

ANCHOR



Great Lakes Coffee, on Woodward Avenue in Detroit, has helped to revitalize the neighborhood since it received façade and security grants from Midtown Detroit Inc., a nonprofit community development corporation supporting the work of local anchor institutions. Credit: David Lewinski

Eds & Meds Engaging with Communities

HORS

LIFT ALL BOATS

by Beth Dever, Omar Blaik, George Smith, and George W. McCarthy

LARGE INSTITUTIONS—UNIVERSITIES, HOSPITALS, AND NONPROFIT ORGANIZATIONS—are referred to as anchors because of their permanence and their stabilizing physical and social ties to surrounding communities. Beyond fulfilling their respective missions to educate, heal, cultivate the arts, or provide other services, these “eds and meds” are proven economic engines. They employ large workforces, 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. In many instances, anchor institutions are the largest nonpublic employers in their cities. Indeed, HUD estimated that eds and meds employed more than 7 million people and generated \$1 trillion in economic activity in 2009 (Brophy and Godsil 2009).

In some instances, a mutually beneficial dynamic evolves between an anchor institution and its community, creating economically sustainable commercial corridors, vibrant streets, and dense, diverse neighborhoods. Plenty of great college towns across America showcase this productive interplay. But in many

other cases, especially in underserved urban areas, institutional and civic leadership must be more entrepreneurial, actively championing projects, programs, and policies to achieve these outcomes. This process, known as an anchor strategy, provides the framework that guides local efforts to work with institutions to capitalize on and maximize the impact of their presence.

In theory, the value of engaging anchor institutions to achieve positive neighborhood or community outcomes is self-evident: all parties benefit, and it’s a smart way to do business. But in practice, the community and its institutions must work together to redefine how to align and leverage their goals, economic interests, and activities to achieve a win-win outcome. This article explores why it is difficult to undertake meaningful anchor strategies that fundamentally change how the anchor and its community relate to one other. We also draw on some of the lessons learned from successful efforts in areas such as Philadelphia, Detroit, and Cleveland, where comprehensive civic engagement has become the norm at some of the country’s leading medical and educational institutions.

Parameters for Success

The important thing to stress is that individual tactics are necessary but insufficient to constitute a strategy. A strategy is a long-term engagement, implemented through tactics that evolve over time. In addition, anchor strategies involve partnerships with multiple organizations and people in the surrounding community—relationships that must also evolve over time to respond to community needs and goals designed to make the area more livable.

Effective and transformative anchor strategies have three fundamental features: they are place-based, institutionally embedded, and comprehensive.

PLACE-BASED

Place-based strategies have a specific and easily identified geography that the anchor directly affects, including the buildings, open spaces, gateways, and street networks that connect an institution to its community. Beyond the physical orientation of an institution are the places that its constituents—its employees, students, patients, clients, or visitors—live in and patronize. Strong mixed-use neighborhoods

Placemaking activities increase an anchor institution's attractiveness to potential students, patients, and staff while generating goodwill among residents and local officials.

surrounding institutions support the street life that defines a vibrant district, encourage pedestrian activity, and create the residential density that in turn creates community.

An anchor's "placemaking" activities—communally shaping public spaces to heighten their shared value—must engage tactically with other stakeholders to be considered strategic. 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

THE ADVANTAGE OF INTERMEDIARIES

Many anchor strategies benefit from having strong local partners to shepherd the work. These intermediaries often buttress anchor staff capacity to pursue broader local engagement and benefits. A properly funded community development corporation (CDC) or community development financial institution (CDFI) with a local representative at its helm can be an effective intermediary.

Intermediaries are more nimble than large anchor institutions and thus able to negotiate among numerous partners and take actions unencumbered by bureaucracy. Most successful intermediaries are local organizations with long histories in the region, credibility within the community so that they are not seen as tools of the anchor or funders, and the ability to provide neutral ground for discussing and pursuing the anchor work. If the community is skeptical of a fully anchor-driven effort, a partnership with a local, trusted intermediary can provide legitimacy.

