

# TOMS Reinvents the One for One Movement

## INTRODUCTION

TOMS Shoes is a for-profit business with a large philanthropic component. The company was started after entrepreneur Blake Mycoskie witnessed the poverty among villagers in Argentina, poverty so extreme that the villagers could not even afford a pair of shoes. Mycoskie returned to the United States with 200 Argentinian shoes and a mission. He went from one retail store to another with a unique business proposal. He would start an organization that would provide a pair of shoes for an Argentinian child in need for every pair of shoes purchased from his business. After many meetings and discussions, a few Los Angeles boutiques agreed to sell the shoes. Mycoskie's story was eventually picked up by the *Los Angeles Times*, who ran an article on his extremely unique business. To his surprise, the following weekend garnered \$88,000 in orders. The orders didn't slow down there, and two years after officially establishing TOMS Shoes, the business had \$9.6 million in revenue.

Most firms do not want other companies to copy their successful business model. However, the shoe retailer TOMS is not your typical retailer, and the firm's business model is unusual, to say the least. While many organizations try to incorporate social entrepreneurship into their business operations, TOMS took the concept of philanthropy one step further by blending a for-profit business with a philanthropic component in what they termed the One for One model. For every product purchased, TOMS donates products or resources to help those in need. The cost of providing the products to those in need is already built into the products' sales price, turning the customer into the benefactor. The philanthropic component is just as important as the for-profit business for TOMS. TOMS's goal is to be able to turn a profit, support themselves, make the world a better place, and educate consumers, all at the same time.

TOMS expanded its business to include a variety of products. For every product purchased, including TOMS Shoes, TOMS Eyewear, and coffee bags from TOMS Roasting Co., TOMS will help a

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person in need. For every pair of glasses sold, for example, TOMS provides a person in need with a full eye exam and treatment including prescription glasses, sight-saving surgery, or medical treatment to restore their sight. For each bag of TOMS Roasting Co. Coffee purchased, TOMS gives an entire week's supply of safe drinking water to a person in need. When consumers buy a TOMS product, they get the added value of helping others.

In this case, we discuss Mycoskie's revolutionary business model and how it has evolved in recent years. We begin by analyzing the background and origins of the TOMS Shoes business concept, and then discuss TOMS' operational approach, including how the organization manages to carry out its central mission. Their unique corporate culture is a necessity for the successful operation of TOMS, which is examined along with the firm's marketing strategy. Next, we analyze how this business model has impacted today's society, as well as other business organizations. Then, we evaluate changing attitudes towards social issues and how TOMS has responded. We discuss various criticisms and risks that TOMS faces daily, as well as the company's decision to reinvent its famous One for One model. Last, we conclude by speculating about the future of TOMS as a business.

## **THE HISTORY OF TOMS**

Blake Mycoskie is the founder and Chief Shoe Giver of TOMS Shoes. Before founding TOMS Shoes, Mycoskie had started five companies that ranged from billboard advertising to laundry services. His foray into the shoe industry, however, was almost accidental. After participating in the 2002 Amazing Race reality television show, Mycoskie decided to return to all the countries he had visited during the show. When Mycoskie returned to Argentina in early 2006, he had no idea that the country's backwoods would be the inspiration for his new company. When interacting with the local villagers, he immediately noticed that many of the families could not afford a pair of shoes for their children. He was shocked and deeply saddened to see the number of children forced to live barefooted every day. This observation stuck with him for the remainder of his trip, and when he discovered the Alpargata (the comfortable and

unique farm shoe worn by some of the locals), his initial idea for TOMS was born. He completed his trip in Argentina and left the country determined to take action for all of those children he saw in need.

