

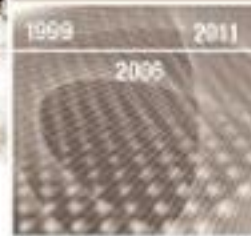
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THE WINTHROP GROUP, INC.

*Capturing Experience and Putting It to Work*



CAMBRIDGE | NEW YORK



# Reinterpreting Corporate Identity: History and Innovation at Pendleton Woolen Mills

Business History Conference

Richard Hobbs

April 1, 2016

## **WHERE WE'RE GOING --**

### **SUMMARY**

**Overview of PWM History**

**The Woolen Industry and PWM**

**Pendleton's Distinctive Features: Core  
Identity Elements**

**Recent History & Decision-Making**

## SUMMARY

The history of **Pendleton Woolen Mills** provides a case study of how an understanding of a company's history, culture, and ownership has contributed to the firm's survival as an entirely US-based operation for more than a century, long after most of Pendleton's competitors either failed or moved their operations overseas.

# SUMMARY

## **EARLY DECISIONS:**

**Five distinctive features** of the company's culture are interwoven throughout its history:

# SUMMARY

- (1) **Alliance with Native American** tribes and use of native-inspired designs;
- (2) **corporate organization** based on vertically integrated structure, from raw wool to finished retail products—combined with thorough understanding of the woolen industry;
- (3) a commitment to making and selling **premium quality** merchandise;
- (4) ownership's **value system** centered on loyalty and the “Golden Rule”; and
- (5) **fiscal conservatism + flexibility.**

# SUMMARY

These early decisions became features  
that form  
the core of the corporate identity  
—a platform of constraints that have  
served the company well for 107 years.

# SUMMARY

Their evolution in response to  
Changing economic conditions and  
historical events  
is an instructive story of  
innovation, adaptation, and success.

# OVERVIEW

- An iconic American company
- Founded in 1909
- Family owned and managed, and
- Traces its roots back 6 generations to the Arrival of English weaver Thomas Kay in Oregon in 1863
- HQ in Portland, Oregon



## *A quick visual snapshot*

# OVERVIEW

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# OVERVIEW

*Wintthrop*



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# OVERVIEW

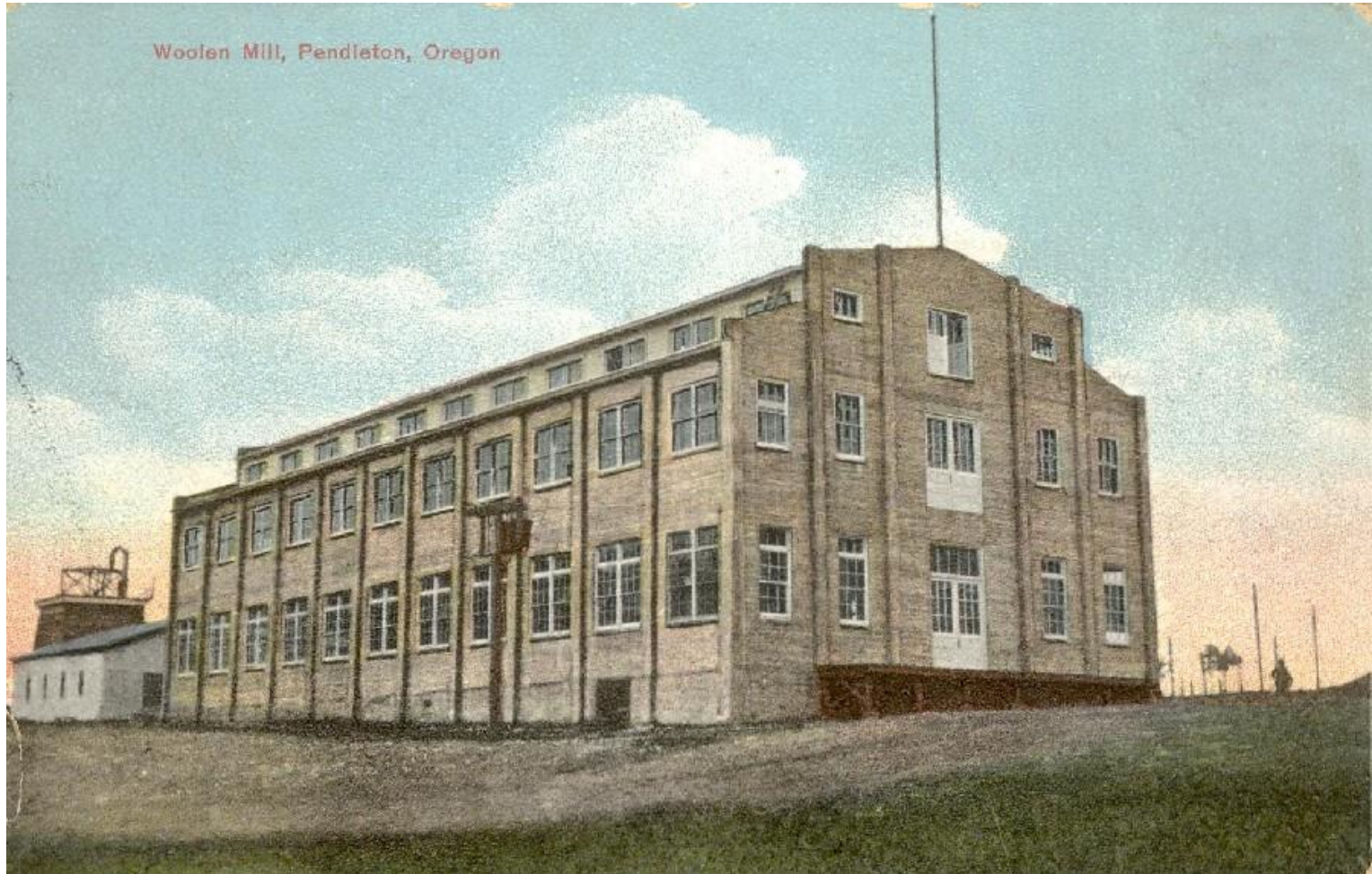
***Kay + Bishop***  
**=**  
***Manufacturing***  
**+**  
***Retail***



