

Creating an Anchored Local Economy in Newark

Recommendations for Implementing a Comprehensive Local Procurement Strategy

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Introduction

As an older industrial city, Newark continues to rebuild and reimagine its economy. The large anchor organizations headquartered in the city are a tremendous asset. They are the largest employers and have made significant investments in real estate. Anchors also drive economic growth by purchasing goods and services from local businesses. Prior research finds that directing a larger share of these procurement opportunities to local businesses would spur firm growth and the creation of local jobs in Newark.¹

The Initiative for a Competitive Inner City (ICIC) was engaged by the Prudential Foundation in 2014 to analyze the size and nature of local procurement opportunities in Newark. We analyzed procurement data from six anchor organizations and interviewed 70 individuals from organizations that

directly and indirectly support small business development in the city. Our efforts were guided by a local advisory group comprising 30 organizations. This report highlights significant findings from our research and provides a set of recommendations for the city to implement to support a robust buy-local initiative.

Newark has the opportunity to develop a successful anchor procurement initiative built on the realities of its anchor and small business landscape. It will require long-term commitments, changes in policies and procedures at anchor organizations, focused and coordinated small business development efforts, and sustained leadership that represents a coalition of anchor, small business and community partners.

The Economic Power of Anchor Organizations in Newark

Anchor organizations play significant roles in their local economies due to purchasing power, real estate, employment, and a long-term interest in seeing their local communities thrive. Their history, relationships, institutional mission, and investments root them in their local communities. The anchor term is typically applied to universities and hospitals, but municipal governments, community foundations, corporations, sports teams, and arts and cultural organizations can also behave as community anchors. The sustainability of anchor organizations is inextricably linked to the vitality of their surrounding communities. It affects demand for their goods and services, employee attraction and retention, business operations and overall competitiveness. It is in an anchor's interest, therefore, to build a strong, healthy local economy.

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ICIC's Anchor Institution Strategic Framework defines seven strategies anchors use to accelerate urban economic revitalization: provider of products or services; cluster anchor; purchaser; employer; workforce developer; real estate developer; and community developer (figure 1). Anchor organizations that intentionally engage these seven strategies will produce measurable returns for both the community and the organization.

Newark is in the midst of major revitalization and the city's anchors are a major asset. We initially identified over 35 anchor organizations in Newark based on total annual operating expenses, number of employees, and commitment or ties to the city.² While there are many organizations in Newark, such as the local community development corporations and faith-based organizations, which could be deemed anchor institutions because of their significant and long-standing leadership in community revitalization, we limited our list to major economic anchor institutions.

For the purpose of our procurement analysis, we narrowed the list down to 19 anchors based on the location of their headquarters, their control over procurement in Newark, and if their total annual operating expenses are greater than \$25 million (map 1). This cut-off ensured that we would be analyzing organizations with substantial annual purchasing budgets and it represented a bifurcation point in the data (i.e., the distribution of firm size had a gap at this point).

Figure 1: ICIC's Anchor Institution Strategic Framework

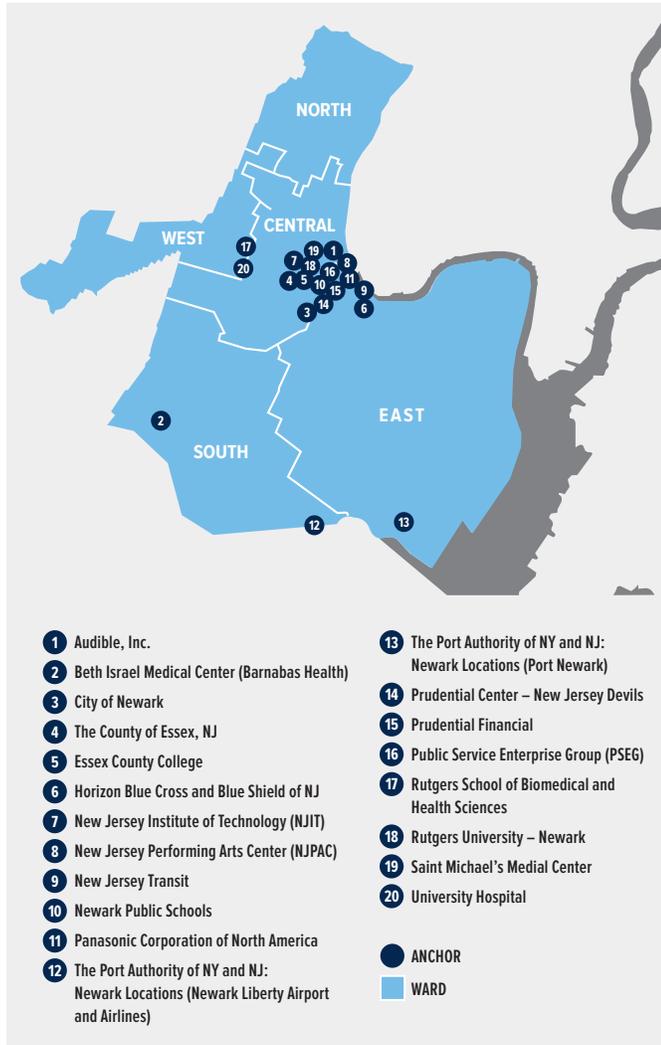


These criteria eliminated anchors such as Seton Hall University School of Law, Berkeley College-Newark and Verizon. We solicited 2013 procurement data from all 19 anchors and received data from nine. Only six datasets included sufficient information for our analysis:

- New Jersey Institute of Technology (NJIT)
- New Jersey Performing Arts Center (NJPAC)
- Panasonic Corporation of North America
- Prudential Financial
- Rutgers School of Biomedical and Health Sciences (formerly part of the University of Medicine and Dentistry of New Jersey (UMDNJ), now part of Rutgers University, but the procurement departments had not been merged at the time of this study)
- Rutgers University – Newark

We were unable to analyze the other three procurement datasets because they did not include vendor address information or purchasing categories. The remaining 10 anchors did not provide data for a variety of reasons. The leadership and procurement contacts at two anchors were simply not responsive in spite of numerous attempts to engage them. An additional four anchors were not willing to participate in the study because of privacy concerns. Four anchors were willing to provide procurement data but either they did not collect the type of data we needed or the procurement staff did not have the capacity to sort the procurement information we needed for our project. There is a significant barrier to collecting procurement data from hospitals because their purchasing often is centralized at the system level.

