

Corporate Social Responsibility: A Fundamental Business Thought Process

*Insights from Hilary Krane
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“Any successful corporate social responsibility (CSR) campaign has to be embedded in the business throughout the organization. For CSR to be most effective, an organization should take its CSR objectives and fundamentally build them into strategic planning so that everyone considers business decisions through the lens of corporate social responsibility,” explains Hilary Krane, Senior Vice President and General Counsel for Levi Strauss & Co. (LS&CO.) Krane shares that LS&CO. is very fortunate because the company started ahead of the game: the company’s founder, Levi Strauss, was a philanthropist who cared deeply about citizenship, and the company is still owned by the founder’s direct descendents, who also embrace and value corporate citizenship as a fundamental objective. To continue reading, [click here](#).

Hilary Krane provides insight to some of LS&CO.’s CSR practices, including the role of the CLO and law department, and thoughts on challenges and ideas on best practices in supporting the organization’s CSR objectives.

Commitment to Citizenship

For LS&CO., corporate citizenship is based on a strong belief that the company can help shape society through “civic engagement and community involvement, responsible labor and workplace practices, philanthropy, ethical conduct, environmental stewardship and transparency.” The company’s “profits through principles” business approach follows the LS&CO. belief that corporate citizenship and commercial success are closely linked, and that citizenship concerns can and should help shape business strategies and policies, as well as everyday decisions.

A recital of the company’s citizenship commitment as well as a summary of how the company’s history reflects its approach to corporate citizenship may be found on the LS&CO. fact sheet. For more on the company’s approach to citizenship, see the LS&CO. Citizenship Web page: <http://www.levistrauss.com/Citizenship/>.

Highly Collaborative Approach

Krane describes LS&CO.’s approach to CSR as “highly collaborative.” She emphasizes that a centralized group can’t “do” corporate responsibility for the organization. “Wherever you ‘put it,’ CSR is only effective if the person who ‘owns’ it views his or her role as involving everyone. The corporation as a whole needs to be committed to being socially responsible and to pull this commitment through everything to be most powerful in its implementation in order to make a real impact,” explains Krane.

In the past, the company advanced its corporate citizenship initiatives through the Levi Strauss Foundation, but Krane emphasizes that philanthropic endeavors are not the only – or even the best – way to implement CSR objectives. Indeed, while the overall initiative is ‘led’ by the Vice President of Community Affairs, the company advances its citizenship objectives through collaboration among its government affairs, operational, legal and philanthropic functions, which all share the same goal—guided by a charter document called the *Corporate Citizenship Value Proposition* (“Value Proposition”).

Levi's® Value Proposition

To help provide focus to the organization’s citizenship initiatives, LS&CO.’s worldwide leadership team, its senior-most executives, engaged in a detailed process to agree on the company’s objectives. Under the leadership of the Executive Director of the Levi Strauss Foundation and Vice-President of Community Affairs, the team devoted significant time and effort to developing its Value Proposition, which sets forth its overall objectives, and articulates the building blocks to support their goals.

Krane emphasizes the importance of involving and ‘hearing the voices’ of the people throughout the company’s ranks and notes that this was not a ‘top-down’ exercise. Importantly, as part of the Value Proposition development process, the executive leaders on the team spoke with their respective teams to draw upon and collect energy and support from deep within the employee base.

“By using this collaborative approach, the employee population came to understand that CSR is not ‘owned’ by any single executive, that would be too limiting. Under the clear leadership of Community Affairs, the Value Proposition is truly the work product and vision of the company’s leadership team as a whole,” explains Krane.

Communicating the Value Proposition; A Shared Vocabulary to ‘Move the Ball’

LS&CO.’s Value Proposition is publicized internally and everyone within the company is educated on it. Communications on the Value Proposition began ‘at-the-top’ with the company’s CEO devoting time to introducing and explaining the process for developing the Value Proposition at an ‘all-employee’ meeting. Following this initial roll-out, each leader within the organization spoke with his or her team to reinforce the importance of the Value Proposition to the organization as a whole and to discuss how it serves as a shared vocabulary throughout the company.

“Our corporate citizenship value proposition helps provide guidance and direction to harness the energy and enthusiasm for CSR and citizenship. Rather than allowing a ‘thousand flowers to bloom,’ without coordination, our Value Proposition serves as a guiding light to help us focus on delivering social change. Although a ‘thousand flowers’ is beautiful, our Value Proposition helps provide the necessary direction that then allows individuals to be innovative and to make self-empowered decisions, all while pulling in the same direction,” says Krane.

She explains that the Value Proposition helps guide decision-making and strategic planning throughout LS&CO. and serves as a charter or tool: when people are planning new business

initiatives, they review the Value Proposition alongside the proposed business initiative and ask critical questions such as:

- Does the initiative fit the company's Value Proposition?
- What are the intersects?
- Is the initiative sufficiently focused?
- Are we considering the right steps?