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# OVERVIEW

*Wintthrop*



*Wintthrop*

# OVERVIEW



# OVERVIEW

*Wintthrop*



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# OVERVIEW

**THE ROUND-UP**  
**PENDLETON, OREGON**



**OFFICIAL Souvenir Program**



September, 11, 12, 13  
 1913

**THE INDIANS** TAKING PART IN THE **ROUND-UP**  
 are wearing the famous *Pure Fleece Wool*

**"Pendleton" Indian Robes**  
THE SAME AS DISPLAYED BY LOCAL STORES

ORIGINATED in the tepees of the wilderness. The wonderful designs and colorings of these robes are especially adapted for adornment of our modern homes, greatly beautifying living room, cozy corner and den. They are unequalled for general service as slumber robes, couch covers, trunk throws, bed robes, and for canoeing, autoing, camping, etc.

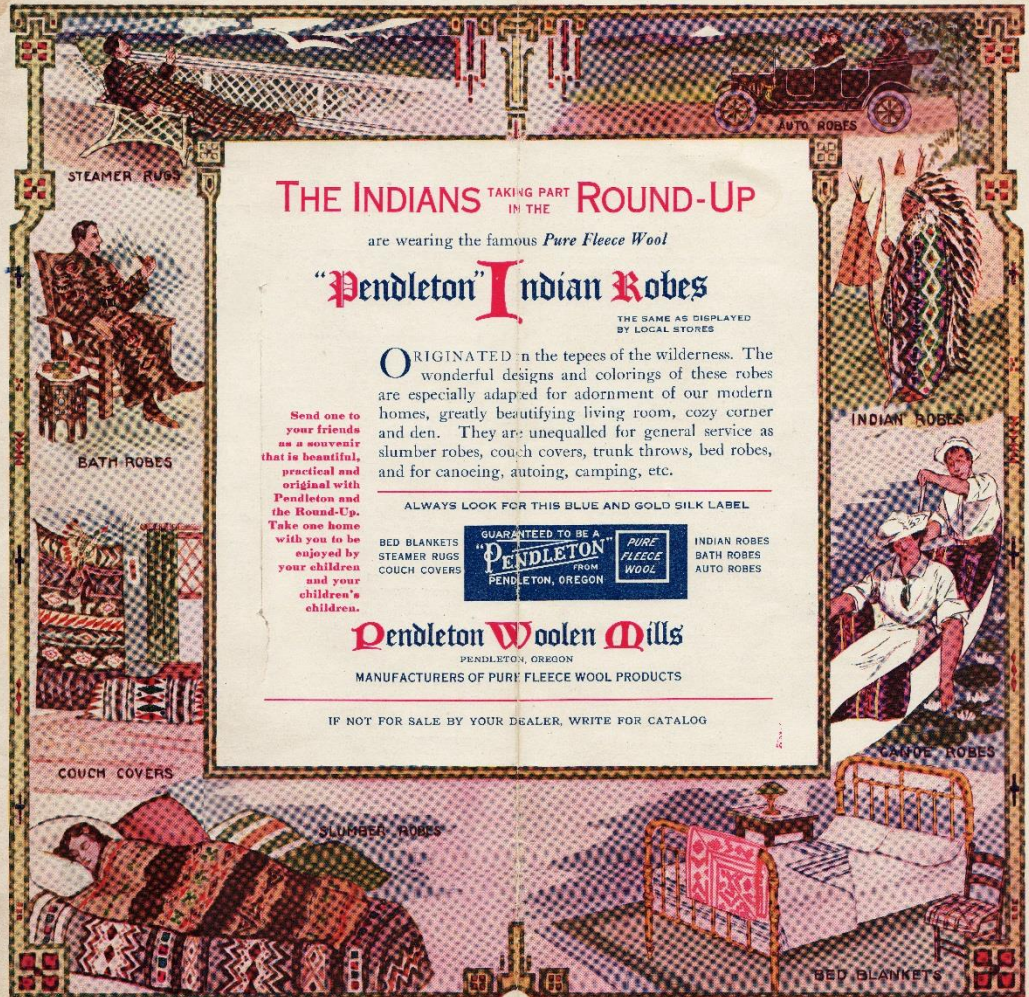
Send one to your friends as a souvenir that is beautiful, practical and original with Pendleton and the Round-Up. Take one home with you to be enjoyed by your children and your children's children.

ALWAYS LOOK FOR THIS BLUE AND GOLD SILK LABEL

BED BLANKETS	GUARANTEED TO BE A <b>"PENDLETON"</b> <small>FROM          PENDLETON, OREGON</small>	PURE FLEECE WOOL	INDIAN ROBES
STEAMER RUGS			BATH ROBES
COUCH COVERS			AUTO ROBES

