INNOVATORS: AARON FEUERSTEIN



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Polartec-maker Malden Mills was destroyed by fire in 1995 but instead of retiring on the insurance its CEO, Aaron Feuerstein, paid the workers' salaries until it was rebuilt, earning him the nickname 'the mensch of Malden Mills'.

Phoenix from the ashes

In a world where corporate thinking tends to have more emphasis on profit than morality, the actions Aaron Feuerstein took when his Massachusetts-based factory burnt down have been held up as a shining example of CSR taken seriously. A devastating fire ripped through Malden Mills in December 1995, almost raizing it to the ground and seriously injuring 20 workers. As the largest employer in the town, the closure of the family-owned textile firm would have left a gaping hole in the community where unemployment rates at 15% were already 10% higher than the national average. At a time when most apparel businesses were moving production to Asia, Mr Feuerstein - who was 70 at the time - went against the grain and took the decision to rebuild rather than retire comfortably on some of the $300 million insurance pay-out.

Architects were called in to create a modern building with more space and natural light at a cost of $430 million – and Feuerstein shelled out $25 million to cover the wages of 2,000 or so workers for the months the factory was out of action. The action earned him the affectionate title 'the mensch of Malden Mills', a mensch being a Yiddish word for a person of integrity. Giving up on the business was "not an option, not for a second," he said at the time.

Founded in 1906 by Mr Feuerstein's grandfather, Henry, the company, originally

Polartec founder Aaron Feuerstein was the third generation of his family to run Malden Mills.

OutDoor Friedrichshafen

named Malden Knitting, produced wool sweaters and bathing suits and later supplied uniforms to the US military during World War II. After the war, in addition to wool, the company began to develop man-made fibre capabilities to respond to shifting post-war markets. In 1956 the company relocated to Lawrence, Massachusetts, and expanded operations to include dyeing, printing and fabric finishing. In 1979 Malden Mills introduced its first branded synthetic apparel fabric, Polarfleece, which in some ways revolutionised the cold weather category, particularly as the line expanded to include a range of weights, finishes and waterproof styles. Investment in its development proved astute; Time magazine listed it as one of the 100 most important inventions of the 20th Century.

When his employees returned after the fire, sales and productivity rocketed, so grateful were they for securing their wages over Christmas time. President Clinton mentioned Mr Feuerstein in his 1996 State of the Union Address and invited him to attend as a special guest. He became a media darling, was awarded 12 honorary degrees and his actions widely discussed in the business press.

Market downturn

Unfortunately, all the goodwill in the world cannot counter market forces and after a series of particularly mild winters when demand for warm clothing plummeted the business found itself in difficulty. Its revenue for fiscal 2001 was about $180 million, flat compared with the previous year and far below the $400 million of 1995. Mr Feuerstein asked the banks for a £25 million loan to tide the business over – the same amount that had been spent on keeping the employees after the fire, which was "ironic" he said wryly – but it was not forthcoming.

Creditors circled. $140 million in debt and, against his wishes, in December 2011 Malden Mills filed for Chapter 11 bankruptcy. The general public wrote letters of support to Mr Feuerstein and even sent cheques to help, some as small as $5. His political contacts pushed for bigger military clothing budgets that could lead to larger contracts for the mill.

Forced to step down as CEO, but keeping his role as chairman, his request in 2004 to buy back the company from the creditors but was turned down by GE Capital, the biggest shareholder after the bankruptcy filing. "What was so terribly disappointing was that the board just turned it down without any discussion with me," said Mr Feuerstein, "not only because I had worked especially hard but the purpose of it was to meet the mission of the company, which is part of my family, to secure and grow the jobs at Lawrence and Hudson." He left the company shortly after.



Marmot is among numerous brands that use Polartec to keep customers warm.

Marmot

OutDoor award

In 2007, Malden Mills was bought by private equity firm Chrysalis Capital Partners and renamed Polartec. It now offers more than 300 different technologies, including the new Polartec NeoShell, used by brands including Rab and Marmot. Patagonia, The North Face (TNF) and LL Bean have been customers since the early years, and continue to be big clients.

Marmot's managing director, Andy Schimeck, was on the committee that awarded Mr Feuerstein the accolade of 'OutDoor Celebrity of the Year 2014' at the recent German trade show. The panel, which also included Vaude CEO Antje von Dewitz and TNF's director of sales, Arne Arens, said he was someone who had made an "especially significant contribution to the outdoor industry".

David Udberg, former president of the European Outdoor Group, described Mr Feuerstein's achievements as "monumental in terms of the development of the outdoor industry and in terms of the commitment to his people".

The trophy was accepted by Eric Yung, Polartec's sales director in Europe.

While his actions have been debated in business circles and would possibly been different had he had to answer to shareholders, Mr Feuerstein's ethos that there "are times in life when you do not think of the financial consequences but the human consequences" struck a chord with many. Polartec is still headquartered in Malden Mills with a subsidiary in Shanghai, and still focuses on adding technology to its products in the manner instilled by Mr Feuerstein. His comment that "there is no doubt this company will survive" seems to be in no danger of being corrected any time soon.

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