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# LEVI STRAUSS FOUNDATION

A BE FEARLESS CASE STUDY

## PRINCIPLES IN ACTION

### **MAKE FAILURE MATTER:**

Failure teaches. Learn from it.

### **EXPERIMENT EARLY AND OFTEN:**

Don't be afraid to go first.

### **MAKE BIG BETS AND MAKE HISTORY:**

Set audacious, not incremental, goals.

Levi Strauss Foundation embraces the 160-year pioneering legacy of Levi Strauss & Co. with an innovative approach to investing in San Francisco's new social change leaders.

## SYNOPSIS/SUMMARY

When five well-established, San Francisco-based social justice organizations experienced transitions in leadership, Levi Strauss Foundation saw an opportunity to shift its role from traditional grant-maker to catalytic change-maker by investing in next-generation leaders. Following intensive community conversations, the Foundation launched an experimental initiative called **Pioneers in Justice**—deliberately shifting away from shorter-term

“transactional” grantmaking to longer-term commitments focused on strengthening leaders, their organizations and movements. In this case study, you will learn how Levi Strauss Foundation drew upon its can-do history and culture of experimentation to take a longer-term view of social change centered around building the capacity of social justice leaders.



## THE BACKGROUND

Founded in 1853, Levi Strauss & Co. was born out of the California Gold Rush—the iconic journey made by scores of dreamers from around the world looking to make their fortunes. Levi Strauss supplied dry goods to those early pioneers and in 1872 he developed an innovation with one of his customers, Jacob Davis, which would change the course of history. Responding to the needs of miners demanding pants that were durable and long-lasting, they brought to market “riveted-for-strength” work wear made of true blue denim. The U.S. Patent and Trademark Office granted the patent for their innovation on May 20, 1873—the day the blue jean was born.

*“Experiment early and often requires a mindset that acknowledges that failure and experimentation are part-and-parcel of social change and progress.”*

DANIEL LEE, EXECUTIVE DIRECTOR,  
LEVI STRAUSS FOUNDATION

By late 1800s Strauss had become a successful businessman and one of San Francisco’s greatest philanthropists. Strauss was an early contributor to the Pacific Hebrew Orphan Asylum (now Edgewood Home for Boys & Girls, an organization still supported by the company today), the Eureka Benevolent Society and the

Hebrew Board of Relief. In 1897, Strauss provided funds for 28 scholarships—more than half to women—at the University of California, Berkeley. All are still in place today. Those early contributions, along with Strauss’ ethos of entrepreneurship, courage and commitment to community, sowed the seeds of a corporate culture and approach to philanthropy that guides the company’s giving today.

In 1952, the company leaders—the Haas Family (descendants of Strauss)—established the Levi Strauss Foundation to guide the company’s philanthropic efforts.

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**The Haas family made a bold and strategic choice that few companies were making at the time—they set aside an average of 2.5 percent of the company’s annual profits for philanthropic purposes.**

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This decision institutionalized the company’s commitment to social change in a way that honored both Strauss’ entrepreneurial spirit and the intimate connection between the company and the San Francisco community it calls home.

The Levi Strauss Foundation was the first corporate foundation to make grants in the fight against HIV/ AIDS in the early 1980’s. In the early 1990’s, the Foundation formed the first national corporate/ community partnership dedicated to reducing racism

in the workplace, educational institutions and the community; these efforts were centered in factory communities in the American South. True to its history and its iconic founder, the Levi Strauss Foundation has been a pioneering funder in the area of social justice, experimenting with its grantmaking approaches and causes as a first-mover.