Map 1: Anchor Organizations in Newark



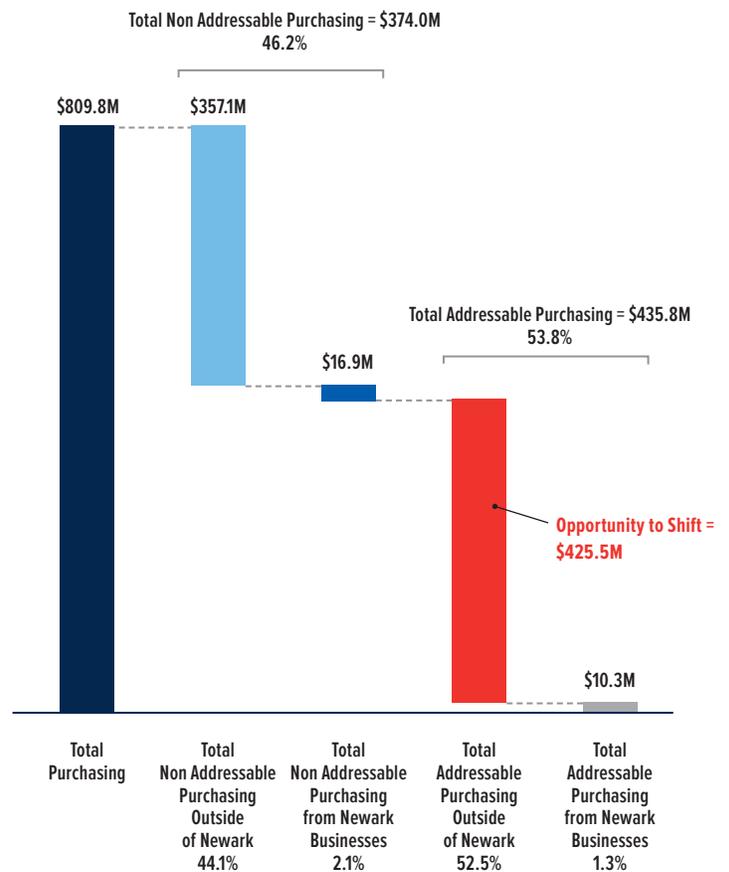
Local Procurement Patterns

In aggregate, the six anchors analyzed for this study spent nearly \$810 million in 2013. Just over three percent, or \$27.2 million, was spent purchasing goods and services from Newark businesses (figure 2). It is important to note that this data underestimates the total purchasing by the six anchors because it does not include purchasing by offices outside of Newark. For organizations such as Panasonic, for example, which has multiple offices, this is clearly just a share of their total North American procurement expenses. In addition, three anchors removed some larger “fixed cost” purchasing categories, such as payroll, rent, and utilities, from their datasets before sharing them with us, which would have increased the total purchasing from Newark businesses.

Every anchor organization, including the six we analyzed, purchases specialized goods and services (e.g., certain laboratory supplies) that may only be available from one or two businesses in the country or globally. In addition, some purchases can only be made in a certain location (e.g., hotels, utilities, advertising, etc.), and anchors also have long-term contracts with certain vendors. Therefore, it is important to define “addressable purchasing” opportunities that exclude these categories when identifying the size and nature of local procurement opportunities. We used this definition to segment procurement data into addressable and non-addressable categories for each of the six anchors.

“Addressable purchasing only includes purchasing that is easily shifted to local businesses. It excludes long-term contracts, specialized goods and services, and location-specific purchases.”

Figure 2: Local Procurement Opportunities by \$ Value



Source: 2013 procurement data from six anchor institutions: New Jersey Institute of Technology (NJIT), New Jersey Performing Arts Center (NJPAC), Panasonic Corporation of North America, Prudential Financial, Rutgers School of Biomedical and Health Sciences and Rutgers University – Newark.

In aggregate, the six anchors purchased over \$435 million in addressable goods and services (figure 2). This accounted for roughly half of their total purchasing budgets. Just over two percent, or \$10.3 million, was purchased from Newark businesses. If the six anchors collectively shifted 10 percent of their total addressable purchasing to local businesses it would result in an additional \$33 million flowing into Newark businesses annually. Individually, some anchors already purchase a greater share of their addressable goods and services from local businesses. The percentage ranges from less than one percent to 15 percent. To achieve an aggregate goal of 10 percent local purchasing would require significant increases for some anchors, but not all.

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Priority Procurement Opportunities

The feasibility of a local procurement initiative in Newark depends not only on the opportunities and willingness of the anchor organizations to shift more purchasing locally but also on the capacity of local businesses to fulfill that demand. We analyzed anchor demand by aggregating and then ranking net addressable purchasing categories across the six anchors by total dollar value. To assess local business capacity (the supply-side), we identified the number of businesses within each purchasing category with annual revenues of at least \$1 million (see methodology note on page 6). Our data analysis reveals a number of significant procurement opportunities where existing Newark firms could potentially become suppliers. Additional qualitative analysis revealed more opportunities for smaller businesses. As a result of these findings, we suggest that Newark should adopt a parallel approach for increasing local procurement in the near term: (1) creating matches in 18 target procurement categories that represent larger contracting opportunities as well as (2) supporting matches for smaller businesses with smaller, accessible anchor purchases. We also identify procurement categories that represent industries with a competitive advantage in Newark, but where local business capacity currently is weak. Long-term investment will be needed to support the growth of Newark’s small businesses within these industries.

A note on our methodology: Since every organization uses different purchasing categories, we needed to standardize the data we received from the six anchors. We matched every purchasing category to the 4-digit NAICS code that best represents it. This approach also allows us to match the procurement categories to the local supply base.

Target Opportunities for Large Anchor Contracts

We identified 18 industries that correspond to the greatest opportunity for increased local procurement in Newark in the near term (table 1). The Appendix includes a description of each North American Industry Classification System (NAICS) code with examples of businesses. They represent over \$321 million in potential new revenue for local businesses. At least three Newark businesses of sufficient size (i.e., their annual revenues are greater than or equal to \$1 million) are currently operating within each of these industries, meaning a procurement match should be feasible. Overall, there are 3,235 businesses in Newark that report annual revenues that exceed \$1 million.

The small business and procurement experts we interviewed felt the 18 industries were appropriate targets. Overall, they believe that Newark businesses are strongest in the service sectors and weaker in retail and wholesale. Legal Services (5411) was the most cited strong industry in Newark. Interviewees noted the volume of law firms in Newark, as well as their variety in size, with one expert commenting that Newark has both a lot of 1-2 person firms and some of the biggest firms in New Jersey. Interviewees also agreed that Architectural, Engineering, and Related Services (5413), Advertising, Public Relations, and Related Services (5418), Services to Buildings and Dwellings (5617), Printing and Related Support Activities (3231), and Computer Systems Design and Related Services (5415) are industries with significant strength and potential in Newark.

The experts also commented that within Management, Scientific, and Technical Consulting Services (5416), while there are many Newark businesses, the industry has many specializations within it which may lessen the alignment between the businesses and the needs of the anchors. In addition, the following three industries stood out among those we interviewed as being relatively weak in Newark: Household Appliances and Electrical and Electronic Goods Merchant Wholesalers (4236), Paper and Paper Product Merchant Wholesalers (4241), and Electronics and Appliance Stores (4431).

