



**SOCIAL
IMPACT
REPORT**

2019

**THE GOOD
JOBS AGENDA**





The GOOD JOBS AGENDA

Pacific Community Ventures' work has never been more crucial to the communities we serve. The coronavirus pandemic wiped out 22 million jobs—10 years of job growth—in the first four weeks, with an additional 37 million jobs vulnerable to layoffs and tens of millions of small businesses in danger of closing. The pace of this economic collapse is so staggering that the Great Depression is the only comparison. The most vulnerable and underserved people and places—particularly lower-income workers and communities of color—yet again find their financial and physical health at risk. We must all do more to stand with the black community, and ally our assets in solidarity—now more than ever.

Times of crisis force us to dig deep in so many ways, and test us in new ways. Although our office doors are closed as we shelter in place, PCV very much remains open for business to help our small business clients through this challenging time as best we can. We are adopting a strategy of providing immediate relief, shaping an inclusive recovery for underserved entrepreneurs, and working toward longer-term resilience with a good jobs mandate. For immediate relief, our patient lending capital remains available, as well as our pro bono [BusinessAdvising.org](https://www.businessadvising.org) platform—where business owners can access expert advice for financial management, HR, marketing, and strategy to get through this time. We are also working in partnership with our fellow community investors in California and beyond to meet the needs small businesses will have as we work to shape an inclusive recovery.

CDFIs like PCV are responding to borrowers in crisis in communities from coast to coast. We can't do it alone. We've written an open letter to foundations, impact investors, and banks asking for their increased support to our industry. We've also joined a letter from the Aspen Institute calling on the Federal Reserve and Treasury to backstop and buy CDFI loans, enabling us to help business owners suspend operations without destroying the owners' credit or losing their existing assets.

Throughout 2019, unemployment was at a record low and job growth had been steady for 10 years. But a decade of growth built on bad jobs and ignoring those who fall out of the job market entirely has had implications for our whole country.



Throughout 2019, unemployment was at a record low and job growth had been steady for 10 years. But a decade of growth built on bad jobs and ignoring those who fall out of the job market entirely has had implications for our whole country.

While this crisis has created enormous challenges, it also represents a unique opportunity to change a system where working people deemed “essential” are earning poverty-level wages and live without paid leave or health benefits for themselves or their families. World War II catalyzed the formation of the United Nations and World Health Organization, and the Great Depression led to the creation of the New Deal, which strengthened the social safety net. The 2008 financial crisis destroyed 8.7 million jobs and 170,000 small businesses were never able to bounce back—but it also gave birth to a more conscious capitalism and the new industry of impact investing. That industry has grown to over \$500 billion in the last 10 years, and is growing exponentially each year as millennials begin to take the reins of family assets from baby boomers.

The speed at which this pandemic has affected small businesses, which employ almost 50% of Americans, shows us how fragile our economy truly is. More and more Americans each year want a capitalism based on fairness, sustainability, and equity. Right now, people are painfully aware of the importance of small businesses to the health and vibrancy of our communities, the vulnerability of so many workers, and the need to better prepare people for the future of work. Our hope is to collaborate with key stakeholders and system changemakers to seize this moment to further strengthen the safety net—and improving job quality is crucial to this effort, especially as we also prepare people for the future of work. As many of you know, we have been working hard to deploy our *Good Jobs, Good Business toolkit* over the past year, to help small businesses prioritize employee health and well-being in ways that also improve their sales and boost their bottom lines.

The opportunity to build back better provides a new window for the fields of impact and ESG investing to accelerate their work, for business leaders to put stakeholders and environment first, and for governments to improve social safety nets, regulate capital markets, and help reduce the vulnerability of too many to ever-shorter boom and bust cycles.

Pacific Community Ventures’ 2019 Impact Report details how our programs can empower small business owners, working people, and community-focused investors across the country through a good jobs agenda. We help small business owners grow and create good jobs through our “Good Jobs, Good Business” model that combines affordable loans with pro-bono advising, tools and incentives to create quality jobs, our national [BusinessAdvising.org](https://www.businessadvising.org) mentoring platform, and social impact evaluation and field-building research. As we rapidly respond to support small businesses through this crisis into recovery and resilience times ahead, we remain hopeful that the potential for positive impact we saw in 2019 is a sign of more entrepreneurs and investors prioritizing good jobs for workers—something we will need concerted effort on now more than ever. We look forward to working with lenders, foundations, impact investors, and our corporate partners further to continue to serve small business owners and workers in the year ahead.