Upon coming back home, Mycoskie sold his online driver education company for \$500,000 and used that money to finance the creation of TOMS Shoes. TOMS was derived from “tomorrow,” which was taken from the original company concept: “the shoes for tomorrow project.” After a lot of hard work, TOMS Shoes opened for business in May of 2006. In addition to its core shoe-selling business, the company also runs the non-profit subsidiary known as Friends of TOMS. The for-profit and non-profit organizations work in conjunction to operate the TOMS enterprise. Since its founding, TOMS has been widely successful across the entire United States, even drawing the attention of well-known celebrities. Scarlett Johansson and Keira Knightley were among the first to publicly endorse TOMS Shoes. Internationally, the non-profit side of the business is also making a huge impact in communities, evidenced by the 88 million shoes that have been distributed to children in need.

## **THE TOMS MOVEMENT**

TOMS initially decided to develop their business model and, therefore, their product line around shoes for several key reasons. Mycoskie knew from his travels that many children in impoverished countries live in areas with unsafe terrains. He saw firsthand the lack of paved roads and other common hazards that could cause injury for children walking around barefoot. In fact, children can contract a range of soil-transmitted diseases from not wearing shoes. For example, soil-transmitted Helminthiasis, an infection developed from intestinal worms, is common in South Africa. Simply wearing shoes can prevent many diseases, and Mycoskie wanted to help. Mycoskie also understood the value of education. In many nations, shoes are required to attend school. Owning a pair of shoes provides a child with an opportunity to be educated, leading to higher school attendance. According to TOMS, this combination of education and health provides children the opportunity for a better tomorrow.

As mentioned, Mycoskie's organization consists of two parts: TOMS Shoes and Friends of TOMS. TOMS Shoes is a for-profit company that manages the overall operations and logistics. Friends of TOMS, the company's non-profit subsidiary, is responsible for organizing volunteer activities and all "shoe drops," when shoes are distributed to communities in need. This was critical to the One for One business model that TOMS popularized. The model was simple: for every pair of shoes that TOMS sold, they donated a pair of shoes to a child in need on behalf of the customer. The One for One model enabled Friends of TOMS to remain in operation because the shoes sold covers the cost of the shoes for countries in need. Mycoskie dubbed this business system "Philanthropic Capitalism" because the company makes a profit but incorporates philanthropy into their business strategy. The company's ultimate vision is to demonstrate the effect of how working together as a society can "create a better tomorrow by taking compassionate action today."

The philanthropic component of TOMS contributed to its widespread popularity among consumers. One consumer survey revealed that nearly half of respondents had purchased or would purchase items during a certain time period if part of the revenues supported charitable causes. Cause-related marketing is growing and businesses like TOMS Shoes—where philanthropy is embedded within the business model—are likely to attract the support of consumers who want to make a difference. TOMS has developed successful collaborations with recognizable brands such as Ralph Lauren and Element Skateboard.

In the beginning, TOMS did not have a marketing budget and relied on word-of-mouth, viral marketing, and social networks to spread their marketing efforts. Word-of-mouth can be one of the most effective forms of marketing because many consumers believe it to be more trustworthy than corporate advertisements. The challenge for any organization is to convince customers to talk about their products. For TOMS Shoes, many customers are excited that their purchase is going toward a good cause and are eager to discuss it with others. TOMS Shoes has taken proactive steps to encourage word-of-mouth communication. For example, initially, each pair of TOMS Shoes came with a blue-and-white TOMS

flag and a small card asking customers to take pictures of themselves wearing their new shoes and holding up the flag. The customers were then asked to upload those photos to a "HOW WE WEAR THEM" section on the company's website, in addition to social networking websites such as Facebook and Twitter. Photos of customers using TOMS products increase both product awareness and the credibility of the brand.

## **TOMS' SUPPLY CHAIN**

Due to their lack of knowledge about the shoe industry, Mycoskie and his team initially faced supply chain management problems. Mycoskie was unaware of how fast the demand for TOMS Shoes would escalate. Two weeks after Mycoskie began selling his products to retailers, a fashion reporter wrote an article about Mycoskie's business and mission in the *Los Angeles Times*. The TOMS' website sold 2,200 pairs of shoes that same day—but Mycoskie had only 40 pairs available. The situation required him to hire interns to personally call customers and ask them to wait eight weeks for delivery. Mycoskie then flew back to Argentina where he had 40,000 shoes manufactured. Amazingly, all pairs in the batch were sold within the next few weeks.

