

# Rose Marcario: Our Company Policies for Families

Rose Marcario / 6 Min Read / Community

Patagonia CEO encourages other business leaders to support working families with paid leave and on-site child care.



Photo: Somira Sao

*To support our families, Patagonia provides company-paid health care and sick time for all employees, paid maternity and paternity leave, access to on-site child care for employees at our headquarters in Ventura and at our Reno distribution center, and financial support to those who need it, among other benefits. In particular, offering on-site child care, we believe, is the right thing to do for employees, working parents, and the life of the workplace. However, a reasonable businessperson might ask, "What does it cost?" It's expensive, if you offer high-quality care and subsidize your employees' tuition. But not as expensive as you'd think.*

The poet Maya Angelou said, "When you know better, you do better," but despite everything we know about the tangible and intangible benefits of taking care of our working families, collectively, we American business leaders provide paid family leave to just 11 percent of U.S. workers. As of April 2016, three states and the District of Columbia offer paid family leave: California, New Jersey, and Rhode Island.

The United States is one of only two countries in the industrialized world that offers no federal paid maternity leave. And every day in America, most women return to work after the birth of a child to find an unsupportive environment lacking on-site child care, lactation programs, and paid medical leave.

"People don't have to choose between paying bills and seeing their kids shine in the class play. And that means that that worker will do whatever it takes to help the company the next time out because they know that Rose and others at the very top are looking out for them."

— President Barack Obama, April, 15, 2015

We don't have to scratch our heads and wonder why there is an alarming lack of women in positions of leadership, boardrooms, and public office. Women will never be able to effectively "lean in" without the proper economic, social, and community support for the most critical work of all: raising the next generation.

The good news for skeptical business leaders: Supporting our working families isn't just the ethical thing to do (which, frankly, should be all we need if we are to be responsible leaders), it will also balance out financially. [This book focuses on Patagonia's 33-year commitment to providing on-site child care](#) at our headquarters in Ventura, California, but research showing the business benefits of paid family and medical leave and other critical programs is abundant.



Patagonia Design Team, 2016. Photo: Terri Laine

For now, let me illustrate the basic math that gives me confidence as Patagonia's chief executive not only to provide on-site child care to our parents at our headquarters, but, as of this year, to expand it to our 400-employee distribution center in Reno, Nevada, as well.

**Tax Benefits—Costs Recouped: 50%**

The federal government recognizes the value of on-site child care to both working parents and the economy and grants a qualified child-care program a yearly tax credit of \$150,000. In addition, the government allows a company to deduct 35 percent of its unrecovered costs from its corporate tax bite.

