
MGT 400

The Balanced Business

Class Project

May 2, 2024 - Andrew Temte, Ph.D., CFA

Anthony Hintz

Company Overview

- **New Balance**

- New Balance was founded in 1906 in Boston, Massachusetts. It started as a one-man operation and has now made it to selling to over 120 different countries. New Balance specializes in footwear and clothing. Over the years, they have expanded to selling athletic, active, and casual clothing to expand their demographic to everyone.
- I chose the company, New Balance, for various reasons. First off, I didn't want to choose a company that I knew a lot about. Yes, I know what products New Balance sells, but I've never taken a deep dive into their website and values. On the other hand, I didn't want to choose a company I had no interest in and didn't know anything about. I have seen and heard of New Balance becoming one of the leading shoe companies. Because of this, I wanted to learn about their purpose, values, vision, and more.

Purpose: Critique the Company's Purpose Statement - Chapter 2

- **What is New Balance's Purpose Statement?**

- "Independent since 1906, we empower people through sport and craftsmanship to create positive change in communities around the world."

- **Critique**

- When you click on the "About Us" page on their website, "Our Purpose" are the first words you will see. In their purpose statement, they start the statement off by saying, "Independent since 1906..." This establishes credibility with the shoppers right away because it has been a business for over a century. The rest of the statement tells the world that New Balance gives power to people through sport and what they create to make a change. New Balance exists to sell their product to make a product, but also to make a change in communities in need of it.



Vision: Critique the Company's Vision Statement - Chapter 3

- **What is New Balance's Vision Statement?**

- **"Put the body in motion with the most advanced footwear technology on the planet."**

- **Where is New Balance going?**

- The simple answer is, nowhere. New Balance has gotten themselves to a point where they dreamed to be in the early 1900s. Their sales increased by 23% in 2023 from 2022, earning 6.5 billion dollars. Increasing sales in one year by over 20% is something very few companies do, especially when you are in one of the most competitive markets in the world. From a business standpoint, New Balance wants to increase their sales every year and continue to improve, just like every business. What separates them is their uniquely styled shoes which consist of 80% of their sales. It has become one of the most popular shoes in the industry.

- **How will New Balance make an impact?**

- **"We strive to unite people across borders and bridge divides through sport and its principles of respect and fair play. By opening doors and amplifying new voices, we can shape the future of sport and culture to create a better future in which all voices are welcome and heard."**
 - New Balance believes that everybody has the right to play. They aspire to be a brand that unites all kinds of people through sport. They fund many programs that focus on physical activity. New Balance truly focuses on impacting kids and communities through sport.

Culture | Values: Critique the Company's Values - Chapter 4

- **New Balance's Values/Statement**

- "Integrity, because how we do business is more important than the results we achieve. Teamwork, because together we are greater than the sum of our parts. Total Customer Satisfaction, because ensuring we are at our best is important for all."
- **Integrity, Teamwork, and Total Customer Satisfaction**

- **Total Customer Satisfaction**

- "78% of their owners show loyalty to the brand." Almost 8 out of 10 customers say they are likely to buy again from New Balance (statista.com). Customer Satisfaction is high and is demonstrated in the workplace.

- **Teamwork/Integrity**

- The CEO of New Balance always reminds the media about how important teamwork is to succeed in the business world. Executive VP, Joe Preston said, "New Balance is proud to have a strong culture built on teamwork, creativity and innovation." The hiring managers hire individuals who work well with others. To continue to be a part of their team, individuals need to continue to do so.

Culture | Behaviors: Critique the Company's Behaviors - Chapter 4

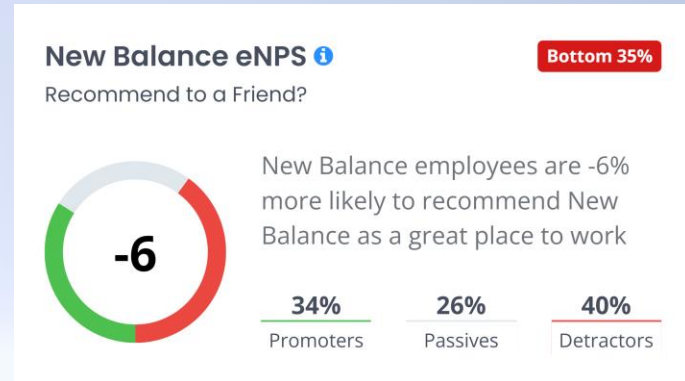
- **Social Responsibility and Giving Back**
- Through New Balance's website, they show examples of social responsibility through responsible leadership. **"Our Responsible Leadership strategy describes how we strive to build a better, more sustainable future."** Although there are pictures and quotes on their website, these behaviors aren't rated at the top from all websites and reports.
- **"The brand has set a target to eliminate hazardous chemicals by 2025 and claims to be on track. However, there is currently no evidence that the brand is taking meaningful action to reduce water use or protect biodiversity in its supply chain."** (goodonyou.eco) Obviously, New Balance's website will show all the positives and success. However, they have taken hits about their social responsibility and the impact it has on society around the world.
- New Balance is able to give back to the community in numerous ways. The New Balance Foundation has given over \$140 million to different non-profit organizations. \$10 million of that was in 2023 which was distributed between 80 different non-profits. When it comes to giving back, New Balance demonstrates it in various, beneficial ways.

