Anchor Institutions and Urban Economic Development: From Community Benefit to Shared Value

Inner City Economic Forum Summit 2010
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Professor Michael E. Porter
Initiative for a Competitive Inner City
Background

- In 2001, ICIC supported by CEOs for Cities proposed a framework for the role of colleges and universities as anchor institutions in driving urban economic revitalization.
- Since then a number of colleges and universities successfully utilized the framework to guide their work in improving their local economies.
- The focus on anchors has broadened to include healthcare and cultural institutions among others.
- However, anchor institutions remain a largely untapped resource for promoting inner city economic and community development.
ICIC Anchor Institutions Research

• ICIC has conducted new research on the role of anchors in urban community revitalization including:
  – Reviewing secondary literature for context
  – Interviewing numerous anchors, economic development agencies, state/city agencies, non-profits, and other stakeholders
  – Convening a round-table discussion with thought leaders and practitioners from the anchor institution community

• The study has focused on hospital systems and universities and colleges, though the findings apply to all types of anchors

• As part of this research, ICIC carried out an in-depth study of community involvement in partnership with the Cleveland Clinic

• This presentation will preview this research and seek comments and discussion with stakeholders. The aim is a new report to be disseminated nationally
Summary of Key Findings

• Inner cities **continue to lag** the rest of the U.S. in social and economic performance.

• Anchor institutions and their communities **depend on each other** to remain competitive; there is much opportunity to create **shared value**.

• Anchor institutions are often the **major economic force** in urban areas, controlling important levers for inner city revitalization.

• There are still **too few examples** of anchors that have clear strategies for creating shared value in their neighboring communities. The focus remains on isolated “corporate citizenship” activities.

• ICIC has developed an **updated framework** to guide the strategies of anchors in achieving community impact.

• There are **emerging best practices** that should inform anchor activities and guide successful implementation.
Agenda

1. The Imperative of Inner City Economic Development

2. Anchor Institutions: Potential for Impact

3. Harnessing the Potential: A Strategic Framework

4. Applying the Framework: Guiding Principles and Best Practices

5. Creating Shared Value in Practice: Implementation Challenges

6. Next Steps
Definition of Inner Cities

WHAT IS AN INNER CITY?
Contiguous census tracts in central cities that are economically distressed, based on the following criteria:

- Poverty rate 20% or higher
- Two of three other criteria:
  - Poverty rate 1.5x times or more than the MSA
  - Median household income 50% or less than the MSA
  - Unemployment rate 1.5x or more than the MSA

Example: Cleveland, OH

100 Largest U.S. Cities

Example: Cleveland, OH
Inner Cities and Poverty in the United States

- Distressed inner city communities are home to almost **one fifth** of U.S. poverty and **one third** of minority poverty

**Source**: State of the Inner City Economy Database (SICE) Database 2000, ICIC Analysis
### Inner Cities: Key Facts

**Is Cleveland data from ACS?**

Cleveland demographic data from Geolytics 2009

<table>
<thead>
<tr>
<th>Key Facts (2000)</th>
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<th>Cleveland Inner City</th>
<th>Cleveland Rest of U.S.</th>
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<td></td>
<td>21m</td>
<td>260m</td>
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<td>Obesity Rate</td>
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<td><strong>Economics</strong></td>
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<tr>
<td>% Unemployment</td>
<td>13%</td>
<td>5%</td>
<td>14%</td>
<td>6%</td>
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<td>% of population in poverty</td>
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<td>66%</td>
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<td>N/A</td>
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</tbody>
</table>

- Inner cities **lag the rest of the U.S.** in terms of demographic, health and economic factors

**Source:** State of the Inner City Economy Database (SICE) Database, Health facts from America’s Health Rankings, Ohio Obesity Data; BRFSS Data, ICIC Analysis
Inner Cities: Key Facts


- Inner City, 8%
- Rest of Central City, 15%
- Rest of U.S., 77%

• Inner cities account for **8% of U.S. workforce**

*Source:* State of the Inner City Economy Database (SICE) Database, ICIC Analysis
The Performance of Inner City Economies: Employment

Between 1998 and 2008, inner city job growth was stagnant.