A local CDC's ability to leverage an anchor-sponsored initiative in Detroit provides a good example. Midtown Detroit Inc. (midtowndetroitinc.org) manages Live Midtown (livemidtown.org), an employer-assisted housing program supported by Wayne State University, Henry Ford Medical System, and Detroit Medical Center. As MDI's President Susan Mosey notes, "It is important to have local people shepherding this work on a day-to-day basis. This builds familiarity with the initiatives and creates the credibility and buy-in that the anchor strategies need to be successful." Indeed, with MDI's help, the anchor institutions' financial commitment of \$5 million over five years was matched by contributions from local funders and the state housing finance agency. This success spurred major downtown employers—including Quicken Loans, DTE, Compuware, and Blue Cross Blue Shield—to create their own \$5 million Live Downtown program. Between the two programs, more than 1,600 employees have moved to midtown and downtown Detroit, reducing vacancy rates in the corridor to less than 3 percent (Welch 2014).



Village of Shiny Stars Child Care Center, in Detroit's Brightmoor neighborhood, received assistance from Tech Town, a nonprofit business incubator founded in 1999 by Wayne State University, the Henry Ford Health System, and General Motors. Credit: David Lewinski

services such as schools, nonprofits, and community resources. These activities benefit the anchor in a number of ways and create a stronger neighborhood, thus increasing the institution's attractiveness to potential clients (students, patients, and staff) and generating goodwill among residents and local officials.

INSTITUTIONALLY EMBEDDED

An anchor strategy must be part of an institution's DNA. This integration starts when leaders commit to their organization's role as an anchor and communicate it throughout the entire organization. Leadership then follows through by committing significant amounts of time and resources across all institutional functions.

To be effective, anchor work usually requires changes in the organizational culture, such as altering the reward structure, adopting new mission statements and success metrics, and critically examining internal and external communications. Once internal programs, administrative units, facilities management personnel, and governing boards are all working together toward collective goals, an anchor strategy can begin to transform the surrounding community.

COMPREHENSIVE

Eds and meds touch their surrounding communities in a multitude of ways—by employing local residents, occupying vast physical footprints, educating or healing community members, and producing waste, among other impacts. In addition to placemaking, a comprehensive anchor strategy must address the following intersections.

Personnel

Given that anchor institutions are often a city's largest employer, hiring decisions and the provision of employee benefits can have a profound impact on the social and economic fabric of the community. By increasing the percentage of workers drawn from within its footprint, the institution can simultaneously lift the neighborhood economy, provide jobs to those who may be un- or under-employed, and create goodwill among its neighbors. Employer-assisted housing is another critical investment in both personnel and the surrounding neighborhood (Webber and Karlstrom 2009). When employees can live closer to the anchor institution, it's a win-win, reducing housing and transportation costs for workers while lowering turnover and absenteeism for employers.

Procurement

The purchasing power of large anchor institutions can be vast, with annual outlays for goods and services in the 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. For example, the University of Pennsylvania was able to inject \$57 million into the West Philadelphia economy with only 9 percent of its annual purchasing (ICIC and CEOs for Cities 2002).

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The benefits of local procurement are obvious, but redirecting that process and realizing the benefits is not a trivial undertaking. For example, the anchor may incur substantial indirect costs for community outreach as well as training to ensure reliable supplies of locally produced goods and services. In addition, the existence of reliable, cost-competitive local providers is not a given. Moreover, large institutions may have highly decentralized purchasing processes, and getting each department to adhere to new policies can take time and effort (ICIC and CEOs for Cities 2002). Again, trusted local intermediaries can help to facilitate the shift to local suppliers.

Policy

The relationship between anchor institutions and local or regional governing bodies is often complicated. As private institutions, anchors may feel that they do not need to answer to local government. Indeed, they may see local government as ineffective, inefficient, or obtrusive to executing their optimal business strategies. For their part, local and regional governments may view anchor institutions as free riders that consume public services and other public benefits while enjoying exemptions from property taxes—the main revenue source for local governments. To ease these tensions,

some institutions have voluntarily provided “payments in lieu of taxes” (PILOTs) to compensate municipalities for this lost revenue (Kenyon and Langley 2010). But a successful anchor strategy will determine additional ways to promote mutually beneficial work that enhances the future of the institution while addressing local/regional policy issues. Wim Wiewel, president of Portland State University, has been especially clear on this point, citing his institution’s adoption of “Let Knowledge Serve the City” as its motto in the early 1990s. In his words, “We serve the metro area and we are proud of it.”