Culture: Critique the Company's Cultural Reputation - Chapter 4

New Balance's Culture: *In-Person Teamwork*

- Teamwork has been a clear value within New Balance's culture. On their website, they state the following: "For decades we have fostered a unique culture founded on our values, with a particular focus on in-person teamwork and collaboration." New Balance is saying their culture has been developed from their values, being teamwork and collaboration. It is known that the number one focus within New Balance's workplaces is that everyone should be able to communicate with everyone.

New Balance received a Net Promoter Score of -6. According to the public and reviews from previous workers, New Balance overall is not at the top of the list for places to work. On the other hand, an anonymous reviewer wrote, "Teammates were exceptional at New Balance." Therefore, culture and values are confirmed by many.



Comparably.com

Learning & Coaching: Critique the Company's Plan for Training and Coaching its People Resources - Chapter 6

Critical Thinking and Problem Solving

- Critical thinking and problem-solving are at the top of the list of skill gaps that companies in the United States face today. This is one New Balance has been facing. Employees have mentioned these two as skills people don't all have at New Balance. With how the shoe and clothing industry moves forward, these are skills that go hand-in-hand that are necessary for success and innovation of the industry.

Transparency

- New Balance is a privately owned business which makes some things less transparent when compared to publicly owned businesses. On the other hand, consumers tend to purchase from fully transparent businesses. This can be an issue for New Balance.

New Balance Employees: In-Line with Business Priorities

- For New Balance to ensure that everyone's skills, attitudes, and abilities are met with the standard, the training program needs to be at a high level. For those who are hired under salary right away, they are evaluated at adequate times. This keeps all workers to the standard that New Balance wants to be at.

IT: Critique the Company's "It" Statement - Chapter 7

"It" Statement: **"Our goal is to help you achieve yours"**

- **About this statement**

- Although this statement is very broad, it accurately reflects what the company does. Focusing on shoes (80% of their sales), when a customer purchases a pair, the goal is to achieve comfortability and them being appealing to the human eye. With these being the goals of all shoe shoppers, New Balance's "It" statement is accurate.

- **Is New Balance in a position to win?**

- Yes. As stated previously, their sales have increased greatly in recent years. As long as they continue to develop products and maintain high customer satisfaction, New Balance will stay on top of the shoe business.

Indispensability: Chapter 8

What is New Balance Known for?

New Balance has always been known for reliable running shoes. It wasn't until 2020 that they started to come out with countless of newly styled sneakers. Their sales exponentially increased to where they are today. They are also popular for creating shoes for everyone. Each shoe has the availability to choose from different sizes and widths. This allows their target market to be expanded to everyone. Although New Balance sells clothing as well, they are known for their shoes. With the continuation and innovation of new technology, New Balance will continue to rise in the shoe industry.



Respect for People: CI Tenet #1, Chapters 12 and 13

Continuous Improvement

- **"To support continued growth and adherence to our policies, all strategic and high-risk suppliers undergo regular training by our team or from external experts. We also facilitate supplier-to-supplier trainings on topics such as our Code of Conduct standards, health and safety, employment practices, responsible recruitment, and self-inspection, and we encourage best practice sharing between suppliers."** (newbalance.com)
- New Balance exemplifies continuous improvement with regular training that touch on numerous topics. This ensures all people resources are up to date with the company goals and information.