Law Department's Role: Motivation and Dialogue

Krane plays an important role in supporting the company's CSR initiatives, but is not organizationally on point for leading them. Instead, Krane views her role as a leadership role in providing motivation, tools and education to the law department and broader business - to help everyone own CSR.

Krane notes that some companies tend to naturally gravitate towards making CLOs responsible for CSR because CLOs often house the ethics function and this seems to be a natural fit. Krane emphasizes that CSR is more than a 'check-the-box' exercise or compliance-oriented program. She cautions that organizations that may adopt this latter organizational approach should 'beware' not to allow CSR to be relegated into the compliance framework: "CSR is more than compliance. Ignore at your own peril things that are technically legal but at odds with doing the right thing. Social risk can become legal risk over time. Compliance with law is the price of entry; citizenship is a much larger concept. Public opinion doesn't care about legalities; instead, they care about how the organization behaves."

The Role of the Board of Directors

What is the role of the Board in all of this?

The Board also plays an important leadership role and addresses corporate citizenship at the full Board level at Levi's®. Krane shares that, at one time, the company's Board had a specific citizenship committee on point for hearing and providing oversight on citizenship issues; however, the full Board expressed a desire to be engaged in citizenship considerations that impact the company as a whole, and the specific committee no longer exists.

For example, the Board played an important role in helping to shape and develop the Value Proposition. In addition, a portion of at least one Board meeting each year is devoted to citizenship issues and includes a report on citizenship activities throughout LS&CO. Krane emphasizes that the report on citizenship at the Board level "does not drive the program — the Value Proposition is part of the strategic planning of the company and citizenship permeates everything we do in a very organic way. So the Board will get their formal report but they will also hear about citizenship issues in many different strategic and tactical discussions."

Tools for Implementing CSR

Developing tools to help implement CSR initiatives can often be the hardest part. Krane lists some ideas on tools to consider:

- *Performance Objectives within HR Tool Kit:* the company’s approach to performance evaluation includes setting goals and objectives for each year. Employees are encouraged to include citizenship objectives in their goals to help ‘bake’ them into the performance assessment process.
- *Research:* from whatever group within the organization that would be appropriate to perform the research, information on developments in communities around the world and on focuses and measures that others are using is helpful.
- *Reporting:* tools to help the company tell the world about its CSR objectives and accomplishments are important. Like all things in business, communication to outsiders should follow substantive actions taken for compelling reasons. Doing something simply to enhance external communications will not be authentic and, thus, will be less likely to succeed.
- *Metrics:* remember—“what gets measured is what gets done.” Krane describes this as the hardest part of implementing CSR – to decide what the company will measure. She shares that this will be different for every company and that the challenge is to identify a set of metrics that everyone can agree to. Business leaders must feel that this is something they are collectively doing, not something being done to them.

Ideas on Key Challenges & Best Practices

Krane shares some thoughts on key challenges and on best practices to consider.

On challenges:

- *Be careful not to confuse citizenship with compliance:* while compliance is an important part of a company’s overall operational objectives, CSR and citizenship initiatives are not the same thing as mere compliance; a company that confuses compliance with citizenship will not be as effective in its CSR and citizenship goals.
- *Try not to be overly conservative in assessing opportunities; take the longer view and evaluate holistically:* citizenship initiatives often bring with them certain risks, especially in far away lands. Resisting the temptation to be risk averse and taking a longer view on potential benefits is generally more rewarding than focusing on goals that are “safe” and relatively easy to achieve. (An example at LS&CO. is their support for the development of legal aid networks for workers around the world. This may seem at odds with a traditional employer position, but helping to develop systems for workers’ rights can bring real benefits for all.)
- On best practices:
- *Clearly Articulate Goals:* implementing CSR initiatives will be most effective if goals are clearly understood.
- *Communicate Constantly:* repeat the company’s message, engage employees in dialogue about the issues, and make it clear that the commitment to citizenship is part of the fabric of the organization.

- *Celebrate Short Term and Interim Wins:* it can be a long time before a company experiences a major victory. Equally, progress can come in a series of little advances without a major event heralding success. So it is key to recognize progress towards overall goals as it is made. Ideas to celebrate wins include: regular communications to the organization on progress; celebratory group activities; and excellence awards.

Closing Insights from Hilary Krane

“CSR work is never done. There are lots of opportunities out there. As you meet one bar, other bars get raised. The process includes meeting one goal, going to the next goal and adjusting along the way. At Levi Strauss & Co., we have tremendous support for our citizenship goals from both our leadership and shareholder base and this helps contribute to the fundamental success of our efforts in this area. But nothing, at the end of the day, has more impact than the sincere and shared commitment of business leaders and the employee base,” explains Krane.