Other recent studies of Newark’s economy provide additional support for these target opportunities. *Newark’s Manufacturing Competitiveness: Findings and Strategies*, published by Brookings, identifies over 400 local manufacturing companies in Newark, with the larger firms concentrated in 13 industries.³ The following represent the most promising manufacturing matches within our 18 target opportunities:

- Converted Paper
- Basic Chemicals
- Cleaning Compounds
- Coating and Engraving

- Office Furniture
- Industrial Machinery
- Foundries

Opportunity Newark: Jobs and Community Development for the 21st Century, published by ICIC and the Newark Alliance, included findings from an extensive analysis of Newark’s clusters.⁴ Those identified as strong that are relevant to our target industries include Transportation, Logistics & Distri-

bution; Local Business & Commercial Services; Local Motor Vehicle Products & Services; Local Real Estate, Construction & Development; and Financial Services.

It is important to note that the target procurement categories are based on the strength of potential *new* anchor demand from Newark businesses. Therefore, they exclude industries where many contracts with Newark businesses are already in place (e.g., waste management, catering, and automotive).

Table 1: Local Procurement Opportunities by Priority Industry

Industry	Aggregate Procurement Opportunity (net addressable purchasing)	Total Newark Businesses	Newark Businesses ≥\$1M revenue
Management, Scientific, and Technical Consulting Services (5416)	\$116M	131	50
Nonresidential Building Construction (2362)	\$52.4M	49	49
Computer Systems Design and Related Services (5415)	\$29.6M	18	11
Advertising, Public Relations, and Related Services (5418)	\$23.4M	45	26
Legal Services (5411)	\$19.5M	895	58
Printing and Related Support Activities (3231)	\$18.2M	38	10
Architectural, Engineering, and Related Services (5413)	\$14.8M	81	48
Professional and Commercial Equipment and Supplies Merchant Wholesalers (4234)	\$12.5M	31	31
Commercial and Industrial Machinery and Equipment Rental and Leasing (5324)	\$6.7M	7	5
Building Equipment Contractors (2382)	\$4.6M	128	59
Paper and Paper Product Merchant Wholesalers (4241)	\$4.2M	10	10
Personal and Household Goods Repair and Maintenance (8114)	\$4M	66	3
Electronics and Appliance Stores (4431)	\$3.8M	105	37
Services to Buildings and Dwellings (5617)	\$3.4M	52	4
Other Professional, Scientific, and Technical Services (5419)	\$2.4M	77	6
Furniture and Home Furnishing Merchant Wholesalers (4232)	\$2.4M	12	12
Investigation and Security Services (5616)	\$2.2M	77	11
Household Appliances and Electrical and Electronic Goods Merchant Wholesalers (4236)	\$1.3M	34	34
TOTAL	\$321.5M	1,856	464

Sources: 2013 procurement data from six anchor institutions: New Jersey Institute of Technology (NJIT), New Jersey Performing Arts Center (NJPAC), Panasonic Corporation of North America, Prudential Financial, Rutgers School of Biomedical and Health Sciences and Rutgers University – Newark; and business data from InfoUSA 2014.

They also exclude industries where the net addressable spend is relatively low (less than \$1 million). For example, the total addressable purchasing from the six anchor organizations in catering is \$1.4 million, with \$521,000 of that amount going towards Newark businesses. Several of the anchor organizations use Newark businesses for their smaller catering needs. A procurement professional at one anchor organization said they would shift more of their catering contracts to local businesses, but was under the impression that Newark does not have any caterers large enough to handle their large events and long-term food service contracts. This could be a target opportunity for the long term if local catering businesses could combine their efforts or if one had the support to grow.

A note on our methodology: We aggregated all addressable purchasing by NAICS codes across the six anchors and ranked them by net addressable purchasing (addressable purchasing less purchasing from Newark businesses). We used the following criteria to identify target procurement opportunities: The net purchase opportunity exceeds \$1 million, two or more anchors purchase from the industry, and anchors are currently purchasing from Newark businesses within the industry. We included the multiple anchor requirement because this project is supporting a broader anchor collaborative and we wanted to find robust opportunities for the set of anchors. Twenty-two procurement categories met these criteria. Four or more anchors purchased from half of the categories.

To match demand with supply, we analyzed the small business landscape in Newark using 2014 data from InfoUSA. As a rough guideline, businesses that report annual revenues of less than \$1 million typically do not have the capacity to fill most anchor demand. This guideline is informed by prior ICIC research on anchor procurement practices. In addition, anchor organizations generally like to have at least three businesses competing for the same contract. This allows them to compare prices and service. Using these criteria, we identified sufficient local business capacity in 18 of the 22 priority procurement industries. To supplement our data analysis, we interviewed 40 experts from organizations that directly support small business development in Newark to better understand the capacity of Newark's businesses in these priority industries.

Accessible Anchor Procurement Opportunities for Smaller Businesses

The majority of Newark's 13,515 businesses are relatively small (figure 3).⁵ Of the businesses tracked, 70 percent report less than \$1 million in annual revenues and 62 percent

employ fewer than five employees. Self-employed individuals represent seven percent of Newark businesses. While these businesses currently would not have the capacity to secure larger anchor contracts, some of them may be interested in and have the potential to scale their firms for future contracts. Identifying this set of firms, and providing them with the right support for growth, could lead to additional local procurement opportunities in Newark in the future. Chicago established the Chicago Anchors for a Strong Economy (CASE) earlier this year to solve this problem in their city and it could serve as a useful model for Newark (see page 8).