**Pendleton Woolen Mills**  
 PENDLETON, OREGON  
 MANUFACTURERS OF PURE FLEECE WOOL PRODUCTS

IF NOT FOR SALE BY YOUR DEALER, WRITE FOR CATALOG



1913

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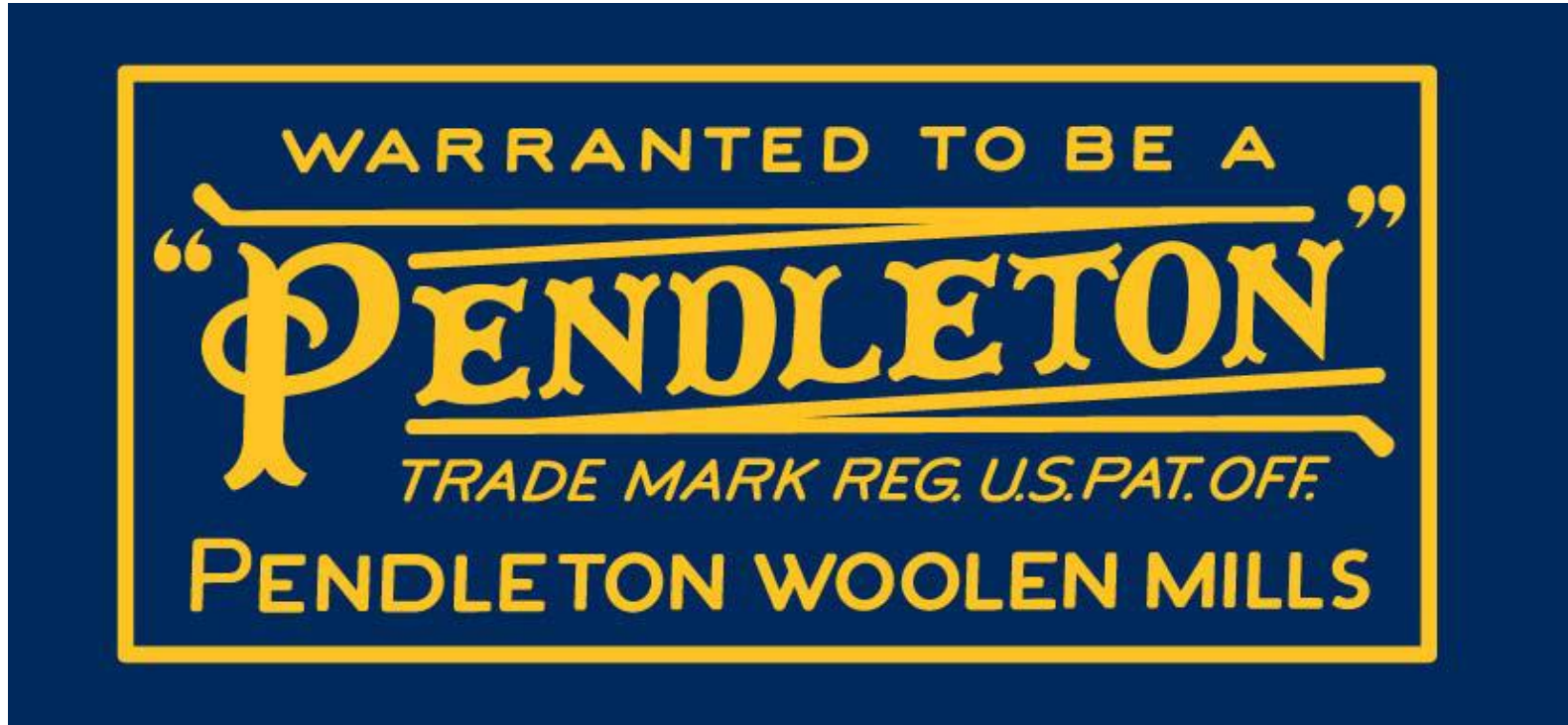
# OVERVIEW

1924



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# OVERVIEW



## Pendleton Virgin Wool Products

Stags, Cruisers, Mackinaws, Buckaroos, Round-Up Vests and Sox



804—Pendleton Cruiser Shirt

### *Pendleton Stag and Cruiser Shirts*

MADE of heavy water-proofed all wool materials in coat style. See Stag Shirt: Breast pockets; wide plain collar, rounded points. See Cruiser Shirt: double back forming roomy carrying pocket; four other pockets. See Price List for variety of sizes and patterns.

### *Round-Up Vests*

MADE of especially selected virgin wool fabrics on a cotton warp Jacquard and Serape stripes in brilliant colors. Especially designed for the cowboy on parade and at the rodeo. Sizes 34 to 46. Other information in Price List.



Round-Up Vest



Indian Pattern Mackinaws

### *Indian Pattern Mackinaws*

MADE of 30-oz. materials in wide range of attractive Jacquard patterns, including body colors of Tan, Grey, Maroon, Green, Brown and Navy. Well designed; neatly tailored. 2 pockets with flaps; shawl collar and belt. Sizes 36 to 48. Very popular with the young people in their winter sports and with the men of plains and woods. Additional details in Price List.



543—Buckaroo Shirt

### *Pendleton Buckaroo Pants and Shirts*

"Buck" Pants and Shirts are made of Pure Virgin Wool fabric, closely woven to afford warmth and keep out moisture. Wear "like iron." Pants have taped crotch seam, wide belt loops, top pockets, plain buttons. Tan Plaid. Waist measure 30 to 42 inches, inclusive. Length 30 to 36 inches. Shirts same pattern, 11-oz. fabric. Sizes 14½ to 17½, inclusive.

### *Pendleton Pure Virgin Wool Sox*

THESE are the supreme favorites of Northwest woodsmen and hunters. "Pendletons" fit well, feel good and wear long. Knitted from Pure Virgin Wool in Medium and Heavy Weights, in "Long Boy" and Standard lengths, they offer a complete range in variety for the dealer and a quality which insures utmost satisfaction to the purchaser. Complete description in Price List.



Long Boy

Standard



990—Buckaroo Pants

© 1928 WINTHROP COMPANY, PORTLAND, OREGON

## 1933

# Now

The crowning achievement  
of one of America's finest  
woolen mills . . .