This report highlights our progress before the onset of the COVID-19 pandemic, and shows how our model can serve as a blueprint for an inclusive recovery. Given the pandemic’s stark spotlight on existing disparities into already under-invested communities, we invite you to join us on this journey with an even more intentional focus on community wealth-building and addressing the racial wealth gap.



Bulbul Gupta

Bulbul Gupta

President & CEO, Pacific Community Ventures

OUR IMPACT *in* 2019

INVESTING *in* SMALL BUSINESS



770

BUSINESSES

across 50 states received access to capital or mentorship



11%

JOB GROWTH

at our companies surpassing national and state rates (1.2%)



68%

of supported companies grew their revenues



4,192
JOBS

created and retained at the businesses we served



12%

year-over-year median revenue growth at supported companies



9,774
HOURS

volunteered by pro bono business advisors

INVESTING *in* GOOD JOBS



\$145,768,836

wages paid to working people



\$22 & \$18

FULL-TIME PART-TIME
average hourly wages at supported small businesses



61%

of businesses provide workers with their schedules at least 2 weeks in advance



52%

of full-time workers at supported businesses are eligible for health benefits



33%

of full-time workers at supported businesses are eligible for a retirement plan



65%

of full-time workers at supported businesses are eligible for paid time off

INVESTING *in* COMMUNITIES



\$33.6B

INVESTMENT

capital evaluated across asset classes



\$886M+

deployed or managed using our customized Impact Measurement and Management frameworks

INVESTING *in* RACIAL & SOCIAL EQUITY



80%

of the business we funded are located in, or hiring from, low-income communities

74% of these workers at supported businesses are people of color



81%

of the small business owners we work with are women or people of color

59% women
57% people of color

INVESTING *in* a Good Jobs Agenda: PCV SMALL BUSINESS LENDING

In 2019,

80%
*of capital deployed
went to women and
entrepreneurs of color*

61%
*of our loans are
invested with women
business owners*

58%
*of our loans are
invested with business
owners of color*

Many small business owners, particularly women, people of color, and those far from major metro areas, lack access to the capital, advisors, and networks that could help their businesses thrive. This puts these job-creating entrepreneurs at a disadvantage.

Pacific Community Ventures is a Community Development Financial Institution (CDFI), which means we invest dollars and people in underserved areas to create jobs and economic opportunity. Here in California it's small businesses that are the jobs engine of the state. What isn't so widely known is that the majority of California's small businesses are started and run by women and people of color. African-American women are 300% more likely to launch a new business than anyone else, and represent the fastest-growing demographic of entrepreneurs in the US. In fact, women of color account for 89% of the new businesses opened every day over the past year. These small business owners have long been wealth builders in our communities, creating local jobs, and have the potential to grow further. They're also much more often denied access to the capital they need to grow and thrive. As a result, these entrepreneurs have to seek out alternative funding.

As a CDFI, getting capital into the hands of these job-creating small businesses is our major priority. In 2019 we funded **35 new California small businesses with loans (averaging \$105k).** Those businesses had a whopping **53% job growth.** **88%** of our dollars went to women and people of color, and **80%** of our dollars went to businesses in underinvested neighborhoods. We're proud that **in five years our lending portfolio has gone from 17% entrepreneurs of color to nearly 60% entrepreneurs of color.** And we're not resting. Being a partner in the community means meeting the needs of the community for the long haul.

