

Goodwill Industries of Southeastern Wisconsin:

Integrating Quality and Social Responsibility

by Molly K. Brush

At a Glance . . .

- Goodwill Industries of Southeastern Wisconsin, a nonprofit organization with a long history of social responsibility, successfully uses lean techniques and kaizen events to improve processes and enhance its social responsibility efforts.
- Within two years of introducing lean techniques, Goodwill had completed 16 process improvement events that saved an estimated \$2.8 million in labor and supplies.
- In addition to using quality tools for process improvements, Goodwill retail stores also perform weekly audits to help ensure that lean and kaizen remain part of the work culture.
- Not only do Goodwill's continuous improvement practices help the organization reduce waste and improve its bottom line, but the team-based approaches empower employees to participate in improving their workplace.

As organizations worldwide face demands for greater transparency and accountability, many have begun to look beyond the bottom line and consider their long-term impact on their communities and the world as a whole. Making a commitment to operating in a socially responsible way means being prepared to define social responsibility and approach socially responsible practices systematically, integrating them throughout the entire organization.

Goodwill Industries of Southeastern Wisconsin is a nonprofit organization that has a long history of social responsibility. Continuous improvement is also a key component of its workplace culture. The organization's successful use of lean and kaizen demonstrates that investing in quality principles such as continual improvement, employee empowerment, and reduction of waste and errors contributes to the overall social responsibility profile of an organization.

About Goodwill Industries of Southeastern Wisconsin: A Model of Social Responsibility

Since its founding in Milwaukee in 1919, Goodwill Industries of Southeastern Wisconsin has emphasized social responsibility. Its mission is to provide training, employment, and supportive services for people with disabilities and disadvantages who seek greater independence. Today, the organization, the largest of more than 183 autonomous Goodwills and affiliates worldwide, serves nearly 23,000 people annually in 23 counties in southeastern Wisconsin and northern Illinois.

Pat Boelter, vice president of marketing at Goodwill Industries of Southeastern Wisconsin, sums up what social responsibility means to the organization. “[Goodwill] acts in the best interests of the people it serves and the communities in which it operates,” she says. For Goodwill, this means that any funds it receives—including sales in its retail stores, government grants, and private donations—go back into the organization to support its mission. According to Boelter, 92 cents of every dollar Goodwill receives are reinvested in mission-related programs and services.

In addition to being financially responsible, Goodwill is an environmentally friendly organization. “We were green before green became trendy,” says Boelter. “[We’re] a good steward of [our] resources.” Goodwill's retail stores, which sell donated household goods and textiles, are an example of the organization's environmental responsibility. Items that are not sold in the stores are sold to recyclers or on the salvage market, diverting them from landfills and keeping them out of the waste stream.

Goodwill Industries of Southeastern Wisconsin also recognizes other socially responsible organizations through its Power Partners awards program. Since 2005, Goodwill has honored organizations in southeastern Wisconsin and northern Illinois that share its belief in the power of work. These organizations provide ongoing and significant work opportunities for disabled and disadvantaged people by partnering with Goodwill. Past honorees include Gehl Foods, Ocean Spray, SC Johnson, and the United States Navy.

Defining a Social Responsibility Standard

The phrase *social responsibility* represents a wide-ranging group of concerns that includes environmental impact, corporate citizenship, ethics, stakeholder accountability, community relations, and more. The International Organization for Standardization (ISO) in Geneva, Switzerland, is developing an international standard to help organizations in all industries and sectors understand and address social responsibility issues. *ISO 26000: Guidance on Social Responsibility* is expected to publish in 2010.

The most recent draft of ISO 26000 defines social responsibility as the “responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that:

- contributes to sustainable development, including health and the welfare of society;
- takes into account the expectations of stakeholders;
- is in compliance with applicable law and consistent with international norms of behavior; and
- is integrated throughout the organization and practiced in its relationships.”

ISO 26000 also identifies seven subjects that are core to social responsibility: organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development. Social responsibility gives organizations a way to unify their previously discrete efforts to address these issues.

Standardization has long been part of the quality toolbox and is one way to add methodological rigor to social responsibility initiatives. It is just one of the tools that quality offers that can help organizations meet their social responsibility goals.

Lean and Kaizen at Goodwill Industries of Southeastern Wisconsin

Like for-profit businesses, Goodwill Industries of Southeastern Wisconsin continuously strives to improve its processes, services, and products. Boelter says that using continuous improvement methods and tools helps Goodwill continue to be a socially responsible organization. Not only do Goodwill’s quality practices help the organization reduce waste and improve its bottom line, but the team-based approaches of many quality practices empower employees, including those with disabilities and disadvantages, to participate in improving their workplace.

Two of the practices that Goodwill uses most frequently in its continuous improvement efforts are lean, which concentrates on eliminating waste to provide the highest quality products and services at the lowest cost with the shortest lead time, and kaizen,

which means making ongoing incremental improvements and setting and achieving increasingly higher standards.

