To Boost Job Quality, Money Matters: Practical Tools for Engaging Investors and Lenders Toward Change

Job Quality in Practice Webinar
February 11, 2020
Today’s Agenda

- Welcome and framing
- Technology for today’s webinar
- Overview of job quality activities at EOP
- Brief overview of impact investing
- Introduction and presentation by experts
- Q&A
Mark Popovich
Director, Good Companies/Good Jobs Initiative, The Aspen Institute Economic Opportunities Program
Job Quality in Practice

With support from Prudential Financial, we are launching a new effort to encourage the development of job quality practices that promote access to economic opportunity. In the coming months, we will provide actionable tools and guidance to support leaders across geographies and fields to engage in practical action to improve jobs in their local communities and connect to a growing national conversation.
Using Zoom

Webinar controls and assistance
- We are expecting a large audience, so attendees are muted.
- You can access chat and Q&A functions at the bottom of the Zoom window. Move your cursor down and these functions will appear.
- If you have a technical issue, use the chat box to contact EOP or email eop.program@aspeninst.org.
- Webinar is being recorded. Video and slides will be shared afterward.

Participation
- Volunteer! At any time, send questions for presenters via the Q&A function. We’ll take questions after presentations.
Job Quality in Practice

Webinars

1. Assessing Job Quality and Equity in Your Local Labor Market: A Closer Look at Race, Gender, and Place
2. To Boost Job Quality, Money Matters: Practical Tools for Engaging Investors and Lenders Toward Change
3. March 3 – Building Job Quality into Workforce Development Practices
4. March 24 – Strengthening Frontline Management to Improve Job Quality
5. April 21 – Worker Voice as an Essential Element of Job Quality: Tools for Business and Advocates
6. May 12 – Promoting Worker Ownership and Improving Job Quality

Survey

as.pn/jobqualitysurvey

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Announcement blog

To Boost Job Quality, Money Matters
Our Guests

Betsy Biemann
CEO, Coastal Enterprises Inc., Aspen Institute Job Quality Fellow

Bhairvee Shavdia
Senior Associate, HCAP Partners, Aspen Institute Job Quality Fellow

Tom Woelfel
Director, Research and Consulting, Pacific Community Ventures
Betsy Biemann
CEO, Coastal Enterprises Inc.
Aspen Institute Job Quality Fellow
Building Job Quality into Lending and Investing Practices
CEI: 40+ Years of Building an Economy that Works for Everyone

Mission-driven Investor
- Grow good jobs, advance environmentally sustainable enterprises and expand shared prosperity
- Integrate financing, business and industry expertise, and policy solutions
- Offer debt, equity and tax credit financing
- Maine and rural regions & gateway cities throughout the U.S.

Small Business Champion
- In 2019, CEI provided $24.1 million to businesses and gave business advice to 1,461 entrepreneurs & individuals, contributing to the preservation and creation of 1,899 jobs
GOOD JOBS DEFINED

Living Wage
- MIT Living Wage Calculator

Basic Benefits
- Paid Time Off
- Health Benefits
- Retirement Savings

Fair & Engaging Workplace
- Scheduling Notice
- Performance Reviews
- Training / Tuition

- Sick Time
- Contributions to Insurance
- Offer payroll deductions
- 2 weeks

- Vacation Time
- Offer a Stipend
- Contributions not required
- Annual

- On-the-job
- External
- Classroom education
How We Integrate Good Jobs into our Investment Memo

### Projected Jobs Detail

<table>
<thead>
<tr>
<th>Title</th>
<th>Number</th>
<th>Starting Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laborer</td>
<td>10</td>
<td>$12.50/hour</td>
</tr>
<tr>
<td>Packer</td>
<td>10</td>
<td>$11.00/hour</td>
</tr>
<tr>
<td>Delivery Truck Driver</td>
<td>2</td>
<td>$13.50/hour</td>
</tr>
</tbody>
</table>

### Good Jobs Scorecard

- **Living Wage**: $13.13 (Cumberland)
- **Basic Benefits**: PTO, Health, Ben, Retire. Savings
- **Fair & Engaging Workplace**: Sched. Notice, Perf Rev, Train. / Tuition

Eligible for $1.00 / hour wage increase after 90 days; schedule is generally fixed – varies when short-staffed or when production goals not achieved

### Top Workforce Challenges

- **Hiring**: currently have 3 positions open; demand exceeds staffing resulting in OT & diminished revenue
- **Hiring**: need to establish pipeline of potential employees; insufficient staff to achieve sales forecast
- **Hiring & Retention**: physically-challenging roles; need to create compelling job that people want to be at; reducing turnover essential

### Alignment to CEI Capabilities

#### Alignment to CEI Priorities – Qualitative Assessment

- **Likely to Achieve**: Mission Buy-In Likely to Report

  - **Likely to Achieve**: Mission Buy-In Likely to Report
  - **Likely to Report**: Mission Buy-In Likely to Report

