

Detroit, Michigan:

Henry Ford Health System

Our board, more than five years ago, before the economic meltdown, adopted as one of its six principles for an envisioned future. . .to be a significant force in the redevelopment of the city of Detroit.

- William Schramm, Senior Vice President of Strategic Business Development, Henry Ford Health System²⁶⁴

Conscious of its impact as a principal Detroit and southeast Michigan anchor, Henry Ford Health System has steadily increased its efforts over the last decade to leverage its resources to help transform and revitalize the city of Detroit. Many of the more well known of these initiatives have been coordinated with the Detroit Medical Center and Wayne State University—the other two principal anchors located in Midtown Detroit—in a collaborative, multi-institution partnership to improve the depressed economic condition of the city.²⁶⁵ Henry Ford has also undertaken other projects independently or with other regional partners, such as Presbyterian Village of Michigan, United Methodist Church, Dearborn Public Schools, Henry Ford Community College, and the Michigan State Housing Development Authority.

Founded in 1915, the not-for-profit Henry Ford Health System operates throughout southeast Michigan, comprising six hospitals, 32 medical centers, and one of the country's largest group practices—the Henry Ford Medical group, which includes more than 1,200 physicians across 40 specialties. Today, Henry Ford is the fifth-largest employer in metro Detroit with more than 23,000 employees and a workforce that is more than three-quarters female and approximately one-third minority. The health system, which has revenues in excess of \$4.2 billion annually, generates more than \$1.7 billion in yearly economic activity.²⁶⁶

The flagship for the system is Henry Ford Hospital, an 802-bed hospital based in Midtown Detroit, which procures more than \$650 million in goods and services annually. Within the City of Detroit alone, Henry Ford employs more than 10,000 people. Along with the Detroit Medical Center, the two hospital systems are responsible for a majority of healthcare services for the city of Detroit.²⁶⁷

Economically, Detroit is struggling. Population loss continues to plague the city, with nearly 240,000 people, or more than a quarter of the population, leaving the city between 2000 and 2010, according to the U.S. Census. As a result, the city has dropped

from the 10th-largest at beginning of the 21st century to the 18th-largest today. Additionally, a 2009 survey by the Detroit Data Collaborative showed that although 86 percent of the city’s single-family homes appear to be in good condition, more than 26 percent, or 91,000, of Detroit’s residential parcels now stand vacant. Consequently, the resulting low density caused by these vacancies has placed a strain on the city’s infrastructure. Although Detroit is still home to The Big Three automakers—Ford, General Motors, and Chrysler—today the three largest private employers in Detroit are the medical and educational anchors in Midtown: Henry Ford, Detroit Medical Center, and Wayne State University.²⁶⁸

Detroit is also beset with marked health disparities, and has among the highest rates of infant mortality in the country. According to Nancy Combs, Director of Community

HENRY FORD HEALTH SYSTEM ANCHOR STRATEGIES

Neighborhood Revitalization

- \$530 million campus expansion plan, goal is to leverage \$1 billion in outside investment
- Constructed transportation and façade improvements in neighborhood
- Acquires/rehabilitates properties with state’s Housing Development Authority

Local and Minority Purchasing

- Procures about 10% locally or regionally
- Goal: \$100 million from minority vendors; reached \$86 million, 660 firms in 2010
- Transparent Sourcing Policy to increase minority business opportunities
- Land acquisition to attract large suppliers to relocate to Detroit

- Provides discretionary spending contract opportunities to local, small businesses

Multi-Institution, City, and Regional Partnerships

- *Live Midtown*: employer-assisted housing program supported by the 3 Midtown anchors, Henry Ford: \$1 million over 5 years
- *Source Detroit*: Midtown anchor partnership to procure locally, \$16.5 million transferred to date
- Henry Ford Early College: 5-year clinical degree program for high school students, with local school district and community college
- East Jefferson project: partnership expands PACE program, adds affordable housing component
- TechTown: nonprofit business incubator at Wayne State University
- Partner with 3 other health systems to address infant mortality

Health, Equity & Wellness for the Henry Ford Health System, there have been several years when Detroit has ranked first in the nation; in 2011, the city ranked third. Within the numbers is a notable racial disparity. As Combs explained, “Infant mortality is three times as high among African-American women as white women.”²⁶⁹