Planning

Someone has to coordinate these elements into a cohesive initiative. Large anchors have a great deal of in-house planning skill and regularly engage in long-term planning for their enterprises. When they decide to take on a 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 outlasts the term of a president or CEO and becomes the normal way of doing business.



NewBridge Cleveland Center for Arts and Technology offers youth programs and adult workforce training, funded by the city’s multi-anchor Greater University Circle Initiative. Credit: NewBridge

Understanding Anchor Institutions

A successful anchor strategy is neither created nor implemented in a vacuum. For any of the above activities to be part of a genuine anchor strategy, anchors must undertake them in strategic concert with other stakeholders in the area. For example, initiating an employer-assisted housing program or setting local purchasing goals can benefit 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. To achieve this type of interaction, it is important to understand how anchor institutions work.

Large, nonprofit institutions such as eds and meds are fundamentally risk-averse and slow to change or take on new roles. Embarking on an anchor strategy thus entails a fundamental shift in the way anchor leaders think and how their organizations operate—something that may take time, involve important and difficult discussions or negotiations, and require strong leadership and incentives from both inside and outside the organization.

Universities and hospitals are anchor institutions not only because they are rooted in place and have a critical impact on the local economy, but also because they are big. With size come layers of bureaucracy, multiple players who need to participate in anchor work, and an inability to make quick, nimble moves.

Figure 1 depicts the typical structure of a university. At the top is the board of trustees, drawn from civic, industrial, and scientific leadership and generally composed of alumni or other school affiliates. Trustees interact with the campus intermittently and focus on managing the university's reputational and financial risk.

The president is typically an academic who may or may not have a background in management. Presidents concentrate on fundraising and managing the university's reputation. Academics usually see universities as places for free thought, insulated from market and capital forces. They often view the administration with

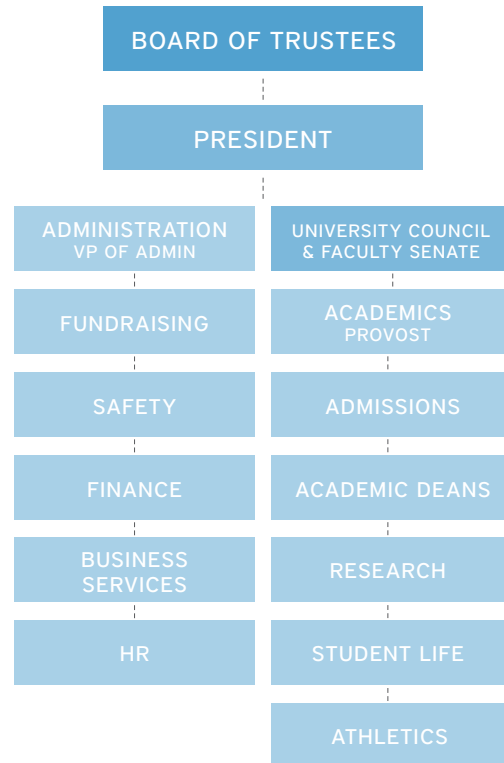


FIGURE 1
THE TYPICAL STRUCTURE OF A UNIVERSITY

suspicion or skepticism. Administrators typically have accounting or management backgrounds and prioritize job security. These priorities and attitudes combine to create a culture that does not reward risk and punishes failure.

Hospitals have similarly large bureaucratic structures. The main decision-making bodies are generally the board and the CEO, both of which 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, while healthcare professionals such as doctors and nurses may focus on treating patients or conducting research while looking no farther than the borders of the hospital campus.