  - **Hire 50% individuals with low-to-moderate incomes for newly created positions**
  - **Implement initiatives that enhance the quality of front-line jobs while improving the company’s financial performance**
How We Integrate **Good Jobs** into our Investment Practice

**GOOD JOBS ACTIVITIES**

- Intro Workforce Team
- Conduct Workforce Assessment
- Use Good Jobs Scorecard to Inform Loan Pricing
- Capture Baseline Data
- ETAG: Employment & Training Agreement
- Advise Businesses on Good Jobs

**Diligence Process**

- Referral
- Application Submitted
- Investment Decision
- Closing

**Active Loan**

- Exit or Addl. Investment
Company was experiencing significant growth

To deliver on sales commitments, Company wanted to boost employee retention and attract top quality job applicants

CEI staff worked with management to encourage a performance management culture with goal setting and regular performance reviews tied to merit increases

550 employees now have the opportunity to earn regular wage increases as they achieve goals
Company was having difficulty attracting & retaining employees to waste management positions.

CEI staff worked with management to expand benefits from PTO only to include health benefits and a retirement savings option, as well as integrating regular performance reviews.

40 employees and their families now have health insurance and have started to save for retirement.
Bhairvee Shavdia
Senior Associate, HCAP Partners
Aspen Institute Job Quality Fellow
HCAP Partners was founded in 2000 and is a provider of mezzanine debt and private equity for underserved, lower-middle market companies throughout California and the Western United States. Based in San Diego, CA, the firm seeks to invest $2 million to $15 million in established businesses generating between $10 million and $100 million in revenues in the healthcare, software, services, and manufacturing industries. HCAP seeks to facilitate a positive impact on underserved businesses, their employees, and their communities using its Gainful Jobs Approach and has been recognized as an ImpactAssets50 fund for six consecutive years.

$310M capital managed
50+ investments across 3 funds
11,000 employees across investment portfolio
80% female workforce*
61% Jobs with LMI wages*
78% minority workforce*

Gainful Jobs Approach™

Developed through collaboration with our LPs and industry thought leaders, HCAP Partners’ Gainful Jobs Approach™ is our operational impact framework for understanding job quality standards at our portfolio companies through (i) a robust quantitative measurement system to assess existing job quality standards and improvements and (ii) active portfolio engagement to identify and implement workplace initiatives aimed at creating and maintaining high-quality jobs.

**Impact Cycle**

- Improved Financial Performance
- Employee Workplace Practices
- Operational Impact Creation
- Operational Excellence
- Engaged Employees

**Job Quality Attributes**

- Economic Opportunity
  - BROAD-BASED PARTICIPATION
    - types of plans offered (401(k) plans, stock options, bonuses, etc.)
    - eligibility criteria
    - matching
  - OPPORTUNITIES FOR ADVANCEMENT
    - types of training offered
    - policy on internal promotion
    - education benefits
  - SUSTAINABLE LIVELIHOOD
    - factors considered when setting salaries
    - standards for pay raise

- Health & Wellness
  - PAID SICK DAYS
    - eligibility by employee type
    - accrual
  - WELLNESS INITIATIVES
    - preventive wellness initiatives offered including any mental health initiatives
Mission Senior Living is a Nevada based developer and operator of senior care communities. HCAP provided funding to MSL for the construction of Summit Estates, a new senior living community located in South Reno, Nevada consisting of 92 assisted living apartments and 24 memory care suites.

During our investment, HCAP worked in collaboration with management to understand job quality and identified key steps to improve existing jobs for a largely low to moderate income earning workforce. These initiatives include access to retirement savings plans, savings and credit building opportunities and onsite workplace training. In 2018, Summit Estates was awarded the Perry Foundation’s Endeavor Award for Quality Care in an Assisted Living Community.
Lessons Learned

Below are some of the key lessons we learned as we implemented the Gainful Jobs Approach across our portfolio and collaborated with management teams to develop Strategic Roadmaps. We hope that sharing these lessons learned will help other organizations that are thinking of implementing similar approaches.

**Important to develop an approach that can address industry specific challenges such as the importance of a sustainable livelihood in the retail sector versus policies aimed at increasing the percentage of female staff in software companies.**

**Understand the constraints of the portfolio company in terms of both monetary and human capital resources. To that end, HCAP has developed a working list of resources comprised of workplace services organizations and benefits providers and is designed to provide portfolio companies with a starting point when implementing the Strategic Roadmap. This list is shared with our portfolio companies. In addition, whenever possible, we leverage the knowledge of the portfolio and connect companies to learn about best workplace practices.**

**Cultivate a culture of impact accountability with all stakeholders through alignment of values and clear and measurable goals. Being diligent in monitoring progress and maintaining consistent communication with portfolio companies.**
To Boost Job Quality, Money Matters
To Boost Job Quality, Money Matters: Practical Tools for Engaging Investors and Lenders Toward Change