### 100 Largest Inner Cities vs. Rest of U.S. (1998-2008)

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<td>Number (m)</td>
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<td>Rest of U.S.</td>
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<td>Rest of Central City</td>
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<tr>
<td>Inner City</td>
<td>+0.1</td>
</tr>
</tbody>
</table>

- Between 1998 and 2008, inner city job growth was stagnant.

**Source:** State of the Inner City Economy Database (SICE) Database, ICIC Analysis
Inner City Economies: Employers

Distribution of Private Employment in the Inner City Economy (2008)

- Small Businesses: 47%
- Medium-Sized Businesses: 25%
- Large Businesses: 17%
- Anchor Institutions: 11%

Note: This series excludes governmental establishments except for wholesale liquor establishments (NAICS 4248), retail liquor stores (NAICS 44531), Federally-chartered savings institutions (NAICS 522120), Federally-chartered credit unions (NAICS 522130), and hospitals (NAICS 622).

Source: State of the Inner City Economy Database (SICE) Database, ICIC Analysis
Inner City Economies: Role of Growing Small Businesses

ICIC’s analysis of almost 600 fast-growing inner city businesses in its Inner City 100 program show that these businesses significantly to their local economy

- The median Inner City 100 firm has $8 million in annual revenue, 60 full-time employees and a five-year compound annual growth rate (CAGR) of 41%

- Inner City 100 firms have created more than 71,000 new jobs over the past 15 years

- Inner City 100 firms create three times more new jobs for inner city residents than the same size business elsewhere in the region with over 40% of their employees coming from the inner city

- Inner City 100 firms invest more in training and provide health and other employee benefits more frequently than the average U.S. firm

- Inner City 100 firms also experience lower employee turnover rates (16%) than the national average (50%), and are more productive than their national peers across all sectors

Source: ICIC Analysis of IC100 Companies
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2. **Anchor Institutions: Potential for Impact**

3. Harnessing the Potential: A Strategic Framework

4. Applying the Framework: Guiding Principles and Best Practices

5. Creating Shared Value in Practice: Implementation Challenges

6. Next Steps
Location of Anchor Institutions

Colleges, Universities, and Hospitals Based in Inner Cities (2008)

Number of Institutions

- **Nearly 1,000** colleges and universities and **350** hospitals are based in the inner city
- Anchors are **physically tied** to inner cities and relocation is unlikely

Source: Colleges and Universities data from National Center for Education Statistics (NCES), Hospital data from State of the Inner City Economy Database (SICE) Database, ICIC Analysis
In 2008, anchor institutions based in inner cities spent **over $200bn** on goods, services and their workforce. All urban anchors spent over $450bn.

Expanding the amount of hiring and purchasing **done locally** can have major impact on local economic development.
Anchors added **130,000 jobs** in inner cities in the ten years ending in 2008; without them, these communities would have lost 11,000 jobs.

Anchor institutions now provide **more jobs in inner cities than any other sector**. Anchors are the top employers in 66 of the top 100 inner cities.

**Source**: National Center for Education Statistics (NCES), American Hospital Association (AHA), State of the Inner City Economy Database (SICE) Database, ICIC Analysis
Areas with anchors are forecast to be among the fastest growing clusters and are expected to create 340,000 inner city jobs by 2018.

**Note:** Local Health Services includes health cluster businesses such as hospitals, laboratories, health care providers, pharmacies and drug stores. Education and Knowledge Creation includes colleges and universities, professional schools, museums, libraries, and other educational institutions. Excludes clusters with fewer than 50,000 inner city jobs.

**Source:** Bureau of Labor Statistics, Employment Projections Program, State of the Inner City Economy Database (SICE) Database, ICIC Analysis
Two thirds of hospital jobs and one third of college and university jobs are accessible to jobseekers with an associate degree or less.
Anchor Institutions: Real Estate Portfolio

Real Estate Values of Inner City Colleges and Universities (2003-2008)

- Inner city-based colleges and universities alone have almost $100bn in real estate

Source: National Center for Education Statistics (NCES), ICIC Analysis
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Anchor Institutions and the Community

- The health of anchor institutions is **inextricably linked** to their surrounding communities.
- Anchor institutions **depend on a healthy community** to provide a supportive business environment, reinforce reputation and image, and enhance demand.
- A healthy community **depends on strong anchors** to provide jobs, purchase local goods and services, and support its health, education, and social needs.
- There is long-term **shared value** between anchors and their communities.
Anchor Institutions and the Community: Evolving Thinking