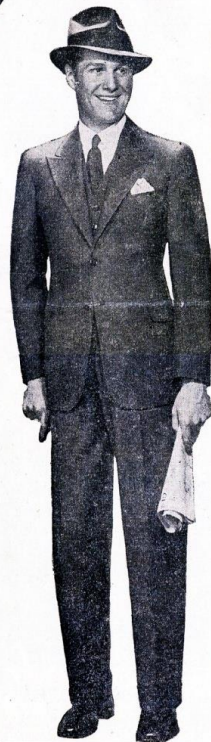
Introducing for the first time  
direct to the public the exclusive line of

# PENDLETON

100% PURE VIRGIN WOOL

## MEN'S SUITS

at mill to consumer prices



12.50

14.75

16.50

Homespuns - Crashes - Worsteds - Flannels - Cheviots - Tweeds  
New 1933 fabrics in the popular shades of gray, brown, dark blue and tan

• In spite of sale prices on every side, the public has not lost its sense of value and quality. And when quality is combined with price—then you have the unusual response that Pendleton Woolen Mills have enjoyed in their offering of Men's Top Coats and other genuine Pendleton products at manufacturer's prices.

This appreciation on the part of Portland people for this high quality merchandise has influenced the Pendleton Woolen Mills to offer their exclusive line of men's ready-to-wear suits direct to the consumer at prices within the reach of all—garments that are being worn with distinction by those accustomed to paying much more, yet in harmony with the wants of a public that now desires quality at a low price.

Frankly, these suits would sell for much more if sent through regular trade channels. The fabrics are the same quality and the tailoring has most, if not all, of the refinements of America's famous makes of clothes. But as Pendleton is the manufacturer of the fabrics and the garments are styled and tailored by Pendleton, we are able to offer these fine suits at mill prices.

Expect everything you would find in high-priced suits

1. **STYLE**—Most of the fine details of tailoring found in the most exclusive lines. Complete selection for short, slim and average sizes in new models for young men as well as the more conservative business cuts.
2. **QUALITY OF FABRICS**—100% Pure Virgin Wool; designed and woven in Pendleton's own mills. The homespuns, crashes, worsteds, flannels, cheviots and tweeds are the kind of cloth you would expect in suits costing twice as much as these fine Pendleton garments. Linings are of the best quality Celanese with the foundation of the suit constructed of Hyma cloth.
3. **FINE TAILORING**—Much of the tailoring in Pendleton suits is done by hand; collars hand-felled at top and bottom, basting, lining, buttonholes, sewing on of buttons, armholes worked out and tacked. Every detail of tailoring is of high standard, in keeping with the superior quality of the fabrics.

**SALE CONTINUES ON**  
BED BLANKETS  
MEN'S TOP COATS  
LADIES' T'LORED COATS  
LADIES' SWAGGER COATS  
LOUNGING ROBES  
WOOL SHIRTS  
BATH ROBES  
BOB COATS  
MACKINAW'S  
WOOL SOCK  
ETC.

All being sold at manufacturer's prices.



MR. C. P. BISHOP,  
President Pendleton Woolen Mills

"During the past 50 years, Pendleton has reached a high place among woolen mills. Throughout America, its products are renowned for superior quality of materials and manufacture. The Pendleton suits, which we are offering for the first time direct to the public of Portland, measure up in every way to our strict standards of quality and style."

Ideal climate and working conditions  
brought these European master  
craftsmen to Oregon

"Five years ago, I learned the tailoring trade, and in other garment centers where I have been located, working conditions are far inferior to those of the Pacific Northwest. Oregon's ideal climate adds to the efficiency and skill of labor—and for this reason many master craftsmen of other sections are drawn to this city."



J. VAN BERT,  
Pendleton Woolen Mills



E. M. BRIDGES,  
former President of  
Portland, Oregon

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**Pendleton Woolen Mills—2nd & Jefferson Sts.**

# OVERVIEW

## 1949



the 49<sup>er</sup>  
discovers  
bronze

the changing colors of a Western autumn gave you these beautiful new bronzed shades, and deep, toasted browns. Only Pendleton of Oregon could capture such colors so vividly . . . with pure virgin wool dyed, spun, woven and tailored by Pendleton in your newest 49<sup>er</sup> jacket, 17.95. You'll discover its perfect color coordinates in Pendleton's "panel pleat" skirt, 14.95, and full-fashioned sweater, 8.95

