

## Case Study for Levi Strauss & Co.

### Issue

Levi Strauss & Co. is one of the world's largest brand-name apparel marketers with sales in more than 110 countries. LS&CO. traditionally prided itself on corporate responsibility and its consensus-based management approach, and as part of a larger reorganization in the mid-1990s, the company began to examine its internal practices and procedures for resolving non-union employee conflicts. Led by the Associate General Counsel, the company embarked on a project to study its existing dispute resolution systems, identify avenues for change, and design, implement and evaluate a new set of processes for managing disputes. The goal was to actualize and further the consensus-based and people-oriented vision at LS&CO and increase worker satisfaction and productivity.

### Process

An ADR Design Team was formed to engage key stakeholders and ensure broad knowledge and support for the project. These stakeholders represented the following branches at LS&CO.: the prevention, safety, and health organization; human resources representatives from the field offices, headquarters, and global HR; sales; the two primary brands -- Levi's® and Dockers®; finance; communications; legal; operations and sourcing (including two plant managers); and the business continuity group (charged with ensuring that production would continue even after a natural disaster or other contingency). Personnel from each of these areas either volunteered for or were asked to join the Design Team. The team's first and primary task was to perform a needs assessment to identify gaps between organizational needs and existing dispute resolution capacity.

The Design Team conducted a series of focus group discussions in twelve company locations across the country. To ensure a representative sample of the workforce, focus group participants were selected according to a profile based on years of service, gender, function, and language. Each focus group consisted of ten to fifteen individuals who were asked questions about LS&CO.'s current system for resolving conflicts and what they thought a new system should look like. Approximately four hundred employees were interviewed in total. Input was also solicited regarding how employees and the company should share responsibilities under the new Conflict Resolution Program (CRP). The Design Team then collected and analyzed the focus group data.

Based on the focus group data, the Design Team agreed on a the goals and requirements for the new CRP. The Team then crafted a simple, systematic, and structured approach to conflict involving four levels: (1) face-to-face conflict resolution; (2) coaching; (3) in-house mediation; and (4) arbitration.

With their design complete, the Design Team sought and obtained approval from upper management for the design and for implementing the CRP at four pilot sites. To implement the CRP, Russell and others on the original Design Team created two new workgroups: the Implementation Team and the Core Team. The Implementation Team, like the Design Team, was a cross-functional group composed of representatives from the same stakeholders within LS&CO. The Core Team functioned as the "working group" of the Implementation Team.

The team considered several criteria for the pilot sites, including geographic diversity, business function diversity, workforce diversity, and size and the following sites volunteered or were

chosen: (1) New York Regional Sales Office, (2) the San Francisco Product Development group, (3) the El Paso, Texas Airway sewing facility, and (4) the Amarillo, Texas finishing center.

Implementation included education on the new CRP and conflict resolution training for all affected employees. In-house mediators and trainers were also selected and trained. The Core Team hired CDR to provide advice and consultation on implementation, and to design and deliver the trainings.

### Players

- CEO
- Associate General Counsel
- Brand Presidents
- VP, Operations and Sourcing
- VP, Human Resources
- Executive VP, Global Human Resources
- Front-line, non-union employees and managers (through focus groups and volunteering on the Pilot Council and pilot sites)

### Results

The CRP was successfully designed and implemented as planned, and employees reported both learning a great deal and changes in the behavior of colleagues within the company. At the same time, because of economic upheaval, the CRP was never fully realized. Those involved in designing and implementing the program -- including Core Team members, field employees, and consultants -- all point out one way in which the CRP project was an unqualified success: it was a consensus-building effort that consistently included stakeholders and was responsive to their concerns. Those involved "walked their talk." People remember the project with fondness because of this congruence between the message and the means of the CRP.

In the late 1990s, the company faced increased competition from designer jeans and store brands over and its revenues and market share declined. The company moved more of its production facilities overseas and dropped from over 30,000 employees in the mid-1990s to less than 10,000 today.