

PropelNext In Action

Everyone Wins: The ROI of Social Good

When Eduardo Castro applied to Hope Builders, he was working the night shift cleaning the grounds at Disneyland and also holding down a part-time job in a warehouse to make ends meet. It wasn't easy for a 22-year-old dad with a four-year-old daughter.

This wasn't the life Eduardo had envisioned. Growing up, he planned to go to college. When he was 16 and applying for an afterschool job to earn a little extra money, he asked his mother for his Social Security card to fill out the application. It was then that he learned he was born in Mexico and wasn't eligible to work in the United States.

Without access to financial aid, college was unattainable and Eduardo's dream was crushed. (Eduardo applied for and received his green card when he was 20.) Holding down two jobs while supporting a wife and young child, Eduardo

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- Eduardo Castro

knew he needed to find a better way to provide for his family. He had heard about Hope Builders and applied to the organization's construction program.



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an initiative of the
Edna McConnell Clark Foundation

"I was looking for a trade," he said. "I know that plumbing will be useful forever. There are two million homes in California, and all of them have plumbing."

Eduardo Launches a New Career Through Hope Builders

Hope Builders helps Orange County youth out of poverty by providing the training and skills to get and keep a job. The agency offers a 28-month program, which begins with a four-month training academy. Training sessions run from 8 A.M. to 4 P.M. daily and include remedial math and reading, financial assistance for childcare and transportation and 32 hours of practical skills—such as interpersonal communication, financial management and job readiness.

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***- John Raya
Executive Vice President,
Infinity Plumbing Designs***

Once they complete the training academy, youth are connected to permanent employment or internships. They receive one-on-one job coaching to develop their resumes, obtain professional attire and practice their interviewing skills. For up to 24 months afterwards, staff continues to support youth, helping them

not only stay employed, but also find growth opportunities through promotions and job changes.

The training academy schedule was challenging for Eduardo. He often arrived at the training site with only two hours of sleep, since he still worked nights. His drive to succeed got him through the long days.

Hope Builders connected Eduardo with Infinity Plumbing Designs, a 270-person company with revenues above \$50 million annually. He now spends workdays laying pipes, leveling them and installing gas lines. The job is satisfying and offers significant opportunity for growth. After years of working around the clock, Eduardo now gets home by 4 P.M. and has time to spend with his family.

John Raya, executive vice president of Infinity, who hired Eduardo, recently brought on eight more trainees from Hope Builders. "It's personal for me," Raya says. "So many young men and women have grown up being told they aren't very good, and after a while they start to believe it. I always try to put them in a position where they can build their own confidence."

Raya sees Hope Builders as more than a chance to give back to his community; it is also a way to address staffing shortages affecting his company and the industry. Hope Builders provides companies like Infinity with new opportunities to recruit employees and helps improve retention rates. "We are coming to grips with the reality that folks are not choosing to go into the trades. This is a way for us to bring on young people who are eager to learn. There is a real business benefit," said Raya.

With Guidance From PropelNext, Hope Builders Lays the Foundation for Growth

For Shawna Smith, Hope Builders' executive director, stories like Eduardo's offer validation that the organization's continuous improvements, which began when they became part of PropelNext, are paying off. In its early years, Hope Builders focused on job-specific skills, offering intensive boot camps to teach the technical skills necessary to work in health care, construction and business. While the agency provided case management services and life skills programs, they were a lower priority.

“PropelNext helped us surface the best parts of our organization and increase them in a purposeful way.”

*- Shawna Smith
Executive Director,
Hope Builders*

All that changed when Hope Builders joined the first PropelNext cohort. PropelNext builds the expertise of next-generation non-profits so they can collect, analyze and apply data to strengthen their programs.

Through PropelNext, Hope Builders' staff gained the tools and training to collect and analyze data about their impact. They learned that providing stability and life skills was just as critical to their students' long-term success as technical, job-related skills. When confronted with the data, the Hope Builders team responded by bringing its case management and life skills programs up to the same level of rigor, intention and consistency as the techni-

cal training programs. They added two years of structured follow-up for every young person in the program. With these changes in place, Hope Builders is delivering more consistent results for young people like Eduardo.

“PropelNext helped us surface the best parts of our organization and increase them in a purposeful way,” said Smith.

With a strengthened program and a solid foundation of evidence to build upon, Hope Builders was ready to shift attention to growth. The organization recently began serving young people in Anaheim, CA and plans to double the number of youth served within three years and triple it within ten years. In order to achieve these ambitious goals, the team at Hope Builders has to do more than communicate impact; it has to communicate value.

Social ROI Offers Evidence of Value

“We recognized that we needed to make ourselves more relevant to the larger community. We would talk about all of the wonderful things we did for youth, but external stakeholders wanted to know what it meant for them. We had to talk about it in terms that would resonate,” said Christa Sheehan, Hope Builders' deputy director.

Sheehan set out to make the case by calculating Hope Builders' Social Return On Investment (SROI). Through PropelNext, Hope Builders had already laid the groundwork for this undertaking by building their quantitative analysis abilities. They had upgraded their technology and added an organizational learning department.

The Hope Builders team also used their time in PropelNext to hone in on the program's target population to ensure they were reach-



ing the young people who most need their services. To do this research, they redesigned their application forms to collect information about youth earnings and employment and on income taxes, Social Security and Medicare taxes that youth paid once they were employed. They also collected information about the public benefits youth received as a result of unemployment or underemployment. These included Temporary Assistance for Needy Families (TANF) payments, housing assistance, food stamps, unemployment, Medicaid and other public health services, substance abuse treatment, and expenses associated with recidivism.

With this data in hand, Sheehan and her colleagues reached out to Deloitte, a global leader in measuring the impact of social interventions. Building on its expertise in social impact measurement, Deloitte worked with Hope Builders to calculate its SROI. The Deloitte team used Hope Builders' existing data, and also conducted surveys of youth to collect additional information. They identified the cost savings that Hope Builders delivers by helping young people out of poverty and into the workforce. These savings come in the form of public benefits no longer needed.

Then Deloitte calculated how much new income Hope Builders generates by totaling new payments into the public sector — income taxes, Social Security and Medicare taxes — as a result of the young people joining and staying in the workforce.

By adding the cost savings and the new income, Hope Builders is able to measure its social return on investment. The organization estimates that it delivers an annual social impact of almost \$1.3 million dollars. A donor who invests \$100,000 in Hope Builders will achieve a 45 percent social return on that investment over three years. The return will come in the form of fewer public benefits paid out to the young person and additional taxes paid by the young person. Further, in five years, the donor will achieve a 138 percent social return on investment.

In addition to communicating Hope Builders' value, the SROI work has informed the organization's program strategy. Already Hope Builders has identified additional ways to strengthen their training academy and tighten the focus of support services. For investors, this improvement will make the SROI even stronger.

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