

What Works: Philadelphia Anchors for Growth and Equity (PAGE)

By Jeff Hornstein and J'nelle Lawrence

Abstract

Philadelphia Anchors for Growth and Equity (PAGE) is a partnership between the Economy League, the City of Philadelphia, and more than a dozen Philadelphia-area institutions that works to increase local purchasing by large institutional buyers to grow Philadelphia businesses, strengthen the local economy, create jobs, and build wealth.

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The City of Philadelphia is home to more than 34 hospitals and universities, employing well over 100,000 people, with one of the highest concentrations of college students of any United States city. In any given year, these institutions spend more than \$5 billion on goods and services. According to research by the Office of the City Controller and the Economy League of Greater Philadelphia, only a fraction of that spend flows to local Black and brown-owned firms. It has been estimated that there is roughly \$500 million in “addressable opportunity,” that is, spending that could be shifted to existing local firms.¹ And that is only the tip of the iceberg: According to the Pew Philadelphia Research Initiative, Philadelphia lags behind other major cities in terms of Black business formation and ownership.² Additionally, the Greater Philadelphia Hispanic Chamber of Commerce estimates that in a city that is 13% Latinx, there are only about 700 Latinx-owned businesses with one or more employees.³ In sum, while there is far more institutional demand than there is current local vendor capacity to meet it, there is still plenty of room to diversify and localize institutional supply chains while also working to build capacity on the supply side.⁴

These facts and the rich opportunity space they represent—to grow local Black and brown-owned firms and address yawning racial wealth and income gaps on the local level—spurred the formation of [Philadelphia Anchors for Growth and Equity \(PAGE\)](#). PAGE is a collaborative effort by the Economy League of Greater Philadelphia, the Commerce Department of the City of Philadelphia, and six leading anchor institutions: the University of Pennsylvania and Penn Health System, Thomas Jefferson University and Health System, Temple University and Health System, Independence Blue Cross, Drexel University, and Children’s Hospital of Philadelphia.

Unlike similar collaborative partnerships among anchor institutions in cities like Baltimore, Cleveland, and Detroit, which were organized and supported by philanthropy, PAGE was incubated in the city government. It came out of the policy department of the Office of the Philadelphia Controller during the tenure of Alan L. Butkovitz. This gave PAGE both distinct advantages and disadvantages, as researcher and founding PAGE Director Mariya Khandros noted in a paper on the initiative’s “lean start-up methodology.”⁵ On the minus side, it meant that there were scarce resources for providing support beyond that which Controller Butkovitz could spare of his staff’s time. On the plus side, it meant the focus of the initiative’s early years was on building relationships and trust among competitive anchor institutions rather than on constructing shiny data systems or digital portals or hosting elaborate convenings.

It was not until PAGE left the nest of city government with the end of Controller Butkovitz's tenure and migrated to the nonprofit sector, to the Economy League, and had to raise funds to sustain itself did the unintentional wisdom of this approach become evident. PAGE had built a true value-add learning community among anchor procurement professionals such that their institutions willingly made significant multi-year financial commitments to support the work in its new home with the Economy League.⁶ The trust and camaraderie engendered in the early years also meant that access to actual procurement data was far less problematic for PAGE than for many other anchor collaboratives.

By nature, institutional procurement systems are relatively ossified. Large institutions seek efficiencies by channeling much of their procurement activity through supply chain integrators (SCIs) such as multi-service companies, large food vendors, healthcare group purchasing organizations, and major logistics firms.⁷ One thing PAGE understood quite early on was that the path to supply chain localization and diversification had to work with and through these SCIs. Otherwise, we would risk making life too complicated (and inefficient and costly) for our already hard-working supply chain professionals. We also learned from other anchor collaboratives—many of which had focused much time and energy on direct matchmaking between generally small local and diverse firms and major anchor institutions. I describe this approach as “bad speed dating” because, more often than not, there were scale and capacity mismatches.

We took a different approach. The early general operating principle of PAGE was to identify local and diverse firms that could plug into SCI supply chains with encouragement from major anchor clients. This, in turn, required a mechanism for tracking such second-tier relationships. In an early PAGE-related win, two major institutions convinced a major supply chain integrator to commit to regular reporting on its spending with local and diverse vendors. This gave the anchors increased visibility into how their dollars supported the local economy further down the supply chain.

