



## > MISSION RESULTS 2007

SJF Advisory Services and SJF Ventures help accelerate the success of entrepreneurial ventures whose rapid expansion generates financial, environmental, societal, and employment gains, by providing business assistance and venture capital financing.



# MISSION REPORT HIGHLIGHTS



## ENTREPRENEURIAL ASSISTANCE

In 2006, SJF identified 1,197 companies seeking equity financing. Of those, SJF provided entrepreneurial assistance to 208 companies.

## EMPLOYMENT

- SJF's 18 current portfolio companies employ more than 2,100 people, with 1,228 new jobs created after SJF investment.
- Approximately 75 percent of these new jobs created employment for low- to moderate-income individuals.

## EMPLOYEE ENGAGEMENT

*SJF believes that companies that fully engage the ingenuity of employees at all levels frequently have superior financial performance. We support companies with great employee engagement strategies in SJF Ventures' portfolio and assist additional companies both one-on-one and via events and workshops.*

- In 2006 SJF began collaborating with Chicago-based Winning Workplaces on an event held on April 25, 2007 titled Winning Workforces: A CEO Panel on Engaging all Employees to Achieve Success at which we highlighted six companies that tie their success to practices such as open book management, broad-based employee ownership, and employee involvement and advancement mechanisms.
- SJF held two Getting Ready for Equity workshops in advance of Bank of America's and Inner City Economic Forum's Inner City Capital Connections events in May 2006 in New York and November 2006 in Miami, FL to help inner city entrepreneurs better understand and prepare for equity investment.
- Counter to the current national trend of decreasing employer coverage, two of the 13 current SJF portfolio companies surveyed offer 100 percent employer-paid health care, seven offer 90 percent employer-paid, and four others pay the majority of the cost of health care coverage.
- Currently, 83 percent of portfolio companies surveyed have dental insurance, 58 percent have vision insurance, 58 percent offer broad-based stock options, and 75 percent offer 401(k) plans.

## CLEANTECH INNOVATION

*SJF is committed to financing, assisting, and showcasing innovative clean technology and environmental companies that are changing the way business is done in their sectors.*

- SJF showcased eight innovative clean technology companies in our sold-out Second Annual Cleantech CEO Panel in New York on June 15, 2006.
- In 2005, SJF portfolio companies recycled more than 7,000 tons of materials, led by Intechra. In addition, Salvage Direct salvaged 32,870 vehicles, and RealWinWin provided energy efficient consulting for more than 20 million square feet of commercial real estate. groSolar installed or delivered 2,500 kilowatts of solar electric and solar thermal systems in 2006.
- Seven out of 13 portfolio companies surveyed have company-wide energy savings efforts and recycling programs.
- 67 percent of SJF's portfolio companies purchase recycled or refurbished products.

## LEVERAGE

- SJF Ventures has co-invested with 39 venture capital funds to date.
- SJF has led or co-led the financing rounds in 16 of its 24 portfolio companies (including exited companies), with SJF investing \$15.6 M in financing rounds totaling \$70 M.

## METHODOLOGY

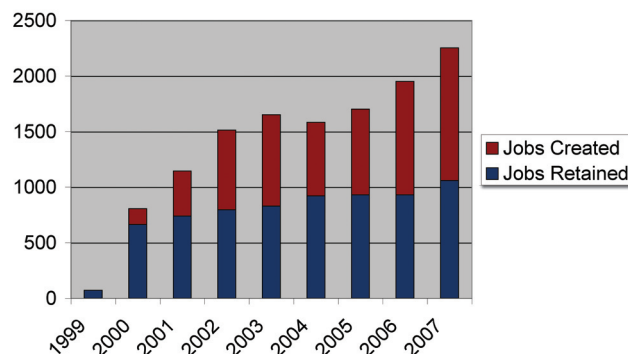
To measure the workforce, community, and environmental impacts of portfolio companies and to strengthen our ability to assist them, SJF conducted its sixth annual mission impacts survey in February 2007 with the 13 most active companies in SJF's portfolio at that time. The survey asked for 2006 data. The set of portfolio companies had changed from the previous year, with two new portfolio companies, Intechra and groSolar, and three exited or partially exited companies no longer surveyed, including Trinity Securities, Spectral Dimensions, and EvCo. SJF invested in two additional companies, Telkore and MedPage, in early 2007 so they are not included in this report.