The importance of community engagement has been institutionalized in a variety of ways for many years at Henry Ford. Dr. Kimberlydawn Wisdom, Senior Vice President of Community Health & Equity and Chief Wellness Officer, recounted how both the current Chief Executive Officer, Nancy M. Schlichting, and her predecessor Gail Warden, had focused on the community “more than your typical CEO.” As far back as the early 1990s, Warden had helped start up the Center for Health Promotion and Disease Prevention that had a public health, disease prevention, and research focus. These earlier initiatives occurred during a period when receiving grants for, and hospital interest in, community health work was not yet common. One current community intervention, “Sew Up the Safety Net for Women and Children,” is a partnership between the CEOs of four hospital systems serving Detroit (Detroit Medical Center, Henry Ford, St. John Providence Health, and Oakwood Healthcare System) that aims to tackle the issue of infant survival by targeting three Detroit neighborhoods and focusing on certain socioeconomic determinants that contribute to the city’s high rate of mortality.²⁷⁰

Another partnership focused on a specific population is the East Jefferson project, a collaboration between Henry Ford, Presbyterian Village of Michigan, and the United Methodist Church. This effort expands on Henry Ford’s Center for Senior Independence, which is organized as a Program of All-inclusive Care for the Elderly (PACE) model that strives to keep an elderly patient “out of a nursing home” by serving them in a community setting, as well as at home. In many of the more successful PACE programs nationally, affordable housing for participants has been an important component, addressing a key social determinant for this aging population. According to John Polanski, Chief Executive Officer of Community Care Services for Henry Ford, this housing component has been missing from the current program. Polanski explained, “In the last year, we’ve been developing plans to expand the program from 200 persons. . .to upwards of 1,000 to 1,200 people over three years. In order to do that, we wanted and needed a housing partner.” Since housing has not historically been the health system’s core competency, Henry Ford partnered with Presbyterian Village of Michigan, which operates senior living communities across the state.²⁷¹

The first phase of the project, which broke ground in 2011, will include one of the city’s first assisted-living centers, with 74 affordable and six market-rate units, along with a second Detroit location for Henry Ford’s Center for Senior Independence—all located two blocks from the Detroit River. This project is being supported by a \$2 million grant from the Community Foundation for Southeast Michigan and active efforts by the three partners to leverage tax credits, loans, and grants from the state, Wayne County, and the City of Detroit. The combination of these funds will total \$24.6 million, and the project is estimated to create 350 construction jobs, 183 permanent healthcare

positions, 150 to 170 housing units, and have an estimated economic impact of \$250 million over the first decade. Polanski added that he thinks within three to five years, this PACE program could be the largest of its kind in a consolidated geographic region like Southeast Michigan.²⁷²

In addition to these community health initiatives, Henry Ford has also consciously embraced several anchor strategies. Schramm noted, “Typically, we categorize our efforts in one of three buckets: where we’re acting as a catalyst, where we’re acting as an advocate, and where we’re acting as a partner.” In a partnership, Henry Ford invests resources with the intention of leveraging additional funds. As a catalyst, Henry Ford seeks to attract capital to the area without committing its own resources. And finally, as an advocate, Henry Ford engages stakeholders and policy makers on issues such as charter school policies.²⁷³

One such partnership that Henry Ford has been involved in is TechTown, a nonprofit business incubator based at Wayne State and incorporated in 2000, that strives to spur business growth, job creation, and the revitalization of Midtown Detroit. With the help of a variety of stakeholders, including General Motors, the Kresge Foundation, and Henry Ford, among others, TechOne, the incubator’s first building facility, opened in 2004. Henry Ford assisted this project in two important ways. First, it provided office space, services, and supplies to TechTown staff prior to TechOne opening—consequently, acting as an incubator for TechTown. Second, in 2008, Henry Ford relocated its genetics labs, occupying nearly 13,600 square feet in TechOne, or nearly one entire floor of the five-story building, serving as an important anchor for the new facility.²⁷⁴

