

Evolving Corporate Business Engagement in Community and Economic Development

An Environmental Scan and Case Studies
for the Robert Wood Johnson Foundation

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Two Major Evolutions in Corporate Engagement in Community and Economic Development (CED)

1

Corporate philanthropy is increasingly informed by and aligned with business interests and competencies

2

Corporations are engaging their business lines and activities in CED

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- Corporates are moving away from traditional, more siloed approaches to CSR
 - Shifts reflect a changing economy in which corporations have greater stake in regional and industry success, collaborative networks, millennial attraction and quality growth
 - While corporates aren't anchors in the traditional sense, the logic of aligned business-community interests ("ABCs") can be extended to them

THE WHY: Emerging Corporate Interests in Development

Talent Attraction
and Development

Market
Development

Business
Expertise

Community
Stake

Regional
Growth

“De-Risking”

THE WHAT: Corresponding Corporate Engagements in Development

Talent Attraction and Development

- Mission-driven projects
- Apprenticeship programs
- Demand-based workforce development

Example: Cerner Corp

Market Development

- Increase access to (beneficial) products and services

Example: CVS Minute Clinic

Business Expertise

- Repurpose retail and other brick and mortar outlets
- Leverage expertise for community benefit

Example: Quicken Loans Community Fund

Community Stake

- Neighborhood revitalization
- Infrastructure development

Example: Utility Cos.

Regional Growth

- Develop clusters
- Invest in regional innovation
- Support entrepreneurship

Example: CenterState CEO

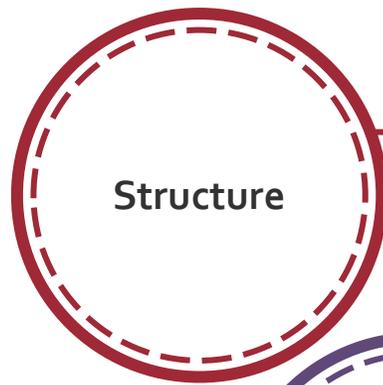
“De-Risking”

- Climate resilience

Example: AT&T Climate Resiliency Project

The changing economy is creating new corporate motivations and engagements in development.

THE HOW: Tactical Considerations for Corporate Engagement in CED



Corporates are organizing their engagement in CED in more varied and deliberate ways particular to their business and CED work: within and across business units; CED initiatives in new units; distinct LLCs, and so forth



Generally collaborations preferred for shared expertise and risk, particularly for corporates newer to CED. Bigger, more experienced or more targeted programs sometimes do not require collaborators, and collaborations can have costs in time and efficiency. Intermediaries have been very effective vehicles for allowing corporates to engage at level of comfort, providing expertise and project development and management, and acting as "translators" between corporates and communities. As practice is maturing, more high-performing, catalytic intermediaries are needed.



Mid-sized cities offer distinct strengths that can be leveraged for business-aligned development.
Headquarter cities offer special opportunities for corporate engagement.



Corporate engagement is sensitive to market developments, labor market changes, public pressure, C-suite preferences

Additional Insights

- Business-aligned development leads to deeper and higher-impact activities, but requires more extensive pre-development work

- Corporates are particularly well-suited to lead product innovation and predevelopment CED activities that “precede” scaling – they know how to business plan and launch

- Moment of great opportunity to leverage corporate interest and vastly expand corporate CED activity, but corporates and communities need more support and capacity
 - Corporates feel isolated and have trouble sourcing investment opportunities, identifying returns, managing risk, developing the right community partnerships
 - Communities struggle to “translate” and structure investment opportunities for corporates

- Equity and Inclusion are getting attention, but help needed to integrate across programming and get to effective action

Case Studies

CASE STUDY 1

CenterState Corporation For Economic Opportunity



Key Community and Economic Development Needs: Supporting regional economic growth after years of deindustrialization; need for a unified economic development vision for the region; lack of traditional anchors that could play a role in reversing economic decline

Organizations Involved: CenterState CEO

Lessons Learned:

1. Corporate-oriented organizations can serve a vital translation and project “pre-development” role
2. Intentionally curating and staging corporate CED activities can lead to deeper, more vested engagement
3. Opportunities to grow industries and develop a workforce motivate partnership and investments
4. Pooling resources and relying on a skilled aggregator and administrator can reduce business costs
5. External competitions can galvanize regional actors to collaborate on development
6. Inclusion needs more attention within economic growth projects

