(Re)Defining Successful Anchor Strategies

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Abstract

Universities, hospitals, and large non-profit organizations are often referred to as "anchor institutions" because of their permanence and their physical and social ties to surrounding communities. Anchor institutions have the capacity to shape their surroundings, enhance the quality of life for residents, and drive regional economic performance as a result of their size and relative importance to the local economy. In theory, the value of engaging anchor institutions to achieve beneficial neighborhood or community outcomes is self-evident: there are benefits to all involved, and it's a smart way to do business. However, in practice, manifesting all of the benefits of closer engagement with anchors is a complicated undertaking, and it rarely occurs. Understanding why requires a consideration of the full context in which anchor strategies occur. In this paper, we seek to redefine anchor strategies by introducing a framework for classifying and describing them and their outcomes. We seek to distinguish a tactic a city or municipality might use to manifest the benefits of having an anchor within its borders from a strategy that animates and leverages the symbiotic relationship between the corporate goals of the anchor institution and the economic and social development goals of the municipality.

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Introduction

Anchor institutions—universities, hospitals, and large non-profit organizations—are referred to as "anchors" because of their permanence and their physical and social ties to surrounding communities. Beyond fulfilling their respective missions to educate, heal, cultivate the arts, or provide other services, these institutions are proven economic engines. They employ large work forces, occupy and manage big pieces of real estate, purchase vast quantities of goods and services, attract investment through capital projects and research activities, and provide local constituents access to food, retail, and other amenities. Anchors also have the capacity to shape their surroundings and enhance the quality of life for residents and institutional associates alike. Many smaller and older industrial cities have come to depend on anchor institutions as a bulwark of the local economy: the largest employer; and sometimes the sole source of economic growth.

In some instances, a mutually beneficial dynamic organically evolves between an anchor institution and its surrounding neighborhood that creates economically sustainable commercial corridors, vibrant streets, and dense, diverse neighborhoods. America has plenty of great college towns to showcase this. In many other cases, especially in underserved urban areas, institutional and civic leadership must be more entrepreneurial, proactively championing projects, programs, and policies to achieve these outcomes—a process commonly known as an "anchor strategy." According to this view, an anchor strategy represents the framework that guides local efforts to work with anchor institutions to capitalize on and maximize the impact of their presence. This framework asserts that the anchor can be a stronger and more effective participant in the local economy by adjusting the way it hires local workers, procures goods and services from local vendors, provides employees the opportunity to live close to their workplace, brings new business to local retail and commercial corridors, and catalyzes the creation of a safe and thriving community.

Beyond this simple description, the definitions, practices, and outcomes of anchor strategies are less precise. Differences arise in anchor strategies from institution to institution and community to community on a variety of issues: geography (from regional to small district), intervention type (from service learning to hiring practices to real estate development projects) to the desired impact (from economic opportunity for low-income residents to more retail amenities for students, faculty and staff). Depending on the tactics embedded in the anchor strategy, the metrics for success vary widely as well.

In theory, the value of engaging anchor institutions to achieve beneficial neighborhood or community outcomes is self-evident: there are benefits to all involved, and it's a smart way to do business. However, in practice, manifesting the benefits of closer engagement with anchors is a complicated undertaking. Anchors, even those with the best intentions, may not choose to endure the complications inherent in undertaking anchor strategies. Understanding why requires a consideration of the full context in which anchor strategies occur: the various players involved both at the anchor and at the community levels; the decision-making processes of an anchor; and

the frustrations that arise when the anchor's view of its role and responsibilities do not correspond to the views of the community or its aspirations.

In this paper, we seek to redefine anchor strategies by introducing a framework for classifying and describing them and their outcomes. We seek to distinguish a *tactic* a city or municipality might use to manifest the benefits of having an anchor within its borders from a *strategy* that animates and leverages the symbiotic relationship between the corporate goals of the anchor institution and the economic and social development goals of the municipality. Our redefinition of anchor strategies begins by asserting that effective and transformative anchor strategies have three primary features: they are *place-based, comprehensive,* and *institutionally embedded*.

"**Place-based**" refers to a specific and easily identified geography that the institution directly impacts. This is most clearly exemplified by the buildings, open spaces, gateways, and street networks that connect an institution to its surrounding community. But, beyond the physical orientation of an institution are places where its constituents—employees, students, patients, clients, visitors, etc.—live and patronize. Strong mixed-use neighborhoods surrounding institutions encourage pedestrian activity, create the street life that defines a vibrant institutional district and generate the residential density that in turn creates community and crowds out parking. An anchor strategy must define its borders and concentrate its efforts and resources within a well-defined geography to manifest the benefits of placemaking.

"**Comprehensive**" means that an anchor strategy must be ambitious in scope and transformative in its approach. Anchor institutions touch their surrounding communities in a multitude of ways—from hiring local residents, to occupying vast physical footprints, to educating and healing community members, to producing waste. A comprehensive anchor strategy seeks to transform each intersection between the anchor and community. An employer-assisted housing program that motivates staff to live locally provides multiple benefits for the institution and the neighborhood, but it is a tactic, not an anchor strategy. Anchor strategies should address the "five P's"—placemaking, personnel, procurement, policy, and planning—to be comprehensive, and therefore to maximize their potential impact.

