

LULULEMON

Lululemon CEO: How to build trust inside your company

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Christine Day joined Lululemon Athletica in 2008 and helped the yoga-inspired athletic apparel maker grow by trusting her employees to make decisions.





PHOTO: ROBYN TWOMEY

It's true that Lululemon Athletica's manifesto proclaims that "friends are more important than money," but there's been a lot of the latter pouring in these days. In 2008, CEO Christine Day joined the company after 20 years at Starbucks ([SBUX ▼ -0.52%](#)); she has increased the number of stores from 71 to 174, while total revenue has grown from \$297 million to almost \$1 billion. Lululemon's ([LULU ▼ -1.33%](#)) stock is up about 300% since its 2007 IPO. What's the key? According to Day, it is trust between management and employees. Here's what she had to say:

Let staffers actually do their jobs

We provide managers with \$300 to repaint their stores (any color they choose) twice a year. The look and interior design of each store are completely up to its manager. We also allot \$2,700 per store to give to charities, local auctions, and other events. The decision about where the money goes is in the hands of the employees; they know their communities. Locals inspired D.C. store manager Carolyn Manning to create, with regional community leaders, a global yoga event in 2010. The

result — Salutation Nation — is an annual event in which over 70 Lululemon stores host a free, all-level yoga practice at the same time.

Find the magic makers

Taking responsibility, taking risks, and having an entrepreneurial spirit are qualities we look for in our employees. We want people who bring their own magic. Athletes are great within our culture; they're used to winning, as well as losing. They know how to handle — and fix — defeat. Also, they're team players. Currently, 70% of our managers are internal hires, so they've grown up in the culture. But there's also training to ensure that each employee carries out the Lululemon mission of “elevating the world from mediocrity to greatness.”

Allow people to own their mistakes

Our golden rule? If you screw up, you clean it up. After President Obama's Inauguration, one very partisan store display showed mannequins with their pants pulled down. Rather than yelling, we asked, “Was it right for your community?” We support employees as they take responsibility for their actions, apologize, and learn from their mistakes. Personal accountability is essential.

Take charge in a crisis

In a situation like last year's murder [of one employee, Jayna Murray, by another] at the Bethesda, Md., store, I made sure I was the face of the company. The local leadership was in shock. I flew to D.C. the day the news broke and tried to provide support, including hiring counselors, hosting a gathering for the family and employees, and providing time off. We kept the store closed for more than three months to let the police investigate and give employees, the families, and the community time to recover. They mattered most, not ringing a cash register. If I can trust that my employees will be there for me, they need to trust that I'm there for them.

This interview is from the March 19, 2012 issue of Fortune.

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