Since then, TOMS has improved at managing their increasingly complex supply chain. They have opened up additional manufacturing factories in China, Argentina, and Ethiopia and plans to open another location in Brazil. These factories are audited by third parties to ensure that workers are being treated fairly. TOMS has its factory workers sign a code of conduct stating that they will follow all the stipulations of TOMS Shoes. The company's production staff visits each of the factories regularly to verify that the factories are continuing to adhere to the code of conduct and other working standards. The manufacturing standards at TOMS are modeled after International Labor Organization compliance standards.

Over 500 retailers around the world now carry TOMS shoes. In their first couple of years in business, TOMS was able to secure distribution deals of their shoes with Nordstrom, Bloomingdale's, Neiman

Marcus, Whole Foods, and Urban Outfitters. TOMS has also expanded to retailers that are independently owned small businesses. TOMS continuously seeks retailers that are passionate about their firm's mission. Retailers can purchase the bulk of their shoes at cost from TOMS, and thus are able to turn a profit as well as support the One for One movement. All shoes that the retailers purchase are directly shipped to the retailers—TOMS does not operate on a consignment basis. TOMS Shoes are sold in retail stores in the United States, the United Kingdom, Australia, Canada, Germany, and France. Consumers can also purchase TOMS Shoes on their website.

Manufacturing the shoes and selling them to customers is only the first step of the process. Next, TOMS must distribute shoes and other resources to the children and communities that need them. TOMS collaborates with more than 200 nonprofits to identify children and communities in need. These Giving Partners are in the areas of giving shoes (e.g., Feed the Children, YouChange), sight (e.g., Seva Foundation, Visualiza), safe water (e.g., WaterAid America, Water for the People), safe birth (e.g., ayzh, BRAC), bully prevention and response (e.g., Crisis Text Line, No Bully), solar light (e.g., SolarAid, Solar Sister), and impact grants (e.g., March for Our Lives, Rock the Vote). TOMS seeks organizations that are deeply rooted in their communities with sustainable programming. To become a Giving Partner, organizations must go through audits to ensure that they meet TOMS' specific criteria. These five criteria are detailed in Table 1.

Friends of TOMS helps coordinate 8–12 giving trips per year to various countries, such as Peru, Honduras, and Paraguay. TOMS seeks volunteers and individuals affiliated with TOMS to fly to the area giving shoes and site or learning about the local communities through a week-long immersion. More than 60 percent of TOMS employees have participated in a giving trip.

**Table 1: Giving Partner Qualifications**

<p><b>Local experts:</b> Our Giving Partners must have deep roots in the communities they serve and the work that they're doing, drawing expertise from experience. They don't rely on international volunteers to sustain their programs. They are local experts.</p> <p><b>Sustainable programming:</b> Our Giving Partners work to address local needs in a way that will allow the community to meet its own needs in the future, empowering the population.</p> <p><b>Opportunities for integration:</b> We work with organizations that are poised to integrate TOMS resources into their existing programs. We believe this creates a more sustainable relationship between ourselves and our partners, helping to maximize the impact already being created by existing programs.</p> <p><b>Tracking capabilities:</b> We seek out partners with proven monitoring and assessment capabilities. Every Giving Partner must complete annual reporting so that we can see how TOMS resources are being utilized, and if we're complementing the programs as intended.</p> <p><b>Innovative, impactful solutions:</b> From non-profits serving small to midsize communities to larger, more established organizations launching new programs, we're always looking for ways that we can help move the needle.</p>
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Source: TOMS, "[Y]our Impact: TOMS 2019 Global Impact Report," 2019

[https://media01.toms.com/static/www/images/landingpages/TOMS\\_Impact/TOMS\\_2019\\_Global\\_Impact\\_Report.pdf](https://media01.toms.com/static/www/images/landingpages/TOMS_Impact/TOMS_2019_Global_Impact_Report.pdf) (accessed June 3, 2020).

