Levi Strauss & Co. (LS&Co.) is an American clothing company founded in California in 1853. The Levi Strauss Foundation (LSF) was established in 1952 as the company’s corporate foundation and has a unique relationship with its corporate sponsor compared to its peers, integrating its sustainable and inclusive business activities directly into the company’s supply chain. Specifically, LSF has found success through its Worker Well-being initiative, which started as a pilot program but is now a requirement for key suppliers to the company, having demonstrated a positive return on investment. LS&Co. has further realized the benefits of water efficiency, substantially reducing water costs by using less water in its production processes. LS&Co. aspires to be a leader through its inclusive business efforts and believes it can fill that role by setting an example that sustainability and profitability complement one another.

COMPANY OVERVIEW

LS&Co. is an apparel company best known for designing the first pair of blue jeans in 1873. It is now known for designing, marketing, and selling casual and dress pants, tops, shorts, skirts, jackets, footwear, and related accessories for men, women, and children. Its brand portfolio includes Levi’s, Dockers, Signature by LS&Co., and Denizen. The company was founded in San Francisco, California, in 1853 and now sells its products in over 110 countries through a variety of retailers as well as e-commerce websites. The company has engaged in a “profits through principles” business approach from the earliest years of the business. Among its notable achievements are that it integrated its factories two decades prior to the US civil rights movement and federally mandated desegregation.

LEVI STRAUSS’S INCLUSIVE BUSINESS EDGE

LS&Co.’s inclusive business activities unique partly due to the structure of the company’s relationship with its foundation. LSF is a separate entity from the company but maintains close ties, as much of its resources are determined by the company’s profits. LSF works “very closely with the company’s supply chain and [aims] to ensure [its] work aligns with the company’s priorities as well.” This close connection helps LS&Co. make the case that its values drive business decisions.

LSF’s Worker Well-being initiative is a collaborative effort between LS&Co. and its vendors. The program surveys workers at its partners’ sites, determines the most critical needs and areas of interest, and then creates a tailored program for each site. The program has been found to generate up to $4 in productivity benefits for every $1 invested, and it is this kind of positive return on investment that has made the Worker Well-being programs now a requirement for key strategic suppliers.

The close working relationship between LSF and Levis Strauss & Co. is what gave rise to this program; LSF conceived of the program and was able to have an audience with company leaders because of the close relationship between the two entities. The program was initially piloted by the foundation but is now owned by LS&Co., and the foundation’s role has since shifted to impact measurement and to developing toolkits to scale the program over the long term. LS&Co. believes LSF is an excellent space to pilot concepts and then shift responsibility of that program to the business once it’s believed to be effective.

The Worker Well-being program was designed to adapt to local communities; the issues faced by women in Egypt may not be the same as those faced by workers in Turkey. However, there is no global set of indicators for inclusive business activities at LS&Co.; the company works with vendors in understanding what are the

“At LS&Co., we believe that doing what’s right is not only good for the world, but good for our business.”

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challenges that they face on a case-by-case, location-by-location basis. Studies are not in place for every program; in some instances, anecdotal evidence of benefits from a vendor is sufficient, whereas with other programs, the company partners with outside organizations to document the impact.

LS&Co. has set the goal that by 2020, 80% of its product volume will be made in facilities that have well-being programs in place for workers. In the future, LSF would like to develop a well-being index, to demonstrate to the industry that these initiatives are beneficial to business. In this sense, LSF is partly driven by its desire to be a leader in the apparel industry. Whereas there is currently an index developed by the Sustainable Apparel Coalition for environmental issues, LS&Co. would like to establish something similar for worker well-being. Furthermore, LSF believes that its work should be open source and available to others. For example, LS&Co.’s survey tool to assess worker needs is available to any other company that wishes to use it.

LS&Co. takes a holistic approach that is based on data to developing its sustainability standards, evaluating the materials that go into it all the way through to end-use by the consumer. This strategy is exemplified in its Water<Less™ finishing technique, which it made open source to the industry earlier this year. In 2007 and 2015, LS&Co. conducted a comprehensive life cycle assessment of its core products, estimating that its 501 jeans use 3,781 liters of water in its full cycle, from cotton growing to production and through end of life disposal by the consumer. Such a comprehensive understanding of the resources involved with its products enables the company to comprehensively address the environmental impact of its products, even going so far as to urge its customers to wash their jeans less frequently. The Water<Less™ process reduces water usage in the garment finishing process by up to 96%. The company estimates that through this initiative, it has saved 190 million liters of water in 2014 alone. The program launched with 1.4 million units in 2011 and grew to 75 million by the end of 2014, for a total of 889 million liters of water saved over that period, with plans to further expand the program. LS&Co. has since seen its water efficiency innovations spreading throughout the apparel industry.

The efforts by LS&Co. to limit water usage is consistent with the UN Sustainable Development Goals (SDGs), which call upon the private sector to protect global water resources, in particular by investing in water efficient processes. The UN recognizes that the private sector plays an “important role in the dissemination of the knowledge, techniques, and skills and in scaling up water-use efficiency approaches.”

THE BUSINESS CASE FOR LEVI STRAUSS

LS&Co. has been able to make a business case in addition to a social impact case for both its well-being programs for workers as well as its water efficiency efforts. By starting small then scaling up, the Company has demonstrated a sustainable approach to inclusive business. LS&Co. started by piloting Worker Well-being programs in five locations, and based on these pilots determined that not only do they have a measurable impact on workers’ lives, but also have a positive return on investment for factories, vendors, and business. Studies commissioned by LSF on women’s health programs in several countries found that those programs were effective in changing women’s behaviors related to their own health. In Egypt, this initiative involved educating women on menstrual cycles and offering access to a health clinic that provided free sanitary napkins and medicine to treat menstrual symptoms. Due to increased awareness about their health and access to products, the female employees were less prone to missing work. The company estimates that every $1 invested into its worker well-being initiative generates

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$4 in productivity benefits, largely resulting from fewer days of work missed. This makes a compelling business case for investing in the welfare of workers. Because of this evidence, LS&Co. now requires key strategic suppliers participate in Worker Well-being.\(^7\)

With respect to water efficiency, LS&Co. estimates that its Water<Less™ jeans saved the company $1.6 million in cost of goods sold in 2014, another example of LS&Co.’s alignment of business incentives and inclusive business activities. With these kinds of results, it is aiming to expand Water<Less™ techniques to more product lines and vendor partners. LS&Co. estimates that it has produced 325,000 pairs of women’s jeans using recycled water, saving almost 32 million liters of water.\(^8\) The Worker Well-being and Water<Less™ programs exemplify how a company can innovate its inclusive business activities while satisfying standard measures of business success.\(^9\)