By investing our dollars and people in small businesses, we've shown time and again that we can create jobs with good wages, benefits, flexible schedules, and more. We've received significant investments from the **New World Foundation and Federal Home Loan Bank of San Francisco's Quality Jobs Fund, JP Morgan Chase's Entrepreneurs of Color Fund, the San Francisco Foundation, the Citi Foundation's Community Progress Makers Fund, Bank of America, Wells Fargo's Diverse Community Capital** program, among others.



case study

AMEN ACAI

Amen Acai was founded by Joseph Oh in April 2016, serving Acai bowls and fruit smoothies focusing on quality ingredients, inventive bowls and great service. He sees Amen Acai as an opportunity to bring healthy food to communities in need of healthy options. PCV helped Joseph shore up Amen Acai's first location in Cypress, California, a lower-income area not known to offer healthy food options. Since then, we've worked with Joseph to help him open a second location. He focuses on hiring immigrants and young people, to whom he offers training to be responsible local citizens. He's trained over 25 young people in the skills needed to be successful in future jobs.



DELIVERING on a Good Jobs Agenda: PCV SMALL BUSINESS ADVISING

Pacific Community Ventures is fighting the small business mentorship gap with our nationwide platform, BusinessAdvising.org.

Through scalable tech paired with dedicated Client Relationship Managers, PCV matches entrepreneurs with pro bono experts on any challenge they have, such as customer acquisition, improving financial management practices, human resources strategies, or establishing and increasing their digital presence. Because they meet virtually, entrepreneurs are matched with the best possible advisor for them, regardless of location. This is a tremendous advantage to busy entrepreneurs, as well as those in underserved or rural areas.

In 2019 we matched **770** small businesses with at least one pro bono advisor. PCV business advisors volunteered **9,774 hours**—that’s **\$1,466,067 worth of free advice and coaching** (according to the industry standard of **\$195** as the average hourly value of pro bono service.) Our advisor network is spread across all **50 states**; **56%** of our advisors are or have been small business owners themselves, and **51%** are people of color.

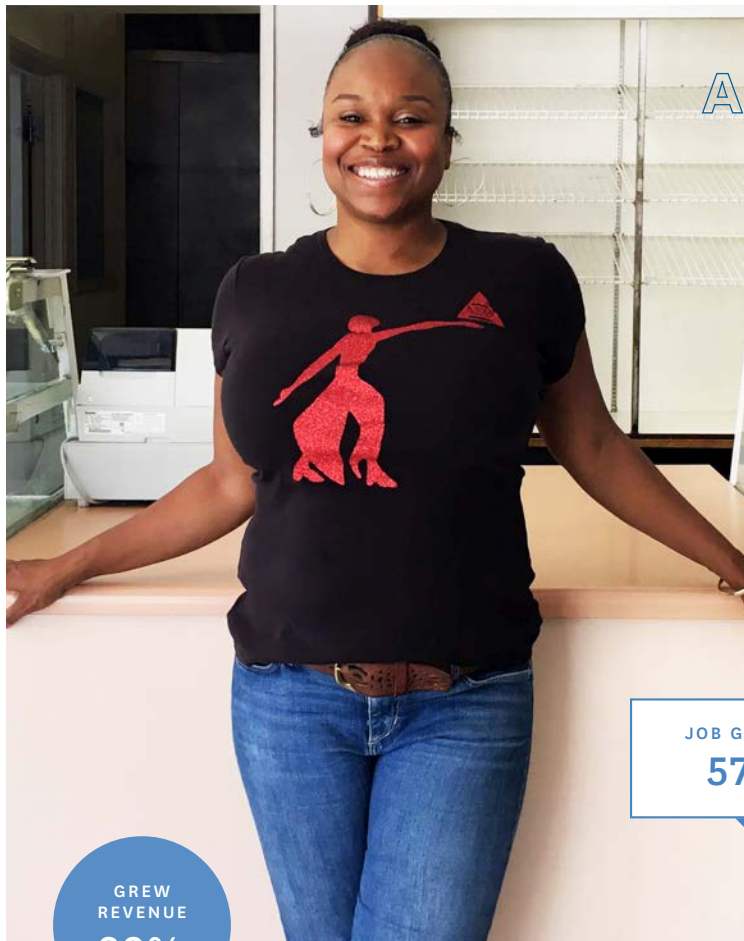
14%
HIGHER REVENUE
FOR BUSINESSES
ICIC PAIRED WITH
PCV ADVISORS



Even as our program continues to grow, we’re laser-focused on proving the best-in-class mentoring experience for our clients. **Our average satisfaction score is 8.9 out of 10** as we closed 2019. We launched or deepened partnerships with organizations such as **Bank of America, Charles Schwab, DoorDash, PayPal, eBay, 1863 Ventures, Google, Initiative for a Competitive Inner City (ICIC), Intuit, Union Bank, and Wisdom Fund**, to bring our program to their small business customers and offer volunteer opportunities to their employees.