From Social Responsibility  

- “Moral obligation” for good citizenship  
- Defensive: placate the critics  
- Separate from core operations  
- An extra cost to be minimized  
- Calculate overall economic impact

Creating Shared Value  

- Community viability is a critical driver of long-term success in terms of hiring, recruiting and quality of life  
- Integral component of the anchor’s overall strategy  
- Investments that will enhance the anchor’s long-term health and competitiveness  
- Measure the impact of activities on workforce development, local businesses, and other community success indicators
Creating Shared Value: The University of Pennsylvania and West Philadelphia

• In the mid-1990s, UPenn suffered from the perception and reality that West Philadelphia was unsafe and economically blighted

• Over the decade, President Judith Rodin led the University in a comprehensive strategy to enhance the university’s competitiveness by improving the long-term social and economic health of West Philadelphia

• UPenn anchored the development efforts but collaborated with various key stakeholders

• These efforts have produced substantial and demonstrable improvements for both the city and university

• “Today Penn celebrates its ongoing transformation into a world-class urban research university that is nourished by the neighborhood it helped to develop and revitalize”

• “…the University’s engagement as urban developer has played a critical role in enhancing Penn’s academic reputation…our investment in West Philadelphia paid strong academic dividends.”

Judith Rodin, 2007

Creating Shared Value: The University of Pennsylvania

**Anchor Institution Competitiveness: University of Pennsylvania**
- Increased retention and applications
- Enhanced reputation and rankings
- Growth in endowment
- Applied learning opportunities for students and faculty
- Improved community relations

**Shared Value with West Philadelphia**
- Renewed retail activity and greater availability of goods and services
- Recovered real estate values and better quality housing options
- Improved K-12 school choices, safety, and social services
- Greater local investment by private sector

*Source: Judith Rodin, The University & Urban Renewal: Out of the Ivory Tower and Into the Streets, 2007*
Local and Diverse

- **Diversity** is an important goal in hiring, procurement, and other activities.
- Many anchors have a **range of diversity programs**.
- A focus on **neighboring disadvantaged communities** is also crucial because they are the communities with the **greatest need** and where progress will create the **greatest shared value**.
- A strategy for **neighboring disadvantaged communities** benefits both community development and diversity.

- 4 out of 5 minority businesses (MBEs) are **not** based in distressed communities.
- In distressed urban communities, almost **half** of all businesses are MBEs.

Source: ICIC Analysis
The Role of Anchors in Community Revitalization: Strategic Framework

- This framework is applicable to all types of anchors
Cluster Example: Construction, Housing, and Real Estate

- **Information Sources** (e.g. Moody's, Fair Isaac, MLS, Case Shiller)
- **Development Financing** (e.g. Banks, Private Investors, Secondary Market, Public Funds)
- **Owner Financing** (e.g. Mortgage, Insurance)
- **Professional Services** (e.g. Architects, Engineers)
- **Brokers and Agents**
- **Property Managers**
- **Maintenance Services**
- **Retail Cluster**
- **Entertainment Cluster**
- **Developers**
- **Builders**
- **Occupants**
- **Owners**
- **Construction Equipment**
- **Masonry Materials** (e.g. Concrete, Stone, Brick)
- **Framing Materials** (e.g. Steel, Wood)
- **Finishing Materials** (e.g. Sheet Rock, Flooring, HVAC)
- **General Contractors**
- **Specialty Contractors** (e.g. Plumbers, Electricians)
- **Carpenters**
- **Labor Union Apprenticeships** (e.g. NJATC, International Masonry Institute)
- **Vocational Programs** (e.g. IEC, AGC, ABC)
- **Government Agencies** (e.g. Zoning, Assessors)
The Role of Anchors in Community Revitalization: Strategic Framework

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Strategic Principles

• The framework provides a **unifying approach** to guide an anchor’s overall community development strategy

• Each role within the framework offers a distinct opportunity for **shared value**

• Efforts in all **areas simultaneously** will multiply the impact. The activities in one role can **reinforce** progress in others
Strategic Framework: Roles Reinforce Each Other

- Core Products or Services
- Employer
- Purchaser
- Cluster Anchor
- Workforce Developer
- Real Estate Developer
- Community Infrastructure Builder
Strategic Principles

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• Efforts in all areas simultaneously will multiply the impact. The activities in one role can reinforce progress in others

• Each anchor should develop a unique strategy based on its position in the community and its own assets and capabilities

• To be successful, senior management will need to set specific goals and monitor progress in each area
Role of Anchors: Levels of Influence

**Collaborator:** Use resources and influence in collaboration with a broad range of stakeholders to identify and serve anchor and community needs.

