

ENTERPRISE CASE STORY | MLE SYSTEM

FIRST LEVEL KAIZEN LEADS TO MORE JOBS FOR WOMEN & YOUTH AT THE COFFEE PROCESSING AND WAREHOUSE ENTERPRISE

A NEW WIN-WIN-WIN-WIN MODEL IN ACTION

The Coffee Processing and Warehouse Enterprise (CPWE) provides coffee processing and warehousing services to over 100 clients. The formerly government-owned enterprise was founded 1986 and currently employs approximately 1,000 workers, of which 40% are female. 262 of its employees are permanent, with a larger portion being casual or contract workers.

40%
FEMALE WORKERS

**CHALLENGES IMPACTING
EMPLOYEE MOTIVATION,
PRODUCTIVITY, &
PROFITABILITY**

Like other medium and large enterprises in the manufacturing sector in Addis Ababa, CPWE was experiencing several challenges that created inefficiencies and impacted employee motivation, productivity, and profitability. These included:

- Improper storage of coffee bags resulting in limited storage capacity and overflow into working areas, which interfered with employee movement.
- Collection and storage of rejected coffee in the factory, which interfered with employee movement and caused discomfort and health problems due to dust.
- Disorganised coffee waste management, resulting in waste occupying working space and use of unnecessary labour to manage the waste.
- Disorganised and inefficient printing department, resulting in time consuming searches for required bag labels.
- Disorganised satellite tools storeroom, which made it hard to find needed items, in addition to haphazard handover processes to requestors.
- Unused machines and infrastructure that blocked worker mobility and reduced storage capacity.

The owners of CPWE had heard about the Kaizen approach to continuously improve processes, efficiency, and waste reduction and its success in Japan, but they were not convinced it would work in the Ethiopian context. However, they decided to give it a try as part of an intervention developed in partnership between LIWAY, the Ethiopian Kaizen Institute (EKI), and private consultants.

EKI is a government organisation, which had already been providing free support (excluding employee per diem and transportation costs) to firms based on the Kaizen approach, but their focus was on export and import-substituting firms only. Although they experienced increasing demand for Kaizen support from other types of firms, they lacked the resources (i.e. financial and human capital) to fulfil the demand.

LIWAY recognised the value of the Kaizen approach in improving products, productivity, profitability, and competitiveness of manufacturing firms, which would ultimately enable them to grow and employ more of LIWAY's target group (poor women and youth). Through its market analysis, the LIWAY team identified an opportunity for private consultants to fill the demand gap for Kaizen support, while at the same time providing them with an enhanced value proposition and increased business opportunities.

LIWAY partnered with EKI to expand their services to include training and certification of private consultants on the first level Kaizen approach. Training was also provided on gender awareness and how to consider gender in implementation. Following training, trainees consult manufacturing firms on production management improvements using the Kaizen approach to complete their certification. Firms pay only the operational costs of the consultant during the certification process (i.e. transportation). LIWAY supported testing and demonstration of the new model through cost-sharing of consultant training, as well as by providing gender training to EKI and technical assistance to identify and develop relationships with manufacturing firms, organise progress sharing forums, and measure pilot impact.

KGD & Family General Trading PLC is a private consulting firm whose consultants were trained on the first level Kaizen approach by EKI. As part of their certification process, they led training and implementation of the Kaizen method at CPWE. Selected company departments were chosen as an entry point and department staff were trained on first level Kaizen methods during two-to-three-day training sessions. Training focused on the 5S's of the approach (Sort, Straighten, Shine, Standardise, Sustain) to equip staff with the necessary knowledge to address its various challenges.

The consultants also trained Quality Control Committee (QCC) leaders on the importance of gender considerations when implementing Kaizen and encouraged firm owners to recognise its importance. Following training, facilitators and Kaizen Promotion Team (KPT) leaders and secretaries were selected, 50% of which were females, and were provided with additional training specifically related to their responsibilities (e.g. technical department supervision, warehouse administration).

CPWE's management team and staff showed strong commitment to changing conditions through the implementation of the 5S's of the Kaizen approach. As a result, several gains have been realised, which include:

- Modified coffee bag storage system that enables storage of 290,424 bags in 252 m² (previously 1,082 m²). The increased storage capacity resulted in 156,000 ETB of additional revenue.
- Removal of coffee waste, which has freed 129 m² of space that is now used for packing reject coffee and generating income. The company can now store up to 7,770 bags of reject coffee and earn a minimum 13,209 ETB/day. If clients store the coffee for three months, the revenue that can be generated with this space is 1,188,810 ETB.
- Improved coffee waste management, which has reduced transport distances to 15-56 meters (previously 184 meters) and reduced associated labour costs. The savings is 3.65 ETB/bag or approximately 190 ETB/day. The changes have also improved cleanliness levels in the factory and reduced health hazards.
- Improved organisation of the printing department and the satellite tools storeroom, which has reduced search time for labels to 8 minutes (from 51 minutes) and tools to 30 seconds (from 51 minutes).
- Increased employee motivation and creativity.

Due to the productivity and revenue gains realised by implementing the Kaizen approach, the company was able to employ 13 new employees (8 women and 5 youth) at the time when the Covid-19 pandemic was influencing performance.

Clearing up the unused machines and infrastructure will free up an additional 2,500 m² of space for more productive and revenue-generating activity but will require a company-wide approach. The initial experience and value realised through implementation of first level Kaizen has changed the mindset of the company owners towards use of the Kaizen approach in Ethiopia. They are committed to implementing Kaizen beyond the initial departments to the whole company, which includes payment of the consultant's professional fees.

**INCREASED REVENUE
& REDUCED COSTS**

**13
NEW EMPLOYEES
(8 WOMEN, 5 YOUTH)**

**"I HAD DEVELOPED ASTHMA AND ALLERGIES DUE TO ALL THE DUST AND I WAS UNABLE TO WORK WITHOUT A MASK, BUT NOW I FEEL COMFORTABLE, I EVEN WORK WITHOUT A FACE COVERING MASK."
- CPWE EMPLOYEE**

The new model is therefore a Win-Win-Win-Win as EKI can extend Kaizen support to other types of firms, private consultants can diversify services and increase business opportunities, manufacturing firms are able to improve products, productivity, profitability, and competitiveness, and poor women and youth can increase incomes through more and higher-paying jobs.

BEFORE



AFTER