For the anchor strategy to be **"institutionally embedded,"** the goals of the strategy need to be communicated and internalized across every institutional function by strong, results-oriented leadership. Only when the academic programs, administrative units, facilities management personnel, and governing boards are all working toward the same collective goals will an anchor strategy take root and bolster the surrounding community. Such clarity of focus in deploying a place-based, comprehensive, and institutionally embedded anchor strategy is rare, and helps explain why so many practices fall short of their promise.

Finally, anchor strategies are most successful when the traditional paradigms of how anchors and the community relate to each other, and how anchors do business evolve. A clearly focused anchor strategy takes on a life of its own and the net result is transformative for both neighborhoods and the institutions themselves. This paper presents an analysis of what it takes to craft a true anchor strategy, including how to encourage an anchor institution to think differently about its role in the community.

A Brief History Of Anchor Strategies

Anchor Institutions—typically universities, hospitals, and large non-profit organizations—are referred to as "anchors" because of their permanence and physical ties to surrounding communities. Indeed, Henry Webber and Mikael Karlström define anchor institutions as "nonprofit or corporate entities that, by reason of mission, invested capital, or relationships to customers or employees, are geographically tied to a certain location."[2] Today, the classic examples of anchor institutions are universities and hospitals—large institutions that find it difficult or impossible to move, both logistically and because they are often tightly intertwined or associated with the neighborhood or city in which they exist. In many instances, these institutions (often referred to as "Eds and Meds") are the largest nonpublic employers in their cities and generate significant economic benefits to their surrounding areas. In 2009, HUD estimated that Eds and Meds employed over 7 million people and generated $1 trillion in economic activity across the country.[3]

Anchor institutions thus have great potential to play a central role in their local communities, not just as hubs of education and health, but as economic engines and champions of community vitality and development. Harnessing this power, and using it as a positive force for both the institution and the area around it, recently has crystallized into an "anchor institution movement" that is characterized by "anchor strategies" that directly engage anchor institutions in local and regional economic development efforts.

Modern anchor strategies took root in the latter half of the twentieth century. As organizations like hospitals, universities, and local government became dominant industries in many cities, replacing traditional private employers such as manufacturing companies, the attention of planners and policymakers began to focus on how these organizations interacted with their communities. Concomitantly, anchor institutions realized that their success was tied to the economic vitality of the greater region, and vice versa. Initially, responses to this realization fell under the rubric of urban renewal, mostly associated with the redevelopment of land near anchor institutions by the institutions or on their behalf. These initiatives, undertaken in the 1960s and 1970s, often displaced local businesses and current residents, and generally involved little collaboration or consultation with the community and generated considerable tensions between communities and anchor institutions. More recent efforts, however, moved away from urban renewal approaches toward strategies that emphasized leveraging and capitalizing on local assets and working in partnership with the community.

Early views of anchor strategies focused on how the institution could help its neighbors, usually through the transfer of knowledge or skills to the community. Universities could send their students into the neighborhoods to help educate or train residents, for example, while hospitals provided the obvious direct benefit of healing the local population. Over time, however, the

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[2] Webber, Henry S. and Mikael Karlström. "Why Community Investment is Good for Nonprofit Anchor Institutions: Understanding Costs, Benefits, and the Range of Strategic Options." Chicago: Chapin Hall at the University of Chicago (2009); p. 6.

[3] Brophy, Paul and Rachel D. Godsil. "Retooling HUD for a Catalytic Government: A Report to Secretary Shaun Donovan." Philadelphia: Penn Institute for Urban Research (2009); p. 148.

framework expanded to include a two-way flow of information, leadership, and benefits. As described by Michael Porter of the Initiative for a Competitive Inner City, anchor strategies evolved from those predicated on social responsibility to a focus on creating shared value.[4] In this frame, anchors are motivated by three hypothetical assertions:

- Institutions cannot thrive while their surrounding neighborhoods wither;

- A vibrant neighborhood contributes greatly to an institution's competitiveness and viability;

- The combination of a successful institution within a vibrant neighborhood can help revitalize the economy of a city and a region… [by attracting] investment, residents, and visitors.[5]

The conceptualization of anchor strategies as win-win scenarios was a fundamental shift that spurred new thinking, experimentation, and a significant expansion of the scope and depth of anchor strategies. It also forms the backdrop for further study of the elements of successful strategies and our goal of defining anchor strategies in order to distinguish them from single tactics.

The correlation between the vitality of anchors and their region was made especially visible in Philadelphia in the late 1990s, when disinvestment in the university's surrounding West Philadelphia area led the University of Pennsylvania to take institutional leadership in the community. In 1994, West Philadelphia's crime rate had risen 10% over the preceding decade, the neighborhood was riddled with vacant buildings, and local schools were struggling. University officials worried that the neighborhood's troubles would be visited on students and faculty. This would lead to declining interest from potential students and faculty in attending or working for the university.[6]

In response, Penn embarked on the West Philadelphia Initiatives (WPI) to strengthen the economy and quality of life in the neighborhood surrounding the university. The WPI focused activities in five key issue areas: improving neighborhood services and capacity (including safety); providing high quality, diverse housing choices; reviving commercial activity; accelerating economic development; and enhancing local school options. Led internally by Penn President Judith Rodin and her administration, the university's efforts included forming partnerships with neighborhood organizations and civic groups, the private sector, and local government. An evaluation conducted in 2003 found that the initiatives had met a number of benchmarks related to accomplishing its goals, including:

- 40% drop in crime reports requiring action by Penn's Division of Public Safety from 1996–2002

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[4] Porter, Michael. Presentation to Inner City Economic Forum Summit 2010. October 26, 2010; Slide 22.