**Employee Retention—Costs Recouped: 30%**

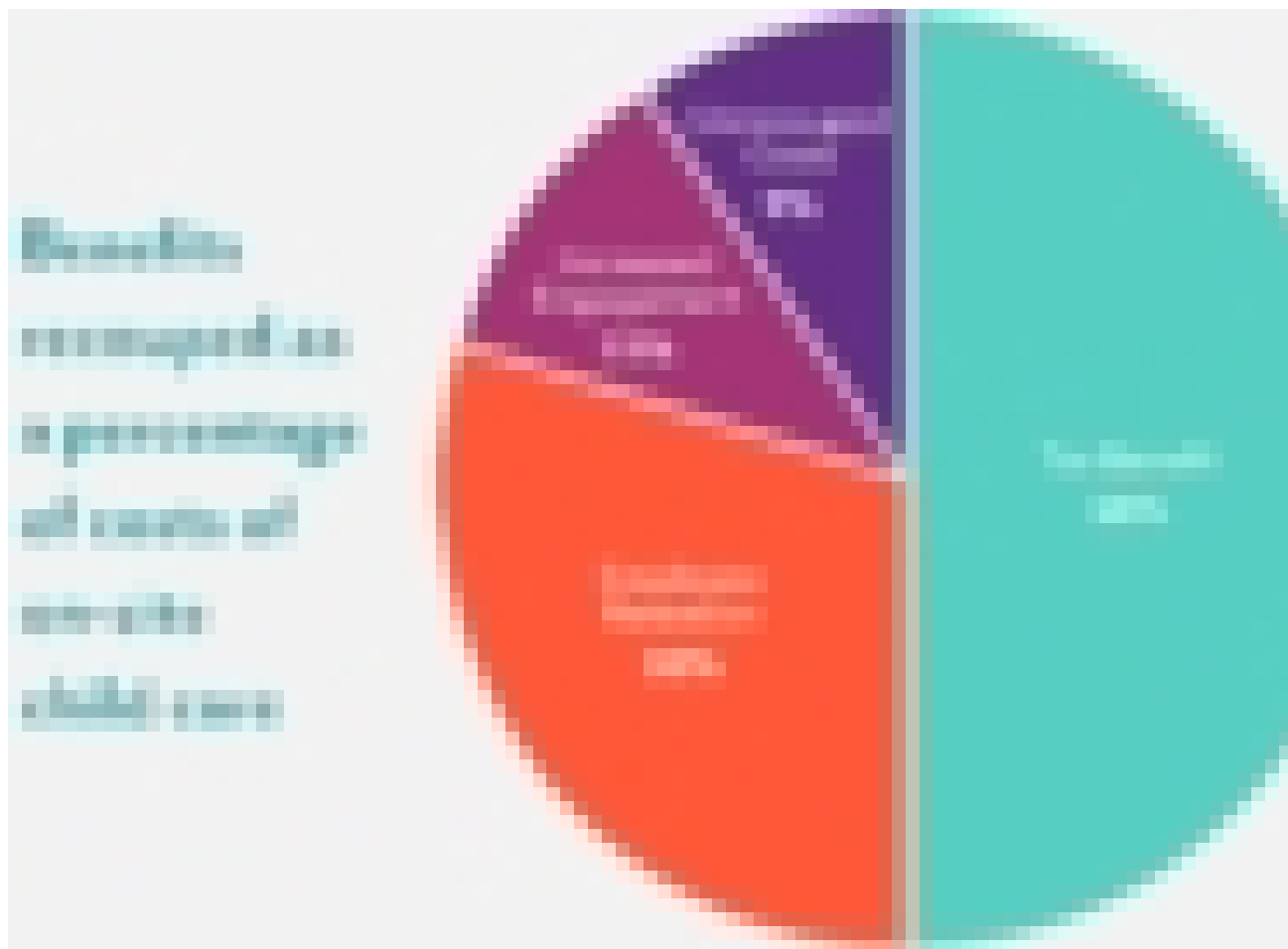
Turnover costs (of losing an employee and training a replacement) include lost productivity while the position is vacant, plus recruitment, relocation, and training time. This can range from 35 percent of annual salary for a nonmanagerial employee, to 125 percent of salary for a manager, to a couple of years' pay for a director or vice president. In the United States, 20–35 percent of working mothers who give birth never return to their previous job.

At Patagonia, for the past five years, we've seen 100 percent of moms return to work after maternity leave. Moreover, the availability of on-site child care remains important for allowing mothers to breast-feed infants on demand. For the past five years, our turnover rate for parents who have children in the program has run 25 percent less than for our general employee population.

**Employee Engagement—Costs Recouped: 11%**

The term engagement is used to measure wholeheartedness, or how an employee feels about his or her job and employer. Higher engagement creates higher levels of customer

satisfaction and business performance. Studies indicate that when parents have access to high-quality, on-site child care at work, they are more engaged—even more so than colleagues as a whole—and that increased engagement means the company does better financially.



