

Working with Anchor Institutions

Anchor institutions are often a critical part of many local economies. **Anchor institutions** are large, place-based organizations like universities, hospitals, and utility companies. These are organizations that have significant purchasing power and employ many people, which makes them impactful on local economies.¹ Anchor institutions have a large amount of capital, and procurement contracts with anchor institutions present substantial

economic opportunities for local businesses. In 2021, universities, hospitals and other anchor institutions spent between \$1.1 trillion and \$1.4 trillion on procurement.² These contracts often go to businesses outside of the immediate community. When local small businesses can access procurement opportunities from anchor institutions, cities can recapture that capital and multiply its influence by accelerating job creation.

The Strategy

While cities are not in control of the purchasing decisions of anchor institutions, they can collaborate with these institutions to encourage local purchasing choices. Since anchor institutions are committed to being in one place long-term, it is likely that they will also have an interest in supporting economic prosperity in their community.³ Cities can also work

with local businesses to help them design their proposals to better position them to win contracts with anchor institutions. By using convening power to influence the procurement practices of anchor institutions, cities can expand their reach and impact on the local economy.

STRATEGY EXAMPLES FOR CITIES:



Work with anchor institutions for improved budget transparency, including unbundling large contracts and making procurement processes more transparent and accessible to historically underrepresented and/or smaller businesses.



Hold workshops for small businesses to better understand the process of working with anchor institutions. This can be done in partnership with business associations in your community.



Coordinate reverse pitch events for anchor institutions and local businesses. In this format, the anchor presents to a group of businesses about projects that they are looking to contract out.

BENEFITS OF THIS STRATEGY:



Municipalities can expand their reach by working with anchor institutions. Anchor institutions have capital that can be powerful when leveraged for your community.



Forming new public-academic partnerships can provide value for the city in many ways beyond procurement.



Without needing to provide additional direct funding, city governments can strengthen their connection to and be seen as a stronger resource and support for small and local businesses.

KEY CONSIDERATIONS:

- 1** There is often a lack of transparency with large institutions and their procurement processes. Small businesses are often not knowledgeable about these processes and will need time to learn. **How can your city help to bridge this knowledge gap?**
- 2** Each anchor institution is different. Some will be eager to cooperate with city government because of shared goals, while others might present a greater challenge. **What anchors exist within your community?** Consider their specific interests and how to best engage each of them.
- 3** There is often a historic lack of trust between anchor institutions and the greater community. **Does this mistrust exist within your community?** Some anchor institutions have a history of discrimination, and it takes intentional engagement and relationship building to repair this lack of trust.

Connecting Diverse Businesses with Anchor Institutions in Topeka, KS

The City of Topeka, KS hosted its first Supplier Diversity Expo, a half-day event focused on supporting local minority, women and disadvantaged business entrepreneurs (M/W/DBEs) to more directly connect with local anchor institutions. The Expo was a strategic collaboration among area organizations, offering a platform for inclusive growth and reinforcing Topeka's commitment to empowering underrepresented business groups.

The event included a presentation from a local accelerator, as well as trainings for small businesses on appropriate documentation, applying for procurement opportunities and

accessing supplier diversity mentorship. Nine local anchor institutions drove attendance and engagement of over 75 local businesses. The success of the first Expo has led the City to schedule a second supplier diversity workshop targeting M/W/DBE and Spanish-speaking businesses, along with launching an entrepreneurial ecosystem resource map and a comprehensive diverse business directory for anchor agencies and institutions. While cities do not necessarily dictate procurement practices of private companies, every city can start the conversation of anchor procurement contracts as an opportunity for small businesses.

- 1 Koh, H. K., Bantham, A., Geller, A. C., Rukavina, M. A., Emmons, K. M., Yatsko, P., & Restuccia, R. (2020). Anchor Institutions: Best Practices to Address Social Needs and Social Determinants of Health. *American journal of public health*, 110(3), 309-316. <https://doi.org/10.2105/AJPH.2019.305472>
- 2 Koh, H. K., Bantham, A., Geller, A. C., Rukavina, M. A., Emmons, K. M., Yatsko, P., & Restuccia, R. (2020). Anchor Institutions: Best Practices to Address Social Needs and Social Determinants of Health. *American journal of public health*, 110(3), 309-316. <https://doi.org/10.2105/AJPH.2019.305472>
- 3 Kaplan-Macey, M., Sen, M., Jones, C., Moscovitz, A., Barrios, V., Oldenburg, B., Tufo, V. & Koprowski, P. (2018, December). Leveraging Anchor Institutions to Foster Healthy Communities. Regional Plan Association. <https://rpa.org/work/reports/leveraging-anchor-institutions-to-foster-healthy-communities>