Cutting the Fat

Since 1974, Goodwill Industries of Southeastern Wisconsin has held a contract with the federal government to provide food service and logistics services at Naval Station Great Lakes in North Chicago, IL—the U.S. Navy’s largest training facility and its only training site for new recruits. Goodwill employees, many with severe disabilities, prepare and serve meals, deliver mail, issue uniforms, and provide administrative services to more than 25,000 people at Naval Station Great Lakes.

Goodwill began using lean techniques to improve its services at Naval Station Great Lakes in 2001. Within two years Goodwill had completed 16 process improvement events there that saved an estimated \$2.8 million in labor and supplies.

During one such process improvement event, Goodwill staff decided to remove the deep fat fryers from the kitchen. Not only did this save approximately \$120,000 in cooking oil costs, but it also reduced the number of food service-related slips and falls, decreased preventive maintenance costs, and eliminated challenges associated with grease disposal. As a result of using lean, Goodwill was able to deliver more healthful food more efficiently and at a lower cost.



Goodwill Industries of Southeastern Wisconsin employees provide food service and logistics services to more than 25,000 people at Naval Station Great Lakes in North Chicago, IL.

From Trunk to Rack

Goodwill of Southeastern Wisconsin operates 34 retail stores in southeastern Wisconsin and northern Illinois that sell donated textiles and household goods. In late 1999 and early 2000, Goodwill introduced the concept of kaizen at its stores, according to Vicki Holschuh, Goodwill’s vice president of retail operations. A quality expert helped conduct kaizen events at all Goodwill stores over a period of 16 months. The kaizen events focused on a donated item’s journey from the point of donation to the sales floor—from the donor’s car trunk to Goodwill’s



The production area.

sales rack. Employees identified the number of steps between point of donation and sales floor and calculated the distance and time between the two points. They then identified ways to improve the process of moving items “from trunk to rack.”

One area that needed major improvement was the process of bringing items to the sales floor. Originally the process involved taking items from the point of donation to a backroom production area. In the production area, one person categorized each item by type, another assessed each item’s quality and discarded the damaged items, and another priced the saleable items.

Using the kaizen approach, store employees realized that there was a tremendous amount of waste in this process. The items were taking too long to arrive at the sales floor, and three different people were handling each item. The employees focused on creating one-piece flow in the process. They determined that the use of the U-shaped cell, a type of workspace shaped like the letter “U,” would allow one employee to perform all the tasks required to get an item to the sales floor, as well as decrease the amount of time to complete those tasks. The U-shaped cell allows employees to have the donated items and necessary work supplies on either side or directly in front of them, making it easy to complete all the tasks associated with the process.

By using the U-shaped cell, Goodwill stores were able to reduce the amount of time it took to move items to the sales floor, as well as the number of employees needed for that particular process, allowing them to assign these employees to more value-generating processes. They also increased the amount of workspace in the production area.

To ensure that kaizen remains part of the work culture, the stores developed a kaizen audit that is performed at each store every week. A team of employees from the store checks to ensure

that policies and procedures are being followed and that there are no safety issues. In addition, a regional audit is conducted with store managers once per quarter, and Goodwill’s process improvement manager conducts guest audits on occasion.

As new Goodwill stores have opened over the past 10 years, employees have applied the lessons learned from previous kaizen efforts and also have held new kaizen events. Goodwill’s goal is to open five new stores each year for the next five years. As the number of stores continues to grow, the organization plans to continue using the kaizen approach as part of its process improvement efforts.

“Just Do It”

For organizations considering the use of quality methods and tools for process improvement, Holschuh, the vice president of retail operations, has three words of advice: “Just do it.” Among the most important lessons learned from her experience with kaizen are “Always question everything” and “Never rest on your laurels.”

Holschuh also encourages organizations to deal immediately with any fear or anxiety surrounding the concept of process improvement. She says that initially employees at Goodwill’s retail stores were hesitant about using the kaizen approach, fearing that it would ultimately eliminate jobs. But when they understood that it was an effort to move items to the sales floor as fast as possible and that Goodwill did not intend to eliminate jobs, they were eager to participate. As the use of kaizen has continued, so has the employees’ support of it.

“I have seen the impact of continuous improvement, and it is such a part of our culture here in retail operations that a great deal of our success depends upon it,” said Holschuh.

For More Information

- To learn more about Goodwill Industries of Southeastern Wisconsin, contact Pat Boelter, vice president of marketing, at pat.boelter@goodwillsew.org, or Vicki Holschuh, vice president of retail operations, at vicki.holschuh@goodwillsew.org.
- Download the template for the weekly kaizen audit performed at each Goodwill Industries of Southeastern Wisconsin store at www.asq.org/2009/12/lean/6s-audit.pdf.
- For more information on lean and kaizen, visit the ASQ Knowledge Center at www.asq.org/knowledge-center.
- More details about ISO 26000, the upcoming standard on social responsibility, can be found at Standards Central at www.asq.org/standards/index.html.

About the Author

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