In the most significant PAGE achievement to date, a local Black-owned lab supply company, EMSCO Scientific, formed a lucrative value-add partnership with ThermoFisher, one of the world's largest lab supply firms, with active engagement from the procurement team at the University of Pennsylvania. With the credibility conferred by the Penn deal, EMSCO was able to secure other major anchor contracts, and with the resulting substantial increase in revenues, EMSCO designed and financed a local logistics facility that will, in turn, help it expand beyond the Philadelphia market.

In the midst of all of this initial activity, the world was then roiled by the COVID-19 pandemic and the ensuing economic crisis. Universities went into a defensive crouch as non-essential personnel and students fled campuses, putting an effective halt to much economic activity. Major health systems also saw revenues collapse as COVID displaced virtually all elective procedures.⁸ Just as the world was beginning to assimilate the pandemic's impact, the viral video of the killing of George Floyd by a white Minneapolis police officer on May 25, 2020, sparked a rapid and intense reemergence of the Black Lives Matter movement as well as widespread civil unrest.⁹ The combination of the pandemic-induced deep recession and the racial equity movement created immense pressure for established organizations to make public commitments to focus their economic power on facilitating opportunities for Black and brown-owned local businesses and workers. In rapid succession, the CEOs of major firms like Google, Apple, Facebook, Bank of America, Comcast, and JP Morgan Chase pledged hundreds of

millions of dollars toward improving racial equity.¹⁰ The Greater Philadelphia Chamber of Commerce asked its members to follow suit by signing an Equity Pledge.¹¹

In this context, in August 2020, PAGE convened C-suite procurement leaders from Philadelphia's major anchor institutions, both the traditional higher education and healthcare partners (so-called "eds-and-meds"), as well as major Philly-based corporations like Aramark, PECO, Comcast, and Independence Blue Cross. In preparation for the August summit, the anchors provided PAGE a one-year procurement snapshot across 19 "brass tacks" categories of spend, broken out by local and diverse spend.¹² The PAGE team analyzed the data and found that of the nearly \$2 billion in spending in these categories, less than 23% went to local firms and less than 12% to "diverse" firms. (It should be noted that we did not ask firms to disaggregate "diverse" to specify women-owned business enterprises (WBE) versus minority-owned business enterprises (MBE) firms, so it is highly likely that the total Black and brown spend was substantially below 12%, at least in these 19 categories.) Since the summit, the PAGE team has been working diligently with anchor partners to develop plans to shift spend to local Black and brown-owned firms customized to each institution's needs and upcoming opportunities.¹³

As 2020 closed out, PAGE won several significant philanthropic awards to build out the initiative in two new directions. First, in recognition of the increasingly well-known challenge faced by Black and brown entrepreneurs in securing financing, the Economic Development Agency's "Build to Scale" program funded the creation of PAGE Capital, a hub for impact investors to deploy their resources to aid diverse firms in accessing growth capital.¹⁴

Second, two local foundations, the Barra Foundation and the Lenfest Foundation, funded the creation of PAGE Prep, a consulting consortium aimed at providing tailored business advisory services to firms in scale-up mode so that they have the tools they need to thrive in institutional supply chains.¹⁵ As this article goes to press, PAGE is working with local and national consulting and law firms to design and build a consulting alliance, with the aim of beginning to provide services by the end of Q2 2021.

PAGE is also working with allied organizations such as the African American and Hispanic chambers to construct a pipeline into PAGE Prep, which will mainly focus on firms already at substantial revenue seeking to scale to meet institutional demand. It is our assessment that existing programs do a fantastic job of getting firms from start-up to revenue, but that there is a gap in the market for those firms seeking to scale up from, say, \$1 million to \$10 or \$50 million. The PAGE Capital Advisory Committee has already met several times to hear pitches from local Black-owned firms seeking financing, with some deal flow in early stages; additionally, a group of Black real estate professionals has coalesced to form a PAGE Real Estate and Construction Subcommittee to increase diverse participation in the tens of millions of dollars spent on construction annually by anchor institutions.