Today, the Levi Strauss Foundation continues to embody the Be Fearless principle of Experiment Early and Often while remaining at the front lines of the social justice movement in San Francisco. The corporate legacy of risk-taking is built into the work of the Foundation:

**“Every day, we support progressive leaders and organizations that take risks and innovate as they address the most pressing social issues of our time: from HIV/AIDS and human rights, to promoting long-term assets among low-income people and improving the lives of apparel workers in our supply chain.”**

## THE “AHA MOMENT”

In 2009, San Francisco witnessed a sea change in the leadership of many of its most established and long-standing social justice organizations. The social justice landscape in San Francisco at the time was challenged by the economic recession, as well as by the need to

remain relevant in the face of new and disruptive social media technology. This changing landscape called for new, more modern approaches to social justice work. A new wave of young Executive Directors recognized the need to fully embrace the digital age and bring a new, contemporary way of thinking about social justice work to the table. They included Chinese for Affirmative Action (hired a 33-year old leader); Lawyers’ Committee for Civil Rights (hired a 32-year old leader); Asian Americans Advancing Justice - Asian Law Caucus (hired a 35-year old leader); Equal Rights Advocates (hired a 38-year old leader); and the American Civil Liberties Union of Northern California (hired a 35-year old leader). Despite each organization’s deep history in the community, the new leaders all felt a sense of urgency to adapt their organization’s approaches in order to remain relevant in a 21st Century, social media dominated world.

At the same time, Levi Strauss & Co. recognized the need to drive more systemic, as opposed to incremental, change within its hometown efforts in San Francisco.

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**The Foundation’s international grantmaking was outpacing its domestic grantmaking — a mirror of the company’s increasingly globalized business presence — and the Foundation’s leadership sensed an opportunity to focus on challenges emerging on the home front.**

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They latched onto the generational transitions underway, in the local social justice landscape. A new generation of constituents demanded new ways to connect. Through a committee of Board members, the Foundation held intentional conversations with these new leaders in order to better understand how they could work together to more effectively steward San Francisco's social justice legacy.

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## **The Foundation's leader, Daniel Lee, as well as key leaders within Levi Strauss & Co., were faced with three critical questions:**

- *What* should Levi Strauss & Co. do to reconnect with its millennial customer base and what role, if any, should the Foundation play in supporting that connection?
- *How* should the Foundation respond to and support the next-generation leadership among the five social justice organizations?
- *What* can the Foundation do to maximize its impact on the evolving social justice movement in San Francisco?

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## **THE BE FEARLESS RESPONSE**

### **THE PIONEERS IN JUSTICE INITIATIVE BEGINS**

True to its pioneering spirit, the Levi Strauss Foundation chose a path of experimentation and launched the Pioneers in Justice initiative, which was shaped in large part by input generated through Board committee led

conversations with the new emerging social justice leaders. The elements of the program reflected what the Pioneers expressed they needed: time and space to collaborate with other leaders, a stronger understanding of social media tools and ideas for engaging younger generations in social justice work.

Unlike any of the Foundation's previous grantmaking efforts, the Pioneers in Justice initiative was launched with a big bet: the Foundation would shift the bulk of its hometown grantmaking portfolio to focus on a five-year commitment to support the new wave of leaders serving San Francisco's civil rights organizations (the "Pioneers"). Forged in the spirit of co-design or co-creation, the Foundation partnered with these organizations to test new technologies and approaches designed specifically to engage new and diverse stakeholders—particularly millennials. The initiative was designed to support these new leaders in their efforts to experiment and make dramatic change in the community by harnessing social media and reshaping their networks. For the Pioneers in Justice initiative to be successful, however, Lee knew that the Foundation would need to fundamentally change how it approached its work.

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## **One of the biggest shifts was to focus on the impact of grants as opposed to the *administration* of grants.**

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## THE FOUNDATION SHIFTS FROM GRANT-MAKER TO CHANGE-MAKER

The Foundation recognized a need to form partnerships with the Pioneers that centered on close collaboration to support them as they worked to make change. As Lee describes, “We changed [our orientation] from grant-making to change-making.”

He embraced Levi Strauss & Co.’s risk-taking culture to re-focus the Foundation around strengthening leaders and testing new ideas as opposed to achieving specific, predefined measurable outcomes. The Foundation accomplished this shift by concentrating on a few key actions.

- First, it set aside dedicated funds for an experimental, “innovation” portfolio. Specifically, 15 to 20 percent of the Foundation’s total funding is dedicated to this innovation portfolio, enabling the Foundation to invest in dynamic leaders with great ideas—even if those ideas have not yet achieved significant outcomes or results. The Pioneers in Justice program represented 15 percent of the Foundation’s total grants last year. All of the funds allocated to the Pioneers in Justice program fall within the innovation portfolio.
- Additionally, each of the program managers are encouraged to allocate 15 to 20 percent of their grant budgets in the Foundation’s three core funding areas to an innovation portfolio within their category.

