Making it feasible and enticing for anchor institutions to work consistently and at a larger scale with local businesses requires a better understanding of the system, its players, its incentives, and the policies and procedures currently in place that may limit how anchors can engage community businesses for procurement.

“If you try and keep the money you spend local, it’s a good thing because it benefits the community,” Brian Chapman tells me. Born and raised in Lowell, Massachusetts, and a graduate of Lowell High School, Brian Chapman is a Lowell guy through and through. He began his career at Clean Harbors, a company that performs environmental cleanup in the Boston area, where he learned both how to clean up old industrial sites and how the federal contracting system works. An entrepreneur at heart, Chapman decided to start his own company, Mill City Environmental, in Lowell, to take advantage of the business opportunities he saw. Mill City Environmental is a licensed, minority-owned, full-service environmental firm incorporated in Massachusetts in 2001. While most of the company’s business comes from the private sector, Chapman has experienced the good things that can happen when entities known as anchor institutions—large community mainstays such as hospitals and universities—hire local companies to take on the work they need done. Chapman’s clients include the local school systems as well as the University of Massachusetts at Lowell, and he knows how important it is to his community’s anchors to keep their business local.

Anchor institutions are loosely defined as “nonprofit institutions that, once established, tend not to move location.”1 As noted
above, these institutions tend to be universities and hospitals; New England prides itself on having some of the best of both.

Thanks in part to his anchor-institution clients, Chapman has been able to grow his business and now employs 46 people. “I've seen contracts that stipulate local workers need to be hired to do some of the work,” he says. “It shows that some organizations, whether it be local government or a university, understand that they have a role to play in the lives of the residents in their community.”

Anchor institutions also symbolize stability, as they root themselves in a geographic location and establish strong connections to their surrounding communities. Anchors employ, serve, heal, and educate local residents. It is time for these institutions to fully recognize and proactively commit their power to driving economic growth in their respective communities. This article describes how anchors can engage with local small businesses to identify the challenges that impede local contracting and discuss the key elements and partnerships needed for successful local procurement systems.

Mill City Environmental is exactly the kind of business that could benefit from anchor institutions rethinking the role they play in their communities. A step in the right direction would be to move beyond one-off conversations that lead to small, occasional contracts between an anchor and a local small business. Making it feasible and enticing for anchor institutions to drive economic growth in their respective communities. This article describes how anchors can engage with local small businesses to identify the challenges that impede local contracting and discuss the key elements and partnerships needed for successful local procurement systems.

When speaking with procurement department staff at anchor institutions, one is struck not only by how much they personally want to keep their business local, but also by how often they report on current policies or systems that make it difficult or even impossible to contract locally to fill their procurement needs. Such barriers include strict risk management policies that encourage institutions to go with larger, more familiar suppliers in an effort to avoid risk, to the detriment of smaller, local suppliers that may be able to provide the same service.

To help combat this problem, the Boston-based organization Intereise is convening a collaborative working group to do a “system mapping” exercise with the goal of expanding the number and size of contracts awarded to local women- and minority-owned businesses. Intereise helps scale established small businesses, create jobs, and develop local economies. Its StreetWise ‘MBA’ program puts promising business owners through rigorous training that helps them think more strategically about how to grow their businesses. Often, this search for continued business opportunity growth leads to a search for procurement contracts and government contracting.

What is system mapping? 1 “To change a system one must first understand the system,” says Jean Horstman of Interise. “Once a system as a whole is understood, one can shift [its] functions or structure ... with purposeful interventions that may include changes in operations, routines, relationships, resources, policies, and values.”

But merely changing procurement systems doesn’t address the whole problem. For example, the Initiative for a Competitive Inner City (ICIC) examined a program involving a change in state legislative