In sum, the Economy League's PAGE initiative is gaining momentum and helping to coalesce a diverse procurement ecosystem. Along with our partners—like the Greater Philadelphia Chamber, the African American and Hispanic chambers, The Enterprise Center, Eastern Minority Supplier Diversity Council, and many others—we will continue to build and deepen the relationships between anchor institutions, SCIs, and local Black and brown suppliers, to continually iterate as we gain new insights into the barriers and challenges to access on both the supply and demand sides. As PAGE Advisory Committee co-chair and former Philadelphia Commerce Director Harold Epps put it, "We need to keep doing what we're doing, with intention and deliberate speed." The time is now.

End Notes

¹ Econsult Solutions, “Survey of Current and Potential Impact of Local Procurement by Philadelphia Anchor Institutions,” *The Economy League*, January 2014, <http://economyleague.org/uploads/files/200246130459747730-anchorinstitutions-january2014-web.pdf>; The Controller’s Office, “Anchoring Our Local Economy: Developing a Local Procurement Strategy for Philadelphia’s Higher Education and Healthcare Institutions,” *The Economy League*, April 2015, <http://economyleague.org/uploads/files/479178214582107859-anchorinitiative-manufacturingjobsroadmap-2015.pdf>.

² Alison Burdo, “Pew Report: Big Racial Gap in Philadelphia Business Ownership,” *Philadelphia Business Journal*, April 19, 2017, <https://www.bizjournals.com/philadelphia/news/2017/04/18/pew-report-race-of-philly-business-owners.html>.

³ Alison Burdo, “Pew Report: Big Racial Gap.”

⁴ When we use the term “diversify and localize,” we mean specifically to shift procurement dollars to Black and brown-owned firms located in the City of Philadelphia and secondarily to Black and brown-owned firms located in the 11-county Greater Philadelphia region.

⁵ Mariya Khandros, “Philadelphia Anchors for Growth and Equity: Applying the Lean Startup Methodology to Build a Financially Sustainable Anchor Collaborative,” *Metropolitan Universities* 30, no. 1, February 14, 2019, <http://journals.iupui.edu/index.php/muj/article/view/22412>.

⁷ Supply chain integrators and aggregators are companies that create efficiencies in supply chains by providing access to a wide variety of products at competitive prices. Aramark, for example, provides food service to hospitals and takes care of aggregating all of the components that go into that service. An SCI, in turn, works with a multitude of vendors, which provides another set of loci for supply chain localization and diversification. Examples of multi-service companies include Aramark, Sodexo, and Compass. Examples of large food vendors include Sysco and US Foods. Examples of healthcare group purchasing organizations are Vizient and Premier. Examples of major logistics firms are Owens and Minor, AmeriSource Bergen, and ThermoFisher.

⁸ Alan D. Kaye et al., “Economic Impact of COVID-19 Pandemic on Healthcare Facilities and Systems: International Perspectives,” *Elsevier Public Health Emergency Collection*, November 17, 2020, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7670225/>.

⁹ Larry Buchanan, Quoctrung Bui, and Jugal K. Patel, “Black Lives Matter May Be the Largest Movement in U.S. History,” *New York Times*, July 3, 2020, <https://www.nytimes.com/interactive/2020/07/03/us/george-floyd-protests-crowd-size.html>.

¹⁰ Sundar Pichai, “A Message From Our CEO: Our Commitments to Racial Equity,” *Google*, July 17, 2020, <https://blog.google/inside-google/company-announcements/commitments-racial-equity/>; Facebook, “Where We Stand: Actions We’re Taking to Advance Racial Justice in Our Company and on Our Platform,” *Facebook*, June 21, 2020, <https://www.facebook.com/business/news/where-facebook-stands-racial-equality-justice>; Brian L. Roberts, “Comcast’s Commitment,” *Comcast*, June 8, 2020, <https://corporate.comcast.com/commitment>; Bank of America, “Advancing Racial Equality and Economic Opportunity,” *Bank of America*, 2021, <https://about.bankofamerica.com/en/making-an-impact/helping-advance-racial-equality-and-economic-opportunity>; JPMorgan Chase, “JPMorgan Chase Commits \$30 Billion to Advance Racial Equity,” *JPMorgan Chase*, October 8, 2020, <https://www.jpmorganchase.com/news-stories/jpmc-commits-30-billion-to-advance-racial-equity>.

¹¹ The Chamber of Commerce for Greater Philadelphia, “Our Commitment to Equity,” *The Chamber of Commerce for Greater Philadelphia*, June 16, 2020, <https://chamberphl.com/2020/06/our-commitment-to-equity/>.