**Bottom Line—Costs Recouped: 91%**

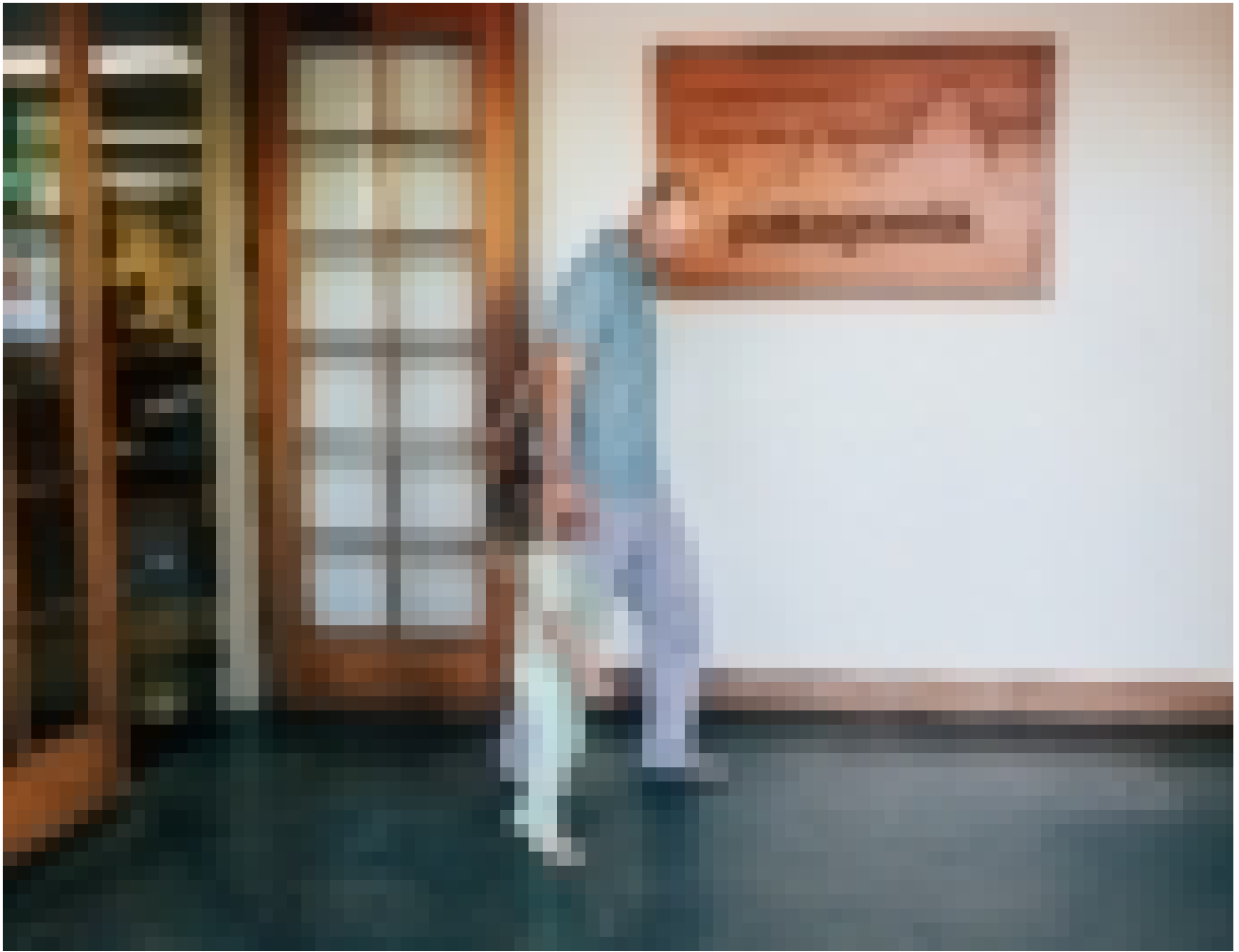
In sum, we estimate that we recover 91 percent of our calculable costs annually. We're not alone. JPMorgan Chase Bank, N.A., has estimated returns of 115 percent for its child-care program; global business consultant KPMG found that its clients earned a return on investment (ROI) of 125 percent.

