Welcome to WWD voices, where we share the latest fashion apparel and retail industry insights.

Welcome to WWD voices I'm Arthur Zaczkiewicz executive editor of WWD and today as part of retail responsible reset series with Accenture we'll be featuring Jill Standish of

Accenture as our guest host.

Today she's going to be interviewing Levi Strauss and Co. CEO Chip Bergh.

But how do you do it responsibly with purpose and in a way that engages consumers?

In this premiere episode of WWD Voices, we'll look at resetting retail from the perspective of the C-Suite.

Every time I walk down in the supermarket aisle or Walgreens and I go past the old Spice display, I think of you and how you changed that brand around.

It's been like six or seven years since, you know, you told me that that story.

At your time there and I just think of you and how to wake up a brand.
So welcome today and looking forward to some insights.

Thanks Arthur, yeah I'm a brand guy and.

Built my whole career around building brands so it's great to see you and to be here with you, so looking forward to this.

Great, well chip.

It's wonderful to be talking about you.

Your career lessons learned.

This year was unlike any

I think we've had in our careers, and I thought I'd start with, uh

A little bit about

Some of the recent news in what you've been doing, 'cause we're trying to keep this really current.

Uhm, you had a cool acquisition, and because I'm a Yogi, I was really... Talk to me a little bit about that and what you're thinking was around that acquisition.

Well, we're very, very excited about the acquisition.

We bought a brand called Beyond Yoga, and you know, I said just a moment ago I'm a brand guy and this really is a plan that we believe has so much potential.

It's the first acquisition, I've now been CEO here at Levis for 10 years, believe it or not, and it's the first acquisition that we've done since I've been here.

But it's very, very strategic.

You know, one of our strategies is to continue to diversify the company and we've been looking at acquisitions for actually a couple of years, but we have 3 stringent filters that an acquisition would need to pass through.

Number one, there needs to be a compelling strategic story behind it. #2 there needs to be compelling financial story.

Behind it and then number three, really importantly is there needs to be a good cultural fit, the Levis Company Ellison car.
We've got a very very strong culture on very strong values. How we operate we're at very, very principled, right? So strategically this makes sense on a lot of fronts Beyond Yoga in the fast growing very profitable. My margin athleisure category it is a real brand. It was founded 16 years ago. Based on this insight of body positivity and inclusiveness, and the brand really stands for that amazing product, and they have built this brand. I like to say the old fashioned way. This company has never lost money. Every single year, with the profits that they earn and the cash that they generated, they just reinvested it back into the business and they drew the business for 16 years and have established, I think foundationally a very very strong brand so a real good starting point strategically. Financially. The story is very compelling as well.

The business a little bit less than $100 million in sales.

It'll be over $100 million for us next fiscal year, but we didn't buy it because it's $100 million. We bought it because we believe it could be a billion dollars in sales and be a real needle mover for us.

If you think about it today, the brand only operates in the United States and because they've been capital constrained 'cause they did grow the business the old fashioned way.

Right it is uh ecommerce pureplay business with.

A little bit.

Of wholesale distribution no brick and mortar retail stores.

And actually, if you look at the categories that they compete in today and compare that against a Lululemon or Athleta.

There's lots of lights.

Base just still within the women's business and then of course there's the Mens opportunity as well.
And there is the brick and mortar opportunity.

And of course international expansion is a huge opportunity as well.

So I took a look at what they do so exceptionally well and what our capabilities are as a company and we just thought that there is lots of opportunity for us to bring capability and capital.

To be able to blow this business out and really make it something big and meaningful and then last but not least, there's a great cultural fit here that they are very values based.

Brand starting with this whole notion of creating a community around body positivity and inclusiveness.

But they're all about operating and doing the right thing as well, and so we're super excited about the business and about the opportunity.

It's a great team and I think the combination of our capabilities and the cash.

That we've got to invest in this business.

Along with everything that they've done so successfully, I think this has a ton of upside opportunity for us as a company.