[5] Glanville, Justin. "Cleveland's Greater University Circle Initiative: A Partnership between Philanthropy, Anchor Institutions, and the Public Sector." Cleveland: The Cleveland Foundation 2013; p. 19.

[6] Kromer, John, and Lucy Kerman. "West Philadelphia Initiatives: A Case Study in Urban Revitalization." Philadelphia: University of Pennsylvania (2004); p. 6.

- $100,000 increase in average home sale prices in University City from 1995–2003

- 386 University City homes purchased by Penn-affiliated households between 1998 and 2004

- 150,000 square feet of new, university-created retail space housing 25 businesses

- $134 million in University-related construction contracts awarded to minority- or women-owned businesses

- Opening of a new University-assisted public school in 2001[7]

As a result of its success and comprehensive approach, the Philadelphia example is one of the most cited anchor strategies in the literature. However, there are numerous other examples of anchor institutions looking beyond their campuses to engage with the community around them. As the anchor movement has evolved over time, so too has the definition of what it means to be an anchor institution and how an anchor can and should engage with the greater community.

Defining A Successful Anchor Strategy: Place-based, Institutionally Embedded, and Comprehensive

Much has been written about anchor strategies in recent years. Many institutions have laid claim to working on anchor strategies and while they may have been undertaking one or more of the tactics that are part of an anchor strategy, we would argue that calling these efforts anchor strategies is a misnomer. True and effective anchor strategies are place-based, comprehensive, and institutionally embedded. When executed in this way, anchor strategies manifest their full potential to create positive change in their communities and to their bottom lines.

Efforts within the chosen geography must be part of conscious, institutionally embedded initiatives with goals that are communicated and internalized across every institutional function of the anchor. Importantly, to be successful the goals and activities must be developed in partnership with outside stakeholders, including community leaders, to maintain aligned interests between the community and the anchor. Moreover, efforts must be comprehensive in scope. Implementing one or two projects, for example, employer-assisted housing, service learning, local purchasing, or community reinvestment, is not a strategy. Adopting a fully-fledged anchor strategy requires that the way an organization does business evolves. It becomes a participant and leader within its community, and uses that position to help improve the livability of the neighborhood while pursuing its business interests. A true anchor strategy deploys institutional resources—administrative, economic, academic, and otherwise—for the betterment of the city and neighborhood as a part of the institution's new "business as usual."

Place-Based

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[7] Kromer, John, and Lucy Kerman. "West Philadelphia Initiatives: A Case Study in Urban Revitalization." Philadelphia: University of Pennsylvania (2004).

For an anchor strategy to be effective, it must be place-based, meaning that it targets a specific geography and concentrates its efforts within that boundary to achieve maximum impact. Place-based anchor strategies emphasize the relationship between the community and the institution, and leverage community assets to the mutual benefit of both parties. Strategically defining the borders of the anchor district is crucial, as confirmed by The Cleveland Foundation, which asserts, "geographic boundaries concentrate results and make them more visible."[8]

It is important to distinguish placemaking activities in which all anchors engage (i.e., capital investment, deferred maintenance, landscaping and streetscaping) from a place-based anchor strategy. For an anchor's placemaking activities to be *strategic*, the activities must engage tactically with other stakeholders. Such tactics may include reinvesting in the neighborhood through housing construction and rehabilitation, supporting targeted commercial and retail development, improving public spaces and public safety, and strengthening local services such as schools, nonprofits, and community resources. These activities benefit the anchor in a number of ways, including creating a stronger neighborhood, thus increasing the anchor's attractiveness to potential clients (students, patients, staff), and generating goodwill among residents and local officials.

The important thing to stress here is that individual tactics are necessary but not sufficient to embody a strategy. A strategy is a long term engagement that is implemented through tactics that evolve over time. In addition, place-based anchor strategies involve partnerships with multiple organizations and people in the surrounding community. These partnerships, too, evolve over time to respond to community needs and goals regarding how to make the area more livable. Many anchor strategies have benefited from having strong local partners to shepherd the work. These intermediaries often buttress anchor staff capacity to pursue broader community engagement and benefits. A community development corporation (CDC), a community development financial institution (CDFI), or similar organization, can help facilitate this process. A properly funded CDC or CDFI with a strong community representative at its helm can be an effective intermediary between the community and the anchors. For example, if the intermediary can hand a procurement officer a list of high-capacity local vendors, or give a personnel manager a list of trained local residents looking for work, it becomes much easier for the anchor staff members to execute their prescribed roles while also fulfilling the anchor mission.