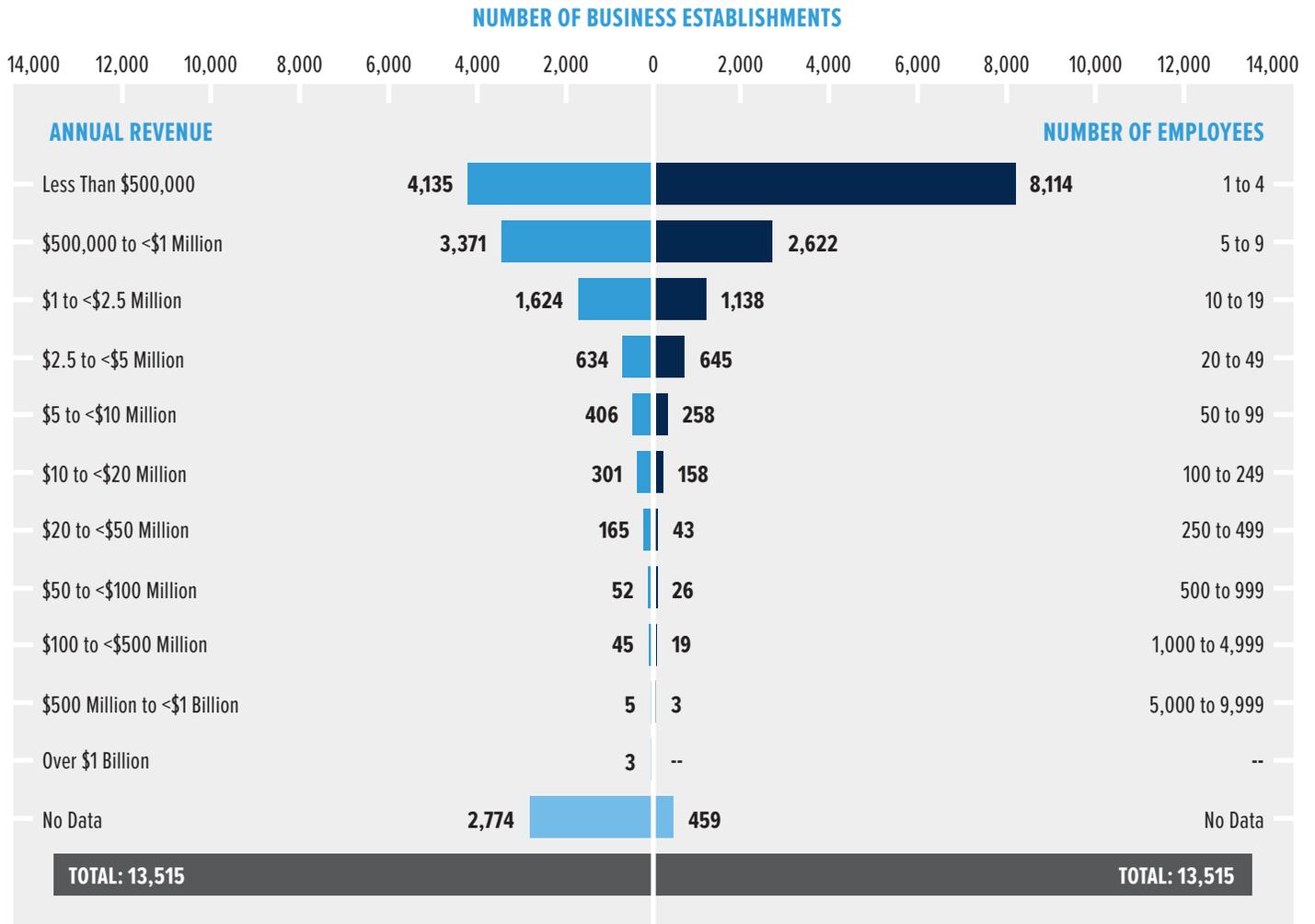
In the near term, smaller businesses can be matched to smaller anchor purchasing opportunities. Procurement professionals at the six anchors identified the "low-hanging fruit"—the goods and services they would most likely purchase, or increase their purchasing, from local businesses. They all agreed that opportunities under their competitive bid or RFP thresholds would be the easiest to secure. These thresholds varied from \$5,000 to \$100,000. One anchor did not have a formal limit. They identified the following opportunities, which they felt were a bit specialized and/or they purchased in smaller quantities:

- Office supplies (stationary and other specialty items)
- Printing
- Construction and building materials (including hardware, electrical parts and lumber)
- Maintenance (including office cleaning)
- Automotive repair parts
- Car rental
- Travel agency
- Security
- Floral arrangements (for smaller events, office space)
- Catering (for smaller meetings and events)
- Party supply and equipment rentals
- Large event planning
- Shipping
- Moving services
- Specialized office maintenance (e.g., cleaning fish tanks)
- Athletic equipment (including uniforms)
- Some scientific supplies (e.g., gases)

Investment Opportunities for Expanding Local Procurement in the Long Term

Expanding the relationship between Newark's anchors and local businesses requires a long-term strategy that encourages new entrepreneurs and helps existing businesses scale. This effort will be most successful if there is a focus on industries that have a competitive advantage in Newark. We analyzed business trends and location quotients (LQ) in the target

Figure 3: Newark Businesses by Annual Revenue and Number of Employees



Notes: Data for all business establishments in Newark. Business establishments refer to all business units or branches of firms (e.g., if one firm had ten branches, ten business establishments would be recorded for Newark.) **Source:** InfoUSA 2014.

procurement industries that did not currently have sufficient supply capacity (i.e., fewer than three Newark businesses operating in the industry with annual revenues greater than or equal to \$1 million).⁶ Based on this analysis, two industries stand out as having the strongest potential for long-term growth: Facilities Support Services (5612) and Commercial and Industrial Machinery and Equipment Repair and Maintenance (8113). Facilities Support Services includes businesses that provide a combination of facility services, such as janitorial, maintenance, trash disposal, security and laundry. It has an LQ greater than four and is characterized by significant employment growth (220 percent) during 2008-2012. Yet, according to InfoUSA, there is only one Newark business operating in this industry. Commercial and Industrial Machinery and Equipment Repair and Maintenance includes

businesses that install and maintain machinery blades and saws, welding firms, and businesses that repair heavy machinery and construction equipment. It has an LQ of 1.36 and exhibited less dramatic but still relatively strong employment growth (29 percent) during 2008-2012. There are eight Newark businesses operating in this industry, but only two have the scale to work with anchors.

Procurement Opportunities with the City of Newark, the County of Essex and the Port Authority of New York and New Jersey

Procurement for the City and County is governed mainly by New Jersey’s Local Public Contracts Law (NJSA 40A:11-1 et seq.), the Chapter 19 Pay to Play laws, and the New Jersey Administrative Code (NJAC 5:34-1 et seq.). There are other laws and rules to consider as well, such as the Prevailing Wage

Rules and the Affirmative Action rules. According to one procurement professional, these laws may make New Jersey one of the most challenging places in the country for small businesses to compete for contracts. These laws essentially make local procurement preferences illegal. The City and County are bound by the above NJSA 40A:11, which is a group of laws proscribing how public entities can purchase goods and services. All public organizations in the state, except for public schools, are bound by this law. Schools follow Title 18:a, which somewhat mirrors 40A:11. Ultimately the law does not allow for any preferential treatment to any business, including local businesses.

The budget threshold for public bidding differs depending on whether the institution has a Qualified Purchasing Agent (QPA). For a public entity like the City, which is without a QPA, the bid threshold is \$17,500 annually, and for a public entity with a QPA, like the County, it is \$36,000 annually. The bid thresholds change every 5 years with the latest set in 2010. The quotation limit (meaning the institute must get at least two competitive quotes to purchase a good or service) is 15 percent of the bid threshold, or \$3,150 annually for the City and \$5,400 annually for the County. The 40A:11 bid thresholds and quotation limits are subject to aggregation of a good or service purchased, and do not consider the vendor. For example, if the City or County is buying pens, they cannot purchase more than their quotation limits on pens (meaning pens of any kind or color) in a given year, regardless of the number of vendors they are buying them from, without seeking additional quotes. Likewise, they cannot purchase more than their bid thresholds without holding a public bid.