“In addition to what is going on [at TechTown]. . . we’re also focused on place making,” noted Schramm. These “place making” community investments have been heavily targeted in Midtown Detroit. Along with a coalition of supporters including the Detroit Medical Center, Wayne State, Hudson-Webber Foundation, Kresge Foundation, and the Michigan State Housing Development Authority, Henry Ford is a partner in the *Live Midtown* initiative that is administered by Midtown Detroit, Inc., a nonprofit organization dedicated to the physical maintenance and revitalization of Midtown Detroit. Live Midtown is an employer-assisted housing program that encourages employees of the three major anchors in Midtown—Henry Ford, Detroit Medical Center, and Wayne State—to live, invest and work in the same community.²⁷⁵

The pilot program, which began in 2011, had committed funds of \$1.2 million, including nearly \$440,000 released specifically to Henry Ford applicants. In the first year, 72 Henry Ford employees received Live Midtown funds. Fifteen employees purchased homes, 22 were new leasers, 34 renewed leases, and one family made exterior home improvements. The initial success of the program has led Henry Ford to commit more than \$1 million over five years, with additional matching funds from other anchor institutions, foundations, and the state. Now, over the initiative’s first two years, more than 450 anchor-institution employees have taken advantage of housing incentives,

including over 135 from Henry Ford. To date, more than \$1.5 million of funding has been released to employees through this place-based revitalization strategy.²⁷⁶

Of the initiative, Schramm is cautiously optimistic: “I think it’s still early; Live Midtown will be completely successful when we stop providing the incentives and the demand continues to increase.” Currently, market-rate apartment occupancy is about 95 percent. The same type of demand is occurring for single family homes in the Midtown area too. Despite an interest by the community to broaden the impact area, Henry Ford and other coalition members remain primarily focused on the Midtown area. “Until we get to a sustainable level I think we’ve got to stay concentrated. If you dilute it, you’re not going to see the impact,” said Schramm. The initiative also influenced the partnership of other large businesses to replicate the program focusing on the downtown central business district.²⁷⁷

In another effort aimed at revitalization, Henry Ford has entered into a joint venture with the Michigan State Housing Development Authority that is focused on acquiring and rehabilitating properties that have been claimed by the City or County because of unpaid property taxes. Other properties that are beyond repair are acquired and demolished. The overall goal of this process is to stabilize the neighborhood with regard to vacant and abandoned buildings. In contrast to the financial incentives in Live Midtown, this effort is not limited to employees. Through the same community development partnership, Henry Ford is also “helping individuals qualify for various exterior façade, energy revitalization or retrofitting for owner-occupied houses that are in the neighborhood.”²⁷⁸

For the south side of the Henry Ford Hospital campus, Schramm said that Henry Ford has a “plan for a \$530 million investment for new research, ambulatory care, and education facilities. Our intention is to design and plan in a way that will attract other kinds of investment on a scale of one to two.” The hope is that this \$500 million investment will attract nearly \$1 billion in new real estate development, such as housing, business, office and commercial, retail, some restaurants and hospitality, or even a movie theater, helping to create a campus that spans West Grand Boulevard and embraces the surrounding community. This effort is more narrowly targeted on a specific geographic area than Live Midtown, limited to the area directly south of the Henry Ford campus. To date, Henry Ford has acquired approximately 80 percent of its target property for “mission”-related development and hopes to begin construction in 2014.²⁷⁹

Several other initiatives highlight different strategies Henry Ford has employed as an anchor institution. Several blocks to the east of the Henry Ford campus, Henry Ford is striving to act as a catalyst by constructing transportation and façade improvements. As part of this effort, Henry Ford is trying to make the avenue increasingly “livable,” by installing bike lanes and green paths. From a partnership and advocacy perspective, Henry Ford is helping charter schools with property acquisition and development in the local community and is exploring the option of collaborating to create its own charter

school focused on health, wellness, well-being, and sustainability. Currently, all public charter schools are required to draw students from an open lottery. Henry Ford is working with the state to craft legislation that would allow it to provide a modified lottery that enables a geographic preference for a certain percentage of the students.²⁸⁰

