



BSR Conference 2009

**Reset Economy. Reset World.**

## Integrating Sustainability into Sourcing, Design, and Production of Products

Breakout Session Summary

Thursday, October 22, 2009 | 1:45-2:45 p.m.

### Speakers

- » **Erik Joule**, Senior Vice President, Men's Merchandising and Design, Levi Strauss & Co.
- » **Amy Leonard**, Senior Vice President, Product Management, Levi Strauss & Co.
- » **Ayesha Barenblat**, Director, Advisory Services, BSR (moderator)

### Highlights

- » The two biggest impacts of Levi's products from an environmental lifecycle perspective are the two areas that are least under its control—cotton production and consumer use.
- » It is important to emphasize that sustainability creates business efficiency—if you can save on both costs and on employee brain space, designers can have more time to be creative, and companies can generate cost savings that can be reinvested in creating even more sustainable products.
- » Embed CSR thinking across the organization—moving sustainability forward must come from both the top (CEO level) and from the bottom (from interested and engaged employees).

### Memorable Quotes

*"On the consumer level, we've asked them a lot about their values and how they live their lives. And CSR and environmental impact is really important to our consumers. From Canada to Brazil to Texas to San Francisco, environment comes up as the common denominator."* —Erik Joule, Levi Strauss & Co.

*"What's been really challenging is no longer doing what we used to do. Letting go, and challenging your suppliers to do things differently. There is always that next thing coming along. You must push your team to be comfortable with the uncomfortable, and also to be okay with making mistakes."* —Amy Leonard, Levi Strauss & Co.

*"It's really about building a business case that makes sense financially. No one argues with numbers. Sustainability often means more efficient ways of working. And if you are really able to explain it that way, you can have a lot of success."* —Erik Joule, Levi Strauss & Co.

### Overview

Barenblat kicked off the session by asking the central question: How do you integrate sustainability into a product? She pointed out that this session is unique from other conversations about sustainability because the two Levi's speakers bring a truly integrated product design and management perspective to the discussion.

Leonard set the context by explaining the long history of sustainability at Levi's, which is guided by the concept of "profits through principles." It was therefore a natural step for the company to ask what this mantra means for environmental sustainability. Most recently, Levi's examined how sustainability fits into the full product lifecycle, commissioning an analysis on two products—the



501 jean and Dockers khaki. What they learned was “astonishing,” Leonard said. The two areas that were largest from an environmental impact perspective were the two that were furthest from Levi’s control—the cotton-growing phase—which accounts for 49 percent of their water use, for example—and the consumer-use phase, specifically in the washing and drying of the jeans. Levi’s did not give up because these two areas were out of its control; instead, the company decided to really step up its efforts and make a difference in the two areas.

Joule and Leonard explained that Levi’s has embarked on a variety of initiatives to tackle these issues, focusing on the product side, the retail end, and the products’ overall footprint. For example, to address sustainability in cotton, which makes up 95 percent of the fibers the company uses, Levi’s is engaging with Gap, IKEA, and others in the Better Cotton Initiative (BCI). Leonard explained that they can’t just focus on organic because there simply isn’t a large enough market for it. Organic also doesn’t solve all the issues around cotton. BCI focuses on many areas, including environmental and social sustainability of cotton production. In another example, Leonard explained how they are focusing on the consumer-use side—encouraging and educating consumers to send clothes to Goodwill instead of the landfill, and to use lower-temperature wash cycles, for example.

Barenblat then asked about the business case for these initiatives. Joule explained that “it’s about solving the problem through the lens of making the business more efficient.” A lot of times he sits down with his team and thinks about the costs. For example, they now have a rule that they only use two hang tags for each jean. They can then reinvest the savings into the product, such as using organic cotton, and deliver more value to the consumer.

Joule also pointed out that people in their twenties are already familiar with corporate responsibility. It is critical to capitalize on this young talent and enthusiasm. The design team at Levi’s overall tends to be younger and more aware of sustainability issues. In addition, when asked about CEO-level support for sustainability, Leonard explained that having support from the top-down is critical, but support from the bottom-up is critical too—both are important to truly embedding sustainability in the way you do business.

Barenblat next asked how they work to build both incentives and accountability within Levi’s teams to work on these issues. Leonard explained that sustainability progress is now part of everyone’s goals. She encourages her teams to think through tough questions, such as: How do we embed sustainability into everything we do, and not just in five eco-products? How do we challenge our suppliers to reduce their energy use by 50 percent, or their water usage, etc.?

In response to a question about how Levi’s keeps innovation alive within the company, Joule explained that innovation is definitely a challenge for organizations with long histories (156 years in Levi’s case), which tend to be scared of big changes. To get past this, he said, you need to make small changes and focus on small wins, rather than a single radical re-design. This is a very powerful model in an organization with many years of history.

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