**Direct:** Anchor’s own business activities

**Leader:** Lead a joint effort with other specialist organizations
Case Study: The Cleveland Clinic

- The Clinic is the largest employer in Cleveland and the second largest in Northeast Ohio.
- The Cleveland Clinic is a global institution, but the majority of its operations are based in Cleveland. It relies on an economically viable local community for workforce recruitment and retention, a positive patient and visitor experience, and access to services.
- Under Dr. Anthony Stallion, Chief Community Relations and Diversity Officer, the Clinic is assessing all of its community activities against the framework.

**Cleveland Clinic Locations**

**Cleveland: Key Facts**

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<tr>
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<td><strong>Health</strong></td>
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*Source:* State of the Inner City Economy Database (SICE) Database, Health facts from America’s Health Rankings, Ohio Obesity Data; BRFSS Data, ICIC Analysis.
Core Products or Services: Applying the Framework

Hospitals

Medical anchors play the direct role of health enhancer in the surrounding communities

- Assess particular health needs of community and whether there are differences in population or in certain neighborhoods
- Develop strategy to address those needs which includes:
  - Outcome to be achieved
  - Addressing prevention and wellness as well as treatment
  - Consideration of access, affordability and quality
- Utilize all resources including research and application of new approaches and products
- Coordinated use of own activities and those of community partners

Source: Interviews with 46 practitioners nationwide
Community smoking reduction initiative
- The Tobacco Treatment Center offers existing employees access to a smoking cessation specialist to develop a personalized treatment plan
  - Achieved a **45% quit rate** after first 12 months of program
- Helps pay for nicotine replacement therapy for **5,000 local residents**
- Developed a tobacco prevention program for K-12 students with the American Lung Association of Ohio
- Does not hire smokers. Job candidates who smoke are offered free smoking cessation assistance and encouraged to reapply in 90 days

Targets chronic disease prevention and screening for at-risk populations
- Launched African American Initiative for Male Health Improvement (AIMHI) in 1999 targeting Detroit metro-area African Americans
  - Provides health screenings and education, with focus on Type 2 diabetes, high blood pressure, stroke risk, and high cholesterol
  - Educates on chronic disease management
  - Between 2000 and 2005, more than **8,000 people were screened**, and at least one third tested positive for either diabetes or hypertension, for whom referrals to primary physicians were available

**Source:** Interviews with 46 practitioners nationwide
Real Estate Developer: Applying the Framework

Leverage anchor expansion and renovation projects to directly transform neighborhoods and provide employment for local firms and residents

• Assess anchor’s real estate needs while understanding surrounding community’s real estate needs and opportunities

• Inform and involve community stakeholders in anchor’s real estate planning

• Collaborate with business, government and community partners with aligned interests

• Enter into joint development projects where the anchor’s development can leverage other uses such as housing, retail, and commercial

• Convert vacant properties into multi-use space that fills local gaps, such as job training centers or low cost space for health related businesses, as well as anchor’s needs

• Set goals and incentivize for local hiring and procurement on construction contracts
  – Leverage activities in workforce developer and community infrastructure builder roles to meet these goals

Source: Interviews with 46 practitioners nationwide
Real Estate Developer: Best Practices

- Joint partnership with large Cincinnati employers
  - Formed the Uptown Consortium, delineating clear goals and priorities
  - **Allocated $100m** of its $1bn endowment towards the effort, **leveraging an additional $400m** in redevelopment and construction since 2004

- **Committed $13.8m** to the Near West Side Initiative to revitalize surrounding areas, expand own space, and attract new technology firms
  - Balance of the **$56m project** came from the State, the City, businesses and foundations
  - Projects include
    - Redeveloping two warehouses into mixed-use facilities, including green technology incubator, culinary center, artist live-work space
    - Revitalizing residential properties within an 8-block area

**Source:** Interviews with 46 practitioners nationwide
Expand purchasing programs that target diverse suppliers to include local suppliers and increase spending allocation to grow their capacity

