

contracts. This is more relevant to University Hospitals' supply-chain decisions going forward than during the execution of Vision 2010. Standley noted the need to be prepared when the "window opens." These contracts, which range in duration from three to five years, increase the difficulty of reallocating portions of University Hospitals' \$850 million annual purchasing portfolio. Despite this challenge, between 2008 and 2011, University Hospitals was able to double its spending in Cleveland, mostly as a result of the concerted effort of Vice President of Supply Chain, Allen Wild, who actively shifted direct spending under his control. In 2010, University Hospitals purchased more than \$300 million (approximately 38 percent) from vendors within Cleveland and more than \$500 million (approximately 63 percent) within Northeast Ohio.<sup>316</sup>

A final obstacle that was identified and addressed early on was achieving diversity goals. According to Hewitt, when she joined the project, she stressed to Standley that University Hospitals needed to establish a position whose sole responsibility was to ensure that diversity remained a priority. It could not be just another item on a "checklist." Hewitt pushed for third-party oversight, leading to the contract with Minority Business Solutions, because she understood that points exist in construction projects when those in charge—such as project managers—contractors, or construction managers, encounter obstacles or delays, obscuring the importance of diversity relative to completing the project on time and on cost. A third party could focus fully on ensuring that diversity remained an important priority in all phases of the project.<sup>317</sup>

## Cleveland Clinic Health System

*We are only as strong as the neighborhoods in which we are located. And I can't overstate that. That is really critically important: that these neighborhoods be as solid and as stable as they can possibly be.*

■ Oliver C. Henkel, Jr., Chief External Affairs Officer, Cleveland Clinic <sup>318</sup>

Cleveland Clinic's main campus is situated in Cleveland's University Circle, a vibrant enclave of hospitals, universities, and cultural institutions, surrounded by a ring of severely distressed communities. Cleveland Clinic has historically had a reputation of having "very little regard for what happened outside of our walls," said Oliver C. Henkel, Jr., Chief External Affairs Officer.<sup>319</sup> In recent years, Cleveland Clinic has worked consciously to change the perception of the institution as inward looking by embracing

the idea of itself as an anchor institution serving more than just those who enter its doors. As a result, it has adopted a variety of anchor strategies, including shifting a percentage of procurement locally and to minority-owned businesses, participating as an anchor partner in a comprehensive neighborhood revitalization effort, implementing childhood wellness programming in local school districts, and positioning itself as a leader in sustainability.

Founded in 1921, the Cleveland Clinic Health System is geographically dispersed across the United States and the globe, comprised of 12 hospitals, 18 family health centers, and several specialty health centers and outpatient clinics. As a whole, the system generates revenues in excess of \$6 billion, employs approximately 43,000 caregivers, and maintains 4,400 beds. Despite its global presence, the vast majority of the system is based in Northeast Ohio, where it is the largest employer in the region and second-largest in the state. The Cleveland Clinic's main campus alone employs more than 26,000 people, creates nearly \$4 billion in revenues, and procures more than \$1.5 billion in

## CLEVELAND CLINIC HEALTH SYSTEM ANCHOR STRATEGIES

### Neighborhood Revitalization

- Greater University Circle Initiative: foundation and anchor institution-led comprehensive neighborhood revitalization effort of surrounding neighborhood
- Master redevelopment plan for Upper Chester neighborhood, includes purchasing vacant land, retail development, and housing construction

### Local and Minority Purchasing

- More than \$50 million from Health-Tech Corridor, in 2010
- More than \$165 million (10%) within Cleveland and more than \$270 million (17 percent) in Northeast Ohio, in 2010
- More than 400 minority vendors, \$150 million spent, in 2009.
- Goal: At least 10% of food within a 200-mile radius

### Multi-Institution, City, and Regional Partnerships

- Greater Circle Living: \$1 million investment in multi-institutional, employer-assisted housing program

### Community Investment

- Evergreen Cooperatives: \$250,000 in multi-institutional, business co-development strategy to create jobs for neighborhood residents and allow local sourcing
- \$500,000 investment to restore community center

### Capacity Building

- \$23 million bio-tech incubator to be owned by local nonprofit
- Comprehensive childhood wellness program with local school districts

goods and services annually. Similar in function to a university endowment, Cleveland Clinic's investment portfolio is valued in excess of \$4.5 billion.<sup>320</sup>

Several reasons have prompted Cleveland Clinic to more prominently acknowledge its role as an anchor institution. Cleveland Clinic recognizes that the strength of the organization is heavily dependent upon the strength of the neighborhoods it serves. Therefore, its priority to ensure the health of its surrounding community has spurred a greater focus on active engagement as a community partner. Cleveland Clinic's community outreach goals now include: strengthening community life through effective, sustainable health education and outreach programs focusing on vulnerable and at-risk populations; enhancing neighborhoods through community building collabora-

tions that facilitate caregiver engagement; and making the region a better and healthier place to live. Cleveland Clinic also recognizes that fostering safe and stable surrounding neighborhoods is good business. For a hospital that operates most efficiently at 85 percent capacity, ensuring patients and caregivers feel secure coming to Cleveland Clinic is critical.<sup>321</sup>