Yeah, you know, I think out of those three I mean obviously sound business, and I know you probably put a ton of rigor into this, but one of the ones that you just talked about hit me, which is around culture.

And having gotten to know you a little bit over the last year through our zoom calls with RILA etc.

Uhm, I know that you're big on that, and culture means a lot to you and your team means a lot to you, talk to me, a little bit about how you connected with your team over the last year?

'cause you weren't in the office obviously so, so maybe you could share some of those stories and share with the audience.

Kind of how you maneuvered and connected.

I mean it's been really tough and I'll start with that.
00:07:20 Speaker 4
I think the longer that it is dragged on, the harder it has been, but you know, with the broader team with everybody at LS and Co.

00:07:30 Speaker 4
Uhm, you know?

00:07:32 Speaker 4
I decided very very early on, that I needed to be very visible and very present, and fortunately you know we had Microsoft Teams and the capability.

00:07:42 Speaker 4
Everybody had it on their computer and we were able to connect with people I do normally under normal circumstances.

00:07:51 Speaker 4
I do a monthly town hall, all hands meeting.

00:07:55 Speaker 4
Uh, which went back when we were in person.

00:07:58 Speaker 4
We do it in the headquarters a couple.

00:08:00 Speaker 4
100 people would.

00:08:01 Speaker 4
Show up people would also tune in digitally and people around the world would watch it digitally.

00:08:08 Speaker 4
And I did that about once a month or so and we actually called Chips and Beer cute, right?

00:08:15 Speaker 4
But we would actually we would actually serve beer.

00:08:18 Speaker 4
We do it late in and after we insert beer and had some chips and stuff.

00:08:22 Speaker 4
And you know, I might spend 5 minutes or 10 minutes up front talking.

00:08:26 Speaker 4
A little bit.

00:08:27 Speaker 4
About the business and what's happening.

00:08:29 Speaker 4
But then it's open mike and you know.

00:08:31 Speaker 4
Anybody could ask me anything?

00:08:34 Speaker 4
And with the pandemic, we've ramped that up and I started doing it every other week and we would have on some of these calls.

00:08:41 Speaker 4
We have 2022 hundred people dialing and watching it live.

00:08:46 Speaker 4
And then you.

00:08:47 Speaker 4
Know another 1000 or 2000 watching it remotely.

00:08:51 Speaker 4
I really felt it was super important to be visible.
Be present.

You know, I always try to show up as my authentic truth.

Well, I love the fact that people can ask super hard questions.

In fact, on teams they have the ability to hide behind Anonymous, which led to some snarkiness at some points in time, but as you know, I felt it was really important to build trust and to just continue to, you know, share with the entire organization where we were in the early days of the pandemic.

I mean, think back to March of last year.

You remember it, I mean.

Shut all of our doors we had. I mean, almost all of our doors globally were closed for 10 weeks in our second quarter last year and our revenues went got 67%. We lost $200 million in one quarter, which for us just unbelievable and you know, we thought when we closed our doors here in the US they'd be closed for two weeks. They were closed for about 6 weeks.

There was just if you go back to those early days of the pandemic, the amount of uncertainty that we were dealing with and everybody was scared they were scared about their health and their families health and they were scared about, you know their job and so I really thought it was super important to be present, visible and as honest as I could be.

Based on the information that I had, we knew in the early days of this that we didn't know how bad it was going to be.

We didn't know how long it was going to last for the first time in my 40 years.

I ran the business without a forecast.

I went to the board.

I said we don't know what this is going to be, we've got 3 scenarios high, medium and low.

And here's what the revenues are, and here's what the profit impact would be and.

But we know we also looked at this as an opportunity to double down on doing right by our folks and we rolled out.

Paid family leave just as just as the pandemic was happening where an employee could get 8 weeks time off to take care of a sick
Or loved one who was dealing with health issues, you know the timing of that was fortuitous.

So it was really important.

With my team.

It was even in some ways even.

Harder, in fact.

We all got together just yesterday.

For the first time.

I mean, I saw I, I've seen most of my team.