## ENTREPRENEURIAL ASSISTANCE

In 2006, SJF identified 1,197 companies seeking equity financing. Of these, SJF assisted 208 companies with business assistance such as financing and partner referrals, business plan feedback, and workforce development assistance such as help with benefits, location, recruitment, and tax credits. The breakdown in the level of assistance provided for 2006 is as follows:

- Level I – Providing several hours of assistance via business plan review and referrals – 122
- Level II – Providing more in-depth assistance over several weeks – 29
- Level III – Providing several months of in-depth assistance, site visits, and sometimes coaching for participation in SJF events – 57

## SJF I&II JOB RETENTION AND CREATION



## COMPANY LEVEL RESULTS

SJF Advisory Services is able to engage more deeply with SJF Ventures portfolio companies than with other companies we assist. Here are results of the 2007 survey of portfolio companies.

### EMPLOYMENT

SJF portfolio companies employ more than 2,100 people, with 1,228 new jobs created after SJF investment. In 2006<sup>1</sup>, 64 percent were from minority groups and 73 percent were women, compared to 66 percent minorities and 75 percent women in 2005.

The number of jobs retained went up slightly from 930 in 2005 to 1060 in 2006. There was a significant increase in new jobs, though, with 172 jobs created in 2006. This was partly driven by significant job creation by new companies Intechra and groSolar.

Overall, the SJF investment dollars per new job created is \$8,155 (including only SJF dollars invested, not all equity dollars). This is more than three times the number of jobs/dollar as SBICs, which average \$35,000 per new job created<sup>2</sup>.

<sup>1</sup> Data are for the ten SJF I and SJF II companies reporting both 2005 and 2006 figures. Does not include EvCo, Spectral, Intechra, groSolar, and RealWinWin.

<sup>2</sup> Rubin, Julia Sass. "Community Development Venture Capital: A Double-Bottom Line Approach to Poverty Alleviation," US Federal Reserve. Washington DC: May 27, 2001. ([http://www.community-wealth.org/\\_pdfs/articles-publications/cdfis/paper-rubin.pdf](http://www.community-wealth.org/_pdfs/articles-publications/cdfis/paper-rubin.pdf))

## > ENTREPRENEURIAL ASSISTANCE EXAMPLE

### Nubian Heritage, located in New York, provides high quality body care products

designed for African Americans that are made with all natural ingredients that have significant cultural importance. The store is 100 percent black-owned and holds the added attractions of Boma Cafe, Dee's Art Gallery, a hair salon and spa; and it also sells chess sets, clothing, fine artwork, jewelry and unique collectibles of the black Diaspora. Nubian Heritage participated in SJF's Getting Ready for Equity™ workshop in May 2006 in New York as well as in the subsequent Inner City Capital Connections speed dating event with potential investors. Richelieu Dennis, Nubian Heritage CEO, made some useful contacts at the event and said he was inspired afterwards to re-think his business plan and refine his strategy. SJF's Rick Larson met with Dennis afterwards in New York to assist with that process.

SEE [WWW.NUBIANHERITAGE.COM](http://WWW.NUBIANHERITAGE.COM)





SJF has achieved substantial results in 2006 in reaching its target population of entry-level employees, defined by the community development venture capital industry<sup>3</sup> as those earning at or below 80 percent of the area median income. Of the ten companies reporting 2005 and 2006 data, 88 percent of their workforce was entry-level in 2005. In 2006, that number decreased slightly to 80 percent.

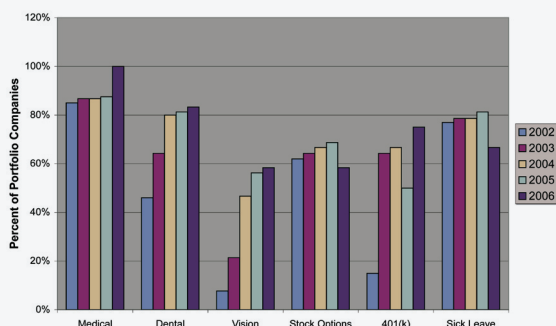
SJF's portfolio companies are not only committed to employing entry-level workers but also helping hard-working employees create wealth and raise their standard of living. During 2006, five of nine<sup>4</sup> portfolio companies increased their average wage. As well, 27 percent of entry level workers, or 145 employees, moved from area median income or less to a higher wage level in 2006.

An example of this commitment is Ryla Teleservices, the Kennesaw, Georgia-based company that provides customer contact outsourcing solutions for Fortune 500 companies, government agencies, and non-profit organizations. In 2006, Ryla increased the starting hourly wage for all 234 entry-level employees by 11% from \$9.00 to \$10.00 per hour.

