money. The definition has broadened to include contributing something to the world and living and working on one's own terms.

When I started TOMS, people thought I was crazy. In particular, longtime veterans of the footwear industry (shoe dogs, as they're called) argued that the model was unsustainable or at least untested—that combining a for-profit company with a social mission would complicate and undermine both. What we've found is that TOMS has succeeded precisely *because* we have created a new model. The giving component of TOMS makes our shoes more than a product. They're part of a story, a mission, and a movement anyone can join.

TOMS is only one example of a new breed of companies that are succeeding at this volatile moment in capitalism. The tremendous growth of TOMS would never have been possible during my parents' generation or even when I was first getting started in business in the not-so-distant past. In this fast-paced and constantly mutating world, it is easier than ever to seize the day, but in order to do so, you must play by a new set of rules—because, increasingly, the tried-and-true tenets of success are just tried, not true.

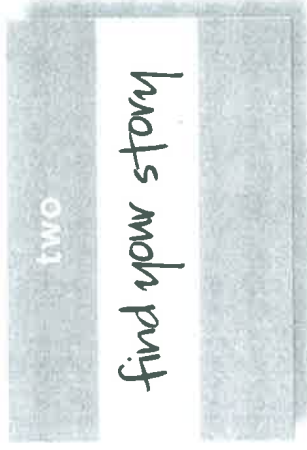
What you now hold in your hands is a guide to help you and anyone who is interested start something that matters. In this book, I describe some of the counterintuitive principles that have helped TOMS grow from an interesting idea to a company that in five years has given more than a million pairs of shoes to children in need. And I will show how you, too, can create something that will make a difference, whether it's a nonprofit organization, your own social

enterprise, a new business you create on the side while still working in the mainstream, or perhaps even a new division of your current company. You will also read the stories of other people who started something that matters and learn their tips on how to make a difference in business and how to make a business out of making a difference. We all come at that goal from different angles, but what all of us have in common is a foundation on at least one, if not all, of six key traits: These six traits form the guidelines I believe everyone should follow to start and sustain something that matters. This book shows you how to apply them.

Together, these six elements offer lessons that will challenge you to look at your business and your life from a different perspective: They teach that having a story may be the most important part of your new venture; that fear can be useful; that having vast resources is not as critical as you might think; that simplicity is a core goal in successful enterprises; that trust is the most important quality you bring to your company; and, finally, that giving may be the best investment you'll ever make.

If you're like me and most of the people I know, you yearn for something more than just business success. You're searching for *meaning*. You want to have the time and freedom to do the things you love and contribute to making the world a better place.

The stories that follow will show that you can earn money, achieve personal fulfillment, and make a positive impact on the world all at the same time. If this sounds like the way you want to do business *and* live your life, this book can help get you started.



**H**ere's a story I like about two young men, Adam Lowry and Eric Ryan, who had been friends since high school. As young adults, they lived with five other roommates in a San Francisco apartment they described as "the dirtiest in the city." Adam, tall and thin, was a chemical engineer and environmental scientist who once studied climate change. Eric, short and thin, was a marketing professional for brands like Gap and Saturn.

Very occasionally the two *would* attempt to clean their apartment, and when they did, they would puzzle over the scary warnings on the package labels of cleaning products, which seldom even listed the ingredients. Using the prod-