Even after resources have been delivered, TOMS continues to maintain relationships with their Giving Partners and communities. TOMS constantly monitors its partners for accountability. Additionally, the organization recognizes that one pair of shoes is not going to last for the child's entire lifetime. Therefore, as the children grow out of their shoes—approximately every six months—TOMS

provides replacement shoes to these same children regularly. A schedule is set up with the identified community and local Giving Partner to maintain a regular shoe drop for the children. TOMS believes that repeat giving allows them to understand the locale's needs more thoroughly. TOMS also works to adapt their products to account for the region's terrain, weather, and education requirements.

## **TOMS' PRODUCT LINE**

TOMS' original product lines were derived from the Argentinian Alpargata shoe design worn by farmers in the region. The shoe is made from either canvas or fabric material with rubber soles. Since its inception, TOMS has introduced different styles of shoes, such as the Bota and the Cordones, along with wrap boots and wedges. The Bota resembles an ankle boot with soft materials, while the Cordones are more of a traditional canvas-style sneaker with laces. In addition, the children's line includes Velcro Alpargatas.

TOMS has also created other varieties of shoes, such as Vegan TOMS and the wedding collection. Vegan TOMS are comprised of 70 percent recycled plastic bottles and 30 percent hemp. Hemp is an extremely sustainable product that outlasts organic cotton. TOMS is committed to creating more products that are better for the environment. Not all the shoes that are available for purchase are donated to children. TOMS does not give the wedge or the wraparound boot to children. Primarily the shoe that is bestowed on children is the canvas Alpargata with modifications to suit local residents. With each new community that TOMS enters, research is conducted to learn about the environment and terrain. TOMS alters their shoes to fit the children's lives. For example, in some of the regions that experience monsoons, the shoes include more of a ridged thicker rubber sole. The shoes are typically black because that is the required shoe color to attend school in several countries. TOMS has also developed a wider shoe because children living barefoot for the majority of their lives tend to have wider feet.

After distributing their one-millionth pair of shoes, Toms began to consider other products that could be used in the One for One model. Mycoskie explained, "When I thought about launching another

product with the TOMS model, vision seemed the most obvious choice.” Because 80 percent of vision impairment in developing countries is preventable or curable, TOMS decided that for every pair of eyewear they sold, the company would provide treatment or prescription glasses for those in need. TOMS chose Nepal as the first country in which to apply its One for One model for eyewear. In 2011, TOMS launched TOMS Eyewear, which has helped provide prescription eyewear to more than 780,000 people in need. The company works in 14 countries to provide prescription glasses, medical treatments, and even sight-saving surgery with each purchase of eyewear. Along with restoring sight, TOMS Eyewear supports community-based eye care programs, the creation of professional jobs, and trainings for local health volunteers and teachers. TOMS Eyewear purchases provide economic opportunities, gender equality, access to education, and restored independence.

In 2014, TOMS expanded the One for One model into the coffee industry and started TOMS Roasting Co. Each purchase of a bag of TOMS Roasting Co. coffee provides an entire week’s supply of safe drinking water to a person in need. More than 785 million people don’t have access to safe water systems. TOMS works with Giving Partners that have expertise in water, sanitation, and hygiene to help create sustainable water systems in seven countries, from the same regions where coffee beans are sourced. Since launching in 2014, TOMS has helped provide 722,000 weeks of clean water. By supporting and working to provide sustainable water systems, TOMS is helping to provide communities with access to safe water, which has a clear trickle-down effect. With safer water comes improved health, increased economic productivity, job creation, and better access to education.