Of course, this quantifiable picture leaves out the obvious intangible benefits of providing on-site child care. All told, we would say that an ROI of 115 percent or 125 percent on our own program would not surprise us. Benefits in the intangible category include:

**More women in management.** Studies show a healthy gender mix at the leadership level makes business smarter and more creative and improves performance. At Patagonia, women make up 50 percent of our workforce, including roughly half of upper management positions.

**Greater employee loyalty.** Providing high-quality, on-site child care helps a business exercise its obligations as an employer and community citizen. Such businesses earn the trust of their employees, who give their time more wholeheartedly, and the loyalty of customers, who will buy from a brand, all else being equal, with the better reputation.

**Stronger workplace culture of trust.** At Patagonia, if you ask parents the benefit of having their child on-site, they might tell you what a difference it makes to be able to check in, have lunch together, and be freed from the complications stemming from dropping off and picking up the child elsewhere. If you ask a nonparent the greatest benefit of having the kids around, he or she might tell you that having kids around reminds us, parents and nonparents alike, that we are behaving for real in a real world, and not just hired guns asked to leave our deepest selves behind the moment the workday starts.

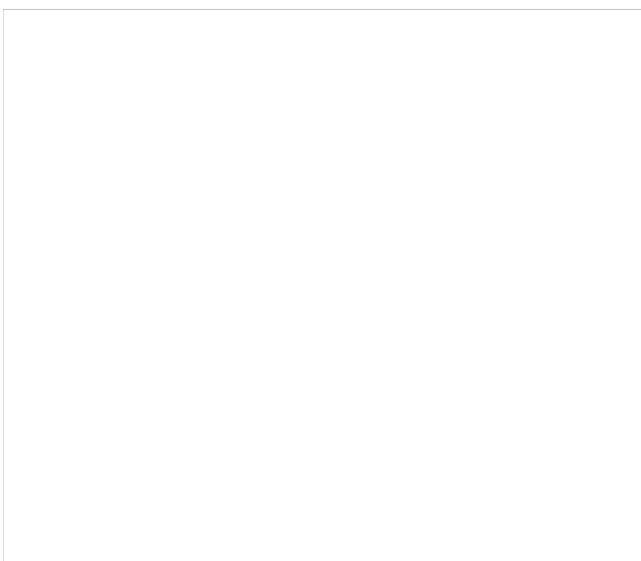


Routines help children relax because kids don't have to worry about what will happen next. Photo: Kyle Sparks

For 33 years, Patagonia has provided on-site child care: a mandate from our founders, who believed it was a moral imperative. Even in times of economic struggle, the program was never cut, because they believed in providing a supportive work environment for working families. Taking care of our tribe is part of our culture and our commitment to helping our own people live the way they want.

It's true, there are financial costs to offering on-site child care, and they can be expensive if you offer high-quality programs or subsidize your employees' tuition when on-site care is not available. But the benefits—financial and otherwise—pay for themselves every year. As a CEO, it's not even a question in my mind. Business leaders (and their chief financial officers) should take note.

*This story first appeared in [Family Business: 30 Years of Innovative On-site Child Care](#) by Malinda Chouinard and Jennifer Ridgeway.*



*Patagonia has offered corporate-sponsored on-site child care since 1983. The Great Pacific Child Development Center, GPCDC for short, is where infants and children spend their days crawling, running, climbing and exploring, mostly outdoors, while their parents work. We wanted to tell the story of GPCDC, so last year we published [Family Business](#) by Malinda Chouinard and Jennifer Ridgeway. The book illustrates what high-quality child care looks like and explains why providing on-site child care to working families is at the heart of responsible business today.*



## Author Profile



### Rose Marcario

Rose Marcario is the former President and CEO of Patagonia, Inc. and Patagonia Works.

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