



Chip Bergh



Art of Leading

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"If You Stand For Everything, You Stand For Nothing. So We Pick Our Spots."

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Adam Bryant [in](#)

Managing Director at The ExCo Group (formerly Merryck & Co. Americas)

*Great to catch up with **Chip Bergh**, the CEO of Levi Strauss & Co., who shared his key lessons from leading during this*

incredibly challenging year, including his thinking on how companies can and should take stands on broader societal issues.

Q. This has been such a challenging year for leaders, with so many difficult balancing acts.

A. Yes, we're balancing multiple crises at the same time. We're balancing a pandemic and its economic fallout. We're balancing climate change and wildfires in California, and social justice issues and racial equality issues. It's almost impossible to balance everything, and certainly the demands of the business have not gone away.

Q. How has the conversation about social injustice played out inside Levi's?

A. The hardest thing for me was the reckoning that I faced looking at the results inside our own company. We aren't where we need to be in terms of having a diverse workplace. So we had some open conversations with our Black employee resource group, which we call Onyx, and the leaders of that team and the team members were incredibly open with me on where we stand internally.

And we put together a list of specific, concrete actions that we're going to take. We need to have diverse leadership at all levels, including our board of directors, if we're going to make progress on this. As well as this company has performed over the last several years, we can be a much better company and deliver even better results when we fix our

diversity issues.

It has also been a big moment for me personally. I had to come to terms with the lack of progress that this country has made in ending discrimination and creating a level playing field for everybody and living up to the intent of what this country is supposed to be.

Q. Companies are playing such a broader role in society now. Any reflections on that?

A. I'm blessed to work at a company that has always believed in stakeholder capitalism, going all the way back to our founder, Levi Strauss, who started the company almost 168 years ago. This is a company that has not been afraid to take stands on important social issues, including racial equality. We desegregated our factories ten years before the Civil Rights Act. We were early on LGBTQ rights. And we were one of the first companies that offered healthcare benefits to same-sex partners.

So this company has a long track record of not being afraid to stick its neck out for things that really matter in society. But in today's world, it's more important than it has ever been. As governments, and even NGOs to some extent, back away from these big meta issues that are impacting society, somebody has to fill the gap. As leaders, we have a responsibility to step into that void and make this world a better place.

Q. Employees are also demanding more of a say in their company's stance on certain issues. How do you think about that?

A. When we talk about stakeholder capitalism, one of the biggest stakeholders is our current employees. For almost as long as I've been CEO, I've done a monthly town hall. We call them Chips and Beer, and we would do them late in the afternoon, and it was usually standing room only. I would talk for five minutes about the business, but then it was open mic. People could ask me anything. I always loved doing it because it's a way for me to stay in touch.

During the pandemic, we're doing them virtually, of course, and we've dialed up the frequency to every two weeks. And we use the chat function so that people can ask questions and vote on the questions. Sometimes people raise issues and I'll just have to say, "This is the way it's going to be."

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For example, I've been asked questions about whether we are going to give extra compensation to our frontline staff because they're working in the middle of a pandemic. The answer was no because we shut the stores down when it was not safe, and we only opened the stores when we deemed them safe.

But we've expanded paid sick leave during COVID-19. We also help employees through the Red Tab Foundation, our nonprofit that serves as a financial safety net for Levi's employees going through unexpected

hardship. So in all these decisions, we're focused on how we can best support and protect our frontline staff as they work.

Q. In many ways it feels like CEOs are becoming like politicians, where you have to be prepared to answer a question on just about any aspect of society.

A. It is becoming a more complex job. It is no longer just about managing the day-to-day business or managing the next five years and the strategy and the board. It is way more complicated than that, and you have to navigate all the different stakeholders and do the right thing. You also have to balance where you draw the line. Where do you weigh in? Because if you stand for everything, you stand for nothing. So we pick our spots about when we comment, and sometimes those are tough calls.

Q. What filter do you use for those decisions?

A. Basic human rights issues are very high on our list. The immigration ban that the President put in place early on was a no-brainer. There are other issues that require a lot of debate and deliberation and board engagement. We ultimately weighed in on ending gun violence in this country after the Parkland shooting.

We had started talking about the gun issue after a customer shot himself in the foot in our store; he could have shot an employee by accident. But after Parkland, I said enough is enough. This is a huge societal issue. It is really important to Gen Z. We need to take a stand on this,

and we said that we could not have customers carrying guns in our stores.

Q. Shifting to more timeless leadership questions, now that you've been in this role for nine years, what advice would you give to first-time CEOs?

A. Number one is to be really clear on where you want to go — what's your agenda going to be? What are you going to stand for as the CEO? What are you going to drive that's going to be the mark you're going to leave? That can be hard to figure out completely before you're in the job, but within the first three to six months, it's important to understand the mark that you ultimately want to leave.

Number two, everybody knows where the CEO is spending their time. When I was traveling back pre-pandemic, everybody knew where I was going. And where and how the CEO spends their time sends a very loud message across the company in terms of what's important. And it's really important that you spend your time on the things that are going to drive value creation, drive the values of the company and drive the things that are on your agenda.

There are only so many hours in a day, and it's easy to waste them. Which leads to the third point, which is that the most powerful word in the dictionary is no. You have to be able to say no so that you can stay the course on your agenda.

The last thing is that it's about the people. Nobody is ever going to

remember me for what I did for the business. They're going to remember me for what I did for them. How did I help them grow? How did I get the most from them? How did I help them be successful? What I enjoy the most about this role is being a teacher. I've learned from a lot of great leaders through the years, and it's my time to grow the next generation of leaders.

Q. What advice that you find yourself sharing most often when you are coaching and mentoring people?

A. The biggest is the importance of humility and listening. As people move to more senior levels, especially if they're really ambitious, they might think that they have to be right all the time and win every argument. Sometimes that gets in the way of listening empathetically and really trying to understand something before they come to a conclusion.

There's a trap in success in that you can think that what got you to where you are is your own brilliance. And it's not. What got you where you are as a senior leader inside a company is your ability to get results. And it started when you were younger in your career, when you were probably a bit more humble and a bit more collaborative and a bit more willing to meet people halfway.

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And then the more you grow in your stature and your status and your role and your title, all of a sudden you become the world's smartest person and you're telling everybody they're wrong and you're right. That loss of humility sometimes gets in the way of getting the most out of people deeper inside the organization.

I am not the smartest person in my company. One of my superpowers is being able to ask good questions and draw the best thinking out of the people who are really closest to the business. And that ability to just be human, be empathetic, be approachable is a really important quality of leadership.

People need to feel like they can be completely honest and can say something that might not be popular but that is important for the leadership to hear. That can sometimes make or break senior leaders who are aspiring to become CEOs someday.

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