TOMS has also applied the One for One model to a number of other areas in the past such as safe births, bullying prevention and response, and solar light. From 2015 to 2018, TOMS invested in the health care of mothers and babies in need by distributing birthing kits. TOMS Bag Collection was founded in 2015 with a mission to provide training for skilled birth attendants and to distribute birth kits containing items that help a woman deliver her baby safely. TOMS distributed more than 345,000 safe birth kits and training in Bangladesh, Ethiopia, Haiti, and India. In 2015 TOMS also first introduced the

High Road Backpack, which helps fund the training of school staff and crisis counselors to prevent and respond to the widespread problem of bullying in schools. From 2015 to 2018, TOMS served 168,700 children through the program. Additionally, from 2016 to 2018, TOMS provided 151,200 years worth of solar light in Malawi, Nigeria, Tanzania, Uganda, and Zambia, supported by the purchase of the TOMS band for the Apple Watch.

## **TOMS' CORPORATE CULTURE**

When the business first started, TOMS did not have a lot of money to pay individuals. The company instead focused on hiring individuals who were passionate about their mission instead of being passionate about money. Due to the lack of finances, Mycoskie hired recent college graduates and even high school graduates. Despite their youth and inexperience, the employees consistently rose to the occasion. Because TOMS did not initially engage in traditional advertising, it was important to have enthusiastic employees willing to spread the word about the organization.

TOMS soon realized that full-time employees were not the only ones willing to help the company achieve its mission. The company also relies upon interns to spread the word and support their endeavors. Employees and interns alike know that their work is supporting a good cause, and many even get to participate in their own call-to-action by participating in shoe drops.

### **Internships**

The company got its start with Mycoskie and two interns who managed to propel TOMS into a successful business. The success of those two initial interns has prompted the company to hire interns each year through the 9-week, full-time TOMS Internship Program at the TOMS headquarters. TOMS provides its interns with a high degree of responsibility in the individual's chosen discipline, whether it's online marketing, retail marketing, or operations. Intern classes include 8 to 10 college seniors and recent graduates. The number one criterion that TOMS looks for in the applicants is that the individuals truly believe and are enthusiastic about what TOMS stands for. According to TOMS, the company would not

be where they are today if it were not for the hard work of their diverse team of interns. When an internship ends, a TOMS' intern coordinator works with the intern to strengthen his or her resume with an updated work summary of the experience gained at TOMS. The intern coordinator also provides guidance on the future development of career goals.

## **One Day Without Shoes**

Perhaps the most popular event promoting TOMS is the One Day Without Shoes campaign. This campaign was started in 2008 to raise public awareness about the impact that a pair of shoes can have on a child's life. It asks the average individual to go one day without shoes. Going without shoes engages individuals to see how it feels to be in these children's situations. The premise is to instill a sense of appreciation for what a difference a pair of shoes can make. Furthermore, the sight of a large group of barefoot individuals walking around makes an impression on others. In both cases, TOMS' mission and their brand are spread to those that otherwise may not have known about it. The success of this campaign, which continues to grow every year, is largely due to college students and Campus Clubs nationwide. Participants have included Kristen Bell, Charlize Theron, the Dallas Cowboys Cheerleaders, Nordstrom, and Microsoft.

## **Social Media**

TOMS has effectively used social media to spread the word about the company and its mission, a method that is less costly than traditional advertising and creates unity among the individuals that promote TOMS. TOMS has used viral videos, blogs, Facebook, and Twitter to spread the message about their cause. Their approach has allowed TOMS to reach a vast audience worldwide. Also, many consumers create their own digital content regarding their experiences with TOMS Shoes. By encouraging events and word-of-mouth communication, TOMS is allowing consumers to do much of the marketing for the company.

# TOM'S IMPACT

During their first year in business, TOMS managed to donate 10,000 shoes to children living in Argentina. Since then, TOMS has expanded to distribute shoes to other regions of the world. Now, TOMS has given more than 100 million pairs of new shoes worldwide. TOMS gives in over 80 nations around the world including Argentina, Peru, Ethiopia, Rwanda, and South Africa. In addition, TOMS has donated \$6.5 million in impact grants to 14 partner organizations in the areas of physical safety, mental health, and equal access.

