

# Impact Purchasing

Directing dollars health systems spend everyday to strengthen local economies, build community wealth, and address the economic and racial wealth gap.

With purchasing power of more than \$600 billion, health systems have a unique opportunity to leverage their supply chains to create positive social, economic, and environmentally sustainable impacts in their local communities. By spending with local, diverse, climate-resilient, and high-impact businesses (including employee-owned enterprises), health systems can create a more resilient and responsive supply chain and keep additional dollars circulating within the local economy. Doing so creates a multiplier effect, increasing local economic activity, and thus enabling wealth accumulation in communities. Healthcare Anchor Network's [Impact Purchasing Commitment \(IPC\) signatories](#) seek to grow their spend with local, employee-owned, and other high-impact businesses and achieve at least four sustainability goals.

An **anchor mission** is a commitment to intentionally apply an institution's place-based economic power in partnership with the community to mutually benefit the long-term well-being of both.

Health systems that adopt the anchor mission recognize that their hiring, purchasing, investing, and other institutional assets are an important part of creating thriving communities and equitable local economies. This strategic approach offers an opportunity to work at the intersection of many organizational priorities, such as health equity, community benefit, diversity and inclusion, prevention, sustainability, civic responsibility, and overall employee engagement, to foster greater alignment and overall impact.

## Business Impact Case

Impact purchasing strategies can complement health systems' business objectives by identifying and addressing pain points or vulnerabilities in the supply chain, while uncovering and building the capacity of local, diverse, and high-impact businesses to provide better quality products and services, thereby creating a more responsive and resilient vendor base.

### Short-term Impacts

- Address supply chain needs and gaps, creating a more efficient and resilient supply chain
- Increase supply chain resiliency by localizing and diversifying a percentage of vendors
- Leverage existing philanthropic and public funds to support vendor development
- Align sustainability, equity, community health, and community benefit priorities

- Strengthen reputation as the local provider of choice
- Increase the patient customer base since diverse suppliers may possess unique insights on creating new services and addressing challenges

### Long-term Impacts

- Increase local tax dollars from spending with local businesses
- Increase income, wealth, and jobs in the community through a multiplier effect from local spending
- Facilitate creation of quality jobs, which increases access to health insurance and reduces unemployment
- Build community wealth through increased local and diverse- and employee-owned businesses

# Here's how some leading health systems are using impact purchasing to improve their communities' overall health and well-being:

## RUSH UNIVERSITY SYSTEM FOR HEALTH

*Headquartered in Chicago, IL*

### Expanding Business Diversity

Rush University System for Health is increasing the amount of goods and services it sources directly from local vendors in Chicago's West Side in order to build community health and economic wellness.

[Click here for the HAN case study](#)

### Impact

- Rush partnered with Concordance Healthcare to build a new medical supplies distribution center on the West Side, which has created more than 40 new jobs over 5 years. The partnership also reduced Rush's carbon footprint by sourcing from a West Side-based facility rather than an out-of-state vendor.
- Rush's expanded contract with Fooda, a food technology platform that brings local restaurants onsite to serve Rush employees, included stipulations such as meeting 12% of local vendors from Rush's target communities.
- In May 2024, Rush signed a contract with a new local laundry vendor on the West Side, Fillmore Linen

Service. The contract is expected to result in annual savings of more than \$500,000 for Rush on laundry services; create up to 175 jobs on the West Side; provide environmental benefits through a sustainably focused facility; and contribute to the revitalization of the North Lawndale community.

### Key Strategies

- Focus on a few types of spend to shift and achieve some early wins.
- Build impact purchasing as a mindset to get important players to adopt the goals.
- Incorporate impact purchasing into internal organizational structures to enable a stronger alignment with organizational decision-making at the system level.
- Formalize internal procedures to promote impact purchasing's role and ensure that internal departments understand the anchor mission approach.
- Foster partnerships that enable stronger vendor relationships.

## CLEVELAND CLINIC

*Headquartered in Cleveland, OH*

### Building Supplier Capacity

Cleveland Clinic is fostering relationships between healthcare and local and other high impact businesses in the pursuit of providing holistic care and building healing environments. Cleveland Clinic has a longstanding commitment to leveraging resources and partnerships to drive economic impact in the communities it serves.