These cultures produce decisions that may seem logical for the institutions themselves, but they often do not align with community goals. For example, the university may build parking lots around the school, often at the edges of campus, to provide easy access for faculty, staff,

and students. But doing so incentivizes employees and students to drive, curbing the chance that they will live in neighborhoods within walking distance and visit nearby shops. Parking lots also create an asphalt barrier that insulates the campus from the community. Similarly, the institution's procurement policies may be based on getting the lowest price for the most predictable outcomes, meaning that they contract with large, often national vendors for their goods and services rather than with local providers. Finally,

Large anchors have a great deal of in-house planning skill, which they can utilize to determine the best ways to engage with the community.

a university often locates open space, recreational facilities, and other amenities within its confines, allowing only limited interaction with community members. To change how these types of decisions are made, it is essential to alter the anchor leadership's view of the institution in relation to its community and understand how to change ingrained habits and mindsets.

Promoting Community Engagement

There are a number of ways that local leaders, philanthropists, community groups, and other stakeholders can move an anchor institution toward a new role in the neighborhood.

IDENTIFY CHAMPIONS

Leadership is often the key to a successful anchor strategy. The philosophy and approach of the chancellor, president, or CEO can determine whether an institution sees itself as an anchor, how it acts once it defines itself as such, and whether those actions are enduring. As Benjamin Kennedy of The Kresge Foundation advises, "Be opportunistic! Every single person at an institution doesn't have to buy in—only the

key people do. Your champions are the ones who will transform the institution and instill the anchor outlook."

A strong leader committed to an anchor strategy can lay the foundation for meaningful community engagement and impact. The approach must be embedded within the senior administration and trickle down throughout the institution, so that staff members who are directly responsible for particular pieces of the strategy—such as human resources staff, procurement officers, and professors engaged in community research projects—understand their new priorities. This transition can be achieved in part through changing the reward structure and communicating strategically, by amending the vision statement, and regularly describing anchor work and accomplishments in internal messaging.

An anchor strategy has a greater chance of success if multiple parties actively echo support for it. Within the anchor institution, it can be immensely helpful to identify staff members who champion the idea of community engagement and work with local groups to devise mutually beneficial strategies. Outside the anchor, it is useful to recruit local leaders to push the institution to take on a new role. For example, local philanthropy in Cleveland and Detroit played a large part in coaxing institutions to come together to devise anchor strategies for their surrounding communities.

EXPLORE MULTI-ANCHOR OPPORTUNITIES

If a neighborhood houses more than one anchor institution, multiple organizations can participate in the effort. This approach has proven highly successful in Cleveland, where hospitals, universities, and cultural organizations, along with local philanthropies, financial institutions, and the City of Cleveland, have joined together to implement the Greater University Circle Initiative.

Although a multi-anchor strategy adds complexity by increasing the number of people and organizations that must buy into the work, it can also magnify the initiative's impact by bringing additional resources to the table and



Hundreds of residents gather in New Center Park for Midtown Detroit's free outdoor summer movie series. Credit: Doug Coombe

expanding the number of champions. Furthermore, the leaders of each anchor institution can encourage and reinforce each other's work, while distributing perceived risk.

IDENTIFY SELF-INTEREST

At a basic level, a hospital or university may undertake an anchor strategy because its leaders believe that improvements to the surrounding community would benefit the institution. For example, Dr. Wallace D. Loh, president of the University of Maryland, College Park, has focused on improving quality of life in the neighborhood because he was concerned that local conditions detracted from the university's ability to attract and retain faculty and staff.

Anchor strategies have other, more indirect benefits. While a university or hospital may make unilateral decisions about what happens on its own land, it can also face issues that require support from outside forces, including local government and community residents. Creating strong and longstanding relationships with local leaders through anchor work can help the organization win support for future plans. By thinking holistically about their relationship with the surrounding community, anchor leaders are often encouraged to reconceptualize their basic goals of educating or healing. Dr. Lucy Kerman, vice provost, University and Community Partner-

ships at Drexel University, sums it up this way: "Anchor work must be aligned with the university's self-interest, and be rooted in the appropriate role of the institution. We may not be directly creating affordable housing or running a school, but we are partners in a system that creates mixed-income opportunities and provides strong educational opportunity."