The City and County must also comply with the Chapter 19 Pay to Play laws, which set the public bidding threshold at \$17,500 regardless of the institution's bid threshold. As a result of this low threshold, the City and County are not able to enter into long-term contracts with vendors without using a "Fair and Open" process, such as public bidding. The Fair and Open process means it must be advertised publicly in the newspaper of note with the greatest circulation, which for Essex County is the Star-Ledger. The bid must be advertised once and cannot be opened for at least 10 days subsequent to the day of advertisement, or 20 days when using a Competitive Contracting process (typically used for concessions and social services). With a bid, the City and County are legally obligated to choose the lowest-priced responsible and responsive bidder. Under 40A:11-5 there are exceptions to the bid process provided, and such exceptions allow the City and County to issue RFPs instead. The RFP process allows the City and County to consider factors beyond price.

For the County, local businesses can register for free on the County's purchasing portal.⁷ They will be automatically alerted when the County issues a public bid or RFP that might fit their business profile. The City has a similar online process,⁸ and also maintains a document to teach businesses how to do business with the City.⁹ As one procurement professional said, however, for many local businesses, the smaller contracts (purchases under the quote threshold) might provide the best opportunity for doing business with these entities. The County works with the Small Business Administration (SBA) to help businesses understand the contracting process.

Chicago Anchors for a Strong Economy (CASE)

CASE was launched in March 2014 by World Business Chicago, a non-profit economic development group and public-private partnership chaired by Chicago Mayor Rahm Emanuel. CASE connects anchors with local businesses for procurement opportunities. Eleven anchors are currently participating in CASE. Each anchor analyzes their purchasing to identify opportunities to redirect purchasing to competitive Chicago businesses. The anchors provide information about the opportunities to CASE, which then helps connect them with the Chicago businesses that apply and qualify for CASE and could supply the goods and services they need. CASE provides business consulting to help increase the capacity of local businesses. Businesses in CASE are placed into one of three program tiers:

- **Direct to Matching:** These businesses do not need additional assistance to be matched with anchors.

- **External Resource Connections:** These businesses are given information about local organizations providing business support services in technical assistance, financing, business certification, and other topics so that they can gain experience before contracting with anchors.
- **Capacity Building:** These businesses are poised to be potential suppliers to anchors, but need additional business education, including best practices for working with anchors, to support their continued growth.

The businesses are then selected to participate in additional training programs that include the opportunity to pitch their business to senior procurement officers from anchors in CASE. In CASE's first year, 100 businesses are expected to participate in the workshop series.

Additional information about CASE can be found at <http://www.worldbusinesschicago.com/case>.

With a few exceptions, the Port Authority's procurements are done through publicly advertised competitive bids and RFPs. Businesses can register as a Port Authority vendor and may be able to receive automatic emails when a solicitation within their industry is posted.¹⁰ Bid and RFP advertisements as well as the solicitation documents are also publicly available on their website,¹¹ and they offer a number of documents that explain the procurement process, as well as the necessary forms to register.¹² The Port Authority has a strong commitment to supplier diversity and its Office of Business Diversity and Civil Rights has aspirational goals in prime contracting to award 12 percent of contracts to Minority Business Enterprises (MBEs) and five percent to Women-owned Business Enterprises (WBEs). A business must register and get certified by the Port Authority as a MBE, WBE or SBE to take advantage of the Port Authority's Supplier Diversity programs, which include set-aside contracts for competitive bids by MBEs and WBEs, a subcontracting program, and a price preference program for equipment, supplies and certain services. When the Port Authority announces a large contract, the Office of Business Diversity and Civil Rights holds outreach events for area businesses and automatically contacts the appropriate businesses in their database of registered vendors. The Port Authority submits an annual report to the Mayor of Newark that includes information about the contracts that have been received by Newark businesses. They also belong to many Newark business organizations and participate in Newark-based events to network. The Office of Business Diversity and Civil Rights has strategic partnerships for such events with six Newark organizations.

Implementation Opportunities & Challenges for Local Procurement in Newark

Our research surfaced several key barriers to implementation that reflect both perceptions and realities of local business competitiveness, policies and practices at the anchor organizations, including the RFP and competitive bid process, as well as challenges changing the status quo.

Leadership and Resources for Newark Procurement Initiative

This project has built momentum and established a broad-base of support from public and private sectors for a Newark anchor procurement initiative. Over half of Newark's anchor organizations were engaged in the project and expressed interest in implementation. Newark's small business development organizations also support the effort. In addition, Newark's universities already collaborate through the Council for Higher Education in Newark (CHEN), and smaller groups of anchors also have collaborated more informally for events such as vendor fairs. However, as of this report's publication, no organizations have stepped forward to lead the procure-

ment initiative towards implementation. Several local leaders we interviewed felt this leadership was essential because of a history in Newark of similar types of efforts stalling due to a lack of leadership. As a first step, leaders need to be identified who will support the development of shared goals, an implementation plan and staffing. Successful initiatives in other cities (e.g., Cleveland, Detroit and Minneapolis) can serve as useful models. They have a broad base of support, including financial, from public and private sectors, commitments by the anchors to specific goals, and an independent organization to manage the initiative.

In order to efficiently track progress on local procurement, and expand the analysis to include more anchors, some anchor organizations may need to modify how they collect procurement data. They need to be able to isolate procurement spend for their Newark offices, provide information about the geographic headquarters of their vendors (city, state and zip code) and ideally separate vendors by contract terms (renewal date and if it is sole sourcing). In addition, the anchors need to be able to link their purchasing categories or vendors to the appropriate NAICS codes.

Anchor Procurement Status Quo

"It's always easiest to do business as usual," was the remark of one interviewee when we asked about barriers to local procurement. This sentiment was echoed by many of the people we spoke to in Newark. The individuals making purchasing decisions, whether they are office managers or procurement specialists, tend to remain loyal to reliable vendors. The longer they work with good vendors, the less likely they are to look for other vendor alternatives.

This issue is complicated by the fact that many anchor organizations do not have centralized procurement operations. In the case of centralized systems, the procurement department typically controls nearly all purchases except for minor, discretionary purchases (e.g., supplies under \$500). In other organizations, such as universities, although a procurement department exists, individual faculty and office managers have a lot of purchasing autonomy. Local procurement initiatives, or any other type of purchasing mandate, are more difficult to implement when purchasing is not centralized. As one anchor procurement professional told us, he buys from local businesses as much as possible. His challenge is getting the department managers to use local businesses for their purchases, especially the smaller purchases.