Most of my direct.

Reports a couple of times.

Over the pandemic, but.

For the first.

Time we all got together and we were outside and it was just great to be back together again and I think we've all kind of missed the camaraderie and you know the collaboration and the closeness that you.

That you build by.

By working side by side with folks so.

So it was, you know, certainly a very very challenging period of time.

But we've come through.

It stronger, you know.

I mean, we declared we were going to come out of the pandemic, a better company and a stronger company than we were when we went into it.

And I can confidently say that we are emerging from the pandemic, a better company.

Yeah, you know, I think I think a lot of this hit us all very personally and.
And one of the things that I lessons for me anyway, was.

I didn't know that I could build friendships over, you know, a video.

And I think we because we were all doing it.

It wasn't like you were left out because you were not.

You were remote and everyone else was together.

It was almost like this common thing.

We were all remote.

We were all in our.

Little box.

On the screen, you know.

There were definitely.

Some positives out of it.

Yeah I think.

You know, I mean.

You and I got to know each other really well because of the pandemic.

We're able to zoom with each other.

You know, on a monthly kind of basis, and add more closer connections with CEOs during the pandemic, 'cause we were all flying blind and everybody was trying to kind of compare with everybody else like what are you doing?

What are you doing about vaccinations?

What do you think about masking in your stores?

Everybody was dealing with the same set of issues and it did create.

You know, uh, moment?

Or an opportunity to really forge some new friendships?
I think through this.

So you know I.

I was reflecting as telling this story that when I first started my career.

And if I did happen to work from home and I was on a conference call, I used to hide the fact that I had kids and had a motion.

I would if they came in, I would flip my hand.

Like Shush, you know, shush, you know, put it.

Quickly on mute, and now it seems like I am introducing them to the people on.

Zoom I am, you know.

On teams I am introducing to my husband so.

Zooming into everyone’s

Homes has really been fun, so talk to me a little bit about that experience for you.

Definitely true. My dog just barked too, ’cause he’s.

Up hearing in the study

With me right now.

I would say I became a much more empathetic leader through all of this because

I got to see people in their full lots, right? You know, you’re zooming into people’s living rooms sometimes into their bedrooms. You’re seeing the kids and the dog and the cat.

And in the.

Early days of the pandemic when the kids were doing school remotely, I developed a real sense and my own daughter was zooming to school remotely too.

I developed a real sense of the stress and strain.
That that people felt.

In pandemic and I and it.

For me it increased the burden or the responsibility, I think, is a.

Leader to be.

Super aware and super empathetic of what people were going through during especially the most challenging periods of time during the pandemic and giving people.

The breaks that they needed to do that.

So we declared early in the pandemic we declared the last Friday of every month a company holiday.

We declared Fridays no meetings so that people because when you're doing zoom, you know everybody going back to back to back on zoom or Microsoft Teams meetings.

They had no time to do their own work.

They have no time to do their own thing, and so we declared these.

Every Friday, no meeting Fridays.

We did the last Friday of the month off really just to.

Out of concern.

For people mental health and well being and I sensed that you know, in a lot of the calls that I was doing and just kind of feeling what people were dealing with and to some extent still are.

You know with still a lot of uncertainty and fear around COVID

Yeah, I there is a.

That word empathy is probably the best word that you used. I mean, you just felt like you started to feel that some of the attention that was going on in these people's lives.

I'm going to switch.

Switch it up a little bit here and.
00:16:33 Speaker 5
Talk 'cause I know this is a passion of.

00:16:35 Speaker 5
Yours as well, since I know a.

00:16:37 Speaker 5
Little bit about you, which is.

00:16:40 Speaker 5
Uh, retaining talent.

00:16:43 Speaker 5
And upskilling talent, and we talk a lot about data literacy and how technology is creeping into everything that we do.

00:16:54 Speaker 5
And that's a big culture shift for a.

00:16:56 Speaker 5
Lot of firms.

00:16:57 Speaker 5
And so talk to me about your.

00:16:59 Speaker 5
You have a really cool story here around what you did.