BRING RESOURCES TO THE TABLE

Of course, it may all come down to resources. Financial incentives encourage institutions and their partners to take on anchor work, strategize about their role in the community, meet regularly with stakeholders, and invest in anchor activities. For their part, local stakeholders may see the opportunity to engage the anchor institution but lack the ability or tools to get involved without new funding.

In Detroit, for example, the anchors came to the table for many reasons, but one key factor was the financial resources offered by the two partners that brought them together: the Hudson-Webber and Kresge Foundations. Their capital kick started the conversation and continues to undergird the work today. By offering matching money for specific tactics,

the foundations incentivized the anchors to commit their own funds. Today, the anchors not only support specific initiatives but also provide operating resources to Midtown Detroit Inc., the neighborhood planning and development organization that supports and staffs much of the anchor work. In this way, philanthropic resources seeded the initiative while helping to create the infrastructure necessary for its successful implementation and sustainability.

Connecting Strategy to the Community

At first glance, community needs and goals—good schools, safe streets, amenities and services, job opportunities, public spaces, and housing—do not correlate directly with an anchor’s outputs. Indeed, if an institution generates successful graduates, high-quality health care, and top-notch research, it concludes that it has done its job as both a local and a global citizen.

But by aligning community goals with an institution’s inputs—faculty, staff, patients, students, visitors, real estate, goods and services—anchor strategies can connect the institution’s mission to community aspirations. Hiring local residents for institutional jobs

enhances an anchor’s economic impact within the community, aiding local households as well as the overall area. When institution staff members shop, live, and dine in the neighborhood, it stimulates the local economy. Using the framework of the five Ps, anchor/community engagement can advance community aspirations from goals to outcomes.

- **Placemaking.** Both the community and institution can benefit from thoughtful implementation of an institution’s real estate programming, which can promote an open campus with active edges and limit uses such as parking or storage. Improving the condition of blocks surrounding the university or hospital, opening up access to public spaces, and focusing on issues such as street lighting or storefront improvements all make for a safer and healthier environment for residents, prospective students and patients. The inputs that could play a role in this process are faculty, staff, students, patients, visitors, and real estate. The community goals that can be affected include safe streets, amenities and services, job opportunities, public spaces, and housing variety.
- **Personnel.** By hiring locally, an anchor strategy provides job opportunities for area residents. As the employment rate rises, the community

As part of its 53rd St. Placemaking initiative, the University of Chicago recruited chef Matthias Merges, whose Michelin-recognized restaurant A10 uses produce grown by Cook County Jail inmates. Credit: Matthias Merges




will become safer, benefiting both residents and the anchor institution. The main input in this case is staff.

- **Procurement.** The anchor institution can bolster the local economy by contracting with local vendors, creating job opportunities, safer streets, and more amenities and services. The anchor can also generate positive public relations regarding its local outreach. Again, staff is the main input.
- **Policy.** By directing its research and teaching prowess toward local issues, the anchor can help to meet community aspirations for good schools, improved public safety, job opportunities, and health care, thus bolstering its own reputation in the region. To accomplish this, the anchor can tap staff, faculty, students, and visitors for activities such as service learning, health care outreach, and experiential teaching.
- **Planning.** Crafting all of these efforts into a cohesive mission requires that leaders of anchor institutions link each input with community aspirations. An anchor can also provide planning talent to help build concurrence between its own plans and the plans of the neighborhood or municipality. The lead input in this case is staff, with anchor employees working together to identify how various strategies align with community goals in order to create win-win propositions.

Conclusion

A place-based, institutionally embedded, and comprehensive anchor strategy can have significant impacts on a local and regional economy. But building and implementing such a focused strategy takes a great deal of time and patience. Putting all the elements 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 intermediaries and ensuring they have the capacity to play their roles, lining up financial incentives—requires the commitment and coordination of many 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 in-person contact and the development of strong alliances. Furthermore, this effort must occur within the context of working with large anchor institutions. Those who wish 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 these components come together, anchor strategies can transform the community, the region, and the anchor itself. 

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