TOM WOELFEL
PACIFIC COMMUNITY VENTURES

JOB QUALITY IN PRACTICE WEBINAR SERIES, THE ASPEN INSTITUTE
FEBRUARY 11, 2020
PCV’s Work on Job Quality

- Providing loans, mentorship, resources, and financial incentives to small businesses to improve job quality
- Consulting to other organizations on integrating job quality approaches into their work with businesses
- Conducting research and developing resources to bolster the field's work on job quality
Defining and Measuring Job Quality

Moving Beyond Job Creation examined two central questions:

- **What are the core characteristics of a quality job?**
  - Living wage
  - Basic benefits
  - Career-building opportunities
  - Wealth-building opportunities
  - A fair and engaging workplace

- **How can you measure and track changes in job quality?**

  - This research has been foundational to PCV’s work on job quality.
How PCV works with small businesses to improve job quality

PCV’s approach leverages a combination of resources and tools

- Fair & affordable small business loans ($10k-$200k)
- Business advising & mentorship (3-5 hours per month)
- Job quality measurement & financial incentives ($100-$750)
PCV’s Quality Jobs Toolkit for Small Businesses

https://goodjobs.pacificcommunityventures.org/
Thank You

Tom Woelfel
Director, Pacific Community Ventures
twoelfel@pcvmail.org

PCV’s quality jobs toolkit:
https://goodjobs.pacificcommunityventures.org/

PCV’s quality jobs research:
https://www.pacificcommunityventures.org/quality-jobs/
Mark Popovich
Director, Good Companies/Good Jobs Initiative, The Aspen Institute Economic Opportunities Program
Working Metrics:
Linking Data/Analytics to Incent Good Companies and Good Jobs
Working Metrics Functionality

1. Automates reporting & scoring
2. Uses verifiable, reliable data
3. Benchmarks companies to industry peers
4. Eases ingestion of scoring & analytics
5. Data are secure & confidential
6. Addresses both Job Quality & Diversity/Inclusion
Working Metrics Scoring Analytics

1. Analytics determine:
   - Retention/turnover
   - Increase in average earnings
   - Net growth in jobs
   - Benefits access and quality

2. Scoring focused on <$60k/year cohort. All cohorts reported

3. Benchmarks results by industry

4. Results displayed in Social Impact Scorecard

5. Assess diversity/inclusion for race, ethnicity, and gender
Working Metrics/Good Companies-Good Jobs Software System
Social Impact Scorecard

Your score is based on frontline workers earning less than $60k / year compared to industry standards. The mission of the program is to encourage and equip business leaders to enact strategies that simultaneously produce outstanding outcomes for their businesses and frontline workers.

Cogswell Cogs  Q4 2017  ⭐⭐⭐⭐⭐

Your overall score is average for Manufacturing!

<table>
<thead>
<tr>
<th>Component</th>
<th>Rating</th>
<th>Industry Averages</th>
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</thead>
<tbody>
<tr>
<td>Overall</td>
<td>3.5</td>
<td></td>
</tr>
<tr>
<td>Job Growth</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Retention</td>
<td>55%</td>
<td></td>
</tr>
<tr>
<td>Earnings</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Co. Wide Retention</td>
<td>73%</td>
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**Benefits Credit**

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Qualifying Plan</th>
<th>Quality Standard</th>
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</thead>
<tbody>
<tr>
<td>Health Insurance</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Retirement Plans</td>
<td>✔️</td>
<td>—</td>
</tr>
<tr>
<td>Paid Leave</td>
<td>✔️</td>
<td>✔️</td>
</tr>
</tbody>
</table>

**How can you improve your score?**

1. Your best area for scoring improvement is Retention Rate.

*Your Benefits credits increased your score 1 star!*

- Overall score includes a reported 0% temporary workers / 1099
Diversity Overview

Q2 2019

Selected Geography: Ohio

Elm Forest Communities
Corporation
Service Industries / Continuing Care Retirement Communities

by Gender

Employee Count

<table>
<thead>
<tr>
<th></th>
<th>Q2 2016</th>
<th>Q2 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company</td>
<td>604</td>
<td>594</td>
</tr>
<tr>
<td>Industry</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Metrics

- Job Growth
- Retention
- Earnings

* The Not Provided category has very few members and may not provide a reliable measure.
To Boost Job Quality, Money Matters

* The Not Provided category has very few members and may not provide a reliable measure.

by Ethnicity

Employee Count

Q2 2016

Company: 604
Industry: 190

Q2 2019

Company: 594
Industry: 201

Metrics

Job Growth: -50%
Hispanic: 2 people

Retention

Earnings

* The Hispanic and Not Provided categories have very few members and may not provide a reliable measure.
To Boost Job Quality, Money Matters

Employee Count

138

by Ethnicity

Metrics

Job Growth Retention Earnings

Company Black/AA White Hispanic Other Not Provided

* The Black/AA, Hispanic, Other and Not Provided categories have very few members and may not provide a reliable measure.
Driving Impact

“Meds & Eds” – Priority
- Big footprints
- Need good will
- Reputation
- Biz AND Social Value
- Social Determinants of Health

Anchor Institutions
$500 billion

Government Procurement
$2 trillion

Impact Investors
$12 trillion
Q&A
Job Quality in Practice

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