Blake Mycoskie had been doing volunteer work in the poor districts of the Argentine capital, Buenos Aires, where he found that many children were barefoot. Taking part in a shoe distribution initiative felt good... until a friend pointed out that a child will wear out a single pair of shoes pretty quickly, or grow out of them. A long-term solution was needed.

**TOMS SHOES**

**A SUPPLY CHAIN CASE STUDY**

In 2006 Blake Mycoskie set up Toms, a for-profit company based in Playa Del Rey, California. The company was established to sell a kind of canvas shoes known in Argentina as alpargatas.

Upon his return to the USA, Mycoskie set up a web-based business selling imported alpargatas. Initially, he commissioned Argentine shoe manufacturers to supply him with 250 pairs, and from the outset, the company operated a model they called “One for One” whereby for every pair of shoes bought, another pair would be delivered to a child in need.

Early on, this came to the attention of Booth Moore, a fashion writer for the LA Times. She interviewed Mycoskie about his startup business, and said she would feature it in her column. In fact, the story was featured on the cover of the LA Times, and the company went on to sell 10,000 pairs of shoes in the first six months.

The success of Toms shows how a company can build sustainability into its “corporate DNA” from day one, delivering a competitive edge – but dealing with success can be at least as difficult as coping with adversity, as Blake Mycoskie was about to discover....
Speaking at a supply chain conference in 2016, Mycoskie describes what happened:

“We sold 2,500 pairs of Toms on our website from that single article, and I only had 130 pairs in my apartment. I like to call that my first of many supply chain problems to come ... how many orders, for a very long time, that we got completely wrong, completely delayed – I mean it was definitely the hardest part about growing the Toms business.”

Toms also had problems entering into relationships with major retailers that wanted to offer the brand: they simply didn’t have the scale to respond in the manner that a major retail chain or department store would expect. Nonetheless, by 2011 over 500 retailers were carrying the brand, worldwide.

Toms range of products has expanded since the early days, now including eyewear and coffee, while continuing to operate a model whereby a specified thing is given to a person in need with each sale. The model has made Toms a popular brand in the USA, and this has allowed the company to do a lot of good in South America, in Africa and in Asia.

Toms now reports that more than sixty million pairs of shoes have been given away.

Questions

What might Toms have done differently from the outset to avoid the early stockout, and what short- and longer-term strategies could have been put in place at that time, to avoid similar problems in the future?

At first glance, the business model of Toms would appear to be an expensive one to operate because two pairs of shoes must be sourced for every pair sold. Must the cost of the second pair of shoes be written off as a marketing expense, or are there efficiencies to be found? Review them, identifying opportunities for savings.

Critically discuss the strengths and weaknesses of producing shoes within nations that receive aid.

What would a manufacturer in a developing country need to do if they are to become a supplier to Toms? Propose a set of Order Qualifiers and Order Winners.

Select and apply a methodology that will allow you to analyse Toms’ external business environment, identifying where the situation for Toms is atypical.