Intermediaries also are more nimble than a large anchor institution. This allows them to negotiate among numerous partners and take actions that are unencumbered by bureaucratic procedures. Most successful intermediaries are local organizations that have long histories in the region, can provide neutral ground for discussing and pursuing the anchor work, and have credibility with the community so that they are not seen as tools of the anchor or funders. In many cases, the intermediary serves as a buffer between an institution and the community. The community may be skeptical of a fully anchor-driven effort, but a partnership with a local, trusted intermediary can provide legitimacy. In addition, an intermediary needs to have the capacity to carry out its charge; it needs to have staff dedicated to working on the anchor strategies so that it can be responsive to the needs, challenges, and opportunities that will arise regularly. Importantly,

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[8] Glanville, Justin. "Cleveland's Greater University Circle Initiative: A Partnership between Philanthropy, Anchor Institutions, and the Public Sector." Cleveland: The Cleveland Foundation 2013; p. 86.

intermediaries can play roles that anchors may not be able to take on at all. For example, intermediaries can create and scale up counterparties to feed the procurement streams of anchor institutions. Understanding that procurement officers need products and services that meet strict guidelines, certainty of execution, and competitive pricing, intermediaries can bring market knowledge to procurement counterparties to make them competitive and help them to meet other requirements of the anchors.

A theoretical, but as yet undemonstrated, role for intermediaries involves the provision of performance guarantees to reduce risks for more progressive procurement officers and ensure certainty of execution in the event that the procurement officers are convinced to contract with smaller businesses or even new startups. Place-based anchor strategies are well poised to leverage philanthropic funding for the district as a whole. If philanthropy has a particular stake in the success of a neighborhood, the anchor strategy can become a starting point for philanthropic work related to housing, workforce development, and cultural transformation. Philanthropy can fill in gaps that the institutions and/or the community cannot fill on their own, incentivize anchor contributions through matching grants, and develop community programs that complement the overall anchor strategy.

While it is difficult to simultaneously fulfill the needs of both the community and the anchors, a successful place-based anchor strategy helps to leverage both community and anchor assets. It is often executed sequentially, starting with small initial engagement and building on a foundation of successful interactions. Building trust and manifesting mutual benefits for both the anchors and the community maintains momentum and helps to overcome inevitable bumps in the road. Because anchor institutions are inextricably tied to their surrounding communities, an institution is more likely to succeed when its surrounding community thrives, and vice versa. As a result, ensuring the vitality of the community is an important role that the anchor institution can embrace.

Institutionally Embedded

An institutionally embedded anchor strategy is part of the DNA of the institution. This starts with a strong commitment of leadership to the organization's role as an anchor which is then communicated through the entire organization. Leadership then follows through by committing significant amounts of time and resources across all institution functions. Taking on effective anchor work usually requires changes in the organizational culture. Leadership must send strong signals, including changing the reward structure, adopting new mission statements and success metrics, and focusing on internal and external communications, in order to transform the institution into an anchor institution.

Once internal programs, administrative units, facilities management personnel, and governing boards are all working together toward collective goals, an anchor strategy can begin to have a transformative impact on the surrounding community. This is not a trivial achievement. It requires time, patience, and a sustained commitment of institutional leadership. And it needs to be distinguished from individual tactics, like capturing part of a procurement stream, that are often mistaken for an anchor strategy.

Comprehensive

There are five different but complementary approaches to manifest the potential benefits resulting from anchor strategies: placemaking, personnel, procurement, policy, and planning. A residential incentive program, on its own, can be beneficial for the community—but its existence cannot be called an anchor strategy unless it is executed in consort with multiple other programs. Anchor strategies must actively seek to address each point of contact between the anchor and its community, layering interventions one on top of the other, to create effective and sustainable growth. Having already discussed the importance of place making, we will discuss each of the remaining focus areas in turn.

Personnel

Anchor institutions are often a city's largest employer. Hiring decisions and the provision of other employee benefits can have a profound impact on the social and economic fabric of a city or region. Recently, many organizations have begun prioritizing the hiring of local residents or members of traditionally disadvantaged groups. By increasing the percentage of its workforce that hails from within the anchor's footprint, the institution can simultaneously lift the neighborhood economy, provide employment opportunities to those who may have been un- or under-employed, and create goodwill from neighbors who see a direct benefit to having a large institution in such close proximity. According to Webber and Karlstrom, this strategy does not incur many additional direct costs to the institution; however, additional indirect costs might be incurred, most often related to providing job training or employment outreach programs to match skills to employers' needs. Local intermediaries, as described above, can allay or reduce these costs and accelerate the pace of local hiring programs.

Another placemaking investment in personnel is employer-assisted housing.[9] Subsidizing employees to live in closer proximity to the physical plant of the anchor institution provides manifold benefits for the employee and the employer including reduced housing and transportation costs for the employee along with decreased employee turnover or absence from the workplace.