- Analyze purchasing spend **across the entire organization**
  - Create an inventory of current purchasing
  - Determine areas accessible to local suppliers

- Set **local purchasing goals** and incentivize purchasing managers to achieve them

- Centralize **monitoring** of all spending

- **Identify local suppliers** and familiarize them with the anchor’s needs, processes and staff

- **Unbundle large contracts** to open up smaller contracts for local suppliers or require prime contractors to subcontract with local suppliers

- Help **grow the capacity** of local suppliers so that they can eventually take on larger contracts, directly and in collaboration with other purchasers
  - Encourage partnership between local firms or with larger suppliers
  - Provide business advice and mentorship
  - Consider creative ways to leverage anchor’s financial scale to support local suppliers, such as prepayment

**Source:** Interviews with 46 practitioners nationwide
Purchaser: Best Practices

- Spent $100m (12% of total procurement) with local suppliers in 2010
- Partners with the local Minority Business Enterprise Center (MBEC) to vet local and diverse vendors and build their capacity
  - MBEC familiarizes firms with UPenn’s processes and provides mentoring and networking opportunities
  - MBEC has helped businesses generate over $365m in contracts and financing, supporting the creation of over 600 full-time jobs since 2004
- Collaborates with more than 15 other anchors to increase local supplier capacity
  - Local suppliers can work for smaller anchors to build up capacity
- Transitioned Office Depot from a prime vendor to subcontractor on a major contract, persuading them to mentor a West Philadelphia firm as the new prime contractor
  - The local firm increased its contract from $300,000 to $50m over 10 years
- Pays small local vendors a month in advance to improve vendor working capital
- Leverages its scale to purchase supplies at lower prices on behalf of some of its small, local vendors

Source: Interviews with 46 practitioners nationwide
Employer: Applying the Framework

Create programs to recruit, retain and advance local residents building on diversity programs

- Target **specific positions** with greatest potential for recruitment of local residents:
  - Document education, training and experience requirements
  - “Map” the potential for career advancement

- Develop **screening and referral partnerships** in the community
  - Set targets for numbers of applicants interviewed and hired

- Create a plan to **retain and advance existing staff**:
  - Educational incentives
  - Flexible scheduling and on-line training options
  - Career coaching
  - Examples of successful role models

- Create **incentives for managers** who hire and promote local residents:
  - “Pre-qualified” applicant pools
  - Support on goal setting and tracking for local hiring
  - Inclusion of goals in performance-based compensation

*Source: Interviews with 46 practitioners nationwide*
Employer: Best Practices

- REACH program retains and advances existing staff, skill assessments, career coaching and various training programs (e.g., GED and diploma preparation; business and soft skills)
  - Started with a $3m Department of Labor grant; now funded internally
  - For the duration of the grant, 940 employees participated. 500 engaged in training; one third of those who completed trainings were promoted and obtained wage gains of 12% on average

- Awards forgivable tuition loans of up to $10,000 for employees pursuing high need careers
  - 68 employees have been awarded loans with only 3 defaults in 4 years

- Links 7% of senior executives’ bonuses to achievement in diversity goals
  - This policy could be extended to include local hiring

Source: Interviews with 46 practitioners nationwide
Workforce Developer: Applying the Framework

Lead efforts involving other anchors, other businesses, and community organizations, in building a pipeline of local residents trained and ready to be hired for job openings

- Target **current and projected high need positions**, including those with high vacancy rates, long hiring cycles, and rising demand
- **Assess** the level of education, training and experience required for each role
- Evaluate the **community’s education and job training system** and identify gaps in preparing local residents for current and projected high need positions
- **Partner** with other employers and workforce development organizations on sector-focused workforce initiatives that include recruitment, job training for entry-level positions and career advancement
  - Offer trainees the opportunity to be considered for jobs at partner organizations
  - For more immediate impact, begin with focus on jobs with fewer education or training requirements

Source: Interviews with 46 practitioners nationwide
Workforce Developer: Best Practices