case study ICIC & SOUPERB

Half of all women business owners feel impeded by a lack of available mentors or advisors. PCV’s BusinessAdvising.org changes that, and Joanna Terry of Souperb in Emeryville, CA is a perfect example. Joanna is part of ICIC’s Inner City Capital Connections program, which connects business owners to growth capital and pairs those business owners with PCV advisors. We’ve worked with her for two years now, and she’s actively managing four mentors from our program. Mentors like Barbara Roesner, Vice President, Credit Advisor at California Bank and Trust, who helped her reduce her cost of goods by identifying alternative co-manufacturing options. And Sarah Rubio, a Purchasing Manager at EAT Club, whose background in the food industry made for a seamless working relationship in procurement, logistics, and vendor management. Since Joanna’s participation in ICIC in 2018, Souperb has doubled its revenue each year!



ADVANCING a Good Jobs, GOOD BUSINESS AGENDA

At Pacific Community Ventures, we've seen firsthand through our work with small businesses and impact investors that job creation alone is insufficient to create lasting economic change in underinvested communities. Creating good jobs through good businesses is essential to contributing to community wealth-building and addressing the already rising racial and gender wealth inequality across the U.S. This will be critically important as we think about how we build back from the coronavirus pandemic with a better capitalism that puts working people and community health first.

As part of our vision to make good quality jobs the norm, we have to equip small businesses with the practical tools and resources they need to offer good jobs in a way that also boosts their bottom line. We know that small business owners want to provide good jobs for workers—but they are often uncertain of how to do so in ways that make sense for their business. In 2016, when PCV launched our first-of-its-kind research into how to define and measure a good job, our hypothesis was that job creation does not equate to lasting economic change. Since then, we have worked with the companies in our lending portfolio to test our ideas and find out what small business owners need to implement them. In 2019 we moved Good Jobs to the heart of our organizational theory of change, launched the Good Jobs, Good Business toolkit online that removes the guesswork from creating good jobs and strengthening businesses, and began recruiting for Good Jobs advisors to work alongside businesses through our BusinessAdvising.org platform.

JOB GROWTH
57%

GREW REVENUE
99%

case study

CUPCAKIN' BAKE SHOP

Lila Owens of Cupcakin' Bake Shop in Berkeley, California started her business from her home. As Cupcakin' grew she opened a storefront and had even more opportunities to expand. When she was turned down for a traditional bank loan, Lila got a free business advisor from PCV to support her growth. In the last year, Lila's expanded her business to another storefront in Oakland, has a third in the works, and qualified for a \$200,000 business loan as part of PCV's Good Jobs, Good Business program.

In 2019 Lila increased revenue by 99%, with 57% job growth.

She offers:

- A living wage
- Career-building opportunities
- Wealth-building opportunities
- A fair and engaging workplace



JOB GROWTH
33%

case study

24/7 MEDSTAFF

Edward Navales started 24/7 MedStaff in 2008. They provide full-service staffing solutions for nurses looking for short-term opportunities, or local gigs. The company hires from a diverse community of nursing personnel some of who live in historically underinvested neighborhoods. 24/7 MedStaff recently received an award from Kaiser Permanente at the annual CFO Supplier Forum this last fall. Edward learned about PCV’s small business loans because he’d been a participant in BusinessAdvising.org, and he’s excited to be a part of the [Good Jobs, Good Business](#) program.

Edward
created 33%
job growth.

- He offers:*
- A living wage
 - Basic benefits
 - Career-building opportunities
 - Wealth-building opportunities

Our Good Jobs, Good Business model prioritizes employee health alongside business health.

This approach is helping business owners grow revenue and create jobs that pay average wages of \$20 per hour, and at the close of 2019 over half of the workers our portfolio businesses employ have health benefits, paid time off, know their schedules weeks in advance, and get opportunities to build new skills for their careers.