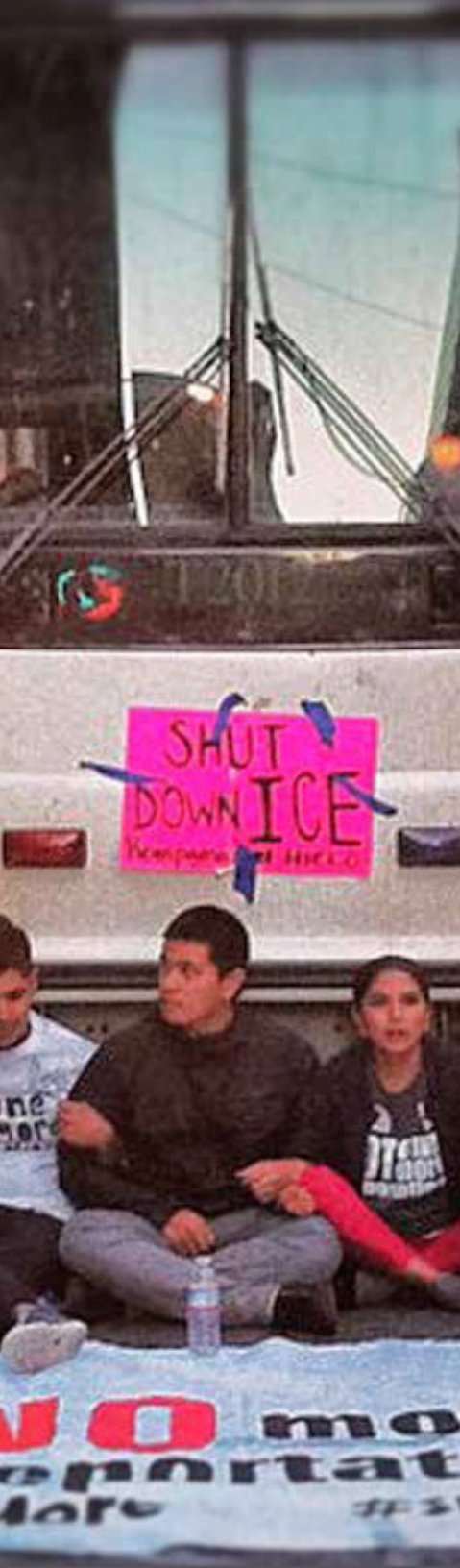
Dedicating allocations for higher-risk projects provided Foundation staff with the freedom to work closely with Pioneers as well as other community leaders to

experiment, pilot test new programs and approaches and explore winning strategies to social justice.

In addition to setting aside funds for an innovation portfolio, the Foundation also expanded its funding commitments from one year to five years for Pioneers in Justice partners. While the grants were renewable each year and required some annual reporting, the program committed to funding these leaders and organizations for five years. This commitment was substantially longer than the funding terms it had offered to grantees in the past. By extending larger and lengthier grants, the Foundation positioned itself as a true partner committed to the longer-term vision of the Pioneers. It also recognized that achieving lasting social change often involves a marathon, not a sprint. The longer-term funding commitment provided grantees with a level of stability that enabled them to take calculated risks and test new approaches. Pioneers were also encouraged to experiment with and learn from one another. The Foundation hosts bi-monthly Pioneers Forums to create a space for Pioneers to explore new tactics, discuss what is and is not working, foster collaboration and share learnings.

In addition to changing the mechanics of its grantmaking, the Foundation invested in the internal capacity needed to support Pioneers to reach key audiences. Supporting the Pioneers in reaching the millennial generation meant a much higher reliance on emerging technology and new media. Recognizing that it didn’t have these skills in-house, the Foundation partnered with ZeroDivide (a nonprofit consulting organization) to teach both its staff and the Pioneers about social media technology.