Under Mycoskie's inspirational leadership, the company's One for One concept has inspired other firms—such as eyeglass retailer Warby Parker—to adopt similar models as a way to give back to society. Rather than feel threatened, Mycoskie is funding social entrepreneurship firms with similar missions. However, Mycoskie's revolutionary idea might be difficult to replicate in other fields. The One for One concept must be embedded into the business strategy. The business must also be sustainable on its own, which is difficult to achieve for many nonprofits that depend upon fundraising. The product and mission must be something that people will care about. For the movement to work effectively, the product should be tangible and identifiable. Product differentiation is an important component for success, as consumers appear less able to identify with commodity products.

Mycoskie offers additional advice to entrepreneurs who want to create a business that will make a difference in the world. He advises businesses to look at their strengths and comprehend how those strengths can be used to help those who need them the most. For instance, TOMS Shoes and their Giving Partners study the communities before dropping off the shoes to ensure that the shoes will make a positive difference in children's lives. They pick out the communities that appear to have the most need for their products. According to Mycoskie, companies with a philanthropic focus must allow their products to speak for themselves. The products should be able to impress consumers, prompting them to spread the word to others without constant marketing from the company.

Not many businesses have attempted to replicate the One for One movement in terms of incorporating it into their business models. Two companies that have created businesses around this concept include a bedding and mattress organization, which donates one bed to those in need for every product bought, and an apparel store, which will match customers' purchases by giving clothes to those in disadvantaged areas. Time will tell whether these companies and additional organizations will succeed to the extent of TOMS Shoes.

## **EVOLVING THE MISSION**

Social issues such as bullying, gender equality, inclusion, and homelessness have been key areas of TOMS' philanthropy. However, in 2018 Mycoskie boldly introduced the End Gun Violence Together initiative as the company's primary focus. To kick off the initiative, consumers could visit the TOMS website to deliver postcards supporting gun safety laws to government representatives. The postcard initiative attracted 700,000 participants. Mycoskie appeared on "The Tonight Show" multiple times to champion the cause and has hosted rallies in Washington D.C to support the Bipartisan Background Checks Act of 2019, which was passed in February 2019.

In the face of slowing sales, Mycoskie said he believes that the TOMS business formula only works "if it's fresh, provocative, radical and somewhat newsworthy." Though TOMS has donated more than 100 million pairs of shoes, Mycoskie says their record-breaking growth occurred during its first six years before the brand became mainstream. The brand has struggled with debt over the past five years, and growth has stalled.

TOMS attempted to stay relevant by creating new product lines. However, despite the introduction of eyewear, coffee, and bags, footwear is still at the core of TOMS' business, making up 90 percent of sales. Product innovation held the company back instead of moving it forward. Now, instead of evolving its products, the company is evolving its mission. Though gun violence is a divisive issue, Mycoskie chose this social issue as the company's new mission after a mass shooting at a bar in Thousand Oaks,

California hit close to home. By measuring social media sentiment around universal background checks, he discovered that 75 percent of people reacted extremely positively to the concept, regardless of political beliefs. To date, its gun violence platform has resulted in 59 billion media impressions and new account opening growth of 20 percent year over year. Mycoskie hopes this positive growth will continue.

## **CHANGING THE GIVING MODEL**

Shortly after introducing the End Gun Violence Together initiative, TOMS made another change that would change the company's business model forever. In an effort to adapt to changing attitudes towards social issues, TOMS announced its bold decision to disrupt its own One for One business model. Customers now have more control over the causes they support with their purchase of a pair of TOMS shoes. As of May 2019, customers can choose to support campaigns related to shoe giving, safe water, ending gun violence, homelessness, mental health, or equality with their purchase.