A central way that Good Jobs, Good Business can advance job quality nationally is to support capacity-building among CDFIs and other small business intermediaries (impact investors, workforce development organizations, etc.), and to inform local, state, and federal policies that integrate the good jobs framework for improved wealth-building. Through ongoing support from PCV and access to PCV’s business advising platform, we support partner organizations to integrate the Good Jobs, Good Business toolkit into their work with small businesses.

In 2019 we partnered with the founding CDFIs of JPMorgan Chase’s Entrepreneurs of Color Fund to bring our Good Jobs, Good Business tools to small business owners in New York, Detroit, Chicago, and the Bay Area. We also began working with investors, foundations, and policymakers interested in leveraging the Good Jobs framework in their ecosystems, including in place-based investing efforts.

We are grateful to the many funders, including the **Aspen Institute, Bank of America, the Citi Foundation, Heron Foundation, JPMorgan Chase, the New World Foundation, the San Francisco Foundation, the Surdna Foundation, the Walmart Foundation, and Wells Fargo**—who provided funding without which PCV’s Good Jobs, Good Business work would be impossible.





IMPACT INVESTING *with a Good Jobs Agenda:*

PCV RESEARCH AND CONSULTING

At the same time that we're working directly with small businesses to support their growth, we're also working with investors to create expanded access to things such as good jobs, affordable housing, and healthy food. For more than 20 years we've used our expertise to show investors how to put their dollars to work benefiting families, our environment, and our communities. According to the Global Impact Investing Network (GIIN), the impact investment market accounts for \$502 billion in capital and the demand for sustainable and impact investing keeps growing. We're utilizing impact measurement and management, both before and after investments are made, to guard against "impact washing" and ensure that capital drives social and environmental good more efficiently and effectively.



Quality job
creation nationally

\$6.1
MILLION

INVESTMENT
MADE TO DATE



Field-building
research efforts

\$4.6
MILLION

RAISED
TO DATE



In 2019, we worked closely with a number of values-aligned clients across three key areas.

Evaluations

PCV has always championed inclusive economic opportunity. In 2019, we conducted an evaluation of **Capital Impact Partners' Detroit Equitable Development Initiative (EDI)**. The EDI program, which began in 2018, combines training, mentorship, and financing to ensure that real estate developers reflect Detroit's diversity, and that real estate developers of color are able to participate in Detroit's growth and revitalization. Capital Impact Partners is using PCV's recommendations to strengthen the EDI program curriculum and improve their ability to enable participants to access capital for real estate projects and build wealth for themselves in the future.

Some of the nation's leading healthy food financing initiatives have used evaluations from PCV to refine their strategies and better understand their impact in the areas of healthy food access, economic development, racial and social equity, environmental stewardship, and local sourcing. In 2019, we worked with the **Michigan Good Food Fund**, a \$30 million public-private loan fund administered by **Capital Impact Partners**, that promotes racial equity by supporting good food enterprises working to increase economic opportunity and access to affordable, healthy food in underserved communities; **California FreshWorks**, a \$273M healthy food financing initiative launched by a coalition of public and private partners administered by **Community Vision**; and **Hope Enterprise Corporation's Deep South Healthy Food Initiative**, a public-private partnership that provides affordable financing to food retailers to expand access to fresh food in underserved communities across the Deep South.

We also help clients evaluate how they deploy and manage impact capital, including how impact measurement and management approaches may play a role. PCV conducted an evaluation for **The Kresge Foundation's Social Investment Practice (SIP)**, where we examined five Kresge investments from 2012 to develop a series of case studies, as well as surfaced strategic learnings for Kresge and the broader impact investing field. The analysis sought to assess investees' progress toward the intended social returns, anticipated and unanticipated challenges investees faced in achieving the intended social returns, the role of grant versus investment capital, and how SIP and Foundation staff may have created value beyond the capital invested.

case study

THE IMPACT DUE DILIGENCE INITIATIVE

The potential value of impact measurement and management diminishes when investors focus primarily on what happens after, not before, investments are made. That's why PCV launched our Impact Due Diligence Initiative in partnership with the Impact Management Project and the GIIN. Informed by best practices in impact due diligence and the experiences of leading investors, in 2019 we released The Impact Due Diligence Guide and Impact Due Diligence: Emerging Best Practices, which offer practical guidance for investors on how to engage in impact due diligence. More focused attention on impact before investments are made can also help safeguard the individual investors, and the whole field, against potential "impact washing."