## THE BOARD TAKES A “LEAP OF FAITH”

As the Foundation formulated its early ideas around the Pioneers In Justice initiative, those ideas were centered around strengthening leaders. Through the Board committee-led conversations with the “Pioneers to be” prior to the launch of the initiative, the Board sought to better understand the struggles each was facing in their attempt at creating lasting change. Initially, the Board was concerned that the program was conceptualized to be flexible to the needs of the individual leaders, as opposed to honing in on a particular issue area within social justice work. However, the Board recognized the importance of strong leadership in making transformational change within a sector. They also knew there was a lack of support for leadership in this vein. Through these meetings, Board members reflected on the fact that change in the social justice sector takes time.

AS LEE NOTES,

**“Curiosity and patience are critical values [within our organization]. So much of social change is about [making] a leap of faith.”**

The Board became convinced that the proposed approach fit the character and legacy of the Foundation (reflected in the mantra: “going where others fear to tread”) and gave the go-ahead for Pioneers in Justice.

After exposure to the Pioneers months after initiating the program, all of them were pleased that the Foundation took the plunge to support this new wave of leaders.

In conjunction with the launch of the Pioneers in Justice initiative, the Foundation’s Board took a big step to reduce the overall number of Foundation grantees while increasing its financial commitment to the organizations it supports. The Board demonstrated its faith in its own leadership by granting the Executive Director a higher discretionary approval level for all grants, significantly increasing the flexibility that Foundation staff had to partner with grantees, investing in experimental ideas and providing support over a longer horizon. Foundation staff are empowered and encouraged to take calculated risks on people and strategies. One such recipient was Arcelia Hurtado, a Pioneer and the former Executive Director of Equal Rights Advocates, which received investment from the Foundation to explore a policy solution that would make it easier for formerly incarcerated women to secure employment. Hurtado notes the value of this early investment in an idea with no proven outcomes:

**“With social change, you don’t know what is going to make a difference or make change. We need to try new things. [Levi Strauss Foundation] was willing to invest in something that may or may not come to fruition.”**



In addition to agreeing to set aside funds for an innovation portfolio, the Board also carves time out at Board meetings to have conversations around what is going well and what is not. With trust and open dialogue encouraged, the Foundation creates the space needed to reflect on and learn from its experiments.

**PIONEERS HELP TO DESIGN AND EXPERIMENT WITH A 2.0 MODEL FOR SOCIAL JUSTICE**

Coupled with the focus on strengthening social justice leaders, the Levi Strauss Foundation sought to support the Pioneers through a bold new operating model for social justice work. The Social Justice 2.0 model, illustrated on the following page, emphasizes shared leadership, open dialogue, collaboration as a rule and finding inspiration and partnerships externally.

The 2.0 model was developed and validated through conversations with individuals in the social justice sector—including the leaders that would eventually be selected as Pioneers. Early conversations with the Pioneers-to-be highlighted the importance of having a new approach to social justice.