A new giving model was introduced under the slogan Stand for Tomorrow. For a time, TOMS customers were empowered to make their own decisions about how their dollar was best spent and allowed them to pick issues of personal importance. Customers were instructed to "pick your stand" when they shopped online. The move allowed TOMS to capitalize on hot social issues that resonated with consumers. Now, TOMS has adjusted this strategy once more by instead committing to contribute at least one-third of net annual profits to a giving fund that will be used for shoes and grants. TOMS Giving Partners are involved in creating an annual investment plan for the funds. This move means the customer's dollar supports a wider range of initiatives which allows resources to go where they are needed most. The continual evolution of TOMS' giving model stands to keep the brand relevant to its existing customers while attracting new customers.

# CRITICISMS AND ETHICAL ISSUES

Most people might find it hard to understand why anyone would criticize TOMS Shoes. As a successful philanthropic for-profit company, TOMS has been able to help children in need all over the world. However, criticisms about the company's model do exist, many of which come from philanthropists. Probably the biggest criticism is that TOMS Shoes makes people in poor countries dependent upon the goodwill of others rather than creating opportunities for them to better themselves. Though TOMS conducted its own studies that show the company has not had a negative impact on local economies from shoe donation, many social entrepreneurs and philanthropists of today believe that the best way to create sustainable change is through education and job creation. In response, TOMS began manufacturing shoes within some of the communities that it supports in order to build upon the local economies.

Another criticism has been the fact that TOMS has manufacturing locations in China—a country that has received much scrutiny for factory abuse. One could successfully argue that as a business, it is advantageous to manufacture products in countries where labor costs are lower in order to keep prices reasonable. Supporters also point out that TOMS' factories are creating jobs in disadvantaged countries like Ethiopia. As a for-profit business, TOM Shoes will constantly have to balance the financial aspects of their for-profit business with the humanitarian elements of their philanthropic organization.

Since TOMS is for-profit, the company faces the same risks as other for-profit companies. Ethical lapses can occur just as easily in philanthropic organizations as they can in large corporations, particularly as it relates to the supply chain. TOMS must monitor business activities such as factory compliance, sustainability, finances, and even their shoe drop operations to maintain appropriate business conduct. TOMS Shoes must never be complacent regarding these risks simply because they have built philanthropy into their business. The company must also innovate constantly. Although consumers tend to like purchasing from a philanthropic organization, they appear to be more financially supportive when they get something in return. In the case of TOMS, it is a pair of unique shoes. However, with consumer tastes constantly changing, TOMS must remain vigilant regarding new designs and products and find

ways to stay current with its social missions. TOMS Shoes must remain proactive in managing these risks to maintain their current success rate.

## **THE FUTURE OF TOMS SHOES**

Mycoskie revolutionized social entrepreneurship by introducing his One for One Movement. An emphasis on social entrepreneurship has been sweeping the nation, supported by high-profile individuals such as former Presidents Barack Obama and Bill Clinton. Many questioned whether or not TOMS's One for One business model was sustainable, so the recent evolution of its giving model indicates that there is an even bigger question at hand: "How can TOMs continue to adapt to be sustainable for the future?"

Moving forward into the future, TOMS will need to keep an eye on risks that affect both for-profit and non-profit organizations. Mycoskie's combination of these two business models has limited certain industry-specific risks. For instance, the for-profit business supports the non-profit component, which means TOMS does not have to rely on donations. On the other hand, the model has also introduced additional risks. Because TOMS sells a tangible product, they require a supply chain that must be constantly monitored for compliance. The company also must manage criticism of their philanthropic endeavors, an issue not as common among corporations where philanthropy is a secondary activity. It's also apparent that continuous monitoring and improvement of the company's giving model could be critical to long-term financial success as TOMS fights to stay relevant.

Despite these challenges, the future of TOMS Shoes looks bright. The excitement over the introduction of Stand for Tomorrow demonstrates that consumers remain enthusiastic about the brand. With careful risk management, their strong mission and values, and successful promotional campaigns, TOMS will likely remain a sustainable business for years to come.

# QUESTIONS FOR DISCUSSION

1. Why was it necessary for TOMS to evolve its business model?
2. Who are TOMS most important stakeholders, and why?
3. Is the One for One movement business model appropriate for any other businesses?

## SOURCES

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