Impact Measurement and Management

PCV builds out impact measurement and management (IMM) systems for a wide range of clients—including foundations, funds and institutional investors—covering both public and private market investments. **RSF Social Finance** partnered with us to establish an IMM system that could help them measure, evaluate, and manage their strategic goals and mission. This new system captures the impact of the social enterprises, funds, and initiatives they support, as well as evaluates the work RSF is doing to contribute to a regenerative economy. It aims to use the impact data collected by RSF from social enterprises, funds, and initiatives to inform RSF’s decision-making around future external activities (e.g. its social enterprise lending program), as well as internal business decisions and strategies. We also partnered with **Trinity Church Wall Street** in its journey towards developing a mission investing practice by developing both an impact investing theory of change and strategy for the organization to apply.

JOBS SUPPORTED
5,000



Impact Reporting

PCV worked with **Nuveen**, a global investment manager and subsidiary of **TIAA**, in developing their annual Farmland Sustainability Report. The report highlights Nuveen’s alignment with the SDGs, as well as where Nuveen actively contributes to positive outcomes and avoids harm with its farmland activities. In addition, it outlines the impacts of Nuveen’s Zero Deforestation Policy in Brazil, water and soil health as it relates to farm operators in Australia and protection of threatened species of fish in California, and worker health and safety through a case study in Poland.

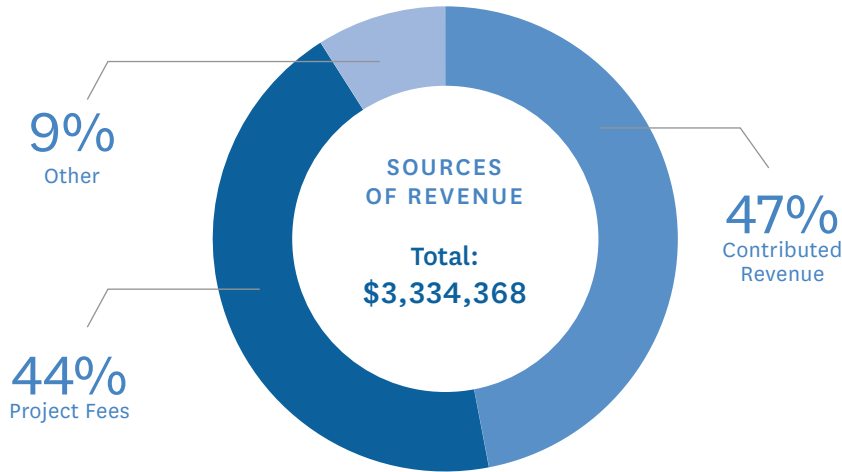
We also developed the **Egyptian-American Enterprise Fund’s (EAEF)** inaugural impact report, which captures the history of the fund and its developmental impact in Egypt from its inception in 2013 to the present-day. PCV worked with EAEF to develop a theory of change, captured within the inaugural impact report as its Strategy for Economic Growth. The inaugural impact report highlights EAEF’s dual mandate to deliver financial returns and promote socioeconomic development in Egypt in line with the fund’s goals of creating jobs, promoting financial inclusion, and improving quality of life. With the inaugural impact report, EAEF aims to garner support for additional enterprise funds, boost foreign direct investment (FDI) in Egypt, and expand their pipeline of potential investees to continue to promote socioeconomic development in Egypt.