## BENEFITS

In 2006 SJF portfolio companies maintained or increased benefits offered. Of the 13 portfolio companies surveyed,

### BENEFITS BY YEAR 2002-2005



100 percent indicated providing some health care coverage, including two offering 100% employer-paid health insurance, and seven more offering 70% to 90% employer-paid insurance. This is significant as SJF's portfolio companies have maintained their commitment to health care coverage, even in the face of spiraling health care costs. In contrast, the national average of percentage of employment-based insurance fell for



the sixth straight year to 59.5% in 2005 from 59.8 in 2004<sup>5</sup>.

In addition to health insurance coverage, 83 percent of the SJF portfolio companies that responded offered dental insurance, reflecting a slight increase from 2005. One exciting gain for our portfolio companies was made in regard to retirement plans, which were offered in 75 percent of SJF's companies, a 25 percent increase over 2005. SJF's portfolio companies continue to demonstrate their commitment to quality jobs and benefits while increasing their competitiveness in the marketplace.

Wealth building opportunities in the form of stock option plans, profit sharing, or retirement plans (401k) are currently offered at 92 percent of SJF portfolio companies reporting. This figure is up from 82 percent in 2005. Furthermore, portfolio companies are increasingly offering more types of benefits, such as Employee Assistance Plans and home buying and childcare assistance, to their employees. Presently, half of portfolio companies surveyed offer some kind of assistance and some companies are beginning to offer new programs such as health club memberships. These outstanding assistance programs and wealth building opportunities illustrate the kind of jobs SJF aims to help create in its portfolio companies.

### Benefits Statistics

	# of Portfolio Companies	% of Portfolio Companies
100% Health Care Premium coverage	2	15.4%
70% to 90% Health Care Premium Coverage	7	53.8%
50% to 69% Health Care Premium Coverage	2	15.4%
Health Care Premium Coverage*	2	15.4%
No company-wide health coverage offered	0	0%
Total	13	100%

<sup>3</sup> The Community Development Venture Capital Alliance convened the Return on Investment project in 2004 to develop a standardized set of metrics for measuring social and environmental impacts and the result was the Measuring Impacts Toolkit; SJF was a participant in the project. <sup>4</sup> Numbers are for the 9 portfolio companies that responded. Does not include CTI, CitySoft, EvCo, Brightside, Intechra, Selectech, and groSolar. <sup>5</sup> "Economic Recovery Failed to Benefit Much of the Population in 2004." Center on Budget and Policy Priorities. Washington, D.C.: August 30, 2005. (<http://www.cbpp.org/8-30-05health.htm>) and "Is Medicaid Responsible for the Erosion of Employer-Based Health Coverage" Center on Budget and Policy Priorities. Washington, D.C.: August 30, 2005. (<http://www.cbpp.org/9-22-06health.htm>)

## WORKFORCE DEVELOPMENT

In 2006, 90 percent of reporting SJF portfolio companies offered some form of training to their employees. The training ranges from computer skills training offered at nearby colleges to more informal soft skills. The most popular forms of training offered were computer, customer service and technical skills. Some companies offered in-house training only; of those spending money on training, \$47,828 was the average amount spent in 2005. There was also a positive correlation between companies who spend more on training and the number of entry-level employees in their workforce.

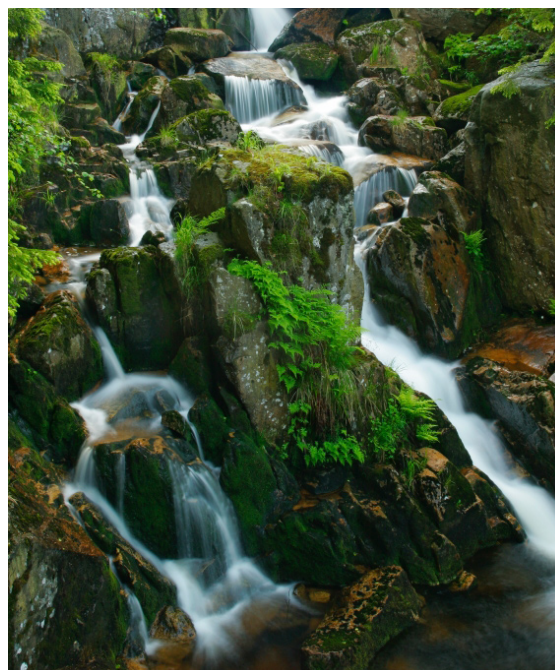


## COMMUNITY RESULTS

### CLEANTECH INNOVATION

SJF is committed to financing, assisting, and showcasing innovative clean technology and environmental companies that are changing the way business is done in their sectors. In 2006, SJF portfolio companies recycled more than 7,000 tons of materials. Highlights from the environmental impacts of portfolio companies in 2006 include:

- **Salvage Direct** recovered more than 32,870 cars, boats, RVs, and other vehicles damaged by hurricanes and other natural disasters.
- **RealWinWin** provided energy efficient consulting for more than 20 million square feet of commercial real estate.
- **SelecTech** recycled more than 150 tons of waste plastic in the manufacturing of their products.
- **Sun and Earth** uses wind energy as its only source of



electrical power. In addition, the company recycles 95 percent of its boxes, paper and bottles. Sun and Earth's business is the manufacture of non-toxic and environmentally friendly cleaning products.

- **Foxfire** emphasizes waste reduction and reduced energy loss through programmable thermostats.
- **groSolar** has a photovoltaic system installed on the roofs of their buildings, which also feature reduced energy lighting design. Additionally, groSolar provides employee discounts for photovoltaic systems and solar water heaters. The company installed 2,500 kilowatts of solar electric and solar thermal systems in 2006.
- **Intechra** recycled 14,231,114 lbs of material and a further 1,239,276 lbs of electronic assets were refurbished and resold.

### TO DATE, SJF VENTURES HAS:

- **Co-invested with 39 venture capital funds.**
- **SJF has led or co-led the financing rounds in 16 of its 24 portfolio companies (including exited companies), with SJF investing \$15.6 MM in financing rounds totaling \$70 MM.**
- **Served on the boards of most portfolio companies and assisted with matters such as board development, management recruitment, strategic advice, engaging investment bankers, hiring CFOs, evaluating potential acquisitions, and organized new financing rounds or bank debt.**





*"We use wind energy as our only source of electrical power. Sun and Earth's business is the manufacture of non-toxic and environmentally friendly cleaning products."*

## INDUSTRY BUILDING EFFORTS

### GETTING READY FOR EQUITY™ WORKSHOPS

In 2006, SJF Advisory Services conducted two **Getting Ready for Equity™** workshops in advance of the Inner City Capital Connections events held in New York in May and in Miami in November. The training educated the companies about the process of raising capital and prepared them for their presentations to investors at the ICCC event itself. In addition to the SJF team, which had a big presence at the sessions (6 in NY and 7 in Miami), the training sessions involved a number of other presenters and coaches (venture capitalists, lawyers, consultants, entrepreneurs, Bank of America, and ICEF personnel) – 11 in NY and 12 in Miami. The ICCC, a joint Bank of America/Inner City Economic Forum effort, seeks to connect expansion stage investors (e.g., SJF Ventures) and later stage private equity and buyout funds with a particular interest in diverse industries and minority owned companies.

### CLEANTECH CEO PANELS

SJF Ventures held its second annual "**Cleantech Companies in Mainstream Markets: CEO Panel on Innovative Strategies**" on June 15, 2006, at Deutsche Bank in New York." The event featured eight different CEOs from rapidly growing clean technology companies who demonstrated how companies with innovative green strategies can scale rapidly, reduce costs and deliver unique new services to customers all while transforming mainstream markets. The event drew more than 170 people, including investors and other financiers,

business executives and entrepreneurs, and economic developers. The event was well received and SJF is holding a third Cleantech CEO Panel on June 13, 2007. 2006 presenting companies included Zipcar, Intechra, Global Resource Options, Tricycle, Q Collection, InkTecZone, ForesTrade, and Cambridge Water Technology.

#### FROM PARTICIPANTS IN GETTING READY FOR EQUITY™:

*"I just wanted to take a moment to THANK YOU ALL for the amazing program at FIU yesterday! We learned so much and are so grateful for the opportunity to meet each and every one of you! Tim and I left yesterday feeling reenergized and ready to take our company and our clients to the next level! I am confident that we will discover the right partner to assist us in that venture"* – SUZETTE DIMASCIO, CEO OF CAREER SOLUTIONS INTERNATIONAL, ORLANDO, FL

#### FROM PRESENTER AT GETTING READY FOR EQUITY™:

*"Great job by you and all your colleagues in organizing one of the more well run and effective conferences I have attended. The caliber of the speakers and staff was great, and the people from the companies were excellent entrepreneurs. I enjoyed it, and it was good to see such a worthwhile event in action."*

–JIM DAVIDSON, BANYAN MEZZANINE CAPITAL, MIAMI, FL

“We are a small entrepreneurial company which is attractive to a lot of people both because of the mix of informal structure and high growth career opportunities ... We are flexible on time in the office as long as the work gets done. Several employees work at home part time to accommodate children's pick up schedules.”