00:17:03 Speaker 5
Internally, around upskilling.

00:17:05 Speaker 4
Yeah, so well, we have declared strategically that we are going to digitally transform Ellis and Co.

00:17:13 Speaker 4
As part of our part of our next 10 year plan, and we've been investing pretty aggressively in machine learning, data science and building up our digital capabilities and.

00:17:29 Speaker 4
Where a lot of our cap ex is going into this, it's basically going into digitizing the company and building brick and mortar stores and we're building those brick and mortar stores to be real, true, omnichannel, capable.

00:17:43 Speaker 4
But in the area of data science and just overall data literacy, one of the cool things that we're doing is we launched.

00:17:53 Speaker 4
AI Bootcamp, so machine learning bootcamp so and the back story on this really is quite simple.

00:18:02 Speaker 4
When we launched into this I hired a.

00:18:05 Speaker 4
Sort of a strategy and data analytics and AI doctor Katja Walsh and she reports to me and she's an expert and she's brilliant at this at data science and to build up our AI capability and we went out and hired a bunch of data scientists.

00:18:23 Speaker 4
Well, there aren't many in.

00:18:26 Speaker 4
Apparel there's nobody else is doing this, and so
you know, we’re hiring data scientists from tact and other industries and apparel and retail is different.

00:18:37 Speaker 4

And in a conversation with coffee, I was like we should identify people internally who we think have the skill sets to do this.

00:18:47 Speaker 4

‘cause then you could blend people who have experience in apparel in retail at Levis.

00:18:55 Speaker 4

Get them trained to be data scientists and we could match them with true data scientists.

00:19:01 Speaker 4

We’ve been doing it for a career and that could be a very very powerful number.

00:19:06 Speaker 4

Nation so we she went out and developed this program with an outside supplier.

00:19:12 Speaker 4

It is an 8 week warm boot camp where the candidates go through.

00:19:17 Speaker 4

It is a full time full on kind of 24/7 job because we're doing it with global cohorts.

00:19:25 Speaker 4

And after eight weeks they know how to write algorithms and they are bona fide data scientists now not quite at the same level as a four year degree from UC Berkeley, but they've got the basic skill sets to perform a data science role.

00:19:45 Speaker 4

Inside our company.

00:19:46 Speaker 4

And so we launched this about nine months ago, our first cohort, and in the first cohort we were going to do 30 people. We have 360 people internally apply for this.

00:20:00 Speaker 4

And it was a real rigorous process where caught in a couple of other folks, vetted each individual, and then we were looking for, you know, their passion around quantitative skills, but also perseverance because we knew this course was going to be tough.

00:20:15 Speaker 4

So would they be able to get through it?

00:20:17 Speaker 4

Would they?

00:20:18 Speaker 4

Would they get through?

00:20:19 Speaker 4

The tough grind that was ahead of the.

00:20:21 Speaker 4

And just overall the right a good mix of diverse candidates from lots of different functions.

00:20:28 Speaker 4

43 people went through it all. 43 graduated 10 immediately went into a data science role. The other 33 though, go back to their day jobs if you will with this new skill set, an expectation that they're going to be able to apply it. And that's awesome, because now they're accessing data and able to do this.
On their own.

The other political piece of it is they're part of the culture change and helping me change the culture to embrace data and data science.

So it was so successful we decided to do another cohort.

Which just started about a week ago, a little bit more than a week ago. Again, we have over 300 people apply.

Many people rolled over from the first term if they didn't get accepted the first time. This time we're putting 60 people through. So in one year we will have trained over 100 people.

As bona fide data scientists, we're going to continue to invest in building up our data science capability and some of these folks are going to go into data science roles.

So and the rest will be change agents for digitizing this company so super excited about it and.

I actually sat.

Through at the graduation ceremony, if you will, a bunch of them presented the work that they did.
So sorry.

I think that's my quote though Arthur but.

I have said that before.

But so how does that work?

Yeah, OK.

How do you like?

You have an acquisition, you.