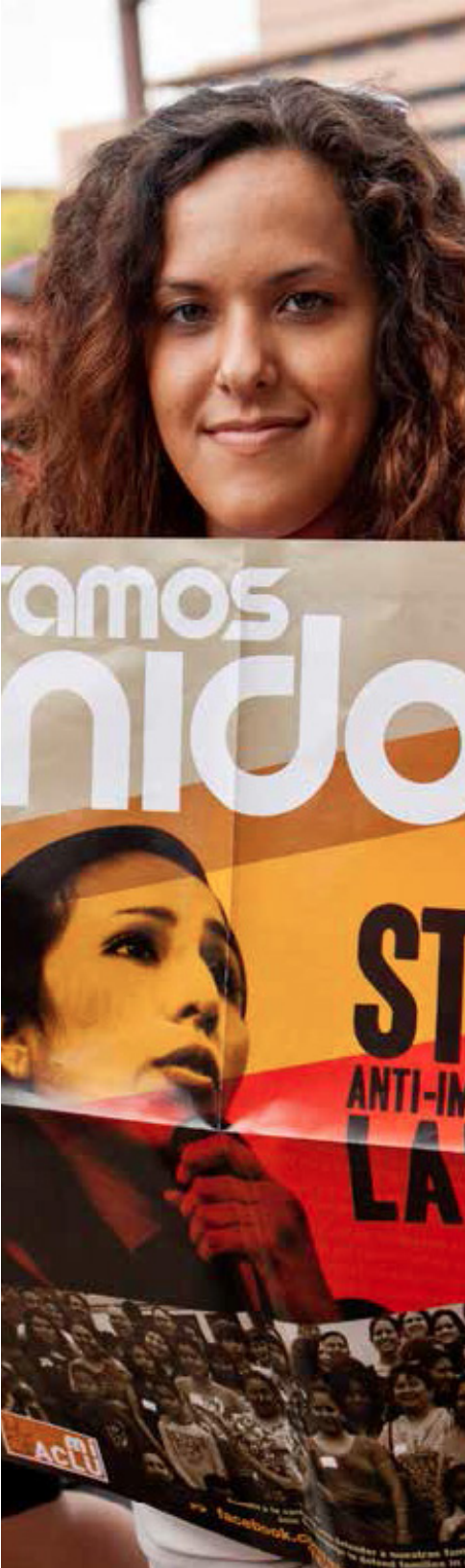
When initially presented with a sketch of a proposed “Social Justice 2.0” model, the Board had a range of reactions, from skepticism to having questions about the approach. Some were taken aback that it didn’t identify a single *issue* to move the dial on, such as immigration or gender equality—as this was *di rigueur* in the foundation world. In the end, it required casting the tectonic shifts facing the social justice sector: generational shifts and the advent of networked practices and technology as “issues of the day” and change management among nonprofit leaders as a “skill of the day.” Board members

were impressed by the enthusiasm of the subcommittee that designed the strategy and their conviction that the Foundation should adopt it. The principles of this 2.0 model can be found at the heart of the Pioneers in Justice initiative.

→SOCIAL JUSTICE 1.0	→SOCIAL JUSTICE 2.0
LEADERSHIP CENTERED ON A SINGLE CHARISMATIC LEADER (OFTEN THE ORGANIZATION'S FOUNDER)	SHARED LEADERSHIP WITH DEEP ROOTS
FOCUS ON OUTREACH AND EDUCATION	FOCUS ON BUILDING GRASSROOTS POWER
RELiance ON ONE-WAY COMMUNICATION	RELiance ON DIALOGUE
COLLABORATION AS THE EXCEPTION	COLLABORATION AS THE RULE
THE "GRASSROOTS" (COMMUNITY MOBILIZATION) DISCONNECTED FROM THE "TREETOPS" (TRADITIONAL POLICY ADVOCACY)	THE "GRASSROOTS" CONNECTED TO THE "TREETOPS"
LOOKING INWARD FOR INSPIRATION AND PARTNERSHIPS	LOOKING OUTWARD FOR INSPIRATION AND PARTNERSHIPS

Source: “Pioneers in Justice: Building Networks and Movements for Social Change” © 2014 by Heather McLeod Grant

At its core, the initiative provides a platform through which the Pioneers have the space and support to, “test, fail, iterate and evolve into a 2.0 state as they engage with the new tools of the day and forms of collaboration.” Responding to the needs of its new Pioneers, the Foundation intentionally designed the Pioneers in Justice initiative to help leaders integrate emerging tools like social media into their work; collaborate in new, more intentional ways’ and create new approaches to engage both key influencers and grassroots voices.





AS LEE NOTES,

“The survival of the field—its ability to connect meaningfully with new audiences and the issues and events of our day—hinges upon its ability to adapt and evolve.”

## THE RESULTS

As the Foundation shifted its approach toward greater focus on strengthening leadership, the Pioneers began to feel greater strength and stability in their new leadership roles. All five Pioneers in the cohort had varying degrees of experience in an Executive Director role, but each faced a steep learning curve. They had the daunting responsibility of steering iconic well-established organizations in a new direction, and needed not only financial support but also management and capacity building support to thrive in their new roles. The Pioneers in Justice initiative created a unique opportunity to receive both. For Hurtado, then Executive Director of Equal Rights Advocates, the initiative provided an opportunity to seek counsel from fellow Pioneers and from the Foundation. She notes that the Foundation’s cohort-based approach allowed for strong relationships to be formed between the Pioneers and with the Foundation—and both grew organically. This stemmed from the Foundation openly encouraging transparent dialogue among the Pioneers and with the Foundation itself.