There are risks associated with new vendors that stem from the fact that the vendors do not have a relationship or track record with the organization. We heard from many of the anchors that once individuals in their organization had a bad experience with a local business they were reluctant to

try another one. Several people we interviewed expressed concern that local businesses in Newark suffered from misconceptions about the quality of their goods and service. This perception is a significant barrier to local procurement and makes it difficult for qualified businesses to get a foot in the door at some anchors. As one expert we interviewed succinctly stated, “Nobody wants to introduce risk into their supply chain, especially if it might mean losing their job.”

The costs associated with identifying and vetting new vendors also may be prohibitively high for those making purchasing decisions. RFPs and competitive bids are not always widely disseminated and may not surface local businesses. There are a few directories of Newark businesses, but they are not comprehensive and may not be widely distributed within the anchors.¹³ Most procurement offices have relatively small staff and limited time to search for new vendors, especially in markets where they may not be easily identified, let alone time to vet them—especially when they are unknown. Other purchasing decision makers, such as office managers or faculty, also typically do not have the time, relationships or skillset to do a comprehensive search. At least one anchor mentioned that they used to have a small business development officer, but the position was lost 2-3 years ago. One anchor has a minority-business fair 1-2 times a year, but attendance from the individual purchasers (i.e., staff and faculty) is low. Two other anchors have stopped hosting vendor fairs because of a lack of resources and concern that the vendors were not appropriate for their purchasing needs (e.g., a handbag vendor). Their last fairs were about 2-3 years ago. One anchor we analyzed uses a national consulting firm to identify their suppliers, which raises another set of issues. Does the firm have a robust pipeline of local businesses or the relationships to find them? Are they rewarded when they save their clients’ money or when they find local businesses?

All of the six anchor organizations included in our study have preferences for using local businesses, although none have formal initiatives in place. The procurement professionals we interviewed said that they try to use local businesses whenever possible. The anchors do not yet have formalized commitment from their leadership or senior management to secure more local businesses as vendors.

Competitiveness of Local Businesses

As our data analysis showed, there are few local businesses with sufficient capacity to handle the larger anchor contracts. We identified 18 industries where technically there does seem to be local capacity, but there is also a perception issue. Although local businesses may be able to fulfill the contract, the procurement professionals we spoke to said they often feel more comfortable working with national or multina-

tional firms that are significantly larger and have a successful track record with very large contracts showing they can complete the job on time. Larger companies simply have more resources that can be leveraged to handle the expected and unexpected demands of a project. The concern with smaller companies is that the loss of an employee or capital may put the project at risk.

The six anchors included in this study base their purchasing decisions not only on capacity, but also price, service and reliability. Given tight budgets, price is often the primary determinant, especially when businesses offer a similar level of capacity and service. Many local businesses in Newark simply cannot compete in terms of pricing with national firms. As one procurement professional stated, “Our budget is so tight that I can’t justify spending 15 percent more just because it is local. Our mission does not include developing local businesses. We need to serve our mission first.”

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Service was another area of concern with local businesses. There is a perception that many local businesses, because of sophistication, limited resources and experience, cannot offer the same level of service as larger, national companies. This includes their responsiveness to client questions and demands as well as any changes to the contract. In addition, while some local businesses may serve the region there was concern that many would not be able to supply to offices nationally or deliver on a global project. This is exacerbated by local businesses offering limited e-commerce (e-transactions and e-catalogue) capabilities.

Local businesses may also lack the knowledge about how to successfully complete RFP and competitive bid responses. They can be complicated and may not be well understood by small businesses. Some of the procurement professionals we spoke to said they often receive incomplete or poorly completed responses from small businesses. They noted that small businesses are often reluctant to share their audited financial information, which makes them difficult to evaluate and therefore not competitive. None of the anchors included in this study had their own formal training programs to address this issue, but some partnered with the SBA. In addition, some of the small business development organizations in Newark provide training although it was unclear how much of the training was offered in Newark.

Even for small procurement opportunities, local businesses may be unable or unwilling to work on a purchase-order basis. As one procurement professional told us, when they were choosing a travel agency one local business said that they were not interested because of the 30-day delay in payment. Some procurement offices said they try to shorten the payment window when they are working with small businesses because they understand this challenge.

Access Issues and Incentives for Local Businesses

The most common barrier to local procurement cited by small business intermediaries was access. As noted above, procurement opportunities at the City of Newark and the County of Essex are complicated by state law. In addition, the decentralization of procurement at many other anchor organizations, especially for smaller purchasing decisions, means that it is often difficult for local businesses to figure out who to approach and how to get their foot in the door. It also may be difficult to find RFPs and competitive bid opportunities, which aren't always widely advertised.

There is also a risk for local businesses to respond to RFPs and competitive bids. They are often complicated and may require certifications. As one small business expert stated, "There are an incredible number of hoops to jump through for some of them with no guarantee of new business at the end of it. The benefits do not outweigh the costs for most small businesses." One anchor reported that 9 out of 10 small businesses decline to respond to their RFPs. Another anchor explained the challenge of winning contracts that do not always lead to new business. His organization has contracts with 12 different printing companies, but only six of them regularly receive business.

We also heard that small businesses, in turn, may be reluctant to do business with anchors because they may have had bad experiences or fear that they will not be paid well and not be treated like a true partner. In addition, many anchors offer short contracts of only one year. This is too short for small businesses that need a longer commitment to justify investing more capital and employing more people.

Gaps in Small Business Development Assistance

Newark has numerous organizations serving small businesses that could support a local procurement initiative. We identified 34 different organizations, including the City of Newark (see sidebar).¹⁴ Each organization varies in the types of businesses it supports, the programs it offers and its geographical area of focus. In general, however, the small business ecosystem in Newark is focused on very small, "micro-businesses" and new entrepreneurs. There seems to be a gap in resources devoted to helping small businesses scale and to help them successfully compete for the larger anchor procurement opportunities.

Newark's Small Business Ecosystem

BCT Partners
Brick City Development Corporation
Center for Supply Chain Management at Rutgers Business School
Center for Urban Entrepreneurship and Economic Development at Rutgers Business School (CUEED)
City of Newark
NJIT Enterprise Development Center (EDC) and NJIT Procurement Technical Assistance Center (PTAC)
Essex County Latino-American Chamber of Commerce
Essex County Office of Small Business Development and Affirmative Action and Small Business Resource Center and Reference Library
Forward Ever Sustainable Business Alliance (BALLE)
Greater Newark Enterprises Corporation
Greater Newark LISC
Institute for Entrepreneurial Leadership (IFEL)
Intersect Fund
Ironbound Business Improvement District
Ironbound Community Corporation
Kiva City Newark
La Casa de Don Pedro
Mt. Prospect Partnership
New Community Corporation
New Jersey Community Capital
New Jersey Economic Development Authority
New Jersey Small Business Development Center at Rutgers-Newark
Newark Alliance
Newark Downtown District
Newark Office of the Urban Enterprise Zone (NOUEZ)
Newark Regional Business Partnership
North Ward Center
The Profeta Urban Investment Foundation
Rising Tide Capital
Small Business Administration (SBA) – New Jersey District Office
Strong Healthy Communities Initiative (a Living Cities Integration Initiative)
Unified Vailsburg Services Organization
Union County EDC
Urban League of Essex County

Recommendations for Implementing an Anchored Local Economy

The large anchor organizations headquartered in Newark support the city’s revitalization and drive local economic growth by purchasing goods and services from local businesses.