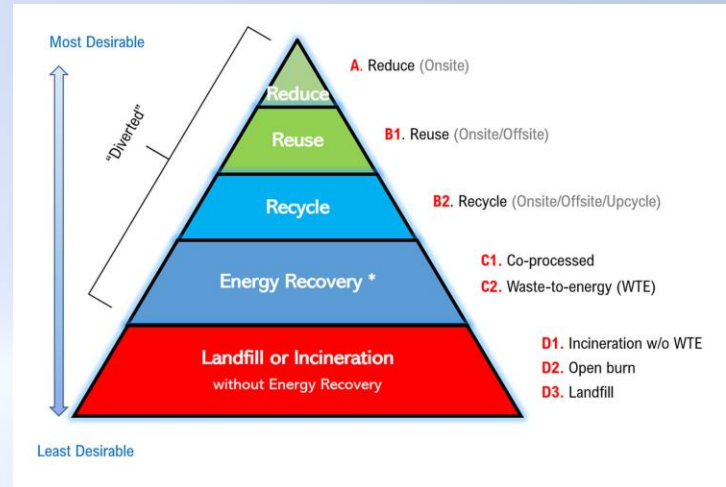
The Value of People Resources

- From the training programs and resources that workers go through, the simple answer is, yes, employees feel valued when working at New Balance. The one drawback is similar to what has been previously stated. Lack of critical thinking and problem-solving can be from the leadership in the company. But, overall, people resources are valued by the leadership of the company.

Optimize Waste: CI Tenet #2 - Chapters 14 & 15

The waste when creating shoes is the materials wasted once the owner is done with them. To change this, New Balance has a "Zero Waste to Landfill" goal. Their website has the statement, "We've set a goal to achieve zero waste to landfill from all our Tier 1 footwear factories by 2025." There are many materials that are causing the shoes to be sent to landfills. New Balance is working to change which materials they use which would allow for recycling of the shoes.

"Our plan is to reach zero waste to landfill by 2025, relying on at least 30% WTE in some regions. We will then further reduce WTE reliance, ultimately capping it at 10%."



Customer Focus: CI Tenet #3 - Chapter 16

- **High-Quality Products**

- Because New Balance offers all sizes and various widths of shoes, customers are much more likely to be satisfied. Very little shoe companies offer multiple widths for purchase. This shows New Balance cares about every customer, no matter what you look like.

- **Customer Service**

- New Balance offers customer service 7 days a week. They offer a chat bubble where you can chat with a representative, as well as a number to call to speak one-on-one with someone. Offering multiple ways to connect, 7 days a week, creates a good relationship with customers. No matter when a customer receives a product or needs assistance, they are offered the option to do so.

- **Measuring Satisfaction**

- Similar to almost every company, New Balance offers the opportunity to review any product bought. Through this, New Balance can see how many stars they are receiving, as well as what people write about the products. After products are delivered, customers are sent an email with the opportunity to take a survey to measure their satisfaction with the entire process and the product itself.

Summary Thoughts

Takeaways

1. New Balance is looking to takeover the shoe business. With how much they have evolved, the future is bright as long as they continue to release popular shoes.
2. With a NPS of -6, an improvement is necessary. Creating an environment where everyone is on the same page is crucial for New Balance.
3. New Balance has it down when it comes to giving back. Raising over \$140 million is very impressive.

Primary Challenge

The primary challenge New Balance will face in the next 10 years is market competition. They are in one of the most competitive markets that causes the need for new and improved ideas. The reason they have increased their sales so much within the last few years is because those ideas have happened. They have created shoes that consumers *want* to buy. Continuing on this track is vital for success for the next 10 years.

Primary Opportunity

The primary opportunity for New Balance is sustainability. Reducing the physical waste that New Balance uses to produce their shoes is a *huge* opportunity they face.

Summary Thoughts

This class is at the very top of all classes I've taken in my college career. Although I haven't been very vocal, I have taken in so much from you, Dr. Temte. I didn't know what to expect when I enrolled into this class, but it exceeded all expectations. I have learned to love myself and how hard it is to move forward if you aren't satisfied with your own mind. I learned how to take a deep look into a business, a way that I haven't before. I learned to find my confidence through my voice in front of the room. Learning from someone that has achieved so much success is something I will never take for granted. I am grateful to have gained the knowledge of everything you've taught us within the business world.

Sources

<https://www.newbalance.com/>

<https://www.comparably.com/companies/new-balance>

<https://www.indeed.com/cmp/New-Balance>

<https://ivypanda.com/essays/new-balance->

[company/#:~:text=It%20is%20also%20necessary%20to,a%20challenge%20for%20New%20Balance.](https://ivypanda.com/essays/new-balance-company/#:~:text=It%20is%20also%20necessary%20to,a%20challenge%20for%20New%20Balance.)