Pendleton Sportswear

INSPIRED IN OREGON  
always virgin wool

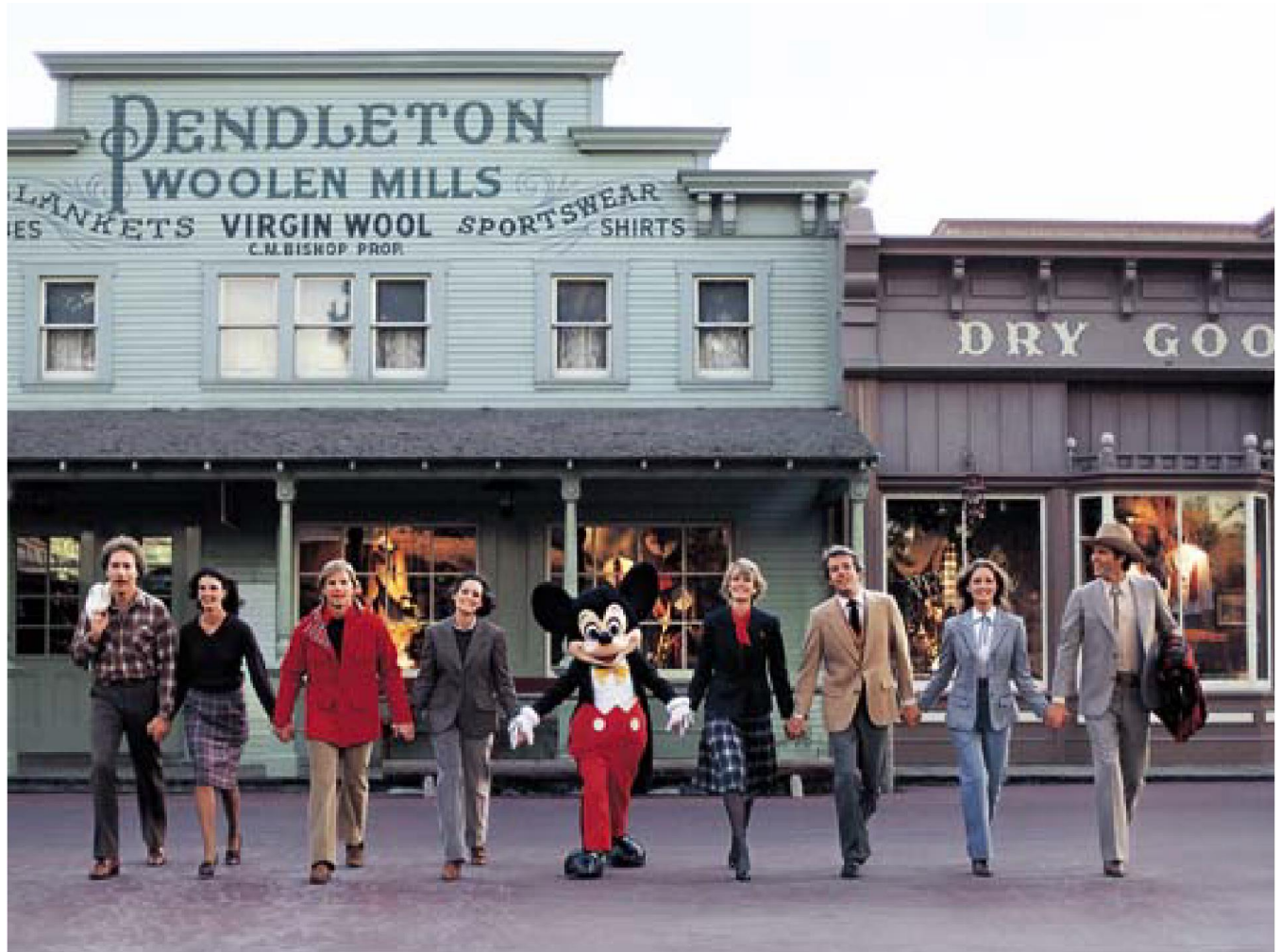
For descriptive Pendleton Sportswear literature, in full color, write Dept. J-8, Pendleton Woolen Mills • Portland 4, Oregon

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# OVERVIEW

*Disney*

**1955-90**



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# OVERVIEW

1960s

## THE BEACH BOYS ORIGINAL SURFIN' HITS THEIR FIRST RECORDINGS



Legendary Artist  
Series

Wintthrop

# OVERVIEW

1970s non-wool MW and WW

## The PenWesterners



PENWESTERNERS AT CAMERON INN, SCOTTSDALE, ARIZONA. PHOTOGRAPH BY STEVE GALLAGHER FOR SPORTS ILLUSTRATED

What they wear is part of the life they lead. Forward-looking, yet tasteful. Stylish, but not pretentious. Casual, without being careless.

Perfect.  
Quality sportswear. Fully coordi-

nated in color, totally original in design. For the look that started in the West, and became the standard of relaxed living across the continent.

You'll find it at a better menswear store near you.

Advertisement to appear in Sports Illustrated nationally Spring 1975.

## Country Sophisticates



### Adding a beautiful note to Spring

The look you've arrived. Exclusive colors and fabrics. Easy to care for. Thoughtfully coordinated. The Big Top, \$65. Screen. \$69. Country Sophisticates. Portland, Ore. 97201.

as seen in VOGUE, TOWN & COUNTRY • AT THE S BAZAAR • March 1975

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# OVERVIEW

## Dress for Success

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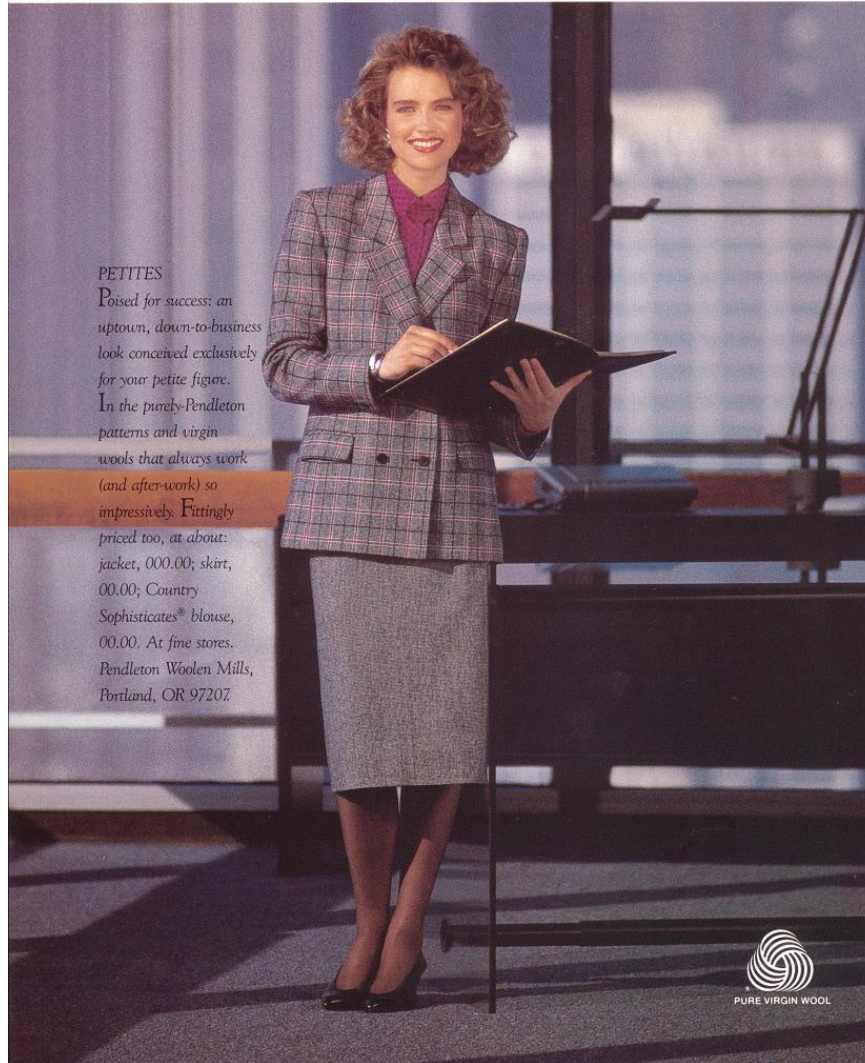
### 1980s