Henkel noted that the City of Cleveland is also a healthcare center (a large Veterans Administration hospital, in addition to University Hospitals and MetroHealth System, are also located here), and said this critical mass could be leveraged to support a

healthier regional economy through collective local purchasing efforts. One example of a collaborative effort to leverage the purchasing power of Cleveland's healthcare anchor institutions, of which the Cleveland Clinic is the largest, is the Health-Tech Corridor, a three-mile, 1,600-acre area served by Cleveland's new Bus Rapid Transit Line, launched in 2010. The vision for this corridor, which connects Downtown Cleveland to University Circle and spans 10 neighborhoods with a significant number of vacant and dilapidated properties, is to re-cast this geography as a thriving center for healthcare and biomedical businesses in Northeast Ohio. Both Cleveland Clinic and University Hospitals are heavily engaged in the development of the Corridor. In 2010, for example, Cleveland Clinic procured more than \$50 million in goods and services from companies located in the Health-Tech Corridor.<sup>322</sup>

Cleveland Clinic has altered its purchasing practices in other ways too. Overall in 2010, the organization purchased more than \$165 million (more than 10 percent) of goods and services within the City of Cleveland and more than \$270 million (approximately 17 percent) in Northeast Ohio. Additionally, Cleveland Clinic works with more than 400 minority- and women-owned companies. In 2009, the health system procured more



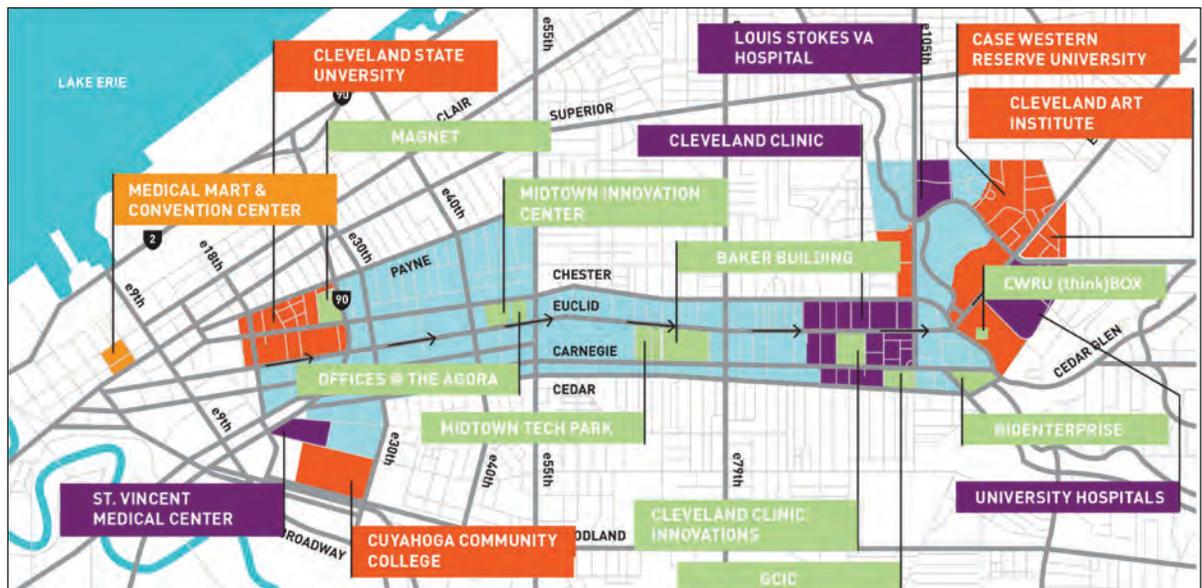
Cleveland Clinic's community farmer's market (September 2012). *Photo: Cleveland Clinic.*

than 11 percent from these diverse suppliers (including construction), or more than \$150 million. As part of its environmental commitments, Cleveland Clinic has developed local food procurement standards and, in 2011, aimed to procure at least 10 percent of annual food supplies from sources within a 200-mile radius of the campus.<sup>323</sup>

The hospital has also been an important partner in the Cleveland Foundation’s Greater University Circle Initiative, which seeks to break down the divide that has existed between the institutions in the University Circle area and the six disinvested neighborhoods that immediately surround them. This initiative is a multi-pronged effort that promotes buying, hiring, and living locally through strategies that also seek to connect current residents. As part of its commitment to this neighborhood revitalization effort, Cleveland Clinic has invested \$1 million into a \$4 million Greater Circle Living employer-assisted housing program and another \$250,000 (the same amount as University Hospitals’ initial investment) for the Evergreen Cooperatives. To date, one of these companies, Evergreen Energy Solutions, has constructed a solar array on Cleveland Clinic’s Zeilony Plaza and more large installations are in the works.<sup>324</sup>

Also, as part of the initiative, Cleveland Clinic has worked with the Cleveland Foundation and other partners to create a master redevelopment plan for Upper Chester, part of the targeted Hough neighborhood that is proximate to the main campus. The first phase of the plans aims to purchase vacant land, attract new retail business, and construct up to 400 new housing units.<sup>325</sup>

Apart from the broader initiative, Cleveland Clinic has undertaken several other community economic development projects. One was a \$500,000 investment in the Langston



Map of the Cleveland Health-Tech Corridor. Source: Cleveland Health-Tech Corridor, <http://www.healthtechcorridor.com/facilities>.