Another community partnership focused on education is the Henry Ford Early College, which is a collaborative effort with the Dearborn Public Schools and Henry Ford Community College (no affiliation to the hospital system). Currently enrolling 250 students, the Early College's intention "is to take kids, many who are at risk and have a high prob-

ability of not completing high school, and get them engaged in a track toward a clinical profession as ninth graders," according to Schramm. As a result, these students can graduate in as little as five years with their high school diploma, associate's degree, and clinical certificates. Additionally, students will have avoided any tuition costs because state funds support that student for the thirteenth year. The first graduating class received their degrees in May 2012.²⁸¹



Concept for housing along Trumbull Ave leading up to future campus. *Illustration: Henry Ford Health System.*

Henry Ford has also used its purchasing power to encourage businesses to relocate to Detroit and to actively purchase from existing local businesses to support the revitalization and economic stabilization of the City of Detroit. This commitment to local purchasing is institutionalized throughout the organization, explained Jim O'Connor, Vice President of Supply Chain Management Department at Henry Ford, starting with Henry Ford's CEO, Nancy Schlichting. Although targeting local purchasing efforts had been part of the culture, Henry Ford, along with Detroit Medical Center and Wayne State, made official a new 'Buy Detroit'—now *Source Detroit*—effort in early 2011, leveraging a portion of the three anchors' nearly \$1.6 billion in annual procurement to help revitalize the city. To date, approximately \$16.5 million in purchasing has been transferred to Detroit-based businesses. Added O'Connor, "Glenn Croxton, [Director of Vendor Compliance and Management in the Supply Chain Management Department at Henry Ford], and I are personally committed as well. This is something we were committed to before there was 'Buy Detroit.' That brought some additional structure and focus to it."²⁸²

As part of its strategy, according to O'Connor, Henry Ford is trying to attract large manufacturers, distributors, and healthcare-related businesses to Detroit. At the same time, Henry Ford is targeting existing small businesses in the community—for example, purchasing fresh breads, sub buns, and dinner rolls from Milano Bakery in Eastern Market, a fixture in the Detroit community since 1958. This additional business, along with new

demand from Wayne State University, is credited with enabling the owner of the bakery to move from considering lay-offs to adding a second shift, according to Schramm. Jointly, Detroit Medical Center, Wayne State, and Henry Ford have also created new local contracts regarding plumbing supplies, office supplies, and containers, with the goal of helping these businesses “build volume.”²⁸³

O’Connor said that Henry Ford does not do “set asides” for competitive spending but that they encourage local businesses by actively working with them to build their capacity. “We may give them another opportunity with a smaller piece of business that is discretionary to see if they can prove themselves. . . We try to grow people that are small, but we don’t want to grow them too fast so they fail,” remarked O’Connor. To date, approximately 10 to 11 percent of total spending is purchased locally or regionally.²⁸⁴

Procurement policy and practice is another area where Henry Ford has consciously modified institutional focus in order to spur local economic development and minority contract-

ing. Henry Ford’s Transparent Sourcing Policy is an effort to increase the number of contracts awarded to women- and minority-owned businesses. The policy requires that any contract greater than \$20,000 be competitively bid by businesses. Randy Walker, Henry Ford Vice President and Chief Diversity Officer, emphasized “we’re striving to level the playing field. . . Our goal is that the percentage of our [minority- and women-owned] spend compared to total spend is both a national benchmark and best in class. Most of our [minority- and women-owned] suppliers are located in southeast Michigan, which is an additional local economy benefit.” Henry Ford has set a target of at least \$100 million in contracting awarded to women- and minority-businesses; in 2010, they reached \$86 million.²⁸⁵

According to O’Connor, the percentage of Henry Ford’s spending with minority firms has fluctuated but the total number of minority and women suppliers has increased; in 2010, Henry Ford worked with more than 660 minority-owned suppliers. One reason for this fluctuation is that one large minority-owned firm became a publicly traded company, removing it from the calculations. Another dynamic affecting this number is construction. As new construction and facility development cycles, expenses and opportunities increase and decrease. With regard to the construction projects, the “local” focus extends beyond Detroit to also include the tri-county level.²⁸⁶



Rendering of potential campus expansion ringing an open space. *Illustration: Henry Ford Health System.*