Procurement

The purchasing power of large anchor institutions can be vast, with annual outlays for the purchase of goods and services of hundreds of millions of dollars. Capturing even a portion of the procurement stream for local companies can have a significant impact on the local economy. Similar to the personnel approach, many eds and meds target procurement policies and procedures to achieve community benefits. By prioritizing purchasing from or contracting with local and/or minority- or women-owned businesses, the anchor institution can boost the local economy and directly benefit local community members. In the case of UPenn, the university was able to inject $57 million into the West Philadelphia economy with only 9% of its annual purchasing.[10] It must be noted, however, that while the benefits of redirecting procurement locally are obvious, realizing these benefits is not a trivial exercise. As with personnel

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[9] Webber and Karlstrom, p. 33–34.

[10] "Leveraging Colleges and Universities for Urban Economic Revitalization: An Action Agenda." Joint Study by Initiative for a Competitive Inner City and CEO's for Cities. Boston: ICIC and CEO's for Cities (2002); p. 14.

approaches, the anchor may incur substantial indirect costs in redirecting procurement—needing to undertake community outreach (as well as internal training) in order to match the anchor's needs with reliable supplies of locally produced goods and services. Moreover, the existence of reliable, cost-competitive local providers of goods and services cannot be assumed. In addition, large institutions may have very decentralized purchasing processes; getting each department to adhere to new local procurement policies can take time and effort.[11] Again, as noted above, trusted local intermediaries can help to facilitate the procurement process in multiple ways.

Policy

Anchor institutions often have complicated relationships with local and regional governing bodies. On one hand, as leading organizations in the area, anchors and governments share a high profile and occupy seats at many of the same tables. On the other hand, anchors may feel that they are private institutions that do not need to answer to local government, while local and regional governments may feel that anchor institutions do not do their part in giving back to the area. Relations between anchor institutions and local governments are usually complicated by long histories of conflict where an anchor sees local government as an obstacle to its efforts to execute optimal business strategies. Often anchor institutions consider local governments ineffective and inefficient and develop work habits that circumvent government interference. While this might be successful in the short run, it may be more beneficial for the anchor to try to build local government capacity. However, most anchors do not see a clear path forward to help build government capacity. As we will see in the next section, sometimes an anchor can provide directly some capacities that government might lack, like planning expertise.

For its part, local governments often view anchors (particularly not-for-profit anchors) as free riders—consuming public services and other public benefits, while enjoying exemptions from property taxes, the main revenue source for local governments. To address this, some anchor institutions have voluntarily provided "payments in lieu of taxes" (PILOTs)[12] to compensate municipalities for this lost revenue. PILOTs are clearly exceptional, occurring in an estimated 117 municipalities in 18 states, but they are an important tactic for overcoming some of the historical tensions between anchor institutions and local governments, and they provide one way for anchor institutions to help build government capacity.[13]

Successful anchor strategies can ameliorate multiple tensions between local governments and anchor institutions and promote mutually beneficial work that enhances the future of the anchor institution and addresses local/regional policy issues. Just as characteristics of an anchor's neighborhood impact its vitality, so does the overall quality (perceived or actual) of the anchor's city and region.

Planning

Relevant to all of the specific strategies described above is the need to pull the efforts together into a cohesive initiative. Large anchors have a great deal of planning skill in-house and regularly engage in long-term planning for their enterprises. When they decide to take on an

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[11] ICIC and CEO's, p. 15.

[12] Kenyon, Daphne A., and Adam H. Langley, "Payments in Lieu of Taxes: Balancing Municipal and Nonprofit Interests." Cambridge: Lincoln Institute of Land Policy (2010)

[13] Kenyon and Langley, p. 2.

anchor strategy, anchors can utilize this skill to determine the best ways to engage with the community and local and regional stakeholders. In addition, working through the anchors' strategic planning processes is a way to institutionalize the anchor strategy so that it lasts longer than the term of a President or CEO and instead becomes the normal way of doing business. Institutionalizing the anchor strategy can take many forms, such as:

- Including the anchor mission as part of the organization's Strategic Plan or core value documents (e.g., mission statement);

- Codifying an incentive structure for participating in the anchor strategy (e.g., rewarding professors for adding service learning to their curriculum, rewarding doctors for engaging in community health outreach events, etc.);

- Signing Memorandums of Understanding (MOUs) with outside groups, including other anchors, local officials, community groups, etc., detailing roles and responsibilities regarding anchor/community engagement;

- Setting a schedule for regular meetings with outside groups in order to plan together and advance work that benefits all partners;

In many smaller cities, planning skills and capacities are in short supply. Often, the best trained planners in the city or region work for anchor institutions. Anchor institutions can buttress local planning departments with in-kind support of specific local planning tasks. More effective planning to supply public goods like infrastructure or even schools can benefit anchor institutions in multiple ways in the longer run.

A successful anchor strategy is neither created nor implemented in a vacuum. For any of the five P's to be part of a true anchor strategy, they must be undertaken in strategic concert with other stakeholders in the area. Simply initiating an employer-assisted housing program or crafting local purchasing goals can provide benefits to employees or community residents—but these efforts are not part of a comprehensive anchor strategy unless they are connected to an overall, institution-wide approach to local engagement and interaction. In order to achieve this type of interaction, it is important to first take stock of anchor institutions and how they work—and how they can be encouraged to take on anchor strategies.