Hughes Center, a historic and iconic former Carnegie library, important to the Fairfax neighborhood that also now serves as a senior outreach center. Cleveland Clinic also operates a free health clinic out of the center, as another form of outreach in the community.<sup>326</sup>



Cleveland Clinic's Zeilony Plaza. Photo: Cleveland Clinic.

Another project has been a partnership between Cleveland Clinic and the nonprofit Fairfax Renaissance Development Corporation (FRDC) to construct the Global Cardiovascular Innovation Center. Opened in May 2010, this \$23 million, 50,000 square-foot building serves as an incubator for related companies, with the hope of drawing new investment to the community. Originally, this Center was to be owned entirely by FRDC, but the economic recession made financing difficult. As a result, Cleveland Clinic currently owns

the building—paying down the debt service—for a period of 15 years, at which point, it will transfer ownership to FRDC. At that point, Cleveland Clinic will lease the space from the nonprofit community development corporation, thereby providing operating revenue for the local organization. Henkel explained that it is important to the hospital that this building is owned by the nonprofit and, hence, by the community.<sup>327</sup>

Cleveland Clinic has also implemented a comprehensive childhood wellness program that brings together its family health centers, hospitals, and neighborhood partners in the school and community setting. Central to the program is the overarching '5 to Go!' message, which is modeled after programs piloted in Maine and Chicago, and aimed at preventing childhood obesity. Through the Office of External Affairs' department of Public Health & Research, Cleveland Clinic has created and partnered with national organizations to create school-based curricula for children in pre-kindergarten through high school. Working with a variety of regional districts including Cleveland Municipal School District and the First Ring Superintendents' Collaborative districts, Cleveland Clinic employs a training model that encompasses both a capacity-building element, through a train-the-teacher strategy, as well as an institution-led volunteer strategy. The developed curricula aim to enhance academic subjects, such as math, reading, and science, while teaching students about nutrition, physical activity, mental health, substance abuse, and avoidance of high-risk behaviors in order to promote wellness and healthy lifestyles.<sup>328</sup>

Cleveland Clinic has also been integrating sustainability strategies into its operations since 2007 in an effort to "support healthy environments for healthy communities." Practice Greenhealth has recognized Cleveland Clinic as a leader in this area. Christina Vernon, outgoing Executive Sustainability Officer, noted how Cleveland Clinic initially focused on recycling and waste management, but has now expanded its attention to include energy management, green building, toxicity reduction, environmentally preferred purchasing, healthy transportation, and engaging caregivers and the community

in sustainability. Now the vision of sustainable practices is further “maturing.” Vernon added, “I’m trying to lead this organization to look at the full sustainability picture. I want to talk about social issues. I want to talk about economic issues. I want to talk about ecological issues. . . Start-ups like the Evergreen Cooperatives are really perfect examples of that triple-bottom-line approach.” Vernon admitted that Cleveland Clinic has a long way to go but notes that traction is starting to build in the organization toward a “triple-bottom-line approach.” Partially, as a consequence of the Greater University Circle Initiative, and its focus on social and economic inclusion, there is greater coordination between the sustainability, diversity, and community offices.<sup>329</sup>



Global Cardiovascular Innovation Center. Photo: Cleveland Clinic.

## GREATER UNIVERSITY CIRCLE INITIATIVE

As noted throughout, the efforts of both Cleveland Clinic and University Hospitals are linked to a broader community initiative, known as the Greater University Circle Initiative. Still, some long-time community residents view the area’s major anchor institutions within University Circle with a degree of mistrust and alienation.

In recent years, however, both hospitals are making progress toward integrating an anchor institution mission and deepening ties to their neighboring communities. For University Hospitals, it has involved, among other things, making a commitment to leveraging its purchasing power to improve the economic conditions of Cleveland and Northeast Ohio. This commitment was the result of a variety of motivations coalescing at the appropriate time to convince those in senior leadership that this shift was mission-aligned and financially prudent. University Hospitals made this commitment with Vision 2010 and will continue to progress in this direction even after that project is completed.

For Cleveland Clinic, its community investments in education, sustainability, workforce development, neighborhood revitalization, and outreach are working to shift its perception within the community. Of course, as with any transformation, there are bumps and obstacles along the way. But noted Henkel, “We are the Cleveland Clinic. . . the name of the city [is] in our name. And so we are here to stay.”<sup>330</sup>