One other major project is an effort to consolidate Henry Ford's purchasing of medical surgical supplies into "one single vendor that is a primary source for the medical center." According to Schramm, Henry Ford currently buys nearly \$100 million worth of these supplies from two separate vendors. As part of awarding this contract, the vendor would have to agree to relocate part of its strategic development into the City of Detroit. In order to accomplish this, Henry Ford is working to assemble 24 acres and is initiating environmental assessments (both Phase I and Phase II) on the property. In doing so, Henry Ford facilitates and helps accelerate the overall development process, creating a more viable, less risky project for the developer.²⁸⁷

All of these initiatives have not been without their difficulties. With regard to increasing diversity in the organization and throughout the supply chain, Walker emphasized that the biggest challenge has been "pushing some of these programs down to some of the business units. . .trying to penetrate, trying to engage is sometimes challenging in an organization the size of ours." Some in Henry Ford had hoped this transformation would occur more quickly. According to Walker, the issue is less a conscious refusal to incorporate better diversity practices in hiring and to comply with the sourcing policy, but more one of employees not prioritizing these policies at the same level as the rest of their work. Commented Walker, "I just think that people get so much on their plate, they're overwhelmed with medicine, and you have to make sure you put the right checks and balances to drive behavior. Henry Ford is continuing to work on increasing its supplier diversity, and we're committed to it long term. We look at this as a journey."²⁸⁸

Another challenge has been the lack of information and help from agencies within the City of Detroit regarding potential development and business opportunities. Explains O'Connor, "At times, we have had to deal with an absence of information and data." To address this issue, the three Midtown anchors have worked to create subgroups to focus on specific commodities, such as food products, to even the possibility of a food cooperative. O'Connor noted, "When we meet, we try to look and identify opportunities and commodities. . .That's very difficult to do within your own six hospitals, let alone when you try to do it across three different organizations. . .It can be done, but it's hard work."²⁸⁹

A third challenge is the ability to purchase certain supplies locally or regionally, specifically pharmaceuticals and medical devices. This supplier capacity takes time to develop in a community, and O'Connor is optimistic about the possibilities that come with this challenge. For O'Connor, it is a process of building capacity and the mechanisms for eventually being able to procure some of these more difficult supplies locally, whether through local group purchasing efforts, or other strategies. Commenting on this effort, O'Connor stated, "In fact, we think it can happen, and should happen."²⁹⁰

A broader challenge that impacts all of Henry Ford's redevelopment efforts is determining how to deploy scarce human and financial resources in the most effective way

possible. For example, according to Thomas Habitz, Urban Planning Specialist at Henry Ford, there have been initial conversations regarding community capacity building strategies. The focus of these strategies would involve Henry Ford lending primarily technical, but also in some cases financial, assistance to existing community organizations. In essence, the goal would be to empower existing members of the community to become more capable partners in helping revitalize the local neighborhoods. To date, there has been little movement in this area. Habitz pointed out that it is “a bit difficult to find a blueprint for this type of strategy in an environment where vacancy levels are above 50 percent. We are already taking the organization out of its comfort zone with many of the other neighborhood improvement efforts we are currently involved in.” Still, Habitz noted that Henry Ford is interested in pursuing a strategy in the future that allows for greater community ownership over redevelopment initiatives.²⁹¹

In many respects, Henry Ford remains in the beginning stages of its effort to embrace an anchor institution mission. They are working on long-term strategies to increase retail services and improve food access, support community streetscape improvement and safety initiatives, and increase access to recreation and green spaces. Currently, however, Henry Ford lacks long-term strategies to mitigate the potential displacement of low-income residents. Henry Ford’s leadership has said that the combination of limited hospital resources and the severity of disinvestment means that they have chosen to prioritize attracting new neighborhood residents as their primary focus at this time.²⁹² As revitalization efforts unfold, how Henry Ford’s different initiatives impact existing residents is worth observing and assessing. Despite this concern, Henry Ford, in collaboration with other anchor institutions, community, and local government partners, is working earnestly to transform and revitalize Detroit. As Walker noted, this process should be viewed as a “journey.” O’Connor confirmed this sentiment, adding that there is still much “hard work” ahead.²⁹³