Intersections with Equity:

- Economic inclusion and racial equity are two of CenterState’s core business areas
- NUAIR’s partnership with the Oneida Indian Nation reflects an environmental justice initiative
- Work Train is designed to create job opportunities and career pathways for low-income residents and address the employer needs/worker skills mismatch; the program placed over 700 participants between 2014 and 2018

CASE STUDY 2

Hartford Insurtech Hub



Key Community and Economic Development Needs: Bolstering a key economic cluster (insurance) in the wake of decline and supporting innovation in the cluster

Organizations Involved: Connecticut Insurance and Financial Services (IFS); InsurTech Hartford (ITH); Hartford InsurTech Hub; Nassau Re/Imagine's InsurTech incubator; Connecticut Innovations VentureClash competition; State of Connecticut Insurance Commissioner; City of Hartford; other new labs/centers under development

Lessons Learned:

1. There may be a trade-off between developing local capabilities and building a global brand
2. Collaborative efforts can complement and support long-term development of internal capabilities
3. Stakeholders need to design innovation programming to fit city size
4. The State of Connecticut's Innovation Places program and grant was a critical driver

Intersections with Equity:

- There is a gap between the city and region in terms of economic opportunities and outcomes
- The jobs crisis resulted from the decline of insurance and other legacy industries, leading to lower employment rates and rising poverty

CASE STUDY 3

Microsoft



Key Community and Economic Development Needs: Supporting regional economic growth through access to technology expertise, connections to other companies, and an environment that fosters innovation; connecting local companies to the regional manufacturing and logistics supply chain

Organizations Involved: Microsoft's TechSpark program

Lessons Learned:

1. Market development, long-term customer acquisition, product development, and related learning opportunities, employee attraction and retention – all motivate and deeply inform Microsoft's investments in community and economic development
2. Bounded and experimental approaches work well with industry realities and corporate constraints
3. Business-like design, behavior, and partnerships matter
4. Addressing community priorities can legitimize corporate engagement
5. Intermediaries provide essential value by doing the "predevelopment" work of identifying and forming business-aligned CED opportunities
6. Small and mid-sized cities are an attractive home for corporate investment
7. Aligning CED with business interests and engaging corporate business engagement lines and activities in CED led to a deeper and more vested engagement

Intersections with Equity:

- El Paso is majority Hispanic, but recent data show gaps in firm ownership, making inclusive entrepreneurship opportunities critical
- Bridge Accelerator has diversified the regional supply chain and expanded Microsoft's exposure to Hispanic and rural communities, which may help it diversify its talent pipeline and develop products that are responsive to community needs
- In addition to Green Bay and El Paso, TechSpark also supports regional partnerships in Fargo, North Dakota; Southern Virginia; Central Washington; and Cheyenne, Wyoming, showing how the program engages under-represented areas and supports geographic equity

CASE STUDY 4

Rocket Community Fund (formerly Quicken Loans Community Fund)



Key Community and Economic Development Needs: Housing costs and property tax foreclosures, the quality of housing stock, and the aftermath of the foreclosure crisis in Detroit

Organizations Involved: Rocket Community Fund (formerly Quicken Loans Community Fund)

Lessons Learned:

1. Think broadly about the role of resources – both internally and externally
2. Corporates can deploy market and product knowledge to help define community development problems
3. Long-term commitments can result in foundational changes in issue identification and policy response

Intersections with Equity:

- Detroit is a majority-minority city with growing gaps in income and wealth outcomes by race
- In the 2010s, revitalization efforts and activities were concentrated in the downtown area, creating a spatial (downtown vs. neighborhoods) gap
- Underlying economic conditions made it increasingly difficult for the average Detroiter to meet annual tax obligations, making economic equity, including wealth creation and stability, for residents one of the key outcomes of this work

Recommendations for Philanthropy



Establish a network of engaged corporates sharing data, learnings, and best practices



Develop an evaluation framework



Provide matching funds to kick-start engagements



Help regions craft economic development plans that leverage corporate engagement



Launch a Center for Corporate Engagement