Defining A Successful Anchor Strategy: Understanding And Engaging Anchor Institutions

Defining anchor strategies as place-based, institutionally embedded, and comprehensive necessitates a reevaluation of what it really takes to embark on anchor work and how well, or not, it corresponds to an institution's traditional activities. Much of the current anchor literature trumpets the successes of anchors without seriously considering how difficult and time-consuming it is to craft a true anchor strategy that has real impact on the institution and in its community. Anchor institutions typically pursue a self-interested path, in which they are not attuned to community needs and are not inclined to identify new, win-win propositions on their own. This often occurs because a difficult history of local encounters closes anchors off to their

place in the region. Sometimes anchors do not see the benefits of working more closely with the community or easy ways to manifest the benefits through interaction with the surrounding community. More often than not, because they haven't effectively engaged with the community, the resulting internal structure, decision-making processes, and other adaptive behaviors makes effective engagement even more difficult.

While their traditional practices have allowed anchors to succeed and grow over time, anchors, as fundamentally risk-averse organizations, are slow to change or take on new roles. Embarking on an anchor strategy, therefore, represents a more difficult step than simply figuring out how to engage with the community. It means making a fundamental change in the way an anchor thinks and operates—something that may take time, important and difficult discussions or negotiations throughout the institution, and strong leadership and incentives from both within and without the organization. Before looking at how to change the way an anchor engages with its community, it helps to understand how they currently operate, and why it is so hard to move an anchor from comfortable, time-tested ways of doing business.

Anchor Institution Behavior

Organizations such as universities and hospitals are anchor institutions because they are rooted in place and because of the critical impact they can have on the local economy, largely due to their size. With size, however, comes layers of bureaucracy, multiple players who need to participate in order to engage in anchor work, and an inability to make quick, nimble moves.

Image 1
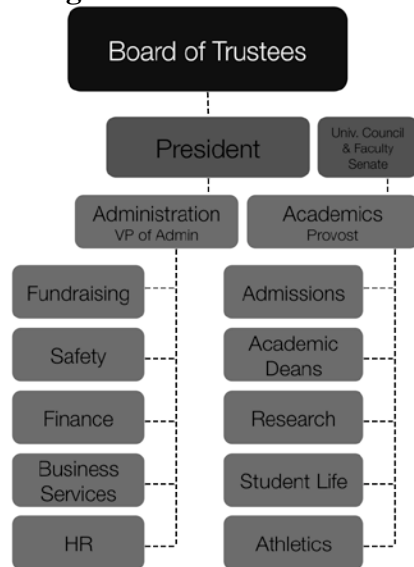
For example, Image 1 depicts the typical structure of a university. Each layer has its own roles and responsibilities. At the top, the **Board of Trustees** is generally composed of alumni or others affiliated with the school and come from civic, industrial, and scientific leadership. They interact with the campus intermittently and are focused on managing reputational and financial risk for the university. The **President** is typically an academic who may or may not have a background in management. He/she concentrates on fundraising and managing the university's reputation.

Academics usually view universities as places for free thought, insulated from market and capital forces. They tend to view the administration with suspicion or skepticism. For their part, **Administrators** typically have accounting or management backgrounds and find comfort in jobs that are insulated from the ups and downs of the marketplace. They place a high priority on job security. All of these characteristics combine to create a culture that does not reward risk and punishes failure.

Like universities, hospitals have similarly large and bureaucratic structures. The main decision-making bodies are generally the Hospital Board and the CEO, both of whom focus on minimizing institutional risk and handling finances responsibly and profitably. Administrators prioritize meeting the requirements of their positions and ensuring job security through institutional protection, and healthcare professionals such as doctors and nurses may focus on treating patients or conducting research while making little effort to look beyond the borders of the hospital campus.

These cultures produce decisions that seem logical for the institutions themselves, but that often have negative or minimal impacts on the community. For example, working from the point of view of a university:

- To provide ease of access for faculty, staff and students, the university builds parking lots around the school, often at the edges of campus, abutting the larger community.

- Purchasing of goods and services is done with the goal of getting the lowest price for the most predictable outcomes; these services are typically provided by reliable sources in a controlled environment, generally through large contracts with big, often national, vendors.

- Amenities, such as open space, recreational facilities, etc., are located on campus in a controlled environment allowing for limited interaction with community members.

- Research is done with an eye toward national and international recognition and to protect the university's intellectual property.

These decisions all make sense when thinking of the institution in a vacuum, but do not often align with community goals. Having numerous parking lots makes sense in terms of getting users into the campus as easily as possible, but their availability adds traffic to local streets, allows faculty and staff to live farther away and interacting less with local businesses, and can create asphalt barriers between the campus and the community. Contracting with national suppliers for goods and services overlooks the possibility that there may be closer providers who can meet some or all of the university's needs while benefiting the local economy. Locating amenities internally ignores the already-existing amenities that may exist in the surrounding area, especially if the institution is located in a historic neighborhood or one with thriving cultural organizations. Basing research in a national or international context is important, but could be complemented by thinking about how the community and residents around a university can also serve as contributors to and/or recipients of research and service-learning opportunities. In order

to change how these decisions are made, we need to change how the anchor sees itself in relation to its community.