¹² The 19 categories are: Construction, IT, Security/Public Safety, Pest Control Services, Courier Services, Catering, Architecture/Design, Lab Supplies, Facilities Management, Communications/Public Relations, Business Advisory Consulting, Special Event Planning, Lobbying, Accounting, Personal Protective Equipment, Legal Services, and Insurance.

¹³ PAGE, “Investing in a Robust, Equitable, and Resilient Future for the Philadelphia Region,” *PAGE*, March 15, 2021, <https://documentcloud.adobe.com/link/review?uri=urn:aaid:scds:US:e076a644-52c6-424e-a475-11e0683b3296>.

¹⁴ David Baboolall et al., “Building Supportive Ecosystems for Black-Owned U.S. Businesses,” *McKinsey & Company*, October 29, 2020, <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/building-supportive-ecosystems-for-black-owned-us-businesses>; Andre M. Perry and Carl Bomber, “To Expand the Economy Invest in Black Businesses,” *Brookings*, December 21, 2020, <https://www.brookings.edu/essay/to-expand-the-economy-invest-in-black-businesses/>.

¹⁵ “Scale-up mode” is the point in the life cycle of a company when it is poised for rapid growth, either because it’s acquired new customers or new sources of financing or some other significant driver.

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About the Authors

Jeff Hornstein – I am a recovering academic who spent ten years in the labor movement and am now in the middle of his third career in public policy. I served five years in city government as Policy Director to former Controller Alan Butkovitz and now run a 112-year-old “think-and-do tank” called the Economy League of Greater Philadelphia.

In my non-work hours, I am chair emeritus and Education Committee chair of the Philadelphia Crosstown Coalition, a citywide “chamber of civic associations.” For ten years, I served on the Board of Queen Village Neighbors Association, a civic association in Philadelphia. Under my leadership, QVNA developed a \$250,000 a year dedicated revenue stream that has allowed it to become a pioneer in supporting neighborhood public schools and bridging racial and class divides in the neighborhood.

My current civic focus is helping communities build support ecosystems (“Friends of” groups) around neighborhood public schools. This work led to the formation of a citywide network called

the Friends Of Neighborhood Education (FONE). Since moving to Northern Liberties three weeks before the pandemic, I have gotten involved in NLNA and recently became chair of the Education Committee and was elected to the NLNA Board of Directors in June 2021.

I ran for City Council in 2011 on a platform of comprehensive tax reform and job creation. After leaving academia in 2001 with a Ph.D. in business history and publishing a well-regarded book on the real estate industry entitled “A Nation of Realtors,” I joined the labor movement. For a decade, I helped low-wage workers in the service and education sectors build workplace and political power.

J’nelle Lawrence – J’nelle Lawrence, MBA, is currently the Director of Philadelphia Anchors for Growth and Equity (PAGE) at the Economy League of Greater Philadelphia.

Before joining the Economy League, J’nelle was Supplier Diversity/Learning Development Lead for The Chemours Company, where she was responsible for the design and ongoing implementation of strategic-level Supplier Diversity and Learning & Development Programs for the Procurement function. Prior to Chemours, previous roles included the Supplier Diversity Manager at AstraZeneca Pharmaceuticals and Procurement roles at the Federal Reserve Bank of Philadelphia. At the Federal Reserve Bank, J’nelle was responsible for all areas of Procurement as well as overseeing the Supplier Diversity and Vendor Management Programs.

J’nelle holds a Bachelor of Science in Business Administration from Villanova University and a Masters in Business Administration with a concentration in Entrepreneurship and Innovation from Drexel University. J’nelle is very active in the local business community in Philadelphia and the state of Delaware, as an active member of the MSDC, WBEC, the New Castle County Chamber of Commerce, National Association of Women Business Owners, NaVOBA and Independence Business Alliance. She currently sits on the Board of Directors as the Director of Diversity for the Delaware Chapter of the Institute of Supply Management, as well as the Claymont Community Center Board of Directors.

In December 2014, J’nelle was recognized as a recipient of Delaware Today’s “Women in Business Award” and in June 2016 J’nelle was the recipient of DiversityPlus Magazine’s “Top 25 Women in Power Impacting Diversity.”