PURE WOOL. PURE PENDLETON.®

**PETITES**

*Posed for success: an uptown, down-to-business look conceived exclusively for your petite figure.*

*In the purely-Pendleton patterns and virgin wools that always work (and after-work) so impressively. Fittingly priced too, at about: jacket, 000.00; skirt, 00.00; Country Sophisticates® blouse, 00.00. At fine stores. Pendleton Woolen Mills, Portland, OR 97207*



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# OVERVIEW “dressing down”

1990s



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# OVERVIEW

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A  
B  
D

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# OVERVIEW

## 2000s - TODAY

- Pendleton since 1990s is a presence in global markets—Europe, Japan, China, Canada
- Contemporary fashion industry -- ecological issues
- Wool popular again -- a quality, natural outdoor fabric
- **Pendleton** “eco-wise wool” – environmentally friendly dyes; and washable wool—long-lasting, easy-care, and natural.

# OVERVIEW

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# OVERVIEW

*Wintthrop*



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# OVERVIEW

## TODAY

- PWM owns and operates 7 facilities, manages 75 Pendleton retail stores, and publishes apparel, and home direct mail catalogs, plus has a very active online catalog sales.
- The great-great grandsons of Thomas Kay continue the legacy of hands-on management in the company:

C.M. Bishop III is President;

John Bishop, Charles Bishop, and Peter Bishop are vice presidents.

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## SUMMARY -- A. Overview of PWM History

# B. The Woolen Industry and PWM

*Vertically integrated woolen and worsted weaving and finishing mills = dye, weave, finish*

- **1918** - Mills in U.S. are in their heyday. The fortunes of the industry begin to decline over the next 30 years.
- **Post-WWI I** - demand for woolen goods declines, many U.S. woolen mills close doors.
  - Foreign competition.
  - Relatively high costs and low productivity.
- **After 1950**, growing use of synthetic fibers.
  - Many remaining U.S. mills closed.
  - Lower-cost, overseas producers began to emerge.



## Summary: Woolen Industry & PWM

TODAY: Most remaining U.S. wool mills are small- to mid-sized businesses, which makes tracking their numbers very difficult.

**Statistics** Major commercial vertical woolen and worsted weaving and finishing mills

- 1955: over 200
- 1984: 33
- 2016: 5

Faribault

Woolrich

American

ITG

**PWM**

## Summary: Woolen Industry & PWM

### **PWM:**

- 1940s - 1980s: general growth, peak sales 1980s
- 1990s - today: period of contraction
  - consolidation of big department stores
  - overseas competition
- **PWM RESPONSE:**
  - New businesses: Retail stores, WW Catalog, Internet, Home Expansion, Home Catalog
  - Global impact: Europe, Japan, China, Canada

# 1. Alliance with Native American

tribes and use of native-inspired designs;

- Cultural appropriation issue?: Native community is benefiting in some real, tangible manner whenever its culture is invoked?
- ***Pendleton's record: 100+ years***, maintained a reciprocal relationship with Native tribes by trading with them and involving them in the design process

## 1. Alliance with Native American tribes and use of native-inspired designs

**“We have had natural relationships with Native Americans and we have kept our designs appropriate. Pendleton is considered the “gold standard” for corporate relationships with Native Americans.”—Mort Bishop III**



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# OVERVIEW

*Journal*



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# 1. Alliance with Native American tribes and use of native-inspired designs



## 1. Alliance with Native American tribes and use of native-inspired designs

- **Today, Native Americans** still view Pendleton's woolens as signs of love and care in ceremonial life.



*Pendleton*

1. **Alliance with Native American tribes** and use of native-inspired designs

## **Pendleton Tribal Partnerships -- examples**

- **Since 1990** PWM supports the American Indian College Fund
- **Blanket design:** In 2016, 11 blankets by 9 tribal artists
- **Pendleton Round-up**, since 1910:
  - Tribal dances sponsor; celebrates tradition of dance, music, and community
  - American Indian Beauty Pageant; contestants and horses in traditional regalia
  - Happy Canyon; sponsor custom wardrobe for princesses



## 2. Corporate organization

based on **vertically integrated** structure, from raw wool to finished retail products—combined with thorough understanding of the woolen industry;

PWM: “from fleece to fashion”

## corporate organization

“Fleece to fashion”



*Woolmark*

“Fleece to fashion”

