

Goodwill Industries: Using Kaizen to Reach Goals

People often think kaizen is mainly for the manufacturing arena. But Goodwill Industries of Southeastern Wisconsin is using its continuous improvement processes to meet its mission of social responsibility.

"As a nonprofit that provides training, employment, and supportive services for people with disabilities and disadvantages, Goodwill exists to be socially responsible," says Elizabeth McNally, vice president of planning and strategic initiatives.

Green and Lean

Goodwill employs more than 4,100 people. Of those, more than 1,500 have disabilities and a number have disadvantages. Goodwill operates 30 retail locations where "reduce, reuse, recycle" has been the motto for nearly a century. The stores sell donated textiles and household goods, diverting tons of items from landfills every year. Items that don't sell in the stores are sold to recyclers or on the salvage market to keep them out of the waste stream.

Beginning in 2000, the retail stores began transforming their operations through kaizen process improvement techniques and lean thinking. Each store began with a team of 10 people—half from that particular location and half outsiders who could bring a fresh perspective—and equipped them with stopwatches, measuring tapes, and clipboards to follow a donated item's journey "from trunk to rack."

"We followed and measured every step of the donation process, from the moment an item comes out of a donor's trunk to the time it's wheeled out to the sales floor. Then we started experimenting with different ways to improve the

process by taking out steps or making better use of people's time," says McNally,

Goodwill resisted imposing a standard set of processes on the stores, which have independently developed similar but not identical ways of doing business.

"Part of the kaizen approach is that everyone has good ideas," says McNally. "It's worth the effort to do an event at each store, so people can discover the best process for themselves."

Less Fat, More Savings

In 2001, the concept of process improvement spread from Goodwill's retail stores to its operations at Naval Station Great Lakes in Illinois. Through a government contract, Goodwill handles administrative and logistics services, such as mail delivery and uniform issue, for every U.S. sailor who attends naval boot camp. Its employees, 900 of whom have severe disabilities, annually cook and serve 10 million meals.

Within the first two years, Goodwill had completed 16 process improvement events at the Naval Station that saved an estimated \$2.8 million per year in labor and supplies. For example, Goodwill saved about \$120,000 on cooking oil alone by removing the kitchen's deep-fat fryers. This move also cut the number of foodservice-related slips and falls, reduced preventive maintenance costs, and eliminated the challenges associated with grease disposal.

"Plus, the food is healthier now that it's baked instead of fried," adds McNally.



Company name: Goodwill Industries of Southeastern Wisconsin, Inc.

Location: Milwaukee, Wisconsin

www.goodwillsew.com

Founded: 1919

Scope: Regional (23 counties in southeastern Wisconsin and northeastern Illinois, including the Milwaukee and Chicago metro areas)

Employees: 4,100

Even with all of the process improvement efforts, you can never say you're done or that everything is perfect.

Aiming to fine-tune its processes and identify additional cost savings, the Naval Station now undertakes at least five process improvement events annually. To sustain such improvements, by ensuring employees don't revert to the "old way" of doing something at any of its operations, Goodwill schedules periodic audits by various levels of management.

"We've now taken enough waste out of our processes that we have freed up employees and resources to use in other places," McNally explains.

By the Numbers

Beyond retail and foodservice, Goodwill extended its continuous improvement approach to other operational areas by earning a number of quality certifications. In 2006, Goodwill's commercial packaging, assembly, and laundry operations achieved ISO-9001 certification. The certification later was expanded to include its case management processes related to the job training services provided in commercial production areas.

"It's unusual for 'softer' processes in the human services area to be certified," says McNally, "So we consider it quite an accomplishment and an additional validation of our quality initiatives."

To underscore its commitment to assisting others, Goodwill adopted a five-year plan that aims for a 30-percent growth in the number of people served by 2012. And the organization is always looking for more challenges: They are developing a means of better tracking the number of employees who fit its definition of disadvantaged—people who, for example, lack high school diplomas, are ex-offenders, aren't fluent in English, or have spotty job histories.

"If we deliver high-quality services to the people who come to us for job training or adult daycare or home-delivered meals, we can have an impact on their lives," McNally explains. "And if we deliver high-quality products and services to our retail and commercial customers, we generate the financial resources that enable us to support those mission-driven programs."



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