Changing Anchor Behavior & Engaging Anchor Institutions

While it is difficult to get anchors to engage, it can be done. It is important to root all efforts in the knowledge that anchors are risk-averse entities that are not usually open to new lines of work with unknown costs or benefits. Once working from that baseline, there are a number of ways in which stakeholders (local leaders, philanthropy, community groups, etc.) can intervene to move an anchor toward taking on a new role.

Identify champions

In many cases, the key to a successful anchor strategy is leadership. The philosophy and approach of an anchor's Chancellor/President/CEO can make all of the difference in whether the institution sees itself as an anchor, how it acts once it defines itself as an anchor, and whether these actions are long-term and enduring or simply the whims of a leader with an undefined length of tenure with the organization. A strong leader committed to an anchor strategy can lay the foundation for meaningful community engagement and impact. This approach must be embedded within the senior administration and trickle down throughout the institution, so that staff who are directly responsible for particular pieces of the strategy (ex: Human Resources staff, procurement officers, professors engaged in community research projects) understand that their priorities may have changed. In part, this can be achieved through communication—such as amending the vision statement and regularly describing anchor work and accomplishments in internal messaging—and partly this can be done through changing the reward structure. For example, procurement officers are generally charged with finding the best quality product at the lowest price. To get them to include a focus on local or minority-owned suppliers may require administrative or other changes that reward working with new and different groups. For academics, the ultimate incentive would be adding community engagement as a criterion for tenure decisions. This might be an untouchable topic in most universities; leaders might need to rely more on incentives that revolve around funding and publicity.

In addition to leadership from the top, an anchor strategy has a greater chance of success if multiple parties, both internal and external to the anchor, actively voice their support. Within the anchor, identifying staff who will champion the idea of community engagement and who will work with community groups to devise mutually beneficial anchor strategies can be immensely helpful. Outside the anchor, it is valuable to recruit local leaders to help push the anchor to take on a new role. For example, in Cleveland and Detroit, local philanthropy played a large part in getting anchors to come together to devise anchor strategies for their surrounding communities.

Explore multiple-anchor strategies, where applicable

In some cases, a neighborhood may be fortunate enough to house more than one anchor institution. In this situation, more than one institution can be targeted to participate in the effort to craft and implement anchor work. This has been a successful approach in Cleveland's University Circle area and Detroit's Midtown neighborhood, for example. Engaging multiple anchors does add to the complexity of the undertaking as it increases the number of people and

organizations needing to buy into the work; however, a multiple-anchor strategy can also magnify the impact of the initiative by bringing additional resources to the table as well as adding to the number of champions promoting the work. Furthermore, a multiple-anchor strategy can allow the leaders of each anchor to encourage and reinforce each other's work from a peer perspective, while distributing perceived risk among multiple parties.

<u>Identify self-interest</u>

As described earlier, much of anchor behavior revolves around minimizing risk and managing the reputation of the institution. Groups should work to identify the ways in which an anchor would benefit from engaging in an anchor strategy. Identifying these benefits is critical, since they are the driving force behind the decision to get involved in anchor work. At a basic level, a hospital or university may undertake an anchor strategy because it feels it could more effectively attract clients if its surrounding community were improved. Johns Hopkins, for example, has data showing that the university has a much higher student yield (number of admitted students who choose to matriculate at Hopkins) from those who hold a positive view of the surrounding area than those who do not. Similarly, the President of the University of Maryland, College Park has focused on improving quality of life issues in College Park (school quality, access to better grocery stores, community safety, better transportation options) because he sees the current landscape as detracting from the University's ability to attract and retain faculty and staff.

There are other, more indirect benefits. While a university or hospital may be able to make decisions unilaterally regarding what happens on its own land, it can at some point face issues requiring support from outside forces, including local government and community residents. Creating strong and longstanding relationships with local leaders through anchor work can help the anchor to win support for its future plans. Also, it helps to show that anchor strategies extend and expand the anchor institution's primary work. Thinking holistically about an anchor and its relationship to the community around it encourages the anchor to reconceptualize the basic eds and meds goals of educating and healing.

<u>Bring resources to the table</u>

Of course, in many cases it all comes down to resources. Financial incentives encourage institutions and their partners to take on anchor work, strategize about the anchor's role in the community, meet regularly with various stakeholders, and invest in anchor activities. When it comes to local stakeholders, they may see the opportunity for anchor engagement, but lack the ability or tools to get involved without the addition of new funding. In Detroit, the anchors came to the table because of many reasons, but one key factor was financial resources offered by the two partners bringing them together: the Hudson-Webber and Kresge Foundations. This money kick-started the anchor conversation, and it continues to undergird the work today. By offering matching money for specific tactics of the anchor strategies, the foundations incentivized the anchors to commit their own funds. The anchors now not only support specific tactics such as the Live Midtown employer-assisted housing program, but they also provide operating resources to a local intermediary, Midtown Detroit Inc., a CDFI that is supporting and staffing much of the anchor work. In this way, the philanthropic resources not only seeded the initiative, but they also

helped to create the infrastructure necessary for its successful implementation and sustainability of the effort.