You said the integration of the culture was fine.

Here you're transforming and internally by keeping people retaining them, training them.

So what role does?

How does the culture evolve?

Yeah, well, the culture does need to evolve.

I mean, we're not perfect.

To be clear and.

Uh, we have a tendency sometimes take on more work than we should.

We're not great at prioritizing, so there are some cultural aspects where we need to get better.

Just to be clear, but we.

Do have a.

Very strong culture, our values are very, very strong.

There's a lot of positives to our call.

Sure, but.

Culture does eat strategy and culture at the end of the day, drives execution too and execution is really the only thing that uh, consumer ever sees.

What we execute in our stores and our customers stores whatever and so how we work together and and you know really, is all about the culture of the.
Company as we go through this digital transformation, though as you can imagine, there's resistance in some pockets.

It's a massive change to take on, and anytime you're trying to drive change meaningful change, there's going to be resistance and so.

Part of what the AI bootcamp is all about is just building a flywheel effect of positivity around the impact that data science and digitization can have in our business overall.

You know it's first of all there's a war on talent.

There is so many open roles right now that I see in the industry.

A lot of people didn't come back.

There's a lot of burnout.

People decided I'm going to make a career shift.

I mean, I think you know I didn't grow up like you.

I didn't grow up with the type of data output that exists today.

I didn't grow up with social media.

And yet there's this in almost inherent like Oh my gosh, am I not relevant am I?

Am I missing something?

And so it essentially to go through TQ training, which is technical question. So every leader had to go through it and you're doing kind of similar things with your team, which I think is fantastic.
Yeah, we're trying to develop digital training for everybody so that people aren't as afraid of it.

But if you think about it, the apparel industry. In so many ways operates today the way that it did 50 years ago.

I mean, there’s the whole market week concept where we bring in suitcases full of sales samples, right?

And yet?

We probably all designed a car on an iPad and ordered a car on an iPad, you know.

We can.

Do things on an iPad today that we weren't able to do and yet we're still making sales samples.

For the market.

Week and we should be selling off by ipads.

Everything should be digitized at this point and it'll take time out.

It'll cut costs, it'll shortened time to market for everybody and it'll be a win win for everyone.

So there’s lots of opportunity here.

You know, I think we're. All talking about ESG.

And what you're just describing affects the E for sure.

'cause we're going to be eliminating waste.

We're going to be operating so much smarter.

It's also the S.

With your people and the culture and you know we can get into G.
And I know you're doing a. Lot of things. Around G too, but I think the point here is that this is the future. Being a responsible business in a responsible company Chip and I just look up to you on what you're doing. Just fantastic. Yes yes, so I have one kind. Of fun question for you. Uhmm, So what? What if you look back at the last 18 months? What was your indulgent pleasure? Well, I will say I guess I'm lucky because just from a family standpoint is being able to have breakfast and dinner with my family every night. They mean not traveling. Being home, that itself was very, very indulgent and. You, you know I've really come to appreciate that dinner time, we've got an almost 13 year old daughter who's in 7th grade now. And you know. It was really, really tough on her, but pandemic, especially in the early days, she's a swimmer. All the pools closed. She couldn't swim. She couldn't go to school. She wasn't around her friends and she was at that age where she's trying to pull away from her parents and develop. You know, her sense of identity and her independence and.
Her friends are everything to her and you know, locked, down and so being able to be here for her and be with family.

Kind of in that little cocoon for a period of time was probably my other big indulgent thing.

It was a blessing, actually.

To be able to experience that.

I think you know in Jill and I we spoke about this before about the you know that it was so the pandemic was.

It was so challenging. So many people lost their lives. It was difficult, but for many, it was transformative. Their relationships, especially their family relationships, evolved to like a higher level, so it's refreshing to hear it come from the C-Suite.

You know of a big company that on a personal level you've been?

You know, chance, one love.

Yeah, thank you so much, chip.

Thank you so much.
00:29:23 Speaker 5

We do, retailers are.

00:29:24 Speaker 5

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