

The Waterford Effect

Taking a tour of a manufacturing plant has never been high on my list of things to do, but there was something about the Waterford Crystal factory, in Kilbarry, Ireland, that drew me in. The soul and the energy of it was just too powerful to ignore.

Once inside, I could feel the pride of every one of the factory's workers. As I walked by, they gave me the biggest smiles, with the most welcoming eyes. They loved to talk about their work and why it was important to them. They were only too happy to stop what they were doing for a moment to pose for pictures.

The ultimate strength of a brand's identity comes from within.

It wasn't just for show; they were plainly pleased to be a part of what Waterford is. I met a young man whose parents also worked at the factory, as had his grandparents. It wasn't just about manufacturing; it was pride, it was heritage and it was art.

These workers weren't just there for a paycheck. They were there for a purpose.

My tour happened several years ago, but you can imagine my shock when I read in the paper earlier this year that Waterford Crystal's parent company, now owned by a private equity firm, had closed the Kilbarry factory. Apparently this decision was made because it was less expensive to manufacture the Waterford brand elsewhere.

I was far less surprised to read that the nearly 500 people whose lives were lived in that factory refused to leave after it was shut down. Tony Kelly, one of those workers, told the *New York Times*, "We

said, 'You're not going to stop people from coming to the place they've worked all their lives, where their family worked, and where they have built up the brand themselves.'"

Another worker, Sean Eagan, was just plain incensed: "That is no way to treat people, to stop them from coming into their own factory." Sean had worked there for 35 years.

Sean, Tony and their co-workers did leave eventually because "business is business" as everybody knows. But one has to wonder what the long-term effects of Waterford shutting down this crucial part of its heritage—its soul—might have on the brand. There may be other capable craftsmen elsewhere, but it seems unlikely that they would bring anywhere near the kind of spirit I felt that day in Kilbarry.

Waterford's workers also raise an interesting question for anybody in the business of building brands today: If you closed one of your factories—or offices—today, would anybody really care about anything other than their lost wages?

It's a question worth considering now more than ever, with the economy still struggling to reach solid ground.

In the last issue of the *Hub*, I wrote about a long-term shift in consumer culture that is now accelerating because of the recession (*The Big Shift*, May/June 2009). I wrote about how consumers are renewing their own sense of responsibility, taking greater personal control of their lives, re-defining value and pursuing greater meaning and purpose in their lives.

Their message, like those Waterford workers, is that "we matter." They want the business world to look them in the eye, bring a human touch and understand their realities.

That's a huge opportunity for any brand. The problem is that although consumer culture has shifted, corporate culture, for the most part, lags

behind. I believe this is because too many companies fail to understand what it truly means to do the things consumers are already doing—to pursue meaning and purpose in their businesses just as consumers are pursuing meaning and purpose in their lives.

A SILVER LINING

Everybody knows that any enterprise has four primary responsibilities—to its customers, its employees, its investors and to society at-large. The health of the enterprise depends on serving all four equally well; it's when the balance between these responsibilities is off that companies find themselves in trouble.

It's curious to me that so many brands seem to place more importance on supporting remote causes than they do supporting their own employees and customers. It's not about one-off, tactical cause marketing campaigns. It's about a long-range strategic commitment to be a values-driven company. It's about the corporate body having a soul, because to have a soul is intentionally human.

The silver lining of this recession is that a handful of companies seem to be waking up to the fact that strength begins at home, and are investing more in ensuring the happiness of their workers and customers. They're doing so because it's obvious that happier workers lead to happier customers lead to happier investors. The world is a better place for everyone.

The question is, how to do this? There is no one, simple, prescriptive answer that applies across the board. I do think that Avon, under the leadership of its chief executive officer, Andrea Jung, is an inspirational example of one company that is on the right track, however.

It's not as though Avon hasn't taken its lumps, because it has. What's notable about Avon is that Ms. Jung has made it her mission to “empower women” at Avon.

According to an article in the *Economist*, Ms. Jung is aggressively recruiting new employees, pitching women on job security, flexible hours, financial independence and running their own businesses. So far, she has added about a million new sales reps, and while its profits are still falling, it's falling by less than many of its rivals.

It's also worth noting that the company is pursuing its “empowerment” strategy at a time when many other companies would likely decide to backburner it. But Ms. Jung told the *Economist* that her approach is a “constant turnaround mentality” and that she actually sees the current recession as a “seminal” opportunity.

A BETTER WORLD

While creating better lives for one's employees is an obvious prerequisite for any company hoping to keep pace with today's consumer culture, it doesn't stop there. Ultimately, the internal happiness of the corporate culture must manifest itself in the marketplace, as well.

Ikea is a great example of how this works. Ikea is well known for having a wide-open, non-hierarchical, organic culture, where ideas are shared freely among its workers without regard for title or rank. This environment no doubt led to Ikea's idea to offer free babysitting services to its shoppers, regardless of whether they actually buy anything—or even go shopping—in the store.

Now, shoppers are not allowed to leave the store under any circumstances after they drop their kids off at Smaland, the Ikea babysitting center. But often they just head for the store's café, where the wireless is free, for a little downtime. As the retailer's PR chief, Mona Liss, told the *New York Times*: “We certainly hope they'll purchase some Ikea products, but if they don't, we still feel satisfied we introduced them to Ikea.”

It's certainly no coincidence that while many of Ikea's competitors are suffering sales declines during the recession, Ikea's sales reportedly were up five-percent in January.

Nothing I've written here about treating workers and customers well is news to anyone reading this page. These are very basic principles that everybody knows. Every company has values and a culture of one kind or another, after all.

But how many companies have a culture where the employees would refuse to leave even after they've been laid off? How many see the recession as an opportunity to empower women? How many would offer free babysitting services and wireless to shoppers who aren't there to shop?

The answer is easy: Not nearly enough. But values-driven companies, whose corporate cultures are truly aligned with today's consumer culture, are leading the way out of this recession into both higher profits and a better world. ■



DORI MOLITOR is founder and CEO of **WomanWise LLC** (womanwise.com) a WatersMolitor Company, a hybrid consultancy-agency specializing in marketing brands to women. Dori can be reached at dmolitor@womanwise.com or (952) 797-5000.