**Control quality of product**

**Cost savings**

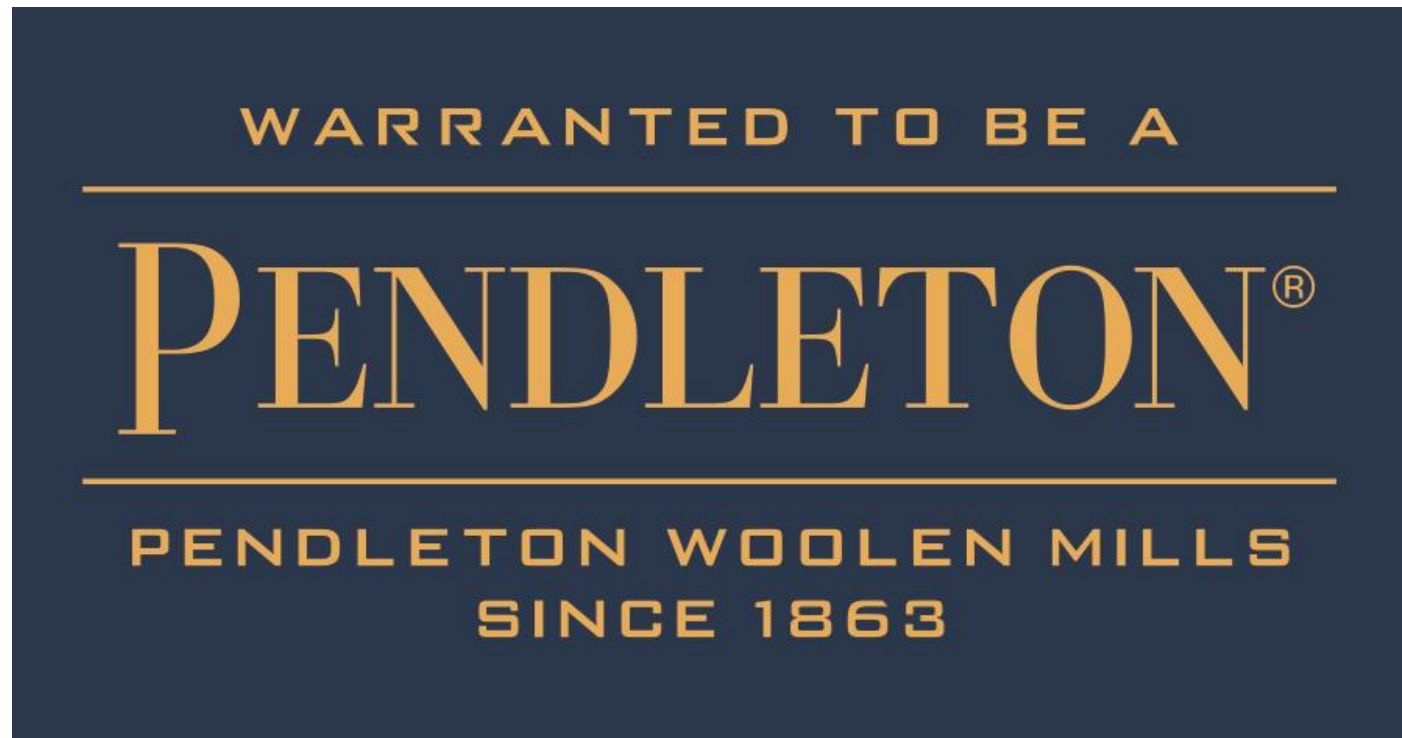
**Production efficiency**

**“Made in America”**

**Ownership involvement**

### 3. Premium quality products

Commitment to making and selling **premium quality** merchandise



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### 3. Premium quality products

- Thomas Kay: uncompromising standard of exceptional fabric, extraordinary quality, working for the long pull, and conducting business by the Golden Rule.

### 3. Premium quality products

**“The best thing to have is a good name.”**

*C.M. Bishop to his son, C.M.B, Jr.*

## 4. Ownership's value system

- Centered on **loyalty** and the “**Golden Rule**”
- Quality, Loyalty, Owner involvement, “Employee engagement”
- Employee Longevity

#### 4. Ownership's value system

### ■ **The Golden Rule: Verna Ashton:**

(36 years, Executive Assistant):

“It is a good company; they stand behind their product. And, “Made in America” is a part of that too. I think people are attracted to work at Pendleton because they too live by the Golden Rule.”



## 4. Ownership's value system

### ■ Employee Longevity

- Bishop family, 14 family members
- Dale Backes (Washougal) 13 family members

### ■ 1998:

- 25-year club: 605 employees honored for 25 years
- 40 years or more (89)
- 50 years or more (15)
- 60 years or more (3)

## 5. Fiscal conservatism + flexibility

- “Pendleton is not trying to be a fashion setter, but we believe in **style**.”
- “We don’t consider ourselves trend-oriented, but we are often cited for representing “American style.”
  - *CMBIII*

## 5. Fiscal conservatism + flexibility

- **“The company is well aware of its core competency - wool,”** though it’s integrated with other fabrics, **wool is the heart of the company.”** -- *CMBIII*
- PWM’s world-class wool fabrics are cutting edge and versatile, moving from relaxed to refined in styling.
- Pendleton remains committed to consumer interests, adapting their lines to be fresh and fashion-setting but always around wool.

## 5. Fiscal conservatism + flexibility

Paradox: “how closely Pendleton is implicated in American fashion,... while the Company focus remains on quality and longevity, it has consistently remained in step with American style” – Beverly Gordon

## 5. Fiscal conservatism + flexibility

- PWM Partnerships: exciting collaborations with Nike, Vans, Hurley, Adidas, Opening Ceremony.
- Other companies seeking out Pendleton to capitalize on American heritage trend.
- “One thing we look for in collaborations is **trend appropriate**, where we can create an exciting product, where we have compatible corporate cultures, like Nike.” -- *CMBIII*

## 5. Fiscal conservatism + flexibility

Women's Wear Daily • The Retailers' Daily Newspaper • May 12, 2009 • \$3.00

# WWDTUESDAY

Ready-to-Wear/Textiles

## The Country Girl

Sporting goods are no longer just for the outdoorsy set. For fall, high-end designers are offering their takes on rustic looks like blanket coats and waders, while traditional outdoor companies are also finding favor with the fashion crowd. Here, Pendleton for Opening Ceremony's Navajo-pattern wool coat over Trina Turk's cotton and nylon sweater and Nobody's cotton denim jeans, with a Dagmar beanie and Cynthia Rowley boots. For more, see pages 6 and 7.



