

TO PRODUCE YOGA PANTS IN INDIA VS. NOT TO PRODUCE YOGA PANTS IN INDIA

RECONCILING SOCIAL RESPONSIBILITY WITH CORPORATE REALITY

Ted Rogers Leadership Centre

You are the director of marketing for All Things Yoga, a firm that designs, manufactures and retails yoga wear and related products like mats and meditation aids. The company has publicly declared itself as a socially responsible organization and actively promotes causes that support the environment and healthy living. In your role, you have been key in developing the brand and have ensured that All Things Yoga has become a leader in the B Corporation movement.

Despite having a strong brand, however, shareholders of All Things Yoga are pressuring the company to improve its bottom line, complaining that profit margins have become slimmer owing to an increase in competition and the rise in manufacturing costs. Consequently, the operations team at All Things Yoga has been asked to explore alternative manufacturing options. They discover that production, including transportation costs, can be reduced by as much as 15% if manufacturing is shifted from Costa Rica to India. The operations team's initial proposal looks very promising and other senior management are viewing the team's solution positively.

Senior management, however, does worry that this move will be controversial due to the very bad situation Joe Fresh and other fashion firms encountered when fire ravaged manufacturing sites in Bangladesh where clothing was being made for them. The press at the time emphasized the poor labour and safety standards that are customary in places like Bangladesh and India. You are asked to make recommendations. You correctly sense that that senior management is really looking for you to present a public relations plan that will sway public opinion in their favour, rather than to discuss whether manufacturing should be moved.

You, however, think a move might be more than a public relations issue. With the factory fires in mind, and your belief in social responsibility, how do you go about marshalling your facts and point of view? What does your plan look like? How do you roll it out?

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The Twist

The board and senior management decide ultimately to move operations to India and are part way through the transition, which is an expensive process in the short-run. You are online reading news reports when headlines come up announcing that factories in neighbouring Pakistan, manufacturing clothing destined for Europe and North America, have collapsed killing many of the men, women and children working there. You know you will need to address this situation in the morning.

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