#### FROM PARTICIPANTS IN THE 2006 CLEANTECH CEO PANEL:

*“Who could better present a company than the CEO?”*

*“Excellent selection of speakers, from a variety of industries.”*

*“A good blend of large companies vs. small, start-ups vs. established businesses.”*

*“Very interesting presentations, slide shows, anecdotes, pointing to hopeful futures!”*

*“I really liked the mix of companies (energy, recycling, consumer products, etc).”*

#### SJF VENTURES II

SJF completed the capitalization of SJF Ventures II at the end of the first quarter in 2007 and has already invested in six companies. SJF Ventures is a venture capital fund that focuses on the cleantech, technology-enhanced services, and premium consumer products sectors. SJF looks for experienced management teams that are driving exceptional growth and positively impacting the world. The fund provides equity financing from \$500,000 to \$5 million, solo or in syndicates, to companies that are seeking expansion capital. Representative investment areas include renewable energy and efficiency, natural and healthy consumer products, digital media and marketing services, electronics recycling, agriculture and sustainable food processing, and outsourced business services.

#### WINNING WORKFORCES CEO PANEL

In 2006 SJF began collaborating with Chicago-based Winning Workplaces on an event held on April 25, 2007 titled **Winning Workforces: A CEO Panel on Engaging all Employees to Achieve Success** at which we highlighted six companies that tie their success to practices such as open book management, broad-based employee ownership, and employee involvement and advancement mechanisms.



#### RYLA TELESERVICES

*“We have an open book approach to managing our clients as well as our associates. They have the opportunity to know everything that we're doing. We share company goals and objectives and share information at every level ... We take the approach of ‘the best job that you've had’ with employee satisfaction. We offer home buying seminars, financial seminars, carpooling, birthday celebrations, employee recognition events, and more.”*




#### ENTREPRENEURIAL ASSISTANCE EXAMPLE



**groSolar, located in White River Junction, VT, is a premier provider of solar energy systems**, helping homeowners and businesses reduce their energy bills and turn their values into action.

groSolar designs, installs, and distributes efficient systems for solar

electricity, solar hot water, and solar air heating nationwide. Prior to investment, SJF assisted the company with developing its merger and acquisition strategy, evaluating acquisition candidates, growing its management team and recruiting for specific management roles, and developing the business plan and financial model for growth. groSolar was also featured in SJF's second annual Cleantech CEO Panel in New York in June 2006. SJF Ventures then led a \$2.25 M investment round in the company in September 2006 and continues to be an active investor. “SJF has assisted us through a very challenging growth phase, providing outside views to management and inside knowledge of venture transactions,” said Jeff Wolfe, CEO of groSolar. “As a first-time entrepreneur, the assistance with development of our business plan and projections was critical. SJF believes in our mission and our team, and is working with us to profitably bring that mission forward.” **SEE [WWW.GROSOLAR.COM](http://WWW.GROSOLAR.COM)**



## SJF ADVISORY SERVICES

Services offered include:

**ENTREPRENEURIAL ASSISTANCE** — Business plan feedback, management and operational assistance, and referrals to other funding sources and strategic partners, with a particular focus on educating businesses about equity financing.

**CLEANTECH INNOVATION** — Promoting cleantech business strategies that use environmental innovation to reduce costs, enhance quality, and achieve a marketing advantage. Showcasing companies with cleantech innovations in mainstream markets in annual event.

**WORKFORCE INNOVATION** — Fostering business models that achieve a competitive advantage through a high-performing workforce and a culture of ownership. Services include assistance with employee benefits and asset-building programs, including health insurance, retirement plans, broad based stock option plans and other incentives; help with employee recruitment and training; and help with grants and tax credits.



## INDUSTRY IMPACTS

Beyond our portfolio companies and their employees, SJF works to create replicable models and to share lessons learned through our co-investors, investors, contributors and our trade associations — Cleantech Venture Network, Community Development Venture Capital Alliance (CDVCA), Opportunity Finance Network (OFN), National Venture Capital Association (NVCA), National Center for Employee Ownership (NCEO), and Investors Circle. In addition, SJF assists other funds and funds in formation.



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