PHOTO BY TARA CANTRELL; MODEL: LINA KOSKOSTANOVIC; MAKEUP BY JAMES HIRSH; HAIR BY JAMES HIRSH; STYLING BY MARIE ALDRE

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## 5. Fiscal conservatism + flexibility



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5. Fiscal conservatism + flexibility

**THE PORTLAND COLLECTION**

“Heritage with contemporary attitude”



*Wintthrop*



5. Fiscal conservatism + flexibility

# Home Products: National Parks Initiative



## 5. Fiscal conservatism + flexibility



DISNEY and LUCASFILM



*Wintthrop*

## 5. Fiscal conservatism + flexibility

- “Insight to our past gives us foresight to the future of how we can bring historical distinction to life and give relevancy to new ideas for the marketplace.”

*-- CM Bishop III*

# CONCLUSION

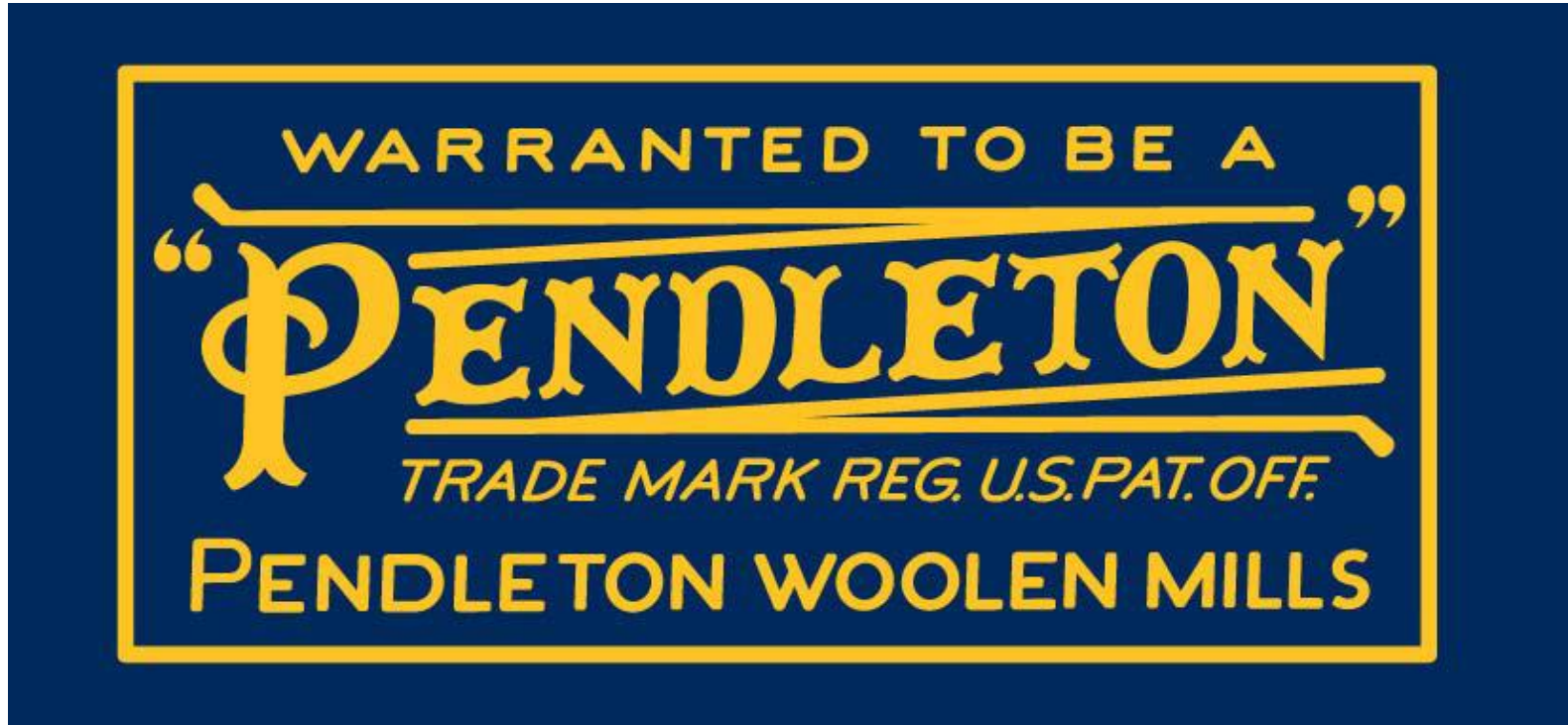
- **PWM is unique**; an example to learn from not imitate
- **Lessons:** the value and constraints of history
- **“Path-dependent decision making”**
- **Early decisions** became elements of corp. identity:
  - (1) Alliance with Native American heritage
  - (2) Vertically integrated corporate organization
  - (3) a commitment to premium quality merchandise;
  - (4) value system of loyalty and the “Golden Rule”; and
  - (5) fiscal conservatism + flexibility.

RESULT: **conscious adaption, innovation within heritage**

**“Our heritage is a lot more than a simple matter of using historical materials in marketing and branding for the sake of profit. It’s our DNA.**

“It’s who we are, where we’ve been, and where we’re going. Our history, heritage, and authenticity are continually evolving in contemporary ways.”

*-- CM Bishop III*



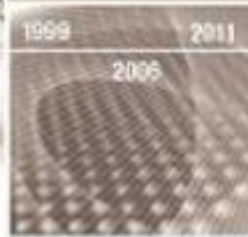
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*Capturing Experience and Putting It to Work*



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***Thank You***