

Goodwill *Goodwill* Industries *Industries*



Although Goodwill Staffing Services is the baby in the Roberts Enterprise Development Fund portfolio, Goodwill Industries is the grandfather of social purpose enterprises.

“REDF focuses on organizations that use business enterprise to develop social results,” said John Latchford, who has dual roles as chief financial officer of Goodwill Industries of San Francisco and president of Goodwill Staffing Services. “That’s what Goodwill Industries has been about since the day it was founded.”

Nearly 100 years old, Goodwill Industries was founded in Boston by Reverend Edgar Helms, a Methodist minister who put disabled

people to work gathering, repairing and selling castoff clothing and house wares. He was one of the first to see that business could be more than a source of charity for those written off as unemployable – if properly designed, it could be their means to self-sufficiency. According to the Goodwill Industries International web site, Helms called Goodwill an “industrial program as well as a social service enterprise.”

Today Goodwill Industries is a \$1.4 billion nonprofit organization with 187 independent agencies in North America and associates in 34 countries.

“Goodwill Industries is an important example of what can happen for nonprofits that

pursue a social purpose enterprise strategy with passion and commitment,” REDF executive director Jed Emerson said. “They have taken the basic idea that people facing a variety of barriers to employment can contribute to their own advancement and created avenues out of poverty for hundreds of thousands of Americans. To the many smaller, evolving nonprofits struggling to make it work, they are proof that it can.”

While Goodwill is synonymous with drop-off centers and thrift stores, many members have developed programs that provide services to government and industry while offering alternative job training to their consumers. Among the newest is Goodwill Staffing Services (GSS).

Launched in January 1999, Goodwill Staffing Services is a joint project of Goodwill of San Francisco and Goodwill of the Greater East Bay. The agencies established a separate tax-exempt corporation to purchase a family-owned temporary staffing agency located in San Francisco’s Financial District and the city of San Mateo. Besides generating revenue for training programs at the parent agencies, the company is also meant to lead to more stable job opportunities for people seeking work through Goodwill Industries.

The latter objective will be achieved in a couple ways. Latchford said that Goodwill’s placement service could send trained consumers to GSS for tryouts on various job sites, in hopes that one of them might turn into a permanent job.

“This would be an opportunity to have them working side by side with other people who can model good work skills and behavior

for them,” Latchford said. While consumers are trying out different placements, they would continue to receive career development support from Goodwill.

Paul Wassem, General Manager and Vice-President of Goodwill Staffing Services, has a more ambitious plan in mind. He intends to shift the company’s focus: instead of placing temporary workers or relying on government contract work, he wants to lease GSS employees to mainstream companies. For example, a pizza company might contract with GSS to

dispatch all their delivery calls. GSS would then set up a call center staffed by GSS employees.

“Our goal is actually to become an employer,” Wassem said. “We want to be a contract supplier of people. I want graduates of Goodwill to stay with GSS.”

Wassem said that GSS could contribute to consumers’ long-term job success by managing their benefits and continuing to supervise their progress.

“The industry is massive,” he said.

“We can grow as much as the community and the market will let us grow.”

Besides creating job opportunities, Goodwill of San Francisco was interested in diversifying its revenue streams so that it wasn’t solely dependent on its stores. When the 1989 Loma Prieta earthquake destroyed Goodwill’s main store, the agency lost 40 percent of its revenue.

At the time, Latchford was chairman of Goodwill of San Francisco’s volunteer board of directors. “The sense of mission had been there for 60 years – the same programs, the same people. It was just good enough,” he said. “There was a sense within the staff and management that we were pretty viable. Overnight that went away. The earthquake woke us up:

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we realized we might not be here tomorrow. The crisis gave us a sense of urgency.”

Since then, Latchford said, Goodwill of San Francisco’s business has grown 300 percent. Last year the agency generated revenues of \$27 million. About half of the 1,440 consumers it served found jobs.

Latchford, who used to run his own real estate and hospitality companies, said that Goodwill of San Francisco was able to grow because it brought in a board and staff that were focused on developing businesses to support the agency’s job training programs.

The agency looks carefully at development opportunities, balancing job creation with potential profits. Latchford said Goodwill of San Francisco will probably pass on a proposal to set up a grocery store on Treasure Island because the small number of jobs that the store would create wouldn’t offset the capital costs to start the business. Instead of trying to run Café Vasco, the coffee bar in the main San Francisco store, they leased the space to a restaurateur who agreed to accept interns from Goodwill’s hospitality training program.

“We realized we probably wouldn’t make any money trying to run it ourselves,” Latchford said. “This way, I get a rent check and three people get training at any one time.”

Latchford said he doesn’t think social purpose enterprises should become fixated on going to scale.

“You always have to start with your mis-

sion,” he said. “Businesses think they always have to grow, but that depends on what you mean to fulfill. Don’t take on more than you can fulfill. Not everybody needs to get to scale. It can be a goal, but it doesn’t have to be THE goal.”

Unlike the other members of the portfolio, Latchford thinks Goodwill has moved beyond the entrepreneurial stage.

“I’m not convinced that we are entrepreneurial,” he said. “What we do is good but in terms of developing new enterprises, I’m not sure we’d do that. We know what we do works. Most entrepreneurs develop because they know what doesn’t work.”

Although they initially considered setting up a new temporary agency, Goodwill San Francisco and Goodwill Oakland eventually realized that there were several benefits to buying a company that had already established credibility and a customer base.

Even though Goodwill is among the most corporate of all social service agencies, the negative images people sometimes associate with its mission created a number of issues when the two local groups bought the temp agency.

For starters, there was the Goodwill name. Although in recent years Goodwill San Francisco and Goodwill Oakland have opened large, classy thrift stores that on first glance resemble stores like Ross Dress for Less or Marshall’s, the Goodwill name didn’t carry the same cachet among people seeking office support as it did with shoppers.





For the time being, the temporary agency's existing client base will continue to receive communications on letterhead that stresses the familiar name, "TOD doing business as GSS."

"The company has been known as 'TOD' since the 1950's," Latchford said. "It has credibility in the marketplace. We didn't want to go through a culture shift with the client and say, 'You're not doing business with TOD anymore but with GSS.' Over time, as GSS becomes better known, that will change."

The two partner Goodwills felt it was important that GSS have an identity and a

culture independent of the social service agencies. That's why they didn't move the company into either of their offices.

"John and Roy DeForest (senior vice president of Goodwill Industries of the Greater East Bay) wanted GSS sheltered from the social, budget-driven culture of Goodwill," Wassem said. "We need to be value-driven. Every dollar at GSS comes from customers paying our invoices."

When TOD employees first found out Goodwill was their new boss, they were apprehensive.

"Their initial thought was, 'Oh no. I'm going to be working for a non-profit,'" Latchford said screwing up his face as if he'd smelled something nasty. "They thought that meant you work in a back room or you don't get any money or you're down on the street helping people."

After those initial interviews, Wassem brought the TOD staff to see Goodwill San Francisco's bright, airy digs near the city's Civic Center.

"The shift in their attitude was monumental," Latchford said smiling. "They saw they would be working for a much larger organization with business professionals. I don't think they anticipated what they'd see here."

Slowly over the next couple years, GSS will begin to integrate Goodwill consumers into its workforce. Although the company exists to serve Goodwill's mission, GSS's primary mission is to be a successful business.

"We are not a program," Wassem said. "We are a separate profit-seeking business that strives to meet a social need for the community."