case study

EAEF

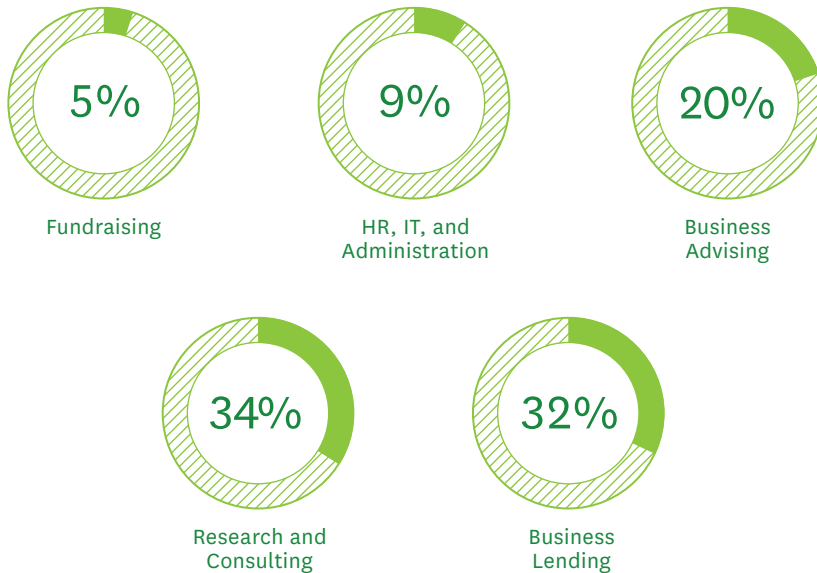
PCV’s Research & Consulting team is proud to have researched and written EAEF’s inaugural impact report. This report is the culmination of EAEF’s year-long effort to analyze its developmental impact in Egypt from its inception in 2013 through 2019. EAEF has supported close to 5,000 jobs; seeded what is now Egypt’s leading private equity fund, Lorax Capital Partners; invested over \$200 million in seven companies and three funds; and attracted an additional \$311 million in FDI. EAEF has also helped more than 140,000 small and-medium-sized enterprises grow their businesses through its investment in Fawry—Egypt’s largest electronic payments platform, which extends financial services to over 24 million Egyptians.

2019 Financials



EXPENSES BY CATEGORY

Total: \$3,399,735



Pacific Community Ventures is a 501(c)(3) nonprofit community development financial institution (CDFI) that envisions a world of thriving communities where everyone has a fair shake. Our mission is to invest in small businesses, create good jobs for working people, and make markets work for social good. We achieve our mission through a combination of fair lending, free mentorship, skilled volunteerism, social impact measurement and management tools, and field-building research.



Visit www.pacificcommunityventures.org to make a donation or volunteer as a business advisor.

BOARD of DIRECTORS

Christopher J. Andersen

Founder and Co-CEO, AssayCS Inc.

Steve Apfelberg

Former Vice President of Marketing, TriNet

Sanjay Datta

CFO, Upstart

Monica Edwards

Chief Opportunity Zone Officer, City of Oakland

Judith Goldkrand

Senior Vice President, Wells Fargo

Bulbul Gupta

President & CEO, Pacific Community Ventures (non-voting member)

Cindy Kaczmarek

Chairperson, Pacific Community Ventures; Executive Coach and HR Consultant

Teresa Pahl

Partner, Hanson Bridgett LLP

Cecil Plummer

President, Western Regional Minority Supplier Development Council

ADVISORY COUNCIL

Angela Atherton

Financial and Risk Management Consultant

Cynthia Chavez

Philanthropic Consultant

Michael Chodos

CEO, Monolith Strategic

Ralph Clark

Chairman Emeritus, Pacific Community Ventures; President and CEO, SST

Bud Colligan

Co-Founder and Chair Emeritus, Pacific Community Ventures

Jed Emerson

Founder, Blended Value Group

Jorge Luis Fontanez

CEO and Founder, Marca Studio

Kelly Graziadei

Angel Investor and Advisor

Carolyn Johnson

Associate Director, East Bay Asian Local Development Corporation

Katie Kalvoda

Founder, G3 Ventures

Ariana Makau

President and Founder, Nzilani Glass Conservation

Dr. Vivienne Ming

Professional Mad Scientist

William B. Pace

Managing Partner, Clearly Next, and Chair Emeritus, Pacific Community Ventures

Sachi Shenoy

Co-Founder and Chief Impact Officer, Upaya Social Ventures

Lorena Siminovich

Founder and Creative Director, Petit Collage

Beth Sirull

President and CEO, Jewish Community Foundation of San Diego

Aman Verjee

Co-Founder, Practical Venture Capital

George B. Walker, Jr.

Director of Diversity and Inclusion, Memorial Sloan Kettering