Directing a larger share of these procurement opportunities to local businesses would spur firm growth and the creation of local jobs in the city of Newark. While there are many important organizations in Newark, such as the local community development corporations and faith-based organizations, which could be deemed anchor institutions because of their significant and long-standing leadership in community revitalization, we limited our list to major economic anchor institutions. For the purpose of our procurement analysis, we narrowed that list down to 19 anchors based on the location of their headquarters, their control over procurement in Newark and total annual operating expenses greater than \$25 million.

“If just the six anchors included in the purchasing analysis collectively increased their procurement from local businesses, from two percent to 10 percent, an additional \$33 million would flow into Newark local businesses annually.”

If just the six anchors included in the purchasing analysis collectively increased their procurement from local businesses, from two percent to 10 percent, an additional \$33 million would flow into Newark local businesses annually. The six anchors include: New Jersey Institute of Technology (NJIT); New Jersey Performing Arts Center (NJPAC); Panasonic Corporation of North America; Prudential Financial; Rutgers School of Biomedical and Health Sciences and Rutgers University – Newark. In aggregate, the six anchors purchased over \$435 million in addressable goods and services in 2013. This accounted for roughly half of their total purchasing budget. Just over two percent, or \$10.26 million, was purchased from Newark businesses.

Momentum for a buy-local initiative in Newark has been building for almost a decade. Prior research, especially the *Buy Newark* report,¹⁵ existing anchor collaboration efforts (e.g., the Council for Higher Education in Newark) and the strong support our project received from both the anchors and small business development organizations in Newark suggests that a solid foundation exists for creating a local procurement initiative. The following set of recommendations address the implementation barriers and offer a base for implementing a high-impact and sustainable anchor procurement initiative in Newark. As the anchors learn how best to collaborate on procurement, hopefully they will be able to build on this foundation and find opportunities to partner on

other strategic economic development issues, such as workforce, infrastructure, and public safety.

Identify strong, sustainable leadership. Leaders from Newark’s anchor organizations need to step forward to build on current momentum and establish shared goals, an implementation plan and sustainable staffing to manage the initiative. Without this level of leadership, the initiative risks getting stalled at the conceptual stage. Successful implementation also requires establishing some type of organization with dedicated staff to manage the collaboration and relationships between anchors and small businesses until they mature.

Secure formal commitments and investment by anchors. Although six anchors engaged in our analysis, we recommend expanding the initiative to include all of Newark’s anchors. They need to develop collaborative and individual procurement goals and support the initiative with real resources. Having some “skin in the game” will reinforce verbal commitments. Each anchor will need to identify requisite changes in culture, incentives, policies and practices regarding local business procurement and to secure commitment at all levels of their organization. For the City of Newark and County of Essex, this means they will need to push for changes in state laws. Anchors should also explore “subsidizing” some local business vendors that offer competitive products and service, but have higher prices. This type of support could be funded out of the anchor’s philanthropic resources.

Identify “quick-win” matches for smaller businesses. Procurement professionals at the six anchors identified the “low-hanging fruit”—the goods and services they would most likely purchase from local businesses. This requires a more detailed discussion between the six anchors that participated in the study and the relevant small business development organizations to successfully match these opportunities with the right local businesses. Some local businesses may need additional support not only to successfully secure these opportunities, but to meet the needs of the anchor, resolve any conflicts and build a strong partnership. Early “wins” should be monitored to better understand the barriers and solutions for local procurement.

Target 18 procurement categories for larger, near-term procurement “wins.” In aggregate, these opportunities represent \$321 million annually in potential revenue for local businesses. They include consulting services, nonresidential building construction, computer system design and services, advertising and legal services. Anchor organizations can leverage small business development organizations to

Recommendations for Implementing an Anchored Local Economy *continued*

identify the businesses with the capacity to compete for their business in these targeted categories. While few of Newark’s existing businesses have the capacity to compete for these opportunities, those that do represent the greatest potential to expand Newark’s local economy. Newark’s manufacturing sector, in particular, should be explored for potential matches to anchor demand. The Center for Supply Chain Management at Rutgers Business School and Newark Regional Business Partnership, among others, could be leveraged to provide support for this effort.

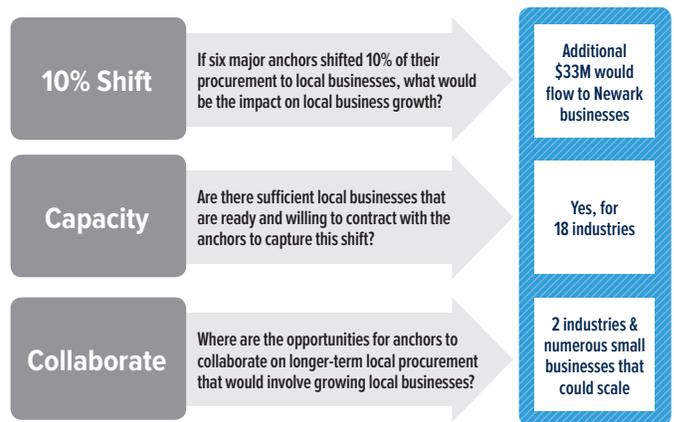
Invest in strengthening local supply chain capacity for Facilities Support Services (5612) and Commercial and Industrial Machinery and Equipment Repair and Maintenance (8113). There is significant anchor demand for these industries and they have a competitive advantage in Newark, but current local business capacity is weak. Creating local procurement opportunities within these two industries will require a commitment from Newark anchors to support the growth of local businesses by perhaps offering smaller, “gateway” contracts to businesses and absorbing some of the risk of project failure as these businesses scale. It will also require a focused and coordinated effort by a set of small business development organizations to identify and support the growth of businesses within these two industries. The NJIT Enterprise Development Center (EDC) and Procurement Technical Assistance Center (PTAC) offer a model for supporting business growth in a specific sector. They operate an incubator for technology firms, some of which already do business with Newark anchors and free technical assistance to small, established businesses, to help them market their goods and services to government entities.

Increase the efficiency and effectiveness of matching local businesses to anchor procurement opportunities. A single point of contact to help anchors identify qualified, pre-screened local businesses would decrease the costs and risks associated with finding new vendors. *Accses New Jersey* offers a model for a single point of contact for pre-screened local businesses. Chicago established the Chicago Anchors for a Strong Economy (CASE) earlier this year to solve this problem in their city and it could serve as a useful model for Newark. This organization could also help manage the risk of failure for new projects by supporting local businesses throughout the contract, manage relationships with the anchors to resolve any conflicts and provide more visibility for successful partnerships. An online platform could provide a single place for finding anchor RFPs, competitive bids and other business opportunities. Training for completing

RFP and bid responses exists in Newark, but may need to be expanded or better coordinated to ensure it is relevant and accessible to local businesses.

