

How will Levi Strauss & Co's initial public offering affect the company?

Levi Strauss & Co., the long-time maker of blue jeans, is planning its initial public offering (IPO) in early 2019. The company is hoping to raise between \$500 - \$800 million from its IPO. Levi Strauss has been privately-held since 1996 after Levi Strauss' descendants bought out the company. Levi Strauss, the founder, started the company in San Francisco in 1853.

Levi Strauss produces several products in addition to its iconic blue jeans, including trousers, shirts, belts, dresses, eyeglasses, shoes, and other accessories. Levi Strauss products are sold in more than 100 countries.

In September 2018, the company announced that they would be donating to various groups working to prevent gun violence. Levi Strauss' CEO and President Chip Bergh wrote in Fortune that the company "simply cannot stand by silently when it comes to issues that threaten the very fabric of the communities where we live and work." He also stated that he leads a "values-driven company that's known the world over as a pioneer of the American West and one of the great symbols of American freedom." He did clarify that he was not advocating for the repeal of the 2nd Amendment, nor was he criticizing gun owners. Bergh stated that he believes that "... business has a critical role to play in and a moral obligation to do something about the gun violence epidemic in this country."

Questions

1. How would Levi Strauss' balance sheet be impacted by its IPO?
2. Would the IPO directly affect Levi Strauss' operating income?
3. Why might Levi Strauss choose to issue stock rather than issue bonds?
4. What could be some of the disadvantages of becoming a publicly-held company for Levi Strauss?