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**This practice gave permission for the Pioneers to be vulnerable and initiate honest discussion around where they were struggling and needed support.**

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The Levi Strauss Foundation’s democratic approach coupled with its five-year funding commitment also empowered grantees to bring forward experimental ideas with yet unproven outcomes. Abdi Soltani, the Executive Director of the American Civil Liberties Union of Northern California (ACLU-NC), notes, “The five-year commitment gave us more stability and an opportunity to take risks” and the longer-term commitment made it possible for the Foundation to reach across traditional funder/grantee boundaries to co-design strategy for social change, enabling the ACLU-NC to communicate more honestly about what they are learning in real-time. They have been able to leverage funding committed by the Levi Strauss Foundation to attract additional funding for new programs without a proven track record, such as its burgeoning efforts to engage Spanish-speaking communities using social media.



## SOLTANI NOTES,

**“They [Levi Strauss Foundation] asked us what we would undertake if we had more resources. [That question] forced us to identify those opportunities on the riskier side and made it possible to do them without having calculated objectives.”**

Similarly, Hurtado was also able to launch an experimental effort as a result of Levi Strauss Foundation’s long-term funding commitment. As mentioned earlier, Hurtado approached the Foundation to support a policy initiative aimed at advancing legislation that would address barriers for formerly incarcerated women to obtain employment upon release. This effort required significant and complex multi-sector and stakeholder engagement, with no guarantee the legislation would pass. Hurtado met with Levi Strauss Foundation early on in the idea inception phase to discuss her vision for this work—including partnering with new allies such as the District Attorney and Sheriff. Despite the inability to promise success, Levi Strauss Foundation invested in Hurtado’s leadership and experience. In late September 2014, the legislation was successfully passed and signed into law.

The Levi Strauss Foundation made an intentional shift to a new grantmaking approach. It focused on

strengthening social justice sector leadership, providing a platform for greater collaboration among social justice leaders and committing to five-years of funding support as well as an innovation portfolio to support higher-risk grantees. In doing so, the Foundation created the conditions for greater mutual trust with grantees, stimulated stronger sector collaboration and facilitated new approaches to social justice change among grantees that were empowered to test out experimental activities.

For the Levi Strauss Foundation, a next step it is considering is translating the Pioneers in Justice concept and approach to other grantmaking areas, such as HIV/ AIDS, in order to leverage its learnings and results for even greater social change in San Francisco and beyond.



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## Guiding Discussion Questions

**For Funders:** What implications would making a commitment to set aside funds for experimental or innovative projects have on organization and staff? How might such a commitment change the types of organizations or programs you choose to fund?



**For Funders:** How would making a shift in your grantee portfolio towards a limited number of longer-term commitments affect your foundation's strategy for grantmaking? What opportunities or implications would it create for your foundation or for your grantees?



**For Funders:** Have you considered leveraging your role as a funder to routinely convene grantees or other stakeholders for open, transparent conversations about what is working and what can be learned from failures? How might holding open, trusting dialogue with groups of grantees change your approach to grantmaking or your relationships with grantees?



**For Funders and Nonprofits:** What would be the implications for your organization to invest significant resources in building the capacity of emerging leaders? How would this affect how you measure success?



**For Nonprofits:** How would your interactions with funders change if you knew they had institutional structures that supported experimentation or risk taking, such as a dedicated pool of funds for experimental or innovative projects?



**For Funders:** How would longer-term funding commitments allow you to think differently about experimenting with new strategies to increase impact?



**For Nonprofits:** Would you feel comfortable sharing both successes and failures in a funder-hosted convening? If not, what could your funder(s) do to create a sense of trust and place an emphasis on learning from failure to improve future outcomes?



**For Funders and Nonprofits:** Does your board play an active role in encouraging experimentation and risk-taking? What opportunities exist for your leadership or board to develop new performance metrics that encourage staff to take intelligent risks without the fear of failure?





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