Strengthen the capacity of Newark’s small businesses. While many of Newark’s small businesses currently do not have the capacity to secure larger anchor contracts, some of them may be interested in and have the potential to scale their firms for future contracts. Identifying this set of firms, and providing them with the right support for growth, could lead to additional local procurement opportunities in Newark in the future. Newark’s small business ecosystem is skewed towards start-ups and very small businesses. New programs and resources (e.g., education, contracting support, and capital) need to be developed to help small businesses scale.

Develop best practices for data collection to track progress. Some anchor organizations in Newark need to modify the way they collect or aggregate data before they can accurately track local procurement. Some anchors are already moving in this direction and could provide some guidance to others. Anchors in Newark could explore developing an uniform procurement data collection system. Small business development organizations also need to track the organizations they support by industry and collect more data on them to support procurement matching efforts.



Appendix: Descriptions of NAICS Codes with Business Examples¹⁶

2362: Nonresidential Building Construction

Comprises establishments providing commercial and institutional building construction (including new work, additions, alterations, maintenance, and repairs), including commercial and institutional building general contractors; commercial and institutional building for-sale builders; commercial and institutional building design-build firms; and commercial and institutional building project construction management firms.

Examples: H & Y Associates Inc; O.A. Peterson Construction Co Inc; Paragon Restoration Corp

2382: Building Equipment Contractors

Includes electrical contractors and other wiring installation contractors; plumbing, heating, and air-conditioning contractors; and other building equipment contractors. Comprises establishments primarily engaged in installing and servicing their respective equipment. Contractors included in this industry may include both the parts and labor when performing work, and may perform new work, additions, alterations, maintenance, and repairs.

Examples: Binsky & Snyder Services Inc; Infinity Elevator Company; New States Contracting LLC

3231: Printing and Related Support Activities

Includes printing, and support activities for printing. For printing, establishments do not manufacture the stock that they print, but may perform post-printing activities, such as folding, cutting, or laminating, and mailing. For support activities for printing, establishments are primarily engaged in performing pre-press and post-press services in support of printing activities.

Examples: Minuteman Press of Newark; Porta Print Publishing Inc.

4232: Furniture and Home Furnishing Merchant Wholesalers*

Includes wholesalers of furniture (including household-type furniture, outdoor furniture, mattresses, public building furniture, office furniture, and religious furniture); and home furnishings (including carpet, glassware, chinaware, curtains, lamps, drapery, linens, floor coverings, and window blind and shades).

Examples: Arbee Associates; Bellia Office Furniture; General Office Interiors; IKEA

4234: Professional and Commercial Equipment and Supplies Merchant Wholesalers*

Includes wholesalers of photographic equipment and supplies; office equipment; computer and computer peripheral equipment and software; medical, dental, and hospital equipment and supplies; ophthalmic goods; and other commercial and professional equipment and supplies.

Examples: Abcam Inc.; Benco Dental Supplies; Central Jersey Office Equipment Inc; Rocky Mountain Instrument Company; Thermo Fisher Scientific; World Precision Instruments, Inc.

4236: Household Appliances and Electrical and Electronic Goods Merchant Wholesalers*

Includes wholesalers of electrical apparatus and equipment, wiring supplies, and related equipment; household appliances; electric housewares; consumer electronics; and other electronic parts and equipment.

Examples: Grainger; Intertronic Solutions, Inc.; Jewel Electric Supply Co; Philips Electronics North America Corporation; Universal Electric Motor Service, Inc.

4241: Paper and Paper Product Merchant Wholesalers*

Includes wholesalers of printing and writing paper; stationery and office supplies; and industrial and personal service paper.

Examples: Action Office Supplies Inc; Ricoh USA; Staples Advantage; WB Mason Co Inc; Xerox Direct

4431: Electronics and Appliance Stores

Includes household appliance stores; consumer-type electronic stores (e.g., televisions, computers, cameras); stereo stores (except automotive); radio and television stores; computer stores; and photographic camera shops.

Examples: B&H Photo Video; Global Computer Supplies Inc; KT's Office Services Inc.

5324: Commercial and Industrial Machinery and Equipment Rental and Leasing

Includes the rental and leasing of commercial and industrial machinery and equipment, such as office machinery and equipment; audio visual equipment; medical equipment; and sound and lighting equipment.

Examples: Advanced Lighting & Sound Solutions; Prescott's, Inc.; SmartSource Computer & Audio Visual Rental

5411: Legal Services

Includes offices of lawyers; offices of notaries (primarily engaged in drafting, approving, and executing legal documents); and other legal services (including notary public services, process serving services, paralegal services, real estate settlement offices, patent agent services; and real estate title abstract companies).

Examples: McCarter & English, LLP; McManimon & Scotland

5413: Architectural, Engineering, and Related Services

Includes architectural services; landscape architectural services; engineering services; drafting services; building inspection services; geophysical surveying and mapping services; surveying and mapping (except geophysical) services; and testing laboratories.

Examples: Associated Technology Inc.; Brailsford & Dunlavey; DF Gibson Architects PC; Omland Engineering Associates, Inc; RC Testing Service

5415: Computer Systems Design and Related Services

Comprises establishments providing computer facilities management services; custom computer programming services; computer hardware or software consulting services; software installation services; or computer systems integration design services.

Examples: CDW Govt Inc; Titanium Software Inc; Websignia LLC

5416: Management, Scientific, and Technical Consulting Services

Comprises establishments providing management consulting services (including in administrative management and general management, human resources, marketing, process, physical distribution and logistics, telecommunications, and utilities); environmental consulting services (including sanitation and site remediation); and other consulting services (including in agricultural, motion picture, biological, physics, chemical, radio, economic, safety, energy, and security).

Examples: Brookhaven Science Associates, LLC; ChemTrack Alaska Inc; Custodial Consultants; EPISOLVE LLC

5418: Advertising, Public Relations, and Related Services

Includes advertising agencies; public relations agencies; media buying agencies; media representatives; outdoor advertising; direct mail advertising; advertising material distribution services; and other services related to advertising.

Examples: Ascend Integrated Media LLC; Korn Hynes Advertising Inc.; Titan Outdoor LLC

5419: Other Professional, Scientific, and Technical Services

Includes marketing research and public opinion polling, photographic services, translation and interpretation services, veterinary services, and other professional, scientific, and technical services.

Examples: Cambridge Electronic Design Ltd; Deaf-Talk LLC; Euro-America Translations Inc; Jersey Pictures Inc

5612: Facilities Support Services

Comprises establishments primarily engaged in providing operating staff to perform a combination of support services within a client's facilