The New Anchors:
Corporate Engagement with Lower-Income Communities in Smaller Cities

by Peter Eberhardt and Howard Wial

ICIC
Initiative for a Competitive Inner City

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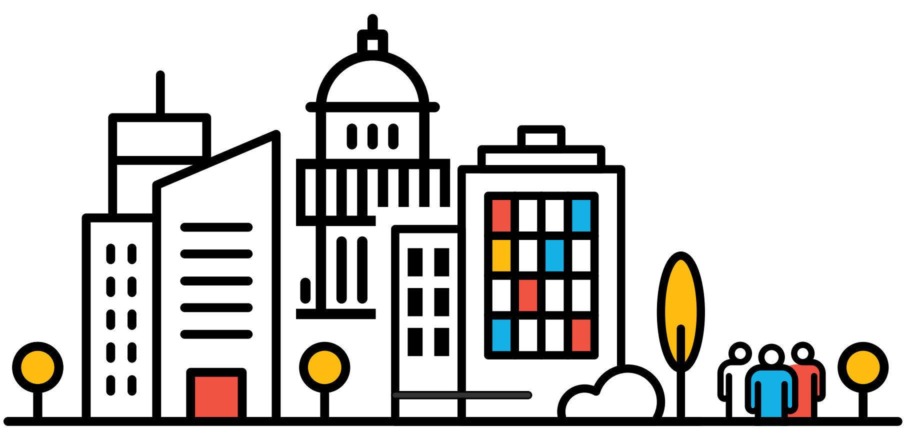

Executive Summary

Anchor institutions are large or otherwise influential organizations that participate in community engagement activities and have relatively deep roots in (are unlikely to move from) their communities. This report explores the motivations and strategies of for-profit corporations' engagement as anchor institutions with lower-income communities in four smaller cities: Amarillo, TX; Fort Wayne, IN; Richmond, VA; and Syracuse, NY. Using case studies, it presents detailed findings about companies' motivations and strategies in engaging with lower-income communities that are either home to or located near their facilities. The report pays particular (although not exclusive) attention to for-profit anchor engagement in three areas related to community health and well-being: economic development, gentrification, and direct health outcomes.

Community engagement includes all activities that organizations intend to create benefits for their communities. Lower-income community engagement is community engagement intended to create benefits for lower-income communities. This definition encompasses a wide range of activities that include but are not limited to sponsoring public events, making charitable donations, funding or undertaking community and economic development initiatives, intentionally locating a factory in a lower-income community and hiring local residents for middle-wage jobs there, and funding programs to feed children in need.

GENERAL OBSERVATIONS

For-profit companies are often anchored in and engage with a broader geographic area than their nonprofit counterparts.

Many of the for-profit anchors we interviewed, especially those with substantial footprints in multiple cities, conduct community engagement activities in multiple communities or entire cities or regions rather than only their own immediate neighborhoods. For this reason, for-profit anchors may be more likely partners for citywide, regional, or metropolitan area initiatives than for hyper-local neighborhood initiatives. Banks and smaller for-profit company headquarters are important exceptions, frequently focusing on initiatives in the neighborhoods where they do business.

The perceptions of anchor leadership shape community engagement activities, especially in lower-income communities.

Corporate leaders consistently play a major role in shaping their organizations' community engagement activities. Companies that are heavily engaged with lower-income communities often have leaders (at various levels) who personally advocate for and drive that engagement. Companies' responses to the rising calls for racial justice in 2020 showed that social activism and employee feedback sometimes influence leaders' priorities for engaging with lower-income communities.

Banks, utilities, and companies that are privately held, larger, or have a headquarters in a region seem to be most engaged with lower-income communities in their regions.

Some types of companies, particularly banks, utilities, and those that are privately held, larger, or have a headquarters in a region, seem to be more engaged than other companies with lower-income communities in their regions. Public and government relations benefits and profit-oriented motivations may drive banks' and utilities' higher levels of engagement. However, we are not able to determine why companies that are privately held, larger, or have a headquarters in a region seem to be more engaged with lower-income communities in their regions.

Companies whose CEOs or owners grew up in or have similarly deep ties to lower-income communities are often more engaged with lower-income communities.

CEOs or owners who grew up in lower-income communities or have similarly deep ties to them often want to benefit those neighborhoods in areas such as economic opportunity and well-being, health outcomes, or education. Their companies are often more engaged with lower-income communities than other companies, even though many of them are smaller corporate headquarters.

Very few of the anchors we interviewed formally track the impacts of their community engagement efforts and neither do their nonprofit, foundation, and government partners.

Some anchors track the outputs of their programs (e.g., number of people served, quantity of items donated), particularly those that have a team, department, division, or foundation whose purpose is to make grants. However, none told us that they use rigorous statistical methods to evaluate their efforts' impacts. This is not surprising because for-profit anchors generally do not have the capacity, specialization, or incentive to conduct these evaluations and nonprofit, foundation, and government partners usually do not require them. As a result, policymakers, practitioners, and for-profit anchors themselves cannot fully understand for-profit anchors' impacts and must make decisions with limited information about different community engagement strategies' effectiveness.

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MOTIVATIONS

Creating a pipeline of workers is a common motivation for companies.

Many of the for-profit companies we interviewed have significant needs for a large number of workers, highly skilled workers, or both. These critical business needs can lead companies to create their own in-house training programs or to support community engagement initiatives that demonstrate to their employees that the company is committed to making a positive social impact. For example, Company A (an anonymous utility company) has created a skilled trades training program that recruits from lower-income communities in the places where it operates (although not necessarily from the neighborhoods immediately surrounding the business).

Banks, utilities, and some other business-to-consumer companies, such as retail stores, often care about the visibility of the community engagement initiatives that they support more than do other types of companies.

Banks, utilities, and some other business-to-consumer companies, such as retail stores, can receive public or government relations benefits from supporting highly visible community engagement initiatives, whether or not these initiatives target lower-income communities. Banks and utilities care about their reputations with regulators and other organizations that provide public oversight, which take these activities into account in their assessments. Utilities also desire good reputations with the public because they need goodwill for business objectives such as major infrastructure projects. Other business-to-consumer companies, such as retail stores, care about their public reputations because customers may take them into account when deciding where to shop.

The connection between community prosperity and long-term business success motivates some for-profit anchors to engage with lower-income communities.

Although banks and utilities likely engage with lower-income communities in part to improve their reputations with regulators and the general public, some for-profit anchors (especially banks and utilities) also support lower-income communities philanthropically because increasing lower-income neighborhoods' well-being could benefit the business in the long term. For example, PNC Bank's signature Grow Up Great program supports families, educators, and community partners to enhance children's (especially underserved children's) learning and development from birth to age 5. The program is built on the understanding that education is a powerful engine of economic and social mobility and an investment in the workforce of the future.

Identity is a distinct motivator for many for-profit anchors.

Perceptions of corporate identity (primarily based on expectations generated by the company) drive some companies' community engagement. Interviewees from these companies described this identity by using phrases such as "[Community engagement is] part of our core values" or "Giving back is just something that we do." Accurately understanding a company's motivations can help community and economic development partners build stronger partnerships with for-profit anchors by enabling them to speak the company's "language" about community engagement.

STRATEGIES

For-profit anchors have different methods of choosing the subjects on which they engage with lower-income communities but usually shape their strategies based on leaders' or employees' perceptions about what is important.

For-profit anchors organize their community engagement efforts in different ways. Some use top-down methods to choose focus areas while others rely more on employees to choose them. Some organizations have very specific focus areas for community engagement; others provide broad support in many areas. However, for-profit anchors usually set their strategic priorities based on leaders' or employees' perceptions about what is important and rarely mentioned obtaining community partners' or local experts' perspectives on issues.

Some for-profit anchors leverage their subject-matter expertise to develop community engagement programs.

For-profit anchors are primarily engaged in their main line of business and generally have strengths, competencies, and competitive advantages in that line of business. They often leverage these capacities to build their own local community engagement initiatives. For example, some banks use their expertise in lending to support affordable housing projects. VIP Structures, an architecture, engineering, construction, and development firm headquartered in Syracuse, used its expertise to contract with businesses and hire residents from a lower-income community as part of a real estate development project that the firm led in that community. Yet anchors do not need to create and staff these initiatives themselves. The anchors we interviewed often collaborate with other organizations, usually nonprofits, that have experience in issue areas on which the anchor is not an expert.

Some for-profit anchors implement shared value strategies for lower-income community engagement.

Shared value strategies aim to create a profit for the business and generate benefits for stakeholders such as employees, suppliers, or a community. The intention to create a direct profit distinguishes shared value from philanthropy, even philanthropy that aligns with a business's long-term success. Some businesses that we interviewed use shared value strategies and, therefore, seek opportunities to simultaneously earn a profit and achieve benefits for other stakeholders. For example, Pathfinder Bank in Syracuse uses equity investments and loans to fund projects that aim to benefit Syracuse's lower-income communities, in contrast to some other banks, which may use grants from their corporate foundations to fund similar projects. These investments and loans are meant to generate a profit for the bank in addition to benefits for Syracuse's lower-income communities.

Some companies deliberately create new jobs in lower-income neighborhoods and hire local residents to fill them.

Although many of the companies we interviewed recruit from lower-income communities for their workforce development initiatives, a few created new jobs in lower-income communities and hired community residents for those jobs. This is a particular kind of shared value strategy that some anchors may be able to implement if they are expanding. For example, Fort Wayne Metals is a medical wire manufacturer that wanted to expand its business by investing in a new production facility. The company decided to hire residents from one of Fort Wayne's lower-income neighborhoods and intentionally located its new facility in that neighborhood to reduce transportation requirements for new employees.

For-profit anchors rarely collaborate with other for-profit anchors on community engagement efforts even though they believe that such collaboration would make those efforts more effective.

In each of the four case study cities, interviewees from for-profit anchors as well as policymakers and practitioners told us that their city or region needed more collaboration among for-profit anchors on community engagement. Collaboration may enable anchors to pool their resources and support larger, more innovative, or riskier initiatives than they could individually support and potentially increase the community impacts of their initiatives. CenterState Corporation for Economic Opportunity (CenterState CEO), a member-based nonprofit regional economic development organization whose members and board of directors are corporate and nonprofit leaders, helps facilitate this type of collaboration in Syracuse. The perspectives of its members and board play a leading role in shaping CenterState CEO's governance and agendas. Member for-profit anchors also lead many of the initiatives that CenterState CEO has started. For example, CenterState CEO runs an employer-driven workforce development program that engages both individual employers and industry groups to understand companies' common recruitment and training needs and develop strategies to meet those needs. This type of multi-employer collaboration could make workforce development programs more effective.

RECOMMENDATIONS

Both local policymakers and practitioners in government, philanthropic, and nonprofit organizations and for-profit companies themselves have a role in increasing companies' engagement with lower-income communities.

Recommendations for for-profit companies

Companies should recognize that they have a stake in the prosperity and health of lower-income communities where they do business and from which they draw workers. Acting on that awareness, they should undertake community engagement activities to benefit those communities.

A community's economic well-being, vitality, and health can have direct impacts on a company's long-term sustainability and profitability. Economic prosperity, physical and mental well-being, and community assets can influence local demand for goods and services, how much companies must spend to attract and retain employees, and organizations' long-term competitiveness. Through their philanthropic, programmatic, and business engagements with the lower-income communities where they do business and where their workers live, for-profit anchors should recognize their stake in and act to improve the health and well-being of those communities. For-profit anchors can either start their own initiatives, if they have enough capacity to do so, or support nonprofits' and local governments' initiatives that benefit lower-income communities.

Companies should consider the perspectives and insights of key external stakeholders, including policymakers, practitioners, and other local experts, in designing and implementing their community engagement strategies.

These stakeholders may provide broader perspectives on lower-income communities' needs and challenges. They may also be good community partners who can help companies implement their engagement and outreach strategies in lower-income neighborhoods.

Companies should emphasize shared value approaches that align with their core business.

Because they connect a business's profitability with lower-income communities' needs, strategies that both align with an anchor's core business and are based on shared value may be the most sustainable ones for for-profit anchors seeking to engage with lower-income communities. However, shared value strategies are likely not the best way for anchors to engage with lower-income communities in focus areas outside of their expertise, where they should continue using philanthropic strategies.

Companies that are planning to expand should consider locating new facilities in lower-income neighborhoods and hiring their residents.

Some for-profit companies that are planning to expand may find that locating new facilities in lower-income neighborhoods and hiring their residents helps them achieve business goals and also benefits residents. This type of shared value decision is a natural extension of anchors' efforts to hire lower-income residents for existing jobs.

Companies should look to partner with community organizations, nonprofits, and/or local government to engage with lower-income communities.

Many of our interviewees who are deeply involved in collaborations between community organizations, nonprofits, and/or local governments told us that these collaborations create mutual benefits for the partners. These partnerships can enable a for-profit anchor to have an impact outside of its area of expertise and provide additional financial and human capital to the other collaborating organizations.

Recommendations for policymakers and practitioners in government, philanthropic, and nonprofit organizations seeking to encourage for-profit companies to engage with lower-income communities

Citywide and regional nonprofits and governments should take the lead in encouraging for-profit companies to collaborate on lower-income community issues.

Because for-profits that engage with lower-income communities usually do so at the city or regional level rather than in their own immediate neighborhoods, organizations that work in those broader geographies are often better suited than neighborhood-based organizations to encourage for-profit companies to act as anchors in lower-income communities.

Local policymakers and practitioners should begin by approaching the kinds of for-profit anchors that are most likely to be interested in engaging with lower-income communities.

We found that banks and utilities and companies that are privately held, larger, have a headquarters in a region, or have a CEO with deep ties to a lower-income community are more likely to be engaged with work that directly benefits lower-income communities. Local policymakers and practitioners may want to approach these organizations first if they want more local for-profit anchors to engage with lower-income communities.

Local policymakers and practitioners should often start by encouraging for-profit companies to engage with workforce development in lower-income communities.

Workforce development, including recruitment and training, is the most common area of engagement we found in our case studies. Even if companies have no previous experience with formal workforce development programs, they can partner with existing workforce development organizations, including community colleges, community-based organizations, and the public workforce system. Moreover, the business voice is often missing from workforce development programs, so for-profit companies can help improve those programs while benefiting lower-income communities and meeting their own workforce needs.

Local policymakers and practitioners should appeal to individual for-profit companies differently depending on how the companies think about lower-income community engagement.

Different companies think about lower-income community engagement in different ways. Some see engagement as shared value. Others view it as charitable giving or corporate social responsibility. Still others consider it to be an expression of their corporate identity. Some companies have already acted as anchors and may be open to broadening or deepening their work in lower-income neighborhoods, while others are at an earlier stage and need guidance to start working directly with lower-income communities. Local policymakers and practitioners who wish to encourage for-profit companies to act as anchors in lower-income neighborhoods should have preliminary discussions with company leaders to understand how they think about lower-income community engagement and appeal to them in ways that resonate with their thinking.

Local governments, foundations, and other influential organizations should help incentivize and support collaboration among for-profits.

In each of our four case study cities, interviewees told us that increased collaboration among for-profit anchors on lower-income community issues would benefit the city and/or region. The individual(s) or organization(s) that can best convene for-profit anchors will vary greatly from city to city. In general, this role requires broad influence across sectors and sufficient resources to play a major part in any collaboration. In some places, a mayor or other government leader, the leader of a local nonprofit anchor, the leader of a local foundation, or the leader of a for-profit anchor may be best suited to bring for-profit companies together to help them collaborate on lower-income community issues. In others, existing business organizations may be the best conveners.

Government, philanthropic, and nonprofit organizations that fund collaborative community engagement initiatives in which for-profit companies participate should require independent evaluations of the impacts of those initiatives.

Credible independent evaluations of for-profit anchors' community engagement programs could be extremely valuable to for-profit anchors and the many stakeholders of their community engagement activities with lower-income communities (e.g., nonprofits, foundations of various scopes and sizes, government entities, and residents of lower-income communities). Government, philanthropic, and nonprofit organizations that are in a position to fund community engagement activities in which for-profit anchors participate should require independent evaluations of those activities. National foundations may be able to play an especially valuable role in supporting these evaluations because they have more financial resources and more expertise in evaluation than do most local foundations and other organizations that are interested in community engagement.

Introduction

During the mid- and late 20th century, corporate leaders played major roles in shaping the economic, social, and physical development of the cities where their companies were located. However, major economic changes (including mergers and acquisitions, deregulation, and deindustrialization) reduced CEOs' commitment to those cities.[1] During the last two decades, public policymakers, community foundations, and economic development and community organizations looked to nonprofit "anchor institutions" or "anchor organizations" — large or otherwise influential organizations that engage with and have relatively deep roots in their communities — to fill the void created by CEOs' declining civic commitment.

Hospitals and universities are the nonprofits that have most widely adopted the anchor institution model. Organizations such as the Mayo Clinic in Rochester, MN, and Bon Secours in Baltimore, MD, are well-known examples that show how nonprofit hospitals can contribute to lower-income neighborhoods by supporting affordable housing, economic development initiatives, entrepreneurship in related industries, community green space, and home improvement grants, and by increasing local procurement to support local businesses.[2] The Greater University Circle Initiative brought together a group of local anchor organizations, including Case Western Reserve University and the Cleveland Clinic, to sponsor workforce training programs, real estate development, and expansions of public transportation in adjoining lower-income neighborhoods of Cleveland.[3] Although the anchor institution model is not yet as prevalent among other types of nonprofit organizations, arts and culture organizations are also beginning to act as anchor institutions.[4]

For-profit companies, too, are now beginning to consider (or reconsider) their potential to act as anchors.

For-profit companies, too, are now beginning to consider (or reconsider) their potential to act as anchors. For example, the Business Roundtable, an association of CEOs from major American companies, states that "the long-term success of [U.S.] companies and the U.S. economy depends on businesses investing in the economic security of their employees and the communities in which they operate."

For example, the Business Roundtable, an association of CEOs from major American companies, states that "the long-term success of [U.S.] companies and the U.S. economy depends on businesses investing in the economic security of their employees and the communities in which they operate."[5] Other major for-profit organizations such as Target, GE, IBM, Iron Works, and L.L. Bean have recognized the importance of community health to their success and have made efforts to improve health in the places where they do business.[6]

Yet community and economic developers, researchers, and policymakers have paid relatively little attention to for-profit organizations as anchor institutions. This report helps fill the gaps in researchers' and practitioners' understanding of for-profit anchors. Through case studies in four cities, it explores the motivations and strategies of for-profit corporations' engagement with lower-income communities in smaller cities (municipalities or unincorporated places with a population under 500,000) that are located in metropolitan areas. It pays particular (although not exclusive) attention to for-profit anchor engagement in three areas related to community health and well-being: economic development, gentrification, and direct health outcomes.

We focus on lower-income communities because those communities face the greatest health, economic development, and quality-of-life challenges, which the coronavirus crisis has only exacerbated. We examine smaller cities because they are the places where the vast majority of Americans live but have received little attention from researchers of nonprofit anchor institutions.[7] Our geographic and income criteria differentiate this report from existing literature on for-profit anchors (the recent Robert Wood Johnson Foundation-supported report on for-profit anchors by Mass Economics and RW Ventures[8] and an academic article showing that the presence of a corporate headquarters in a metropolitan area increases corporate contributions to local charitable organizations[9]).

WHAT IS A FOR-PROFIT ANCHOR ORGANIZATION?

For-profit anchor organizations are large or otherwise influential for-profit companies that engage in activities intended to benefit their surrounding communities and are deeply rooted in (unlikely to move from) those communities. In these respects, they resemble nonprofit anchors. To be sure, for-profit companies differ from their nonprofit counterparts in ways that could affect their behavior as anchor institutions.

- Compared to hospitals, universities, or most arts and culture organizations, for-profit companies are more able to move their business or headquarters from one city, region, or country to another. However, for-profit companies make significant investments in their operations and infrastructure, particularly for headquarters, and moving creates a large expense. For these reasons, for-profit companies may have an incentive to stay in communities where they have set up operations.
- The profit motive could lead for-profit organizations to spend proportionally less on activities that benefit their host communities, particularly if their focus is on short-term profitability. In the long run, however, an organization's prosperity depends in important ways on its host community's prosperity. This can give for-profit companies an incentive to act as anchors in those communities.
- Unlike hospitals, universities, and arts and culture organizations, many for-profit companies do not have customers coming into the immediate neighborhoods where their facilities are located. This could lead them to be less concerned about the neighborhoods' amenities and quality of life. As we will show, however, for-profit companies can be heavily involved in improving the quality of life in their city or region as a whole, including lower-income neighborhoods, even if they are less concerned about their own immediate neighborhoods.

To identify companies that could potentially act as anchors, we examine only companies that are sufficiently large or locally influential and that are rooted in their communities. All those companies either have one or more business establishments with at least several hundred employees apiece or have a smaller headquarters in one of the cities in which we conducted case studies. The companies have generally been present in our case study cities for at least five years. In this report, we are concerned primarily with anchors that are located in or near (within approximately a half-mile radius of) lower-income neighborhoods of smaller cities.

Methodology

To understand the strategies that for-profit anchors pursue in engaging with lower-income communities and their motivations for pursuing those strategies, **we conducted in-depth case studies of for-profit anchors in Amarillo, TX; Fort Wayne, IN; Richmond, VA; and Syracuse, NY**. We based our case studies on a total of 64 semi-structured interviews in the four cities, including interviews with 31 anchor organizations. (Because of the coronavirus pandemic, we conducted our interviews through phone calls and videoconferencing.) We conducted 10 interviews in Amarillo, 12 in Syracuse, 18 in Fort Wayne, and 24 in Richmond. We supplemented our interviews with online materials about the interviewees' organizations, maps, American Community Survey data, 500 Cities Project data (health outcomes data published by the Centers for Disease Control and Prevention in partnership with the Robert Wood Johnson Foundation and the CDC Foundation), and Your-economy Time Series data to obtain background information about the four cities' for-profit anchors and lower-income neighborhoods. We define lower-income neighborhoods as those with median household incomes below the medians for their respective metropolitan areas.

We selected our four case study cities through a multi-level process. From among cities in the U.S. with municipal populations under 500,000 that are located in metropolitan areas, we created a short list of potential case study cities by reviewing local news articles mentioning active anchor institutions and analyzing data on for-profit anchor institution presence and size, health outcomes, and job growth rates in lower-income neighborhoods, and indicators of gentrification. We sought cities in which (a) there appeared to be several large companies that were highly engaged with nearby lower-income communities and that had facilities located in or near those communities and (b) slow economic development, gentrification, and/or poor health outcomes appeared to exist in several lower-income neighborhoods. We then conducted interviews with key informants (mostly representatives of local foundations, chambers of commerce, or economic development organizations) from 20 of these cities to verify what we had learned from our screening process and provide additional local context. We selected Amarillo, Fort Wayne, Richmond, and Syracuse because several for-profit anchors were highly engaged with lower-income communities in each city and because the four cities differ geographically, demographically, and economically.

In each city, we interviewed representatives of for-profit anchors, local nonprofit organizations (including non-profit anchors), local foundations, local governments, and other key stakeholders. A key informant in each city recommended some of our interviewees. We identified others through a snowball sampling process.

We designed our interviews to gather information about the motivations and strategies of for-profit anchors' community engagements in each city. We also sought to learn how (if at all) they measured the impacts of their strategies. In addition, we asked about the challenges and benefits of community involvement, lessons learned from past engagement attempts, collaboration with other organizations, and each anchor's perception of its role(s) in the community. Our interviews with representatives of organizations other than for-profit anchors provided us with their perspectives on how the for-profit anchors were engaging with lower-income communities.

We provide detailed profiles of some of our case study anchors in the Appendix to this report. Our findings draw on those profiles as well as on other case study material.

THE CASE STUDY CITIES

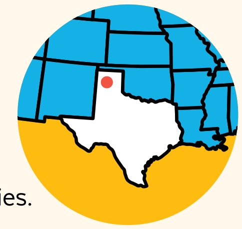
In this section, we provide overviews of the demographic, economic, and social characteristics of each of our case study cities.

1 Amarillo, Texas

Amarillo, a city of just under 200,000 people in a metropolitan area of approximately 262,000 people, is located in the Texas Panhandle, several hours away from the nearest city of similar or larger size.[10] Although Amarillo is the principal city of its metropolitan area, much of the metropolitan area is sparsely populated. Several interviewees told us that the area's geographic isolation has deeply shaped the local culture. Most relevant to our research, our interviewees discussed how it has helped foster a sense of community self-reliance.

The industry clusters with the largest employment concentrations in metropolitan Amarillo, compared with other parts of the U.S., are livestock processing, oil and gas, food processing, insurance, and construction.[11] We interviewed representatives from livestock processing and food processing and also interviewed local banks, for-profit hospitals, and utilities.

Most of Amarillo's lower-income neighborhoods are located north of Interstate 40, a highway that runs east to west through the middle of Amarillo. In these lower-income neighborhoods, 39.6 percent of the population was non-Hispanic white in 2017, 38.1 percent was Hispanic white, 11.0 percent was Black, 3.9 percent was Asian, less than 1 percent each was Native American or Alaskan Native and Pacific Islander or Native Hawaiian, and 6.9 percent was from other or multiple race groups.[12] The residents of these neighborhoods were 43.1 percent Hispanic or Latino of any race. These neighborhoods had a combined population of almost 103,000 and a poverty rate of 21.1 percent.[13] Despite this high poverty rate, Amarillo's lower-income neighborhoods had a 2017 unemployment rate of just 4.8 percent, the lowest unemployment rate among lower-income neighborhoods in any of our four case study cities.



The Amarillo Area Foundation was our key informant in Amarillo. It helped us make connections with many for-profit anchors, other local nonprofits, and local government. The foundation supports more than 400,000 people in the Texas Panhandle area.[14] It runs several programs in the Texas Panhandle, including some that bring local for-profit organizations together. For example, Happy State Bank (profiled in the Appendix), Amarillo National Bank, FirstBank Southwest, and First Capital Bank are the leading for-profit partners on the Panhandle Financial Collaborative, which aims to increase the financial stability and success of the Texas Panhandle Region.[15]

Amarillo has many highly engaged for-profit anchor organizations in a variety of industries. The banking, utilities, and livestock processing industries were especially well-represented among the companies that our interviewees identified as anchors. Interviewees told us that local anchors have supported a downtown revitalization plan, workforce development partnerships, affordable housing, the creation of a community development financial institution, and programs that provide food and health care to lower-income individuals. Interviewees from both for-profit anchors and other organizations told us that community engagement is an important part of the culture in Amarillo and identified anchors'

Amarillo, Texas, cont.

widespread desire to contribute to the community as one of the region's key strengths.

Some interviewees also identified a few challenges that Amarillo is facing. Amarillo has several strong industry clusters, some of which pay high wages to workers without college degrees. However, several interviewees indicated that low wages are a barrier to financial stability and well-being in the community.

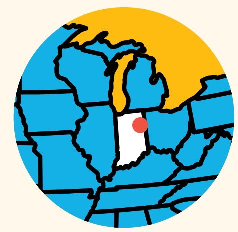
Additionally, a few of our interviewees mentioned that some business, nonprofit, and local government leaders are reluctant to discuss poverty and its causes and potential solutions. This hesitation, which probably exists in many communities across the country, could be a roadblock to more for-profit engagement with lower-income communities.

2 Fort Wayne, Indiana

Fort Wayne is a city of approximately 266,000 in northeastern Indiana. Its metropolitan area has a population of 429,000.[16] During the 20th century, a number of large corporate headquarters were located in Fort Wayne. Many of them have since left the city.[17] Unlike some other cities that faced similar corporate departures during the late 20th century, Fort Wayne has many for-profit organizations that act as anchors in the city and has a few larger non-profit anchor organizations.

The industry clusters with the largest employment concentrations in metropolitan Fort Wayne, compared with other parts of the U.S., are upstream metal manufacturing, metalworking, production technology and heavy machinery, plastics, and vulcanized materials.[18] We interviewed companies from these industries and also included banks, utilities, and companies from other industries.

Fort Wayne's lower-income communities are located primarily in the southern half of the city, with the deepest concentration of poverty located in the southeast quadrant of the city. In 2017, these lower-income neighborhoods were home to approximately 164,000 people and had a poverty rate of 19.9 percent and an unemployment rate of 9.8 percent. Residents of Fort Wayne's lower-income neighborhoods were 60.2 percent non-Hispanic white, 18.8 percent Black, 8.3 percent Hispanic white, and 4.4 percent Asian, less than one percent each Native American or Alaskan Native and Pacific Islander or Native Hawaiian, and 8.0 percent other or multiple races.[19] These neighborhoods were 12.0 percent Hispanic or Latino of any race.



Greater Fort Wayne Inc., a nonprofit that provides both economic growth and business services, was a key local informant for our research, connecting us to our initial list of interviewees and providing valuable insight into the local for-profit anchor context. Among many other initiatives that engage the local business community, it has organized annual inter-city visits since 2005.[20] These visits bring community and business leaders together to visit and learn from the community and economic development initiatives of other cities. Several of our interviewees mentioned that participating in these visits had helped build interest and enthusiasm for improving Fort Wayne's community and economic assets.

Fort Wayne, Indiana, cont.

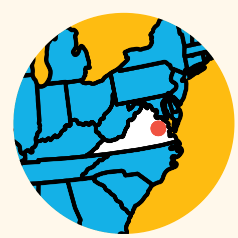
Many of our case study interviewees highlighted the recent successes of collaborative projects in downtown Fort Wayne. Many felt that these efforts had made a large difference in transforming the downtown into a vibrant part of the city. According to them, downtown revitalization attracted talent from outside the region and shifted public perception of Fort Wayne by renewing a sense of pride about living there. In the course of working to revitalize the downtown, many policymakers and practitioners from across for-profit, nonprofit, and local government sectors worked together closely to learn and implement community development best practices. Greater Fort Wayne Inc. supported many of these projects and led the planning of a $645 million series of five redevelopment projects.[21]

Despite these recent successes and the strong desire to effect positive change in Fort Wayne, our interviewees identified several challenges that Fort Wayne is facing. First, some interviewees felt that the benefits of the downtown development projects were limited to the downtown area and did not extend to lower-income neighborhoods. These interviewees expressed a desire to build on the momentum that the downtown revitalization projects created and expand the focus of Fort Wayne's community development work to include the city's lower-income neighborhoods. Second, some of our interviewees felt that a lack of cooperation among anchor organizations (both for-profit and nonprofit) was limiting the potential impact of community and economic development initiatives. The general consensus among the interviewees who shared this sentiment was that the city needed a leader of one of its largest anchor institutions to bring other for-profit and nonprofit anchors together to collaborate.

3 Richmond, Virginia

Richmond is a city of approximately 223,000 people located in eastern Virginia.[22] The capital city of Virginia, it is located in a densely developed metropolitan area of 1.3 million people, the largest metropolitan area in which we conducted case studies. Although the entire metropolitan area is closely interconnected economically and socially, the population of the city of Richmond falls well within our cutoff for a small city.

In the Richmond area, business services, financial services, insurance, and marketing are the industry clusters with the largest employment concentrations compared to the rest of the U.S.[23] We interviewed companies in business services, financial services, and insurance and also spoke with representatives of technology companies, banks, utilities, and other major companies located in the city.



Most of the neighborhoods in the city of Richmond are lower-income under the definition used for this report. In 2017, Richmond's lower-income neighborhoods had a combined population of approximately 178,000 people, a poverty rate of 26.2 percent, and a 9.6 percent unemployment rate. The residents of Richmond's lower-income neighborhoods were 52.9 percent Black, 36.4 percent non-Hispanic white, 3.6 percent Hispanic white, 2.2 percent Asian, less than 1 percent each Native American or Alaskan Native and Pacific Islander or Native Hawaiian, and

Richmond, Virginia, cont.

4.6 percent people of other or multiple races. Altogether, 5.1 percent were people of Hispanic or Latino ethnicity of any race.[24]

ChamberRVA is a member-based organization that aims to support the Richmond region through business and economic development programs. ChamberRVA supported our research in Richmond by acting as our key local informant, providing context about local anchor engagement and connections with many of our interviewees. The organization is deeply involved in the local community and runs programs focused on efforts including hiring, mentorship, career development, and leadership development. However, it does not exclusively support lower-income communities in many of these initiatives. Member organizations support many of ChamberRVA's efforts financially, by donating staff time, or by providing other resources.

For example, ChamberRVA and the Richmond Regional Planning District Commission created the Capital Region Collaborative in 2007 to engage government, business, and community leaders in improving the Richmond region's quality of life.[25] A volunteer Organizing Council that includes members from for-profit anchors, nonprofits, and city and county governments advises the collaborative's work.[26] FutureRVA, another Chamber-led initiative, aims to develop and attract talent to the region; many local for-profit anchors provide financial support for the initiative.[27]

Richmond is home to many large for-profit corporations that are able to put significant resources behind the initiatives they support. Several of these companies are already highly engaged with both the general community and lower-income communities. The leaders of some of these corporations regularly meet through the Management Roundtable—an incorporated nonprofit group of local business leaders—to discuss community issues and concerns. Many of our interviewees mentioned that their organization has at least one representative who participates in these meetings. The Management Roundtable builds local capacity for collaboration among for-profit anchors and could support efforts to increase the number of collaborative projects in the city.

More than those in our other case study cities, our Richmond interviewees considered gentrification to be an important problem in the city. Although the impact of gentrification on lower-income residents' health and well-being is uncertain,[28] some for-profit anchors see a need to mitigate gentrification's impacts on lower-income residents and are attempting to do so by supporting affordable housing.

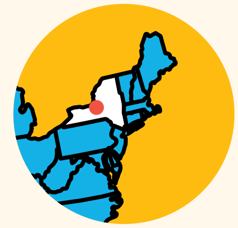
Finally, many organizations and individuals in Richmond have engaged with the broader movement for racial justice and point to Richmond's history as a complicating factor in the discussion. Because Richmond was the capital of the Confederacy and until recently was home to numerous monuments of Confederate leaders, many of our case study interviewees felt that the discussion about racial justice came at a valuable moment and emphasized the importance of pursuing racial justice initiatives. One local business leader told us, "I don't want this time to be a moment. We need to act on our values. I want to see the city be a model for how to become inclusive, drive change, and provide opportunity for all to participate, be included, and be valued."

4 Syracuse, New York

Syracuse is a city of approximately 183,000 located in upstate New York in a metropolitan area of approximately 659,000.[29] Much like Fort Wayne, Syracuse was once home to a number of large corporate headquarters that have subsequently relocated to other areas.

Education, insurance, construction, and information technology are the industry clusters with the largest employment concentrations in metropolitan Syracuse compared to the rest of the U.S.[30] We interviewed organizations from the education, construction, and information technology clusters as well as banks, utilities, and professional services corporations.

Nearly all the neighborhoods in the city of Syracuse are lower-income neighborhoods according to our definition, although our interviewees identified the south side of Syracuse as having the highest concentration of persistent poverty and unemployment. In 2017, Syracuse's lower-income neighborhoods were home to approximately 129,000 people and had a poverty rate of 28.4 percent and an unemployment rate of 11.8 percent. These were the highest poverty and unemployment rates among lower-income neighborhoods in our four case study cities. More than in any other case study city, our interviewees noted the depth and persistence of poverty in Syracuse. The residents of Syracuse's lower-income neighborhoods were 41.3 percent non-Hispanic white, 36.1 percent Black, 6.6 percent Asian, 5.4 percent Hispanic white, 1.0 percent Native American or Alaskan Native, less than 1 percent Pacific Islander or Hawaiian Native, and 9.5 percent people of other or multiple races.[31] Syracuse's lower-income neighborhoods were 11.0 percent Hispanic or Latino.



The nonprofit economic development organization CenterState Corporation for Economic Opportunity (described in the accompanying box) was our key local informant, connecting us with many of the organizations that we interviewed.

Our interviewees highlighted several challenges and potential next steps for Syracuse. Although Syracuse's for-profit anchors collaborated successfully on a few projects designed to benefit the city's lower-income neighborhoods, some interviewees felt that the city's anchors needed additional leadership from one of the larger anchor institutions in the city. Interviewees highlighted this as a potential next step for expanding collaboration among for-profit companies.

CENTERSTATE CORPORATION FOR ECONOMIC OPPORTUNITY

CenterState Corporation for Economic Opportunity (CenterState CEO) is a member-based nonprofit regional economic development organization whose members and board of directors are corporate and nonprofit leaders. Their perspectives play a leading role in shaping CenterState CEO's governance and agendas. The organization's work covers research and policy, racial equity, economic inclusion, innovation and entrepreneurship, and business and economic development. As one part of its work, CenterState CEO facilitates collaboration between regional for-profit anchors on community engagement initiatives, some of which benefit lower-income communities.

CenterState CEO has led the development of at least two successful collaborative initiatives in lower-income communities. CenterState CEO now supports and administers both, in collaboration with multiple partners, including for-profit anchors. The organization's Work Train program works with individual employers and industry groups to understand companies' recruitment and training needs and develop strategies to meet those needs.[32] The program started as a collaboration between CenterState CEO and a nonprofit anchor, the St. Joseph's Hospital Healthcare System, to find jobs for refugees in a lower-income neighborhood. It has since expanded to include other nonprofit and for-profit employers.[33] TCGplayer, for example, is a for-profit ecommerce company headquartered in Syracuse that partnered with Work Train to develop a training program to help entry-level workers move into higher-skill technology jobs.[34] Other community organizations are also program partners. Onondaga Community College, for example, has provided training and job placement support for machine operators as part of the program.[35]

CenterState CEO's Up Start program is a collaborative business program that brings together a group of local businesses and business owners to provide training, technical assistance, and mentorship to local service-based businesses and aspiring entrepreneurs.[36] The program targets lower-income neighborhoods on Syracuse's north and south sides. Larger for-profit anchors in Syracuse have also supported the program through their own foundations' grants. KeyBank's Boost and Build program has given Up Start several grants, including $115,000 in 2018 to support program expansion[37] and $150,000 in 2020 for emergency relief grants to businesses owned by women and people of color in the health and wellness, service, hospitality and lifestyle industries. JPMorgan Chase, a major national financial institution with a corporate presence in Syracuse, gave $300,000 to add food-business incubation to the program at the new Salt City Market development.

The Salt City Market is a mixed-use food hall and residential building that supports diverse, local food businesses and is located on Syracuse's lower-income south side near the edge of downtown Syracuse. The building houses 11 food vendors that are eligible to receive support from the food incubation component of the Up Start program. The development also supports lower-income families by reserving approximately 30 percent of apartment units for lower-income tenants.[38] The Allyn Family Foundation, a Syracuse-based charitable foundation, led the $25 million project. The foundation, the Neighborhood Development Center (a community development organization), and CenterState CEO developed the concept for the project.[39] National Grid, JPMorgan Chase, and Pathfinder Bank are all for-profit anchors in Syracuse and are partners on the project.[40] Pathfinder Bank (profiled in the Appendix to this report) provided loan funding for the project. JPMorgan Chase provided the previously mentioned grant to expand Up Start into the space and, in partnership with the real estate firm Rose Urban Green Fund, helped the project secure $18 million in New Markets Tax Credits. Syracuse-based VIP Structures (another anchor profiled in this report) is an architecture, engineering, construction, and development firm and a leading partner on the project. The company focused on hiring M/WBE subcontractors, encouraged all subcontractors to hire a local workforce, and referred subcontractors to programs such as CenterState CEO's Work Train to help meet their workforce needs.

In 2019, JPMorgan Chase awarded CenterState CEO, the City of Syracuse, the Onondaga County government, Syracuse University, Le Moyne College, and the Allyn Family Foundation a $3 million grant to support the group's collaborative community development proposal.[41] The grantee organizations plan to use the money to benefit all neighborhoods within the city but planned to direct initial efforts toward economic empowerment in the city's lower-income Southside neighborhood. The partners also plan to develop and implement long-term strategies that connect vulnerable populations with jobs in high tech industries.[42]

Most of CenterState CEO's work is not directly related to lower-income communities. In 2012, for example, CenterState CEO's member organizations, with CenterState CEO's support, founded NUAIR (Northeast UAS Airspace Integration Research Alliance)—a coalition of public and private organizations that is still operating—to bring an FAA-designated site for testing Unmanned Aircraft Systems (UAS) to Syracuse and grow the region's defense cluster.[43] CenterState CEO partners with the Syracuse Regional Airport Authority on Fly Syracuse, an initiative that works directly with airlines to attract new flights, reduce fares and promote use of the airport. CenterState CEO members have also advocated for key business amenities at the airport, and regularly provide valuable feedback to the Airport Authority through surveys to inform efforts to attract enhanced air service to the region. CenterState CEO also operates a political action committee, Syracuse Tomorrow, whose board of directors consists of representatives of local for-profit companies and nonprofit organizations.[44]

General Observations

For-profit companies are often anchored in and engage with a broader geographic area than their nonprofit counterparts.

The traditional model for nonprofit anchor institutions is a large nonprofit organization—such as a university, hospital, or museum—that is located in a lower-income neighborhood and supports that neighborhood through community engagement work. For-profit anchors, however, appear to have more variation in the geographic areas where they do community engagement work. Some smaller for-profit anchors, such as those with one location or that operate within a single city, seem to focus closely on the single city or neighborhood where they do business.

By contrast, the larger for-profit anchors that we interviewed, especially those with substantial footprints in multiple cities, usually engage with lower-income communities in the city/cities or region(s) where they do business rather than in the neighborhoods where their facilities are located. The structure of each company's business operations (e.g., whether it has offices in multiple cities serving customers nationwide or worldwide, or whether it serves only the residents of a particular city or region) influences where and how it engages. Larger corporations with multiple offices and locations, for example, often allocate more resources (e.g., executive time or financial resources) to communities where their headquarters are located than to non-headquarters locations. However, they usually conduct community engagement activities in multiple places where they have offices. Many of the utilities we interviewed operate in a particular region (a metropolitan area or a larger area within a state) and serve many or most households in the region. These utilities engage with community and economic development initiatives in cities, suburbs, and sometimes rural areas throughout their region, including but not limited to lower-income communities.

Banks are an important exception to our generalization about the broader geographic scope of for-profit companies' community engagement activities. Many of the banks we interviewed focus community engagement on the cities and even specific neighborhoods where they have physical branches or offices. The Community Reinvestment Act (CRA) is probably partly responsible for this because it gives banks a strong incentive to support the credit needs of low- and moderate-income communities in which they operate.[45]

Because they engage with a broad geographic area, some for-profit anchors may be more likely partners for regional or metropolitan initiatives than for hyper-local neighborhood initiatives. However, their broader geographic focus does not prevent them from conducting initiatives to reduce concentrated poverty and increase economic opportunity in lower-income communities. For example, some of our case study anchors position themselves as regional partners that support or work with local organizations in multiple lower-income communities.

This strategy is particularly common among banks and energy-related companies. For example, Company A (profiled in the Appendix) engages as an anchor in many communities where it does business. Some of the company's initiatives directly support lower-income communities while others, such as the company's internal workforce development programs, target lower-income communities as one key constituent group among several.

PNC Bank, a large national bank that we interviewed as an anchor in Fort Wayne, has dedicated community development bankers across the geographic areas in which it operates retail banks. Those bankers and the bank's broader community development banking team make investments and loans in local lower-income communities to support a wide range of economic development initiatives, including affordable housing.

The perceptions of anchor leadership shape community engagement activities, especially in lower-income communities.

Companies that are heavily involved with lower-income community engagement initiatives often have leaders (at various levels) who personally advocate for and drive engagement. For example, one interviewee told us that his company emphasizes supporting children and youth, especially disadvantaged children, in large part because the CEO grew up in a lower-income family that lived in public housing. The company's engagements include support for food banks, free dental and health clinics, sports programs, and programs that aim to reduce infant mortality in lower-income communities. The CEO is personally involved in making sure that the organization remains focused and committed to this impact area.

Company leaders sometimes change their priorities in response to social activism and employee feedback. We completed many of our interviews, especially those in Richmond and Syracuse, in the second half of 2020 and early 2021. These interviews followed the highly visible racial justice protests that took place in summer 2020. Several companies told us that they had updated their community engagement strategies to include an explicit focus on racial justice. These interviewees said that the increased public awareness of racial injustice as a result of the protests and feedback from employees about the importance of racial justice helped motivate them to update their community engagement strategies. Although concerns about companies' public image likely played a role, many companies' behaviors suggest that these new commitments to racial justice also reflect changes in leaders' and employees' perceptions. For example, one company we interviewed had not yet released any public statements about its new initiatives but had created several internal working groups—each with at least one member of the executive team—that focus on different aspects of the company's commitment to racial justice, such as community engagement, diverse hiring, and communication.

Banks, utilities, and companies that are privately held, larger, or have a headquarters in a region seem to be most engaged with lower-income communities in their regions.

Some types of companies, particularly banks, utilities and those that are privately held, larger, or have a headquarters in a region, seem to be more engaged with lower-income communities in their regions. In the next section of the report, we discuss several motivations that could explain banks' and utilities' higher levels of engagement, including public and government relations benefits and profit-oriented motivations. We are not able to determine why companies that are privately held, larger, or have a headquarters in a region seem to be more engaged with lower-income communities in their region. However, possible explanations include more resources dedicated to community engagement, greater awareness within the company and leadership, more social and political pressure from outside the company to engage with the challenges faced by lower-income communities, different community engagement strategies, and, for privately held companies, less pressure to maximize short-term profits.

Company D (a pseudonym) has a facility in a lower-income neighborhood of one of our case study cities and has engaged in several initiatives to support the neighborhood. For example, it provided grant funding to support a collaborative housing initiative that included a community development organization, a government entity, a community development financial institution, and affordable housing nonprofits as partners. This initiative supported repairs to occupied homes and renovations of vacant homes, which the partners then sold to first-time homeowners. Company D also helped fund a resident-led community development initiative in the neighborhood.

Atlantic Union Bank, a mid-sized bank headquartered in Richmond, has about $19 billion in assets, about 140 branches, and a total of 2,000 employees (about 200 of whom work at the downtown Richmond headquarters). Its community engagement initiatives focus on affordable housing, financial literacy, and economic development. They include lending to nonprofits and local governments to fund affordable housing and economic development projects. One of our interviewees told us that the bank has about $68 million in community development loans to primarily nonprofits and local governments, about half of which were made to organizations in Richmond. For example, the bank recently provided a loan to the Better Housing Coalition to finance construction of affordable multifamily housing in a lower-income neighborhood of the city that is being gentrified.

Our interviewee told us that the bank views housing as a determinant of health and has invested in projects that make direct connections between health and housing. For example, the bank lent to Virginia Supportive Housing's renovation project at New Clay House, an affordable housing development with units that are reserved for sickle cell patients at nearby Virginia Commonwealth University (VCU) Medical Center. VCU Medical Center joined as a partner on the project to reduce emergency room visits among its sickle cell patients and provides primary care at those patients' homes. In 2019, the bank expanded its community engagement work to include economic development. Since then, it has provided Community Reinvestment Act (CRA)-eligible financial support to Richmond-area economic development organizations, including ChamberRVA, the Greater Richmond partnership, the Virginia Economic Partnership, and Venture Richmond.

Several companies we interviewed have CEOs or owners who grew up in lower-income communities or have similarly deep ties to these communities. All these companies are engaged in one or more initiatives that aim to support lower-income communities. These CEOs' and owners' primary motivation is a desire to create more economic opportunity in those communities.

Companies whose CEOs or owners grew up in or have similarly deep ties to lower-income communities are often more engaged with lower-income communities.

Several companies we interviewed have CEOs or owners who grew up in lower-income communities or have similarly deep ties to these communities. All these companies are engaged in one or more initiatives that aim to support lower-income communities. These CEOs' and owners' primary motivation is a desire to create more economic opportunity in those communities.

The Nojaim Brothers Supermarket was a family-owned neighborhood grocery store that had been continuously operating in the lower-income near west side of Syracuse for 100 years before it had to close in 2017. When the business was operating, the owners emphasized the importance of community engagement through initiatives such as local hiring, volunteering, and other ways of supporting the local community. When changing market and financial circumstances caused the business to close, Paul Nojaim, the third-generation owner of the market, wanted to make sure that the company's building (which it owned) went to a use that was good for the community. Nojaim explained that he felt a personal commitment to supporting the neighborhood because of the family business's history in the community. "I thought a lot about getting forced out financially and having to put something out into the neighborhood that isn't good," he said. "I thought, can I build a campus of health?" Since the market's closure, Nojaim has found new tenants to occupy the space, including the Onondaga County Women, Infants, and Children's Clinic (which offers food, education, and health services to lower-income women), a pharmacy, a primary care clinic run by St. Joseph's Hospital, and a nonprofit grocery store that incorporates workforce development initiatives into its hiring.[46] Nojaim hopes to support the long-term sustainability of these organizations by keeping costs such as rent low and providing technical assistance when needed.

Very few of the anchors we interviewed formally track the impacts of their community engagement efforts and neither do their nonprofit, foundation, and government partners.

Some for-profit anchors track the outputs of their programs (e.g., number of people or businesses served, quantity of items donated), particularly those that have a team, department, division, or corporate foundation whose purpose is to make grants. For example, one retailer asks grantees to report on outputs such as the number of people their program served. One of the banks we interviewed asks grantees to submit output data and also hires third parties to collect output measures for some programs and grantees. Many of the companies that track output data include selected data points in their annual reports or public communications materials.

However, none of the company representatives we interviewed told us that the company uses rigorous statistical methods to evaluate their efforts' impacts. This is not surprising because for-profit anchors generally do not have the capacity, specialization, or incentive to conduct these evaluations and nonprofit, foundation, and government partners usually do not require them. Even if they did, the general public would be unlikely to find the companies' evaluations of their own programs credible. Yet credible independent evaluations of for-profit anchors' community engagement programs could be extremely valuable. They could help for-profit anchors understand whether their community engagement strategies are having the impacts that the companies intend and, if they are, which components of those strategies are most effective. This knowledge could enable for-profit anchors to improve the effectiveness and impact of their strategies. Current and potential community engagement partners that work with for-profit anchors on community engagement initiatives would also benefit from knowing whether those initiatives are effective. Foundations and nonprofit organizations interested in encouraging for-profit companies to act as anchors in lower-income communities would be able to understand which initiatives were worth encouraging. These organizations would be able to share that knowledge widely with stakeholders from different regions and industries.

Credible independent evaluations of for-profit anchors' community engagement programs could be extremely valuable. They could help for-profit anchors understand whether their community engagement strategies are having the impacts that the companies intend.

Motivations

For-profit anchors can engage with their communities for multiple reasons, including philanthropic and business reasons. We consider all motivations behind lower-income community engagement and do not exclude motivations that create benefits for the company. We include these motivations because we believe that they lead companies to engage with their communities and that excluding them would paint an incomplete picture of for-profit anchors' motivations. Moreover, these motivations could lead to more sustained and consistent for-profit anchor engagement because they incentivize community engagement. Finally, our for-profit interviewees usually said that their companies had multiple motivations for community engagement and these reasons were often closely intertwined.

For example, some of the anchors we interviewed told us that they support some community engagement projects because the projects generate public or government relations benefits for the company. Some anchors cited philanthropic motivations to give back to the community. Others told us that they engage with lower-income communities to help build a pipeline of workers. They do so both because the company needs those workers and because they can make an impact in lower-income communities by hiring residents. Still others told us that their company supports community engagement initiatives because community engagement is one of the company's core values and an important part of its identity and because the company believes that these initiatives are good for the community. Understanding why for-profit anchors engage with lower-income communities can help policymakers and practitioners "speak their language" and form stronger partnerships with them.

Creating a pipeline of workers is a common motivation for companies.

Many of the for-profit companies we interviewed need to hire a large number of workers, highly skilled workers, or both. Some companies need workers who are highly specialized and trained in the company's core functions but do not need to have college degrees. Examples include a utility company looking to hire more line workers or an advanced manufacturer looking to expand production capacity by hiring and training more employees. Others, such as technology-oriented companies looking to recruit engineers, seek to attract college graduates. These different labor needs motivate community engagement in distinct ways.

Companies aiming to recruit and train workers who are not college graduates may create their own in-house training programs that enable workers to spend significant amounts of time (sometimes as long as a few months) being paid while learning the skills needed for their jobs. For example, Company A has a months-long skilled trades training program that includes both classroom and supervised field instruction.

Companies with in-house training programs often view them as an opportunity to benefit both the business and local communities, sometimes including lower-income communities. Many of the jobs for which these programs provide training are filled by people without bachelor's degrees who already live in the region. As a result, the companies often care less about attracting workers to their region or city than about improving the skills of current residents.

In contrast, for-profit anchors looking to hire employees with a bachelor's or advanced degree usually recruit nationally rather than locally. These companies often believe that visible community engagement initiatives help them recruit and retain those workers. For example, Lisa Ruggles, a Richmond-based Senior Vice President at CoStar Group, told us, "Our employees very much value [the company's] morals and what we hold as important . . . . Our employees get excited when they see our company sponsoring community initiatives. . . . You want your employees to be happy." Another business executive in Richmond told us, "[Community engagement is also] about talent attraction and retention. People coming into the workforce now think a lot about the company they work for and what it stands for."

Some of our interviewees from these companies told us that demographic and generational shifts have led to a new corporate outlook on community engagement initiatives. The new generation that has been entering the workforce, these interviewees told us, wants to work for a company that, in addition to seeking a profit, makes a positive social impact through community engagement. Because companies that want to recruit these workers must compete nationally for the same workforce, robust community engagement initiatives can help them recruit employees. Many of our interviewees also said that these programs may help improve employee satisfaction and retention, potentially reducing turnover costs and increasing productivity.

Banks, utilities, and some other business-to-consumer companies, such as retail stores, often care about the visibility of the community engagement initiatives that they support more than do other types of companies.

Banks, utilities, and some other business-to-consumer companies, such as retail stores, can receive public or government relations benefits from supporting highly visible community engagement initiatives, whether or not these initiatives target lower-income communities. Many of these companies recognize the benefits they obtain and make efforts to do more in this area, for example by hiring employees or entire teams whose jobs are to organize and conduct these initiatives. As a result, local nonprofits, philanthropic leaders, government leaders, and even other for-profit leaders frequently told us that these types of these organizations are keystone anchors that provide broad leadership and support for the community at large and for lower-income communities as well.

Banks and utilities both care about their reputations with regulators and other organizations that provide public oversight (e.g., rating organizations such as J.D. Power), which take these activities into account in their assessments. Under the CRA, regulators score banks directly on their engagement with lower-income communities. J.D. Power conducts consumer satisfaction surveys and publicly rates utilities on the results of these surveys. The highest-ranking utilities (to which J.D. Power gives special recognition) have, on average, a higher share of customers who report that the utility supports local economic development or who report that they have seen utility employees volunteering locally.[47] Utilities may also want to have a good reputation with the public because they need goodwill for business objectives such as major infrastructure projects. One leader of a utility told us, "[We] need to build that goodwill before [the company] needs it. If you show up and want to do something big businesswise [without that goodwill], you might be in trouble." These companies often have to complete a public review process for major projects and building trust with the community beforehand may shorten the process and make it easier and less expensive.

Other business-to-consumer companies, such as retail stores, care about their public reputations because customers may take them into account when deciding where to shop. Company C (a pseudonym), a privately owned regional retailer with more than 100 stores, provides an example. The company has more than 40,000 employees across its business footprint, including several thousand in the metropolitan area of one of our case study cities. The company's community engagement focuses on providing food to those in need, assisting youth, supporting health through healthy eating and physical activity, improving neighborhoods where its stores are located, and supporting United Way initiatives. It also supports many other community projects through grantmaking to both nonprofits and other for-profit organizations. Although engaging with lower-income communities is not a primary focus for Company C, it does support many organizations that work in lower-income communities and there is considerable overlap between the focus areas the company has identified and the needs of lower-income communities. Our interviewee said that the company wants to be a highly visible community partner, rather than just a check writer, because it believes that this is one reason why its customers choose it over its competitors: "When people see that we support [these organizations], that connects."

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The connection between community prosperity and long-term business success motivates some for-profit anchors to engage with lower-income communities.

As we previously observed, banks and utilities likely engage with lower-income communities in part to improve their reputations with regulators and the general public. However, some for-profit anchors (including banks and utilities) also told us that they support lower-income communities philanthropically because increasing lower-income neighborhoods' well-being and prosperity could benefit the business in the long term. Increasing incomes in these neighborhoods, for example, could promote the timely payment of utility bills and increase local bank deposits and loans. One leader at a local utility told us that one reason the company supports education initiatives is that it sees the region's children as its future customers, who will have higher incomes if they are better educated.

Some anchors have a broader view of how their philanthropic efforts can create long-term economic benefits. For example, PNC Bank, a large national bank that is an anchor in Fort Wayne, has since 2004 had as its signature philanthropic focus PNC Grow Up Great. This $500 million multi-year bilingual school readiness initiative has served more than 7 million children—particularly underserved children—from birth to age 5. The program is built on the understanding that education is a powerful engine of economic and social mobility. It assists families, educators, and community partners in enhancing children's learning and development. The bank implements this program in the retail banking markets in which it operates, including Fort Wayne. PNC's public informational materials about Grow Up Great emphasize the program's long-term economic investment. These documents say, "An investment in pre-K students makes good economic sense and plants the seeds for the dynamic workforce of tomorrow."[48]

Identity is a distinct motivator for many for-profit anchors.

For-profit companies often do not distinguish between business and philanthropic motivations for community engagement. We repeatedly heard that community engagement was part of the identity of the company and that company leaders expect both the company and individual employees to participate in community-oriented initiatives. For example, one corporate executive said "[Community engagement is] part of our core values, giving back to the community and helping quality of life in the community."

Company B (a pseudonym) has facilities in one of our case study cities. The company's president and CEO told us that community involvement is important to the company and a key part of its identity: "Giving back is just something that we do." The company recently put up a large physical display at its facility that outlines a history of the company's community involvement and giving dating back many decades.

In some cases, incorporating community engagement into the identity of the company represents a more recent shift in the company's thinking. Like RW Ventures and Mass Economics, we observed that this shift is often the result of companies trying to attract and retain a workforce that expects employers to engage with and support the community.[49] One interviewee, the head of a regional business organization, told us, “Companies [here] are [now] thinking more broadly about their responsibilities to their communities. Companies seem to be thinking about ‘doing well by doing good’. It’s good from a workforce and talent attraction standpoint. There’s an expectation from the younger generation that companies should be improving their communities. . . . [Companies] need to be doing this.” However, we also observed that, for some anchors such as Company B and Fort Wayne Metals, community engagement is a long-standing part of the business’s identity and is deeply incorporated into the operations, processes, culture, and even mission of the organization.

Identity-based motivations can be difficult to distinguish from traditional corporate social responsibility. However, identity-based motivations are driven mainly by internal values and expectations of and standards for behavior (those generated by the company). Traditional corporate social responsibility, in contrast, is usually a product of external expectations and standards generated by the community, political leaders, competitors, etc., and is more of an “add-on” to companies’ activities than an essential feature that defines the company. Both types of motivations exist simultaneously in companies. They may complement each other by reinforcing the same set of values and behaviors.

Understanding this distinction is important for practitioners, academics, and policymakers because different anchors will emphasize different motivations. Accurately understanding a company's motivations can enable community and economic development partners to build stronger partnerships with for-profit anchors by enabling them to speak the company’s “language” about community engagement.

One interviewee, the head of a regional business organization, told us, “Companies [here] are [now] thinking more broadly about their responsibilities to their communities. Companies seem to be thinking about ‘doing well by doing good’. It’s good from a workforce and talent attraction standpoint. There’s an expectation from the younger generation that companies should be improving their communities. . . . [Companies] need to be doing this.”

Strategies

For-profit as well as nonprofit anchors are often well-positioned to engage with community and economic development initiatives in specific ways that benefit the residents of those communities. ICIC's anchor institutions strategic framework describes seven specific roles they can play.[50] (See the accompanying box.) Some of our findings about the strategies employed by for-profit anchors relate directly to these seven categories while others affect different components of anchor strategy (e.g., the geographic scale of community engagement work).

ANCHOR INSTITUTIONS STRATEGIC FRAMEWORK

ICIC developed a strategic framework that outlines seven roles that anchor institutions can play to benefit lower- income communities. They can:

- *Employ* local residents, potentially increasing incomes and helping reduce poverty and unemployment.
- Use their often substantial procurement needs to *purchase* locally produced goods and services, thereby supporting local businesses and the communities in which they are located.
- Act as *real estate developers*, contributing to local infrastructure and increasing real estate investment in lower-income communities.
- Build community *infrastructure* through both their philanthropic initiatives and their main line of business, providing resources and expertise to build local community capacity.
- Tailor *core products and services* to better serve the community.
- Help anchor local *industry clusters* through investment, procurement, and talent attraction.
- Contribute to local *workforce development* efforts by providing or supporting worker training.[51]

In these ways, anchors can contribute to inclusive economic development in lower-income neighborhoods. ICIC originally developed this framework through its work with nonprofit anchor institutions. The same strategies apply to for-profit anchors, with appropriate modifications based on their industry, size, expertise, and other resources.

For-profit anchors have different methods of choosing the subjects on which they engage with lower-income communities but usually shape their strategies based on leaders' or employees' perceptions about what is important.

The for-profit anchors we interviewed organize their community engagement efforts in different ways. Some use employee-driven approaches to community engagement. For example, Company B has an employee advisory committee that sets the company's community engagement priorities. The company partners with a local nonprofit, which helps administer its philanthropic donations. Other organizations use more top-down models for creating their engagement strategies. Executives at Fort Wayne Metals, for example, selected and drove the company's job creation initiative in lower-income southeast Fort Wayne.

Some interviewees said that they view more democratized decision making as a community engagement best practice. At the time of our interview, the Markel Corporation, a Richmond anchor, was developing its first formal community engagement program and implementing a new employee based decision-making process for philanthropy. Mary-Allen Waller, Markel's Global Community Engagement Director, told us that she interviewed peer organizations about their best practices for community engagement when she started as Markel's first global community engagement director. Based on those insights and the Markel company culture, she said, "We determined that putting the power of philanthropy in the hands of our employees was the right approach for Markel."

For-profit anchors can also make strategic decisions about whether they want to focus their community engagement on specific areas of need or on broad support in many areas. For example, organizations such as KeyBank and Company A (both profiled in the Appendix to this report) have selected focus areas to which they direct their community engagement efforts. Other companies support many focus areas by donating to dozens or even hundreds of local nonprofits.

However, few of the companies that we interviewed told us that they consult with community partners such as nonprofits, local government, and other community organizations in setting their engagement priorities. For-profit anchors that fail to do so may be missing important perspectives about the issues that matter locally, especially in lower-income communities.

Some for-profit anchors leverage their subject-matter expertise to develop community engagement programs.

For-profit anchors usually have strengths, competencies, and competitive advantages in their main line of business. Some companies leverage these to build their own community engagement initiatives. By working on issues around which their subject-matter expertise intersects with key community challenges, for-profit anchors may be able to engage with lower-income communities more efficiently than if they spend time building new capabilities.

Lending for community development projects (e.g., housing, commercial real estate investment, business expansion, etc.) is an area of community engagement in which banks build on their core business expertise. Most of the banks that we interviewed engage with lower-income communities in this way. The regulatory requirements of the Community Reinvestment Act (CRA) likely explain why. Congress enacted the CRA to encourage banks to support the credit needs of low- and moderate-income neighborhoods through various tools such as lending, equity investments, and donations to nonprofit organizations. Banks are able to use different methods to engage with low- and moderate-income communities and some put a relatively large emphasis on lending to these communities. Pathfinder Bank in Syracuse, for example, lends in lower-income communities as part of its ordinary business investments (explained in more detail in the Appendix). KeyBank, also profiled in the Appendix, also makes large investments in affordable housing relative to its size. Banks also use their subject-matter expertise to promote entrepreneurship and small businesses (e.g., Capital One, KeyBank) and provide financial literacy education, including to lower-income communities (e.g., Happy State Bank, Atlantic Union Bank).

VIP Structures is a 130-person architecture, engineering, construction, and development firm headquartered in Syracuse. The company has developed approaches to generating social impact that build on its professional expertise. For example, it was the primary architectural firm in the development of a Price Rite supermarket in a lower-income neighborhood of Syracuse. This project employed neighborhood residents and was intended to serve them as customers. A group of local organizations, including CenterState CEO, the Syracuse Housing Authority, and the Urban Jobs Task Force, developed the initial idea as a test case to demonstrate that both the real estate developer and the local community could benefit from a development project that employed a diverse and local workforce. The group's goal was to hire a workforce of at least 25 percent people of color and residents of local lower-income ZIP codes. VIP engaged its subcontractors by explaining the initiative's importance and offering them support in finding qualified local employees. All subcontractors agreed to the project's local and diverse hiring commitments. The company also engaged Tradesmen International (a staffing organization) and Jubilee Homes (a local affordable housing and community development organization) to help recruit local residents and arrange transportation for them. The project ultimately employed 29 percent people of color and residents of local lower-income neighborhoods. At the end of the project, the partners produced a detailed case study to share an action plan, best practices, ideas, and recommendations with other interested organizations.[52]

Also headquartered in Syracuse, CPS Recruitment is a regionally focused staffing and recruitment agency. Its local clients include CenterState CEO, healthcare organizations, numerous manufacturers, technology firms, and higher education organizations.[53] Susan Crossett, the company's CEO, told us that the company's longest-running community engagement initiative is an annual "Second Chance" clothing drive. The company donates clothing collected through this drive to the Women's Opportunity Center, a nonprofit that provides job training to lower-income women. The company partners with some of its client organizations and collects donations from them and their employees. By tapping its network of clients, the company is likely able to enhance the impacts of this effort.

Cactus Feeders, an Amarillo-based cattle- and hog-feeding operation and the subject of a case study in the Appendix, uses its industry connections (a component of subject-matter expertise) to provide food to people in need, including people from lower-income communities. The company's philanthropic foundation, Cactus Cares, for example, recently launched a "University Meat Lab" initiative that purchases ground beef and pork from university animal science programs and donates that food to food banks and food pantries. Cactus Cares aims to create a "multiplication effect" through the program because each dollar it spends supports agricultural education programs and local food banks.

Notwithstanding the potential benefits of utilizing an anchor's business expertise where it can add significant value to a community challenge, anchors need not be limited to this type of engagement. Among the anchors we interviewed, other common areas of engagement include education and child- or youth-focused programs (e.g., Company C and Company D) and programs to provide food and reduce hunger (e.g., Company B, Atlantic Union Bank). In areas outside of their expertise, anchors often collaborate with other organizations, usually nonprofits, that have experience in those issue areas. By forming partnerships with organizations that have already developed expertise in a subject area, organizations can direct additional resources and support to areas they might not be able to reach solely by building community engagement initiatives around their strengths.

Some for-profit anchors implement shared value strategies to engage with lower-income communities.

A shared value approach to business is one in which a company seeks to benefit not only its owners but also other stakeholders, such as suppliers, employees, or the broader community.[54] Shared value strategies are distinct from traditional philanthropy or corporate social responsibility because they emphasize structuring business activities that generate a profit rather than donating profits. These are not mutually exclusive but are distinct strategies.

In our interviews, we identified several strong examples of shared value thinking applied to engagement with lower-income communities. Except for KeyBank, none of these companies refer to their work as shared value but their engagements aim to create value for stakeholders (such as employees) through the ordinary course of business and are motivated by the idea that the strategy is both good for the business and the right thing to do socially or ethically.

For example, Fort Wayne Metals (profiled in the Appendix) is using an expansion of its operations to create jobs for residents of nearby lower-income neighborhoods. For business reasons, the company was already planning to expand in the Fort Wayne area. It opened a new factory in lower-income southeast Fort Wayne partially because it wanted to create jobs for residents of that neighborhood.

Some banks, such as Pathfinder Bank and KeyBank (both anchors in Syracuse), pursue shared value strategies by making loans in lower-income communities that are intended to generate both a profit and community benefits. Pathfinder's local lending strategy in Syracuse, for example, enables it to make ordinary loans to projects that other banks may support only through philanthropy or government-subsidized loans and investments.

Many of the anchors we interviewed conduct or support programs such as skill training or connection-building to help lower-income residents find jobs, usually with the anchors but not necessarily in the same neighborhoods in which the residents live.

Some companies deliberately create new jobs in lower-income neighborhoods and hire local residents to fill them.

Although the companies we interviewed often recruit from lower-income communities to fill existing jobs, only a few create new jobs in those communities. Many of the anchors we interviewed conduct or support programs such as skill training or connection-building to help lower-income residents find jobs, usually with the anchors but not necessarily in the same neighborhoods in which the residents live. If a company is expanding, however, creating new jobs and hiring lower-income residents to fill them can be at least as important for lower-income residents. This is a specific example of a shared value strategy but we mention it separately because a few case study anchors use this strategy and other for-profit anchors in different industries could also do so. Fort Wayne Metals, for example, is a manufacturer that is deliberately creating jobs in lower-income southeast Fort Wayne by opening a new production facility in the neighborhood and recruiting local residents. (We profile Fort Wayne Metals in more detail in the Appendix.)

TCGplayer is a technology company headquartered in Syracuse that serves the collectibles industry and runs the largest online marketplace for trading card games. The company connects gaming businesses with customers around the globe, including by handling order fulfillment or packaging and shipping orders. The company intentionally located its fulfillment center near Syracuse's lower-income south side to make it easier to create jobs for residents of that neighborhood as the company grew and to inspire the city's next generation of tech innovators. As part of this effort, TCGplayer has removed a number of barriers to employment including educational requirements, background checks, and even resumes. TCGplayer works with candidates who do not have completed resumes at the beginning of the hiring process to help them develop resumes that they are then able to use to apply for a job at either TCGplayer or other companies. The company also offers hourly employees internal internship programs that often lead to career-advancing roles in the organization. In the past two years, the company promoted more than 100 hourly employees to new roles, including roles on the marketing, sales, product, and customer service teams. TCGplayer recruits through non-traditional channels such as Facebook and other social media platforms to better reach a wide range of people in Syracuse's lower-income neighborhoods.

It is important to note that although this strategy may be highly impactful if anchors implement it properly, it is limited by the business's need for employees and therefore is only sustainable as long as a company is growing. Few for-profit anchors are likely to be able to create new jobs consistently over a decade or more. Therefore, most may be able to use this strategy for only a few years if at all. Additionally, anchors that have rigid hiring requirements that exclude many residents from nearby lower-income communities will not be able to use this strategy unless they can loosen those requirements. For example, one of our case study anchors is required to hire only U.S. citizens because its employees need certain types of security clearances. It would not be able to implement a job creation and local hiring strategy in a lower-income neighborhood in which many residents are not citizens.

For-profit anchors rarely collaborate with other for-profit anchors on community engagement efforts even though they believe that such collaboration would make those efforts more effective.

For-profit anchors rarely collaborate with other for-profit anchors on community engagement efforts even though they believe that such collaboration would make those efforts more effective.

In each of the four case study cities, representatives of for-profit anchors, local nonprofits, local government, and local foundations repeatedly told us that collaboration among for-profit anchors on lower-income community issues was insufficient or lacking even though it would benefit their cities. In each city, we saw examples of for-profit companies collaborating with nonprofit organizations, local government, and/or local foundations. Most of our interviewees told us that these collaborations had numerous benefits and allowed organizations to increase their effectiveness and impact.

Collaboration among for-profit anchors—in partnership with local nonprofits, foundations, and local government—could help those anchors enhance their impact by increasing the amount and types of resources available to the project (e.g., money, talent, etc.). In Syracuse, CenterState CEO's structure as an independent nonprofit whose board includes representatives of for-profit and nonprofit anchors may mitigate for-profit anchors' concerns about collaboration. These concerns could include the appearance of antitrust violations, giving assistance to direct competitors, wanting to receive exclusive credit for their initiatives, and not wanting to start initiatives that other companies will copy if they are successful.

Some anchor collaboratives in cities we did not study for this report, such as Chicago Anchors for a Strong Economy (CASE) and the Newark Anchor Collaborative, have successfully engaged some for-profit anchors as key partners through shared value propositions.[55] However, most of the anchors that participate in these collaboratives are nonprofits or government entities. Nonprofits and government entities may find collaboration easier because they are less concerned about some of the issues that deter for-profit companies from collaborating. Most cities, including most of our case study cities, do not have similar collaborative organizations. Our recommendations suggest ways for these cities to encourage collaboration.

Recommendations

Local policymakers and practitioners in government, philanthropic, and nonprofit organizations and for-profit companies themselves have a role in increasing companies' engagement with lower-income communities. In this section, we provide recommendations for both for-profit companies and other policymakers and practitioners.

Recommendations for for-profit companies

Companies should recognize that they have a stake in the prosperity and health of lower-income communities where they do business and from which they draw workers. Acting on that awareness, they should undertake community engagement activities to benefit those communities.

A community's economic well-being, vitality, and health can have direct impacts on a company's long-term sustainability and profitability. Economic prosperity, physical and mental well-being, and community assets can influence local demand for goods and services, how much companies must spend to attract and retain employees, and how competitive companies are able to be over the long term. Many corporations rely on infrastructure supported by local tax revenues to operate efficiently. A decline in the economic well-being of a community could lead to reductions in the quality or availability of this infrastructure (through decreased tax revenue and spending) and reduce business efficiency, increase costs, and decrease profits. Recent estimates indicate that poor worker health costs U.S. companies $575 billion annually, almost two thirds of the approximately $950 billion that employers spend on healthcare benefits.[56]

This staggeringly high estimate likely understates the cost of poor health for businesses because unhealthy workforces are more likely to live in communities with poor health outcomes.[57] Poor community health could result in lost revenues, productivity, or profitability for businesses. Through their philanthropic, programmatic, and business engagements with the lower-income communities where they do business and where their workers live, for-profit anchors should recognize their stake in the health and well-being of those communities.

Companies should consider the perspectives and insights of key external stakeholders, including policymakers, practitioners, and other local experts, in designing and implementing their community engagement strategies.

These stakeholders may provide broader perspective on the needs and challenges of nearby lower-income communities. For example, companies that want to create jobs in or hire from those communities may be better able to learn about the most important barriers to employment in those neighborhoods if they consult organizations with local expertise.

These individuals and organizations may also be good community partners who can help companies implement and possibly improve their engagement and outreach strategies in lower-income neighborhoods. Many of our case study anchors that have created workforce development initiatives (e.g., Fort Wayne Metals) also have community-based partners (such as local nonprofits, community colleges, and other community-based organizations) that have informed or supported the anchors' outreach and recruitment strategies. These community-based partners have usually developed trust and legitimacy within their communities. For-profit anchors should consider engaging them as intermediaries between the company and the community it wants to support. For example, these partners may be better positioned to collect honest feedback from new employees who live in lower-income neighborhoods. Anchors could use this information to improve their workforce recruitment and training programs.

Companies should emphasize shared value approaches that align with their core business.

Because they connect a business's profitability with lower-income communities' needs, strategies that both align with an anchor's core business and are based on shared value may be the most sustainable ones for for-profit anchors seeking to engage with lower-income communities. In contrast, more traditional models of corporate philanthropy do not contribute to profitability and are, therefore, more susceptible to funding changes as a business's profitability increases or decreases. Shared value strategies also allow for-profit anchors to build on their strengths rather than requiring them to develop expertise in a new area. However, shared value strategies are probably not the best way for anchors to engage with lower-income communities in focus areas outside of their expertise, where they should continue using philanthropic strategies.

Companies that are planning to expand should consider locating new facilities in lower-income neighborhoods and hiring local residents.

Among our case study companies, Fort Wayne Metals and TCG Player purposely located new facilities in lower-income neighborhoods of Fort Wayne and Syracuse, respectively. They decided that they needed to expand for business reasons and that locating in those neighborhoods would enable them to achieve their business goals by hiring neighborhood residents. Other for-profit companies that are contemplating expansion may also find that locating new facilities in lower-income neighborhoods and hiring their residents makes business sense and benefits residents. This type of shared value decision is a natural extension of anchors' efforts to hire lower-income residents. In addition to hiring residents for existing jobs (located either in or outside of lower-income neighborhoods), companies can create new jobs in those neighborhoods and hire their residents.

Companies should look to partner with community organizations, nonprofits, and/or local government to engage with lower-income communities.

During our interviews, we heard from several interviewees who were involved in long-term collaborations between a for-profit anchor and one or more nonprofits, community organizations, and/or local governments. These types of collaborations allow for-profit anchors to make a larger impact on a lower-income community challenge for which they might not have experience or insight. The nonprofits, community organizations, and local governments involved in these collaborations benefit from the business expertise and resources of for-profit anchors. In our interviews, we frequently heard that developing a true partnership (rather than a transactional relationship) was important to the success of these initiatives.

Recommendations for policymakers and practitioners in government, philanthropic, and nonprofit organizations seeking to encourage for-profit companies to engage with lower-income communities

Citywide and regional nonprofits and governments should take the lead in encouraging for-profit companies to collaborate on lower-income community issues.

Because for-profits that engage with lower-income communities usually do so at the city or regional level rather than in their own immediate neighborhoods, organizations that work at those broader geographic levels are often better suited than neighborhood-based organizations to encourage for-profit companies to act as anchors in lower-income communities. This is especially important if citywide and regional organizations already have relationships with the companies they hope to encourage to become anchors.

If a city or region does not have an active collaboration that includes multiple for-profit anchors, citywide and regional organizations can begin by helping corporate leaders understand the needs of nearby lower-income communities and encouraging them to focus their companies' community engagement strategies on those needs. Building a common language and shared understanding of the community's needs among corporate leaders could make future collaborations easier. Citywide and regional organizations are also often aware of and best positioned to address their city's or region's unique challenges to for-profit anchor collaboration.

Local policymakers and practitioners should start by approaching the kinds of for-profit anchors that are most likely to be interested in engaging with lower-income communities.

One of this report's findings about anchor motivations is that companies that are privately held, larger, more heavily regulated or otherwise more subject to public scrutiny, have a headquarters in a region, or have a CEO from a local lower-income community are more likely to be engaged with work that directly benefits lower-income communities. These types of companies may be the ones that are most likely to partner on initiatives that seek to benefit the residents of lower-income communities. Local policymakers and practitioners seeking to encourage for-profit companies to address the problems of lower-income communities should start by approaching those types of companies, especially in cities and regions where few or no potential anchors are currently working on those problems.

However, engaging all types of for-profit anchors to work with lower-income communities is critical for long-term impact. Engaging a broad range of for-profit anchors increases the diversity of expertise devoted to a lower-income community initiative, potentially leading to more efficient and effective problem solving.

Local policymakers and practitioners should often start by encouraging for-profit companies to engage with workforce development in lower-income communities.

Workforce development, including recruitment and training, is a common business need of for-profit companies seeking to hire people without bachelor's degrees. It is the most common area of engagement we found in our case studies. Even if companies have no previous experience with formal workforce development programs, they can partner with existing workforce development organizations, including community colleges, community-based organizations, and the public workforce system. Moreover, the business voice is often missing from workforce development programs, so for-profit companies can help improve those programs while benefiting lower-income communities and meeting their own workforce needs. Some cities (such as New York) and states (such as Pennsylvania and Ohio) recognize the importance of business to workforce development efforts by funding industry workforce partnerships—groups of companies in the same industry or cluster that work together to identify and meet their common workforce needs. Participating in such partnerships can be a way for for-profit companies that have not previously acted as anchors to begin to do so.

Local policymakers and practitioners should appeal to individual for-profit companies differently depending on how the companies think about lower-income community engagement.

Our case studies show that different companies think about lower-income community engagement in different ways. Some see engagement as shared value. Others view it as charitable giving or corporate social responsibility. Still others consider it to be an expression of their corporate identity. Some companies have already acted as anchors and may be open to broadening or deepening their work in lower-income neighborhoods. Others are reluctant to discuss poverty and its causes but may be persuaded through an indirect approach. For example, one of our nonprofit interviewees was able to persuade a company to develop an anonymous online platform for employees to request support by showing a company leader that some of the company's employees already benefited from the nonprofit's program. Our interviewee reported that the company has since seen a decrease in employee turnover and is re-evaluating its wage structure to better align its lowest wages with living wages. Local policymakers and practitioners who wish to encourage for-profit companies to act as anchors in lower-income neighborhoods should have preliminary discussions with company leaders to understand how they think about lower-income community engagement and appeal to them in ways that resonate with their thinking.

Local governments, foundations, and other influential organizations should help incentivize and support collaboration among for-profits.

In each of our four case study cities, interviewees told us that more collaboration among for-profit anchors on lower-income community issues would benefit the city and/or region. Common barriers to collaboration that they mentioned include not having a convener, not having the resources (primarily time) to collaborate, and not having a culture of collaboration among for-profit anchors on community engagement initiatives. Foundations of all sizes and geographic scopes can provide additional resources and encourage the development of a culture of collaboration by providing grants specifically for collaborative projects that include multiple for-profit anchors as key partners.

The individual(s) or organization(s) that can best convene for-profit anchors will vary greatly from city to city. In general, this role requires broad influence across sectors and sufficient resources to play a major part in any collaboration. In some places, a mayor or other government leader, the leader of a local nonprofit anchor, the leader of a local foundation, or the leader of a for-profit anchor may be best suited to bring for-profit companies together to help them collaborate on lower-income community issues. In others, existing business organizations may be the best conveners. Business organizations such as CenterState CEO in Syracuse may be well positioned to encourage this type of collaboration. These types of organizations already bring for-profit anchors together to support their collective needs and have, in some cases, already initiated collaborative lower-income community engagement efforts by for-profit anchor organizations.

Government, philanthropic, and nonprofit organizations that fund collaborative community engagement initiatives in which for-profit companies participate should require independent evaluations of the impacts of those initiatives.

Government, philanthropic, and nonprofit organizations that are in a position to fund community engagement activities in which for-profit companies participate (especially initiatives that involve multiple companies and nonprofit organizations as well) are the organizations best-positioned to require independent third-party evaluations of those initiatives. Those organizations have the financial resources needed to fund evaluations and give for-profit companies an incentive to cooperate with evaluators, the knowledge needed to choose competent evaluators, and the independence needed to sponsor credible evaluations.

National foundations may be able to play an especially valuable role in supporting evaluations of community engagement initiatives in which for-profit companies participate. They have more financial resources and more expertise in evaluation than do most local foundations and most organizations that are interested in community engagement. They have the ability to convene many other community engagement stakeholders and to use their convening and communication power to spread best practices across the nation.

Conclusion

This report presents new information about for-profit anchors including general findings about their structure and behavior and their motivations and strategies for lower-income community engagement. Our recommendations suggest ways in which corporate leaders, practitioners, policymakers, and other stakeholders can encourage for-profit companies to initiate, expand, or deepen their work with lower-income communities.

We have also identified several questions that future research could address to enable more for-profit companies to engage with lower-income communities and increase their impacts. Our research did not enable us to determine which types of for-profit companies are most likely to hire residents of lower-income communities, which types of for-profit anchors are most likely to hire from nearby neighborhoods, or which types of engagement are most effective. Future research should address these questions to help corporate leaders, practitioners, policymakers, and other stakeholders develop more effective community engagement strategies that include for-profit anchors.

Appendix: Selected Anchor Profiles

Capital One (Richmond, VA)

Capital One is a publicly traded Fortune 500 financial institution headquartered in McLean, Virginia, with approximately 44,500 employees in the U.S. and approximately 7,000 additional employees internationally.[58] The bank was founded in 1988 with support from Signet Bank and officially spun off as a separate entity in 1995.[59] Originally focused exclusively on credit cards, Capital One now offers a range of financial products including credit cards, auto loans, consumer banking, and business lending.[60] As of June 2021, it had approximately $370 billion in assets and was one of the 10 largest banks in the U.S.[61]

As a large national bank, Capital One has an overarching corporate social responsibility strategy that guides community engagement in each of the many communities where the company works. This strategy defines three primary areas in which the company has committed to making an impact: advocating for an inclusive society, building thriving communities, and creating financial tools to enrich lives.[62] The company implements these overarching commitments through programs that include building affordable housing, training and hiring residents of lower-income communities, assisting small businesses, developing products to improve financial well-being, and closing the digital access divide.[63] In 2019 (the most recent year for which the company has published data), Capital One's aggregate community engagement contributions totaled more than $60 million in philanthropic giving and approximately $1.6 billion in community loans and investments.[64] A large portion of the latter category is investment in affordable housing in communities across the country. The bank estimates that its 2019 affordable housing initiatives created 13,900 affordable places to live and approximately 15,700 jobs across the U.S.

Like several of our other case study companies, Capital One adjusted its community engagement approach and commitments in 2020 in response to the social and economic consequences of the COVID-19 pandemic and the increased social awareness of and support for racial justice initiatives. Specifically, the bank announced three new commitments that either build on existing partnerships and focus areas or support new impact areas. First, Capital One announced a $50 million commitment to provide additional support to existing nonprofit partners that were harmed by the COVID-19 pandemic.[65] The company also announced a $10 million pledge to organizations working to advance social justice for Black communities and established a dollar-for-dollar matching program for employee donations to a select group of organizations working to advance social justice for Black communities. In October 2020, the bank announced the Capital One Impact Initiative, an initial $200 million multi-year commitment in community grants to catalyze economic growth in underserved communities and increase socioeconomic mobility.[66] This initiative builds on many existing focus areas, with a particular emphasis on reaching underserved communities.

In the Richmond area, Capital One employs over 12,000 associates and has physical office space in Goochland and Henrico counties and the city of Richmond. It also has several thousand remote customer service associates. As a result of this significant presence, Capital One is the largest private employer in the Richmond metropolitan area.[67]

In addition to working with and supporting external partners such as local nonprofit organizations, the bank has developed its own initiatives in Richmond, primarily as a community developer, workforce developer, and employer. The 1717 Innovation Center, opened in March 2018, is a Capital One-funded collaborative workspace and innovation hub located in Richmond's Shockoe Bottom neighborhood, near downtown Richmond. The 1717 Innovation Center is home to Startup Virginia, a business incubator, and Lighthouse Labs, a business accelerator. The 1717 Innovation Center also has meeting spaces that are intended for use by community organizations, nonprofits, and civic groups and pro bono programs supporting startups' and nonprofits' growth. Capital One invested in the space as a community resource to help cultivate Richmond's existing and potential entrepreneurial talent and support long-term economic growth in the region. The company also intends for its investment to support Richmond's community and civic assets by providing priority meeting space that smaller community-focused organizations may not otherwise be able to access and fostering community collaborations.

Capital One hires residents of lower-income neighborhoods in the Richmond area. The bank's Catapult program is an internship program aimed at "opportunity youth" (those aged 18-24) from lower-income neighborhoods and families. The goal of the six-week program is to connect all interns with entry-level jobs in customer service and then provide them opportunities for continued growth within the company. The local leaders who implemented this program see it as an opportunity to build the company's talent pipeline over the long term. By intentionally having an open job available for every qualitied program participant, the bank aims to create opportunities to end the cycle of poverty in lower-income communities. To build connections in lower-income neighborhoods and increase the reach of recruitment efforts, the company has formed partnerships with the Richmond city government's Office of Community Wealth Building and local nonprofits. The program provides training and coaching in social and career development skills in addition to job-specific training. Some associates who graduated from the program have shared their new social and career skills and knowledge—such as financial planning and resume building—with their friends, family, and community.

Capital One also invests in regional technology education and long-term workforce development through Capital One Coders, a 10-week coding program that the company conducts in partnership with Richmond-area public middle schools and youth-serving nonprofits. It operates this program because its research identified this stage of educational and personal development as the highest-impact time for building individuals' long-term interest in and enthusiasm for technology. Through Coders, Capital One's technology experts connect with students to explore mobile app development, web design, artificial intelligence, cybersecurity, and other emerging technologies via an engaging, hands-on mentorship. To further enhance the program's potential long-term impact, the company has specifically designed it to support and partner with middle schools in lower-income communities. This support includes grant funding for partner schools to build capacity to continue to teach coding and other technology skills independently.

LESSONS LEARNED:

- For-profit companies sometimes act as anchors in multiple communities and across a broader geography than their nonprofit counterparts.
- Creating a pipeline of workers can motivate community engagement and, when designed deliberately, can involve engagement with lower-income communities.
- The perceptions of anchor leadership shape community engagement activities, especially in lower-income communities.
- Investments in community resources and capacity-building can enhance local competitiveness and offer long-term benefits to for-profit anchors.

Company A (a pseudonym)

Company A is a large, publicly traded company headquartered in one of our case study cities. It operates in dozens of states and serves millions of customers. It employs more than 15,000 people and is one of the largest employers in the case study city's metropolitan area.

Company A believes that it has a responsibility to use its platform and power to make an impact and demonstrate leadership in key areas through its actions, both as part of the ordinary course of business and through its philanthropic activities. Company A provides philanthropic support to organizations in areas such as basic human needs (e.g., health and human services), education, community development, and arts and culture. The company donates tens of millions of dollars annually. The company also provides paid employee volunteer opportunities to support local community organizations and nonprofits.

Like some of the other anchors that we profile in this report, Company A responded to the rising racial justice movement in 2020 by both committing to new areas of social engagement and redoubling its support for existing partner organizations. This included donating to social justice nonprofits and educational institutions and creating scholarships for underrepresented students of color.

Company A has also created a formal supplier diversity program to increase the representation of small, local, and diverse businesses in its procurement process. In 2019, Company A spent more than $500 million with diverse suppliers. It spent a similar amount with small and local suppliers that are not diverse, for a total of more than $1 billion in spending with small, local, and diverse businesses. Company A's commitment to supplier diversity spending is based on the belief that it will offer business benefits (e.g., by making the bidding process more competitive and strengthening local economies) in addition to being good for suppliers and their communities. To translate this belief into action, Company A provides annual bonuses to relevant supply-chain decision makers who meet supplier diversity spending goals. To reach a wide range of potential suppliers, Company A participates in outreach events across its geographic footprint and forms partnerships with local organizations.

Company A's long-term goal is to have its workforce represent the communities where the company does business. Based on research about the relationship between diversity and business success, the company believes that this goal is critical to its long-term innovation and business performance. To advance this goal, the company invests in both workforce development and workforce diversity efforts. The company's external workforce development efforts support a wide range of organizations, including dedicated workforce development organizations, colleges, and trade and technical schools. The company also supports organizations that train workers in critical skills that the company needs. For example, it provides scholarships to support diverse students in attending a community college training program. The company sponsors educational events for public school students to promote education and awareness of the opportunities that are available at Company A. Through these events, the company hopes to make a long-lasting impact on students' economic and financial futures.

In addition to supporting and engaging with external partners on workforce development and workforce diversity, Company A has invested in training programs for skilled trades positions. These programs help fill its critical need for specialized workers and enable graduates to earn well-above-average hourly wages, benefiting those individuals, their families, and their communities. The programs do not have a direct focus on recruiting from lower-income communities but probably do so because Company A recruits from the communities in which it does business, including lower-income communities.

LESSONS LEARNED:

- For-profit companies sometimes act as anchors in multiple communities and across a broader geography than their nonprofit counterparts.
- Creating a pipeline of workers can motivate community engagement and, when designed deliberately, can involve engagement with lower-income communities.
- The perceptions of anchor leadership shape community engagement activities, especially in lower-income communities.
- Identity is a powerful motivator for some for-profit corporations. Incorporating the importance of community engagement into a company's identity can help create effective buy-in and action.
- For-profit anchors can leverage their subject-matter expertise to make a community impact.

Cactus Feeders (Amarillo, TX)

Cactus Feeders is a cattle- and hog-feeding operation headquartered in Amarillo and has operations in Texas, Kansas, Iowa, Nebraska, South Carolina, and Georgia.[70] The company estimates that it feeds one out of 25 fed cattle in the U.S. and helps produce 56 million meals each week.[71]

Cactus Feeders is 100 percent employee-owned through an employee stock ownership plan (ESOP) and has 800 employee-owners across its geographic footprint.[72] The company developed its plan to transition to an ESOP structure in 1990 and in 2010 increased the share of employee ownership from approximately 40 percent to 100 percent.[73] Company leaders implemented the transition to employee ownership to give employees opportunities to build wealth and allow the family that founded the company and owned a majority share to increase the liquidity of its investment. In addition to the ESOP, Cactus is committed to paying wages that are about double the minimum wage and providing employee benefits such as family health care for $125 per month with a $500 deductible and scholarships for the children of employees. In 2020, the company provided $55,000 in scholarships to 30 employees or children of employees.[74]

Cactus Feeders' mission is "Feeding A Hungry World: Family, Friends, and Neighbors," a purpose that guides both its philanthropic and its business operations.

In 2018, the company formally started Cactus Feeders Cares ("Cactus Cares"), a philanthropic foundation focused on improving the well-being of the people and communities that the company serves. Cactus Cares works in four areas: hunger relief, community renewal, education, and leadership.[75] In 2020, the foundation donated 90,000 pounds of food through 360,000 servings, reaching 21,000 families.[76] Although Cactus Cares does not focus exclusively on supporting lower-income communities, there is considerable overlap between its focus areas and the needs of lower-income communities.

The economic disruption caused by the COVID-19 pandemic caused an approximately 20-fold increase in requests for assistance from food banks in the Texas Panhandle regional network of food banks.[77] In response to this dramatic increase in community need, Cactus Cares partnered with local agricultural organizations and a local church to hold numerous pop-up food pantry events throughout the Texas Panhandle. On May 8, 2020, the foundation helped host its first pop-up food pantry in Amarillo and, in partnership with Caviness Beef Packers, provided 2,000 families with five pounds of ground beef apiece. Thanks to additional local agricultural partners, each family also received a dozen eggs, a pound of cheese, two gallons of milk, and five pounds of potatoes.[78] Following the first pop-up food pantry, Cactus Cares, in partnership with Red Raider Meats and Hillside Christian Church in Amarillo, continued to provide weekly donations of food packs to families in need. In total, the company donated 82,000 pounds of ground beef. Its emergency relief efforts helped feed about 16,400 families in the Texas Panhandle.[79]

In addition to supporting critical community needs, Cactus Cares has identified an opportunity to use philanthropic spending to invest in agricultural education resources through its newly launched "University Meat Lab Program." Through this innovative program, the company purchases ground beef and ground pork from university animal science departments and donates the meat to food banks.[80] By purchasing the products it donates, Cactus Cares is able to achieve what it calls a "multiplication effect" for every dollar spent on the program; each dollar represents an investment in agricultural education programs and provides support to local food banks and the communities that rely on their services.

The first university partner to join the Meat Lab program was the West Texas A&M University Meat Laboratory's "Doc's Prime Cuts" program. In the first year of partnership, Cactus Cares purchased 4,200 pounds of meat from the university and used it to support eleven different organizations in the Texas Panhandle. Texas Tech University joined the program as the second university partner in support of the pop-up food pantries. Cactus ultimately purchased 73,000 pounds of ground beef from Texas Tech, supporting approximately 14,500 families. The company also formed partnerships with Iowa State University (purchasing 3,000 pounds of ground beef and ground pork) and Texas A&M University (purchasing 300 pounds of food in the last few months of 2020).[81] The program was launched in March 2020. In the program's first nine months, the company purchased $175,000 worth of food from its university partners.

Cactus Feeders has also built long-term partnerships with nonprofit organizations. By providing direct financial and volunteer support and facilitating inter-organization sharing and learning of best practices, the company also helps build local capacity. For example, it has developed a long-term partnership with the Amarillo-based nonprofit Snack Pak 4 Kids, a hunger-relief organization that provides food to children with a goal of ending weekend hunger caused by the gap in school-provided meals.[82] In addition to supporting the program in Amarillo, Cactus helped seed Snack Pak programs in several other communities throughout the Texas Panhandle.

The company has also facilitated learning between communities where it works through its partnership with Snack Pak 4 Kids. When a similar program was being developed in South Carolina (another state in which Cactus does business), the company sponsored leaders from the new nonprofit to attend a training session in Amarillo with the CEO of Snack Pak 4 Kids at which these program leaders could learn from the challenges and successes of Snack Pak 4 Kids.[83] This support helped the leaders of Snak-Kits (the South Carolina-based nonprofit) develop and implement new ideas and structure for their program.

LESSONS LEARNED:

- Identity is a distinct motivator for some for-profit anchors.
- For-profit companies can leverage their purchasing power in ways that create multiple benefits for stakeholders such as employees and the broader community.
- Forming deep partnerships between for-profit anchors and nonprofits or other community organizations can offer mutual benefits.

Happy State Bank (Amarillo, TX)

Happy State Bank is a Texas-based bank with approximately 1,000 employees in 60 locations across Texas. The bank was founded in 1908 in Happy, Texas, as the First State Bank of Happy and renamed the Happy State Bank & Trust Company in 2004.[85] The bank remained small, serving only the community of Happy until the early 1990s, when 10 local families made investments in the business and the state legalized branch banking.[86] It rapidly grew from its starting point of $10 million in deposits in 1990, opening a branch in Amarillo and reaching a total $100 million in deposits in 1993. As of 2021, Happy State Bank has over $6 billion in assets, over $3 billion in loans, and $48 million in earnings.[87] The bank offers personal banking (including mortgages and personal loans), business banking (including loans), and wealth management services. Happy State Bank has 11 branch locations in Amarillo.[88] It donated $1.3 million to nonprofit organizations in 2020.[89]

Mikel Williamson, Happy State's President and CEO, told us that the company sees itself as a "true community bank" and aims to incorporate this identity into its core business operations. To accomplish this goal, the bank hires local residents as bankers, aims to make larger shares of loans than national banks in the communities where it receives deposits, implements more flexible expense ratios than larger banks, and creates advisory boards of businesspeople and community leaders in each of the communities where it operates. In particular, the bank intentionally makes proportionally larger investments in the neighborhoods where it receives deposits, including lower-income neighborhoods, than large national banks. The bank views this approach not as charity or philanthropy but as an investment in the well-being and success of the company. It sees its own success as tied to the well-being and success of the communities where it operates. According to Happy State, this focus on creating shared value for its customers and communities is part of a corporate culture that the bank has intentionally developed and that it credits for its ability to expand rapidly and generate value for shareholders.[90]

In addition to investing in the communities where it operates, the bank has tailored its core products and services to better serve those communities. For example, Happy State runs a financial literacy program in local schools, called "Kids Bank," that brings in a Happy State banker from the local community to teach students how banking works and increase their financial literacy. As of 2021, the program partners with more than 30 schools across Texas, including 14 schools in Amarillo.[91] Beyond the direct education the program provides, the company hopes that this education will enable students to share their knowledge with their families and thereby contribute to broader financial literacy in the community. Of the broader goals of this initiative, Mikel Williamson told us, "Educating children on how the banking system works gives them an opportunity to build a stronger financial future." The Kids Bank program has also created dedicated savings accounts that enable children to begin saving, implementing the lessons they learn through the educational portion of the program.[92] To better serve its broad community of customers, the bank has also invested in "integrated teller machines" that provide a full range of banking services in multiple languages and is designing a program to offer bonuses and incentives to multilingual employees. These programs could create indirect benefits for lower-income communities by helping support individuals who are currently not able to take full advantage of banking services.

In Amarillo, Happy State is also investing in community capacity by collaborating with other community stakeholders to bring in a community development financial institution loan fund to support small business owners in the lower-income northeastern part of the city. Although the exact details of the project have not yet been finalized, the bank has been working with the Amarillo Area Foundation, the City of Amarillo, and other financial institutions to help make this CDFI a reality. The company provides tangible support for the CDFI by donating space and office furniture as well as staff to support credit underwriting.

LESSONS LEARNED:

- For-profit anchors can engage with lower-income neighborhoods and communities as part of the ordinary course of business.
- Identity is a distinct motivator for some for-profit anchors. Happy State's identity as a "true community bank" guides both business and community engagement activities in ways that benefit consumers and the community.
- For-profit anchors can increase their community impact by tailoring their core products and services to the needs of their under-represented customers. The bank's "Kids Bank" and "Integrated Teller Machine" programs are strong examples of this type of initiative.
- For-profit anchors can use their industry expertise to support community capacity-building efforts.

Fort Wayne Metals (Fort Wayne, IN)

Fort Wayne Metals is a privately owned manufacturer of medical grade wire, cables, and tubes based in Fort Wayne.[93] It also manufactures products for the aerospace, automotive, and electronics industries[94] and offers a range of services including a materials testing laboratory, research and development, component assembly for customers' devices, and services designed to streamline customers' just-in-time delivery processes.[95] The company was founded in 1946 by Ardelle Glaze, a former research scientist, and is currently run by his son Scott Glaze, who became CEO in 1985.[96] As of June 2020, the company had approximately 1,300 employees in the Fort Wayne area and is one of the region's ten largest private employers.[97]

The company traces its approach to social responsibility back to its founder's vision for his employees, which emphasized the importance of their happiness, good working conditions, and good income for the well-being of the company.[98] As the company grew, this vision of responsibility grew to include broader community philanthropic initiatives such as supporting the Red Cross, Habitat for Humanity, and holiday donation drives. The company has continued to evolve its community engagement approach into a multi-faceted community impact program. Fort Wayne Metals sponsors a large-scale community engagement project once a year, although that project does not necessarily focus on lower-income communities or even on Fort Wayne. For example, the company's 2015 project included donating, transporting, and distributing 5,000 gallons of water and other supplies to Flint, Michigan, to provide relief from Flint's lead-contamination water crisis.[99] The company's social responsibility plan also includes employee-led volunteer initiatives, educational initiatives, and mentoring other Fort Wayne-area businesses. Fort Wayne Metals expects management-level employees to volunteer for community benefit initiatives and with organizations that benefit the community. Our interviewee told us that this culture of community involvement helps increase the company's total community impact.

In addition to the commitments and programs that are part of the company's formal corporate responsibility approach, Fort Wayne Metals has a new employee development initiative for emerging leaders within the company that also provides community benefits. This initiative matches selected employees with nonprofit organizations that need a new board member and provides the employees with paid time to serve on the nonprofit board. This approach provides the partner nonprofit organizations with the support of talented emerging leadership, helps the company cultivate leadership experience and talent that can increase the business's success, and benefits the participating employees through increased leadership skills and experience.

In 2020, Fort Wayne Metals announced the James Project, an expansion of the company's business operations through the opening of a new production facility. The project is named after Roy McKinley James, a bakery owner who gave Fort Wayne Metals' founder Ardelle Glaze an opportunity to repay him through work after Ardelle took from James' bakery and who subsequently became an influential mentor to Ardelle.[100] The vision for the project is to pay forward the impact that providing Ardelle with opportunity had on his life and the success of Fort Wayne Metals.

The James Project aims to create jobs in lower-income southeast Fort Wayne by locating the new facility in southeast Fort Wayne and recruiting and hiring from the surrounding neighborhoods.[101] Fort Wayne Metals also decided to locate the facility near public transit to make commuting easier for the neighborhood residents who are hired through the program. This decision removed a key barrier that residents of southeast Fort Wayne faced in working at other Fort Wayne Metals factories.[102] The new facility will focus primarily on employee training and entry-level jobs that provide opportunities for further progression and career development within the company. Once employees are fully trained in the skills required for their jobs, they will move on to one of the company's other production facilities.

Prior to launching the James Project, Fort Wayne Metals developed several partnerships with community organizations (including three churches and the nonprofit Fort Wayne United) and collaborated with these organizations to identify and address employment barriers such as transportation, recruitment and hiring strategies, and translation of key materials into Spanish and Burmese. The company has also reworked its training program and screening test to better support new hires in learning the mechanical skills that the company's production jobs require. The company decided to re-evaluate the screening test because it relied on a significant amount of mechanical experience that people generally learn by spending time working with different kinds of tools. The test favored job applicants who, unlike many residents of southeast Fort Wayne, gained mechanical experience, for example as a result of growing up and working on farms. By adjusting the screening test and developing the new training program, Fort Wayne Metals is able to hire and train more residents of southeast Fort Wayne.

LESSONS LEARNED:

- Identity is a distinct motivator for some for-profit anchors. Fort Wayne Metals' community engagement philosophy can be traced back to the vision, identity, and life experiences of its founder.
- Job creation in lower-income communities is a promising strategy for growing companies. The James Project is an innovative business expansion that will create jobs for residents of Fort Wayne's lower-income communities.
- For-profit anchors can use their industry expertise to design effective community engagement initiatives. This expertise played a pivotal role in designing the James Project.
- Collaboration with nonprofit and community organizations can help for-profit anchors increase their impact.

Pathfinder Bank (Syracuse, NY)

Pathfinder Bank is an Oswego, New York-based bank with 10 branches in Onondaga and Oswego counties.[103] It was originally founded as the Oswego City Savings Bank in 1859 and operated solely within Oswego County (north of Syracuse) until 2011, when it opened its first branch in Onondaga County, the county that includes Syracuse.[104] The bank has continued to expand since then, opening a business banking office in downtown Syracuse in 2014 and several additional branches and other offices in 2017 and 2018. In 2020, the bank had about $1.2 billion in total assets, including $813 million in net loans and $996 million in deposits.[105]

Pathfinder's company purpose statement is "to be the local bank our community trusts." This statement reflects the view that the relationship between the company and the community is important to the company's success.[106] It also illustrates the company's belief that investing time, energy, and other resources (e.g., talent) in the communities where the company operates is both the right thing to do morally and something that will generate benefits for the company. This philosophy of community investment and engagement is part of the company's approach to its core line of business, including its work in under-resourced communities. Calvin Corriders, a regional president at Pathfinder, told us, "If we invest in [lower-income communities], there will be a return that will come back for the employees, shareholders, and community. It's a conscious capitalism model. I believe that it's the right thing to do and you can get a return that everyone benefits from." As part of implementing this philosophy, Pathfinder funds many of its community-oriented projects through equity investments or loans rather than through philanthropic funding.

Corriders told us that the company's close ties to the communities where it works enable it to structure these kinds of engagements as part of the core business rather than as part of philanthropy. Corriders believes that this close connection to the community helps the company understand the local market more completely than other banks and identify opportunities to make profitable business investments that other banks may overlook.

In 2020, Pathfinder partnered with a Syracuse-based community development financial institution (CDFI) to respond to the economic crisis that the COVID-19 pandemic created. Through this partnership, Pathfinder provided no-cost assistance to the CDFI to process businesses' applications for federal Paycheck Protection Program emergency relief loans. During our interview, Corriders emphasized that developing a transparent process was important to the success of the CDFI partnership. This partnership demonstrates how for-profit anchors, regardless of size, can use their assets and capabilities to support community needs.

In a recent example of Pathfinder's approach to incorporating community engagement into its core business, the bank was a supporting lender for the Salt City Market, a mixed use development on Syracuse's lower-income south side that houses apartments and a food hall that is home to a diverse range of food businesses.[107] The Salt City Market opened in January 2021[108] and aims to provide support and visibility for a diverse group of business owners.[109] Corriders said that, in addition to repayment of the loan, Pathfinder defines success for this investment as "seeing [the Salt City Market] businesses grow and hire people. [Also], they outgrow that space or need to expand to other locations. I view this as an incubator space for these [business owners]."

The company's support for the Salina 1st development, another mixed-use development on the city's south side, is another recent example of the bank's lending that aims to benefit both the bank and the broader community. The project is located on a former brownfield site that was previously undeveloped.[110] The new building will include about 23,400 square feet of commercial space occupied by a startup dental laboratory and the headquarters of businesses owned by two of the project's developers, with 5,700 feet of retail space available for rent on the ground floor.[111] The development will also have more than 11,000 square feet of office space and 16 mixed-income one- and two-bedroom apartments. The project's developers hope it will lead to increased private investment in the neighborhood and create jobs for local residents.[112]

The close connections and expert local knowledge that make investing in projects such as the Salt City Market and Salina 1st possible have contributed to substantial growth in the bank's presence in Syracuse. Pathfinder first entered the Syracuse market in 2014 with the intent to establish a limited-purpose loan production office. The network of customers and referrals from customers that it has built as a result of deep engagement with the Syracuse community has helped grow that limited presence into multiple branch locations, including a branch with $80 million in deposits. Corriders said that the bank aims to grow significantly in Onondaga County in the next few years. In particular, it hopes to increase its physical presence in Syracuse's lower-income neighborhoods, expand residential lending in Syracuse (including its lower-income neighborhoods), and work with other local organizations to develop a program that will support local businesses owned by people of color.

In addition to increasing the amount of new loans generated in these communities, Pathfinder is also purchasing existing mortgages in Syracuse (including its lower-income communities) from other lenders. For example, it has developed a partnership with Home Headquarters, a central and upstate New York nonprofit affordable housing organization, to purchase existing mortgages from the Home Headquarters portfolio.

By purchasing these mortgages, Pathfinder is making investments that are intended to generate a financial gain for the bank. These purchases also support Home Headquarters' work because they provide additional liquid capital that the nonprofit can use to generate new affordable loans for prospective homebuyers. Partnering with Home Headquarters, which is well-regarded and connected within communities that Pathfinder wants to serve, could also help Pathfinder build relationships in those communities and gain the business of new customers more efficiently and effectively than the bank could by itself.

LESSONS LEARNED:

- Identity is a distinct motivator for some for-profit organizations. Pathfinder's identity as a "local bank that our community trusts" influences decision making and community engagement.
- For-profit anchors sometimes incorporate engagement with lower-income communities into the ordinary course of business. For Pathfinder, this involves framing engagement with lower-income communities as regular business investments that offer additional community benefits.
- For-profit anchors can use their unique expertise and competitive advantages to engage with lower-income communities. The bank's expert local knowledge enables it to identify additional opportunities for community engagement.
- The perceptions of anchor leadership shape engagement, particularly with lower-income communities. Anchors that see this engagement as a business investment may approach challenges and opportunities from a different angle than those that consider it philanthropy.

KeyBank (Syracuse, NY)

KeyBank is a Fortune 500 financial services company headquartered in Cleveland, Ohio, with operations in 15 states, approximately $181 billion in assets as of June 30, 2021, and 17,000 employees across its business footprint.[113] The bank offers a range of financial products and services to consumers and businesses, including home loans and mortgages; credit cards; personal lines of credit; investing and insurance products; small business banking, lending and support services; business and institutional services including investment banking, financing, commercial payments, and employee benefits solutions; and wealth management services.

KeyBank approaches many of its community engagement initiatives through a formal Environmental, Social, and Governance (ESG) strategy that provides guidance on the bank's community engagement efforts; diversity, equity, and inclusion initiatives; employee investment and support; and environmental sustainability efforts.[114] The bank reports that it aligns its ESG disclosures with standards developed by independent international standards organizations to enable comparisons with peer organizations and industry benchmarks.[115] Anchor commitment to transparency and standardized reporting about community engagement outcomes and impacts may enable individual anchors to increase the effectiveness of their community investments and philanthropy and support identification and sharing of best practices among for-profit anchors.

KeyBank's diversity, equity, and inclusion efforts under this ESG plan include efforts to increase the diversity of its board of directors and management- and executive-level employees as well as a supplier diversity program. The company's public target for supplier diversity is to allocate 8-10 percent of total spending with tier one and tier two suppliers to diverse suppliers. In 2020, the bank spent approximately $70 million with diverse suppliers, or about 8 percent of its total spending on suppliers.[116]

Under the environmental sustainability strategy of the ESG plan, the company's programs include investments in renewable energy, energy efficiency improvements, residential solar loans, reduction in the company's energy consumption, and reduction of the company's greenhouse gas emissions. Although the program does not focus exclusively on lower-income communities, these communities are often disproportionately at risk from the negative effects of climate change, particularly the negative health effects,[117] and may therefore benefit from these programs. The company has also said that it is planning to expand these commitments to include a focus on environmental equity.[118] Through this type of initiative, the company could start to produce direct benefits for lower-income communities, for example by supporting initiatives that build climate resilience in those communities in addition to reducing its direct contribution to climate change.

In addition to guiding long-term community engagement initiatives, the company's ESG plan helped the bank respond to the economic challenges created by the COVID-19 pandemic. For example, part of KeyBank's ESG policy outlines how the company approaches supporting and investing in its employees. The policy establishes long-term goals for employee development and programs that cover benefits such as fitness cost reimbursement, scholarships, student loan refinancing at discounted rates, and tuition reimbursement. In response to the challenges that the COVID-19 pandemic created for employees, the bank updated its employee-support strategy to include $34 million in pandemic-related support for employees across the company in 2020. These funds helped cover initiatives that included COVID-19-related medical fee reimbursements, additional paid leave, increased mental health offerings, premium pay opportunities for employees who could not work remotely, and reimbursement of increased expenses associated with childcare or schooling for children.

In 2016, KeyBank merged with First Niagara, another financial institution, and created a National Community Benefits Plan. This plan is now an integrated part of the company's ESG strategy and outlines its approach to generating positive social impact in the communities where it works. The plan was originally a five-year, $16.5 billion initiative that would support community development lending and investing, low- and moderate-income mortgage lending, small business lending in low- and moderate-income neighborhoods, and philanthropy. KeyBank surpassed its aggregate goals for the Community Benefits plan in 2020, one year earlier than expected, with a total of $18.4 billion invested in the plan's focus areas. The plan includes both core line-of-business investments and philanthropic donations. The bank's community development lending and investing program, for example, supports community revitalization and affordable housing projects through a mix of equity and loan offerings totaling $12 billion in affordable housing investments between 2017 and 2020, including $3.7 billion in 2020 alone. Through this program, KeyBank was the third largest affordable housing lender in the country in 2020, despite ranking as the 26th largest bank in the U.S. overall.[119]

The company's low- and moderate-income (LMI) mortgage lending initiative focuses on increasing homeownership for low- and moderate-income individuals and communities, investing $1.5 billion in LMI mortgages in 2020 and an aggregate of $3.7 billion since 2017. The plan's small business lending initiative also seeks to create positive impact in urban and rural LMI communities by investing capital into these under-banked communities, generating $1.3 billion in small business lending in 2020 and a total of $2.6 billion since the creation of the National Community Benefits Plan.

The National Community Benefits Plan also defines the company's philanthropic giving strategy. Philanthropic giving totaled $45 million in 2020 and included more than $18 million dedicated to responding to the impacts of COVID-19 and another $18 million donated to organizations that focus on social justice and racial equity. It also supported initiatives in education, workforce development, and civic good through its philanthropic giving.

After exceeding the aggregate goal in 2020, KeyBank announced that it was extending and expanding its National Community Benefits Plan to $40 billion to be implemented over ten years. The plan will direct approximately $36 billion of the total funding to advancing economic access and equity through affordable housing lending, mortgage and business lending in low- and moderate-income neighborhoods, and philanthropy.[120] Potential initiatives that the bank could pursue as part of this plan include down payment assistance programs for homeowners, hiring and career development, increasing supplier diversity spending, partnerships with CDFIs, and developing and delivering financial education in LMI communities.

The bank's understanding that core line-of-business investments (such as loans and equity investments) are opportunities to create shared value for the business, its customers, and the broader community drove its decision to incorporate these investments into the Community Benefits Plan and larger ESG strategy. Chris Gorman, President and CEO of the company, wrote in the company's 2020 ESG report, "Corporate citizenship matters; it matters for our communities, for our clients, and for our colleagues. . . . Creating shared value with the communities we proudly serve means sharpening our focus and driving even better outcomes – inside and outside Key."[121] KeyBank Central New York Market President Stephen Fournier described this approach to investing in community needs as "good for business and good for your soul."

In Syracuse, KeyBank is one of the only banks with a branch on the city's lower-income south side. Fournier said that local leadership is focused on keeping the branch open, particularly after consulting with city and community leaders about the needs of the neighborhood. Local leaders within the company are making a concerted effort to build connections with the community and support economic growth on the south side. One such effort is a series of homebuyer seminars and a range of products and services designed to help lower-income community residents purchase homes. Fournier sees the bank's presence and investments in this community as a long-term commitment that can benefit KeyBank, saying, "What might happen in the future [on the south side] is interesting. [We] have people there who can be connectors in the community and I'm optimistic that we can show growth in the area while also helping the south side grow as well."

In 2017, the company started a Syracuse chapter of its "KeyBank Business Boost and Build" program. Boost and Build is an entrepreneurship and small business assistance program supported by KeyBank's National Community Benefits Plan. From inception until the program's conclusion in 2021, it operated in multiple communities in Ohio and New York in partnership with JumpStart, a national nonprofit that provides services and investment capital to help businesses grow. The Syracuse Boost and Build Program involved a collaboration with several community partner organizations that is formally known as CUSE ("Collaborations for Unprecedented Success and Excellence"). CenterState CEO (a regional economic development organization supported and led by many for-profit, nonprofit, and public sector organizations in the Syracuse area), the Upstate Minority Economic Alliance (an advocacy group for entrepreneurs and professionals of color), the South Side Innovation Center (a community-based business incubator and business service center), and the WISE Women's Business Center (a technical assistance provider for women entrepreneurs and business owners) are the partners in this collaborative.[122] One of the main goals of the Syracuse Boost and Build program was to provide support for businesses in under-resourced neighborhoods through guidance, business support services, and capital provision. By partnering with technical assistance providers that have deep experience in the local community, the Boost and Build program has served businesses at all stages of the business lifecycle, including idea formation and businesses startup, early-stage business growth, and established business expansion.[123] In June 2020, KeyBank and the Boost and Build partner organizations selected 30 local businesses to participate in the program, distributing $5,000 in grant funding to each business. The Boost and Build initiative shows how a for-profit anchor can implement anchor strategies—and sometimes adapt the same program or strategy from one community to another—in the various communities where it operates.

LESSONS LEARNED:

- For-profit anchors sometimes act as anchors in multiple communities where they do businesses.
- For-profit anchors can use their subject-matter expertise to engage with lower-income communities. For KeyBank, this includes residential and business lending and investing.
- For-profit anchors can engage with lower-income communities as part of the ordinary course of business. For KeyBank, this includes loans and other investments that the company makes in lower-income communities.
- Shared value approaches to community engagement can offer unique benefits and sustainability for companies. Some of the bank's business investments are structured to provide benefits to lower-income communities, their residents, and the businesses that operate there.
- The perceptions of anchor leadership shape community engagement, especially in lower-income communities. The company's updated National Community Benefits Plan demonstrates the impact that leadership's perceptions and decisions have on shaping community engagement.

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