INVESTMENT CASE STUDY: FIRST STEP STAFFING

15,000 EXPERIENCE HOMELESSNESS

Each year, 15,000 Philadelphians experience homelessness, according to the City of Philadelphia’s Homeless Services Department.

FIRST STEP STAFFING TO REPLICATE PROVEN MODEL

First Step Staffing (FSS), an Atlanta-based non-profit staffing agency founded in 2007, is committed to employing individuals experiencing homelessness. In 2017 alone, FSS created 3,384 jobs by purchasing a for-profit company in Atlanta and converting the jobs for their client population - prototyping a successful model with the potential for replication in other U.S. cities. FSS provides additional wraparound services and, consequently, pathways for clients to secure permanent jobs and housing.

A SOLUTION

FIRST STEP STAFFING EXPANDS TO PHILADELPHIA WITH LOCAL STAFFING COMPANY ACQUISITION

FSS acquired Philadelphia branch of Ontime Staffing, including 700 jobs in 2018. FSS converted 64% of acquired jobs to opportunities for clients experiencing homelessness. FSS achieved 100% customer retention, added ¼ new customers, and increased sales. FSS earned $17M in revenue in their Philadelphia location alone in 2018. FSS built local wraparound services, such as transportation, to support client success.

THE INVESTMENT

A $6.33 MILLION COLLABORATIVE INVESTMENT

The First Step Staffing solution was possible with a unique collaboration of local investors - including foundations, a CDFI consortium, angel impact investors, and the City of Philadelphia.

CAPITAL STACK

$280,000 GRANTS
$4,850,000 CDFI DEBT
$950,000 SUBORDINATED LOANS
$250,000 CITY CONTRACT

THE INTENDED IMPACT

SHORT- AND LONG-TERM POSITIVE IMPACT INTENDED FOR DIVERSE RANGE OF STAKEHOLDERS

The $6.33M investment intends to generate measurable impact, as well as a partial financial return on investment. The intended impact includes:

- RELIABLE INCOME, STABILITY, CAREER SKILLS, SELF-ESTEEM, NEW RELATIONSHIPS.
- PATHWAYS TO PERMANENT EMPLOYMENT.
- $14M IN 2018 PAID WAGES AND FUTURE WAGES TO RIPPLE INTO LOCAL COMMUNITY AND BUSINESS.
- POTENTIAL TO EASE COSTLY SERVICES, CREATE TAX PAYS, ATTRACT NEW BUSINESS AND INVESTMENTS.
- PATTERN TO MODEL A SOLUTION THAT COULD BE SCALABLE AND/OR REPLICATED IN THE REGION AND PENNSYLVANIA.
- POTENTIAL TO MODEL A BUSINESS AND INVESTMENT SOLUTION THAT ADVANCES UN SDGs IN CITIES.

This profile was created as part of a content series for The Greater Philadelphia Impact Capital Pledge, an ImpactPhIL initiative that aims to capture and catalyze impact and mission-aligned investments from/for our local region. Learn more about the Pledge at impactphl.org/pledge. Learn about First Step Staffing at firststepstaffing.com.