### Impact

- Evergreen Cooperatives—an employee-owned set of businesses that are integral to Cleveland Clinic's place-based community wealth building strategy—has grown from 18 workers in 2010 to approximately 320 in 2022. This growth was driven in part by Evergreen Cooperative Laundry (ECL), which increased its footprint by assuming operations of Cleveland Clinic's Collinwood laundry facility. ECL is LEED Gold certified and over 80% employee-owned.

### Key Strategies

- Collaborate with peer anchor institutions to cultivate local and/or employee-owned businesses that can address shared service needs (e.g., commercial laundry, mail processing hub).
- Implement a structured mentorship program to support local businesses in growing and scaling their operations through training, development, networking, and contracting opportunities. Include mentee self-evaluations to establish a baseline, identify opportunities, and create a platform to discuss progress.

## *Cleveland Clinic cont....*

- Encourage direct suppliers to increase spending with local and other high impact businesses within their supply chains by setting expectations and supporting suppliers in establishing goals, monitoring progress, and reporting on spending metrics.
- Partner with other health systems to provide programming designed to build the capacity of local and other high impact businesses and reduce barriers to contracting.
- Maintain ongoing commitments to fostering the growth of local and high impact companies by creating networking opportunities, investing in companies' development, and listening for how to work better together.

## **KAISER PERMANENTE**

### *Headquartered in Oakland, CA*

#### **Building Resiliency through Employee Ownership (BREO)**

Kaiser Permanente's impact purchasing strategy aligns commitments to supplier diversity, environmental sustainability, and economic opportunity. Already a national leader in supplier diversity, Kaiser Permanente is committing resources and leadership towards promoting employee ownership (EO) to strengthen the local supply chain, build community wealth, and reduce racial health and wealth disparities.

Kaiser Permanente partnered with Project Equity, a nonprofit specializing in employee ownership, and Obran, a worker-owned cooperative conglomerate. Together, they aimed to raise awareness of the advantages of employee ownership for workers, businesses, and communities, and to provide support for businesses interested in transitioning to this model, thereby enabling employees to share in the financial success of their companies.

#### **Impact (as of spring 2023)**

- Supported the transition of two companies to employee ownership, providing 194 employees access to increased wages, expanded benefits, and ownership opportunities.

- Educated over 1,000 suppliers on employee ownership and provided in-depth consultation to 66 suppliers on finances, succession planning, and employee ownership potential.

#### **Key Strategies**

- Intentionally integrate employee ownership as part of a broader impact purchasing strategy through formal commitments.
- Partner with employee ownership experts to provide consultation and concrete support to businesses considering transitioning to employee ownership.
- Educate internal procurement and community health staff on the benefits of employee ownership and how it fits into the broader impact purchasing strategy to increase buy-in and momentum.
- Conduct tailored outreach to businesses in the supply chain and educate them on employee ownership models and their value.
- Develop a centralized, comprehensive supplier database to facilitate outreach and education.
- Use grants and impact investments to provide access to capital to support the transition of businesses to employee ownership, as well as to deliver education about employee ownership across the supply chain.

## Strategies for Getting Started

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**Creating connections** focuses on intentionally linking existing local, diverse, and high-impact vendors (e.g., worker-owned businesses) to contracting opportunities within the health system.

- Establish metrics to support local and diverse suppliers.
- Embed local and diverse sourcing goals into RFPs and contracting processes.
- Unbundle contracts and carve out opportunities for new local and diverse vendors.
- Conduct outreach and education within the system and among current suppliers.
- Focus on categories of spending that lend themselves to local procurement (e.g., construction, food, and other services).
- Leverage long-term contracts with distributors, aggregations, and contractors to achieve internal procurement and local hiring goals.
- Partner with the local business community (e.g., chambers of commerce) to share upcoming opportunities.

**Building capacity** means increasing the ability of local, diverse, and other high-impact businesses to meet health systems' supply chain needs—growing the capacity of existing businesses as well as helping to incubate new businesses. Capacity strategies are most effective when employed in combination with internal policies that encourage connections with local vendors.

- Create mentor-mentee programs that pair experienced vendors with newer ones.
- Connect vendors to technical assistance and capacity-building training opportunities.
- Provide in-kind support (e.g., space, expertise, access to information) to support businesses.
- Collaborate with other anchor institutions around shared demand.

[For a list of sources, click here](#)