• Created detailed career ladders with the required levels of education and training for advancement
• Shares vacancy data, career ladders, and best practices with other Boston-area employers
• Training and Employment Program to provide a qualified applicant pool of local residents
  – Recruits and prepares low-income local residents for entry-level careers in administrative, clerical, and allied health roles
  – Initially created the program with support from Boston Foundation
  – Since 2004, program has served nearly 300 local residents with a 83% placement rate and 75% retention rate
• Collected and analyzed information on demand for positions across Baltimore hospitals
• Identified a critical need for surgical technologists
  – Projected need for 150 surgical technologists
  – Partnered with two community colleges to create training courses that offer certificates or credits that qualified graduates for the surgical technologist role
  – Hospital partners sponsored training and guaranteed positions for program graduates

Source: Interviews with 46 practitioners nationwide
Cluster Anchor: Applying the Framework

Anchor and lead the growth of the cluster in the region

- **Collaborate** with other firms and institutions in the cluster to attract talent, capital (venture, loans and grants) new businesses to the community

- **Leverage other roles**, such as Purchaser, Workforce Developer, Employer and Real Estate Developer, to fuel cluster growth not just anchor needs

- **Incubate** new firms with the potential to grow locally by providing advisors, space, and services

- **Partner** with other cluster participants on innovative research and commercialization

*Source: Interviews with 46 practitioners nationwide*
Cluster Anchor: Best Practices

- Led collaboration to create TechTown, a 43-acre research and technology park in Midtown Detroit
  - Henry Ford donated office space, services and supplies and relocated its genetics labs to TechOne, TechTown’s business incubator
  - TechOne now hosts more than 160 companies and its 100,000 square feet are filled; WSU purchased a second, larger building to create TechTwo
  - 87 startups have enrolled in the business accelerator program

- Pittsburgh Life Sciences Greenhouse founded to attract new firms to the region
  - Attracted the Indiana-based Renal Solutions, Inc. to Pittsburgh by offering $33m in seed funding and promoting proximity to the three anchors
  - Renal Solutions attracted investors who backed other local companies while also receiving support from the region’s healthcare companies
  - In 2007, a German firm acquired Renal Solutions for $200m, marking the successful growth of the company from seed to maturity; Renal Solutions remains in Pittsburgh

Source: Interviews with 46 practitioners nationwide
Community Infrastructure Builder: Applying the Framework

Focus activities where the anchor and the community have the greatest overlap in needs. Collaborate with partners in the community to address high-need areas such as: Education, Job Training, Crime and Safety, Housing, Nutrition and Social Services, and Physical Infrastructure Improvements

- **Assess needs** of community especially in relation to the community capacity required by anchor to harness potential of other roles
- Determine which needs anchor is **best positioned** to influence
- Assess **community partners** and determine who is working in those areas and achieving strongest outcomes
- Create long term **strategic partnerships** with a few partners and develop joint strategies and outcomes to address focus areas

Source: Interviews with 46 practitioners nationwide
Community Infrastructure Builder: Best Practices

- Strategically targeted issues, outcomes, and community partners
  - Several hundred organizations expressed interest in working with UPMC on its workforce development efforts
  - To select its partners, UPMC requested that interested groups provide key information on population and geography served and outcomes achieved
  - Selection process yielded **50 partners** whose work complemented UPMC’s mission in community workforce development

- Yale Homebuyer Program subsidizes faculty and staff to buy local New Haven homes
  - Provided **$22.5m** in subsidies over 15 years
  - Facilitated over **950 home purchases**, with total value of over **$150m**

- Sponsors free five-year program for local eighth grade students, to allow students to complete high school, earn an Associate Degree, and receive certification in an allied health profession
  - Donated on-campus classroom space and employee time to the program
  - Over **150 students** have **enrolled** from 18 Wayne County school districts. **50%** are **Detroit residents**
  - **50%** of the current 12th graders are **on track to receive Associate Degrees**

Source: Interviews with 46 practitioners nationwide
## Anchor Institutions: Key Metrics

