



CDVCA Conference March 16, 2005

Adding Financial and Social Value to
Portfolio Companies



CEI Overview

- CEI is a CDC/CDFI whose mission is to help economically and environmentally healthy communities in which all people, especially those with low incomes, can reach their full potential.



CEI Ventures, Inc.

CVI is a wholly-owned subsidiary of CEI. The social goals of CVI funds are to:

1. Create quality income, employment and ownership opportunities for people with low incomes;
2. Help create socially beneficial products and services, and
3. Promote progressive management practices (e.g. recycling, incentive compensation, and high performance workplace)



Economic Opportunity Strategy: Linking Venture Capital and Workforce Development

- Use private capital to leverage other investments and create quality jobs
- Connect low-income people and communities with job opportunities in the regional economy
- Link job creation with workforce programs serving people with low incomes
- Improve quality of jobs



Benefits of Linking Labor and Capital

Key Economic Benefits

- ✓ Workforce Development: identification of training needs, training resources,.
- ✓ HR Assistance: recruitment, screening, development of customized training, personnel policies, job descriptions, employee assistance programs
- ✓ Reduced operating costs: access to training resources, WOTC, wage subsidies.
- ✓ Venture fund benefit from social ROI with current investors and fundraising for future funds

Key Social Benefits

- ✓ New jobs created for target populations
- ✓ Improved quality of jobs and work environment
- ✓ Improved employee retention
- ✓ Better trained workforce
- ✓ Modeling alternative economic development approach



Success Story TACTION

- Taction is a direct response service bureau, providing toll-free telephone access and response to customers of Chanel Fashions, Atkins, Samsonite, Polaroid and others.
- Third largest employer (School, Osram)
 - CEI Lending, CVI Equity investments leveraged other capital to expand facilities, hire a COO, and establish Taction U.
- Taction U: a sustainable workforce investment and career pathway for employees



Before and After

Before CVI Investment

- 48 Employees
- Entry level Wage: \$6.00/hr.
- Average Wage: \$8.78/hr.
- 80/20 Employee health benefit
- No access to training resources
- 3 week company paid training for CSR
- Retention rate 70 %

After CVI Investment

- 141 Employees
- 92 LI Hires (57 TANF and 9 disabled)
- Entry level wage: \$8.00/hr.
- Average Wage: \$9.50/hr.
- Special Accounts \$35 to \$40k/yr.
- Flex Benefit Plan: 75/30 Employee and Family benefit plus other insurances/options
- Accessed \$110,000 GTI and JOLI training funds for CSR I, II, III curricula development/training
- Improved Retention rate to 83% vs. 67% industry standard



Other CEI Taction Services

- Case Management Services
- Recruitment, referral, assessment
- Training Development and Coordination
- CDBG low income data collection and documentation
- Secured training resources