Connecting The Strategy To The Community: Aligning Anchor Inputs with Community Goals

Anchor strategies can permanently transform their surrounding community for the better—but only when they carefully weave together the needs and desires of the anchors with those of their surrounding communities. The physical permanence of anchor institutions means that a well-executed anchor strategy can have a long-term, sustainable impact on the adjacent community. To have such an impact, it is crucial for anchors to map their inputs and outputs onto community goals, and vice versa.

While each community's specific needs and goals will vary, there are several that appear to be common across all types of communities:

- Good schools
- Safe streets
- Amenities and services
- Job opportunities
- Public spaces
- Housing quality and variety

On first glance, these needs and goals do not correlate directly with an anchor's "outputs"—which for eds and meds are quantified by indicators like the number and quality of graduates, the level of health care provided, and/or the magnitude and impact of research produced. If the institution is producing successful graduates, high-quality health care, and top-notch research, it concludes that it has done its job both as a local and as a global citizen. Of course, local residents can take advantage of the health care provided by the hospital, graduates may choose to settle in the area, and prominent research builds the institution's renown and attracts additional resources. While these outputs can spill over to provide value to an institution's surrounding area, community aspirations regarding interaction with an anchor institution can go far beyond these basic goals, and require a more intentional alignment of the anchor and surrounding community.

By focusing on the raw ingredients that collectively make up anchor institutions—faculty, staff, patients, students, visitors, real estate, goods and services—anchor strategies can connect the core mission of the institution to the aspirations of the community. If, instead of attempting to align an institution's *outputs* with community goals, we focus on connecting an institution's *inputs* to community goals, it becomes easier to see the possibility of win-win propositions for the parties involved. For example, if the community is in need of economic revitalization, the local anchor hospital has employment openings that could be filled with local residents, thus raising income levels. The hospital has staff that can participate in the local economy by shopping, living, and dining in the surrounding area, thus increasing the economic vitality and livability of the neighborhood.

Working through the lens of the "five P's" identified earlier, we propose a new way to think about anchor/community interaction and engagement that moves potential community aspirations from goals to outcomes:

- *Placemaking*: Both the community and institution can benefit through the thoughtful implementation of an institution's real estate programming, which can promote an open campus with active edges and mitigate bad uses such as parking or storage. Improving the conditions of blocks surrounding the university or hospital, opening up access to public spaces, and focusing on issues such as street lighting or housing revitalization, all make for a healthier, safer community for residents, as well as providing a more attractive neighborhood for prospective students or patients. The inputs that could play a role in this process are faculty, staff, students, patients, visitors, and real estate, while the community goals that can be impacted include safe streets, amenities and services, job opportunities, public spaces, and housing variety.

- *Personnel*: By including local hiring as a priority, an anchor can benefit the community by providing job opportunities for area residents. As the employment rate rises, the community itself will become safer, benefiting both residents and the anchor. The main input in this case is staff.

- *Procurement*: Similarly, by targeting local vendors for contracts with the anchor institution, the anchor can bolster the local economy, creating job opportunities, safe streets, and more amenities and services. In addition to a more vibrant surrounding community, the anchor can also benefit by generating positive public relations regarding its local outreach. Again, staff is the main input.

- *Policy*: Anchors often find themselves at odds with local government for many different reasons. One way to begin to address this and to create a new, positive relationship is by taking the anchors' inputs and using them to address local challenges. By looking at the specific needs of the community, the anchor can improve quality of life while also improving its perception in the region. For example, by directing an anchor's research and teaching prowess toward local issues, the anchor can impact community aspirations such as good schools, safe streets, job opportunities, and health care. To accomplish this, the anchor can tap inputs such as staff, faculty, students, and visitors to participate in activities such as service learning, healthcare outreach, and experiential teaching.

- *Planning*: Crafting all of the various strategies into a cohesive anchor mission for the institution requires the anchor leadership to link each of the inputs to community aspirations. Moreover, an anchor can help to build concurrence between its plans and the plans of the neighborhood or municipality. This can be accomplished by the anchor providing planning talent directly to the local neighborhood or municipality. The lead input in this case would be staff, as the anchor's employees work together to identify how various strategies align with community goals in order to create win-win propositions for the various partners.

Conclusion

When done well, an anchor strategy can have significant impact on a local and regional economy. A place-based, institutionally embedded, and comprehensive anchor strategy can provide benefits to all of the parties involved, strengthening the community, the greater region, and the anchor itself. However, as demonstrated in this paper, building and implementing an anchor strategy takes a great deal of time and patience. Putting all of the variables together—getting the partners involved, convincing them of their self-interest in undertaking anchor work, identifying strong leaders and using them to change the ethos of their institutions, identifying an intermediary and ensuring it has the capacity to play its role fully, lining up financial incentives to encourage participation—requires the commitment and coordination of a number of moving parts. In many cases, the anchor work is based on trust, often among groups that have not worked together in the past. Building these relationships involves a great deal of in-person contact and the development of strong interpersonal relationships. Furthermore, this effort must occur within the context of working with large anchor institutions. Those wishing to work with anchors to change the way they do business must understand how and why institutions act the way they do, and how they make decisions. When all of these components come together, anchor strategies can be truly transformational for the community, the region, and the anchor itself.

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