<table>
<thead>
<tr>
<th>Category</th>
<th>Key Metric</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Core Products or Services</strong></td>
<td>Number of participants in community health programs</td>
</tr>
<tr>
<td></td>
<td>Changes in targeted health outcome, e.g. smoking quit rate</td>
</tr>
<tr>
<td><strong>Real Estate Developer</strong></td>
<td>Local construction spending as a proportion of total spend</td>
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<tr>
<td></td>
<td>Percentage of local hires on construction projects</td>
</tr>
<tr>
<td><strong>Purchaser</strong></td>
<td>Local spending on procurement as a proportion of total spend</td>
</tr>
<tr>
<td></td>
<td>Number of local vendors as a percentage of total vendors</td>
</tr>
<tr>
<td></td>
<td>Number and proportion of local vendors that bid for contracts</td>
</tr>
<tr>
<td><strong>Employer</strong></td>
<td>Percent of total employees who live in the local community</td>
</tr>
<tr>
<td></td>
<td>Number of local employees pursuing further education/training</td>
</tr>
<tr>
<td><strong>Workforce Developer</strong></td>
<td>Number of local graduates hired from training programs</td>
</tr>
<tr>
<td></td>
<td>Number of new local training programs tied to the needs of the cluster</td>
</tr>
<tr>
<td><strong>Cluster Anchor</strong></td>
<td>Number of new businesses that stay in the community</td>
</tr>
<tr>
<td></td>
<td>Number of local jobs created in the cluster</td>
</tr>
<tr>
<td><strong>Community Infrastructure Builder</strong></td>
<td>Number of employees volunteering in primary programs</td>
</tr>
</tbody>
</table>
**Agenda**

1. The Imperative of Inner City Economic Development
2. Anchor Institutions: Potential for Impact
3. Harnessing the Potential: A Strategic Framework
4. Applying the Framework: Guiding Principles and Best Practices
5. **Creating Shared Value in Practice: Implementation Challenges**
6. Next Steps
The Role of Anchors in Community Revitalization: Untapped Potential

- A number of anchors have pursued *discrete programs* to create shared value with the local community
  - Most often as Real Estate Developer
- Few anchors have mounted *comprehensive strategies* to create shared value
  - UPenn is the best current example
- University efforts have *not been carried* over to their affiliated medical institution
- Hiring and purchasing practices have mostly focused on diversity but *can be expanded* to address the surrounding local community
- There are a handful of promising *collaboration models*
  - In Detroit, Henry Ford Medical System, Detroit Medical Center and Wayne State University are working together to increase their local impact through the “Live Local, Buy Local, Hire Local” initiative
Creating Shared Value in Practice: Obstacles

• Few anchors **have recognized** the scale of their current and potential impact on their surrounding communities

• Many anchors have **outdated** assumptions about the capacity of local residents and businesses in terms of hiring and purchasing

• Most anchors still view their involvement in the community **narrowly**…
  – Responding to community needs vs. leveraging the community’s assets
  – As a “moral obligation” to help the community and not an integral component of the anchor’s business strategy
  – As a cost and not an investment that will enhance their and the communities’ competitiveness

• Few anchors are aware **how** they can **leverage their activities** to improve their own performance while creating shared value with the community

• Few anchors have embraced strategic collaboration, and have a tendency to go it alone
Agenda

1. The Imperative of Inner City Economic Development

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## Call to Action: Roles for Leaders of Key Sectors

### Anchor Leaders
- Recognize that anchors have significant impact on economic and social performance of surrounding communities
- Assess business needs in terms of community needs. Develop an explicit community economic development agenda that leverages the framework and builds shared value
- Ensure that the senior management team coordinates activities across all roles, setting goals and incentivizing based on progress
- Engage with local government, business and community leaders

### Local and National Government Leaders
- Understand the business needs of anchors and structure programs to capture shared value for both anchors and the public
- Collaborate with anchors and local business leaders on economic development strategies and combine public and private dollars to support anchor collaboration
- Work with anchors to fully value the economic and social benefit that they deliver to community

### NGO Leaders
- Understand the business needs of anchors
- Present opportunities for engagement that create shared value
- Offer strategic partnerships to anchors that leverage their key assets: ability to attract talent, businesses and funding, and advocacy
- Seek partnerships with anchors to help them deliver tangible results

### Business Leaders
- Recognize anchors as potential business partners in improving the community
- Encourage anchors to serve as workforce developers, real estate partners, or providers of intellectual capital
- Collaborate with anchors on specific projects where interests are aligned
Next Steps

ICIC is committed to inform and support a national conversation on anchors and their role in community revitalization

• **Disseminating** the framework and learnings from this Summit

• **Defining metrics for success** across the framework to facilitate goalsetting and benchmarking

• **Consulting with cities and anchors** to accelerate adoption of the framework, customize it and apply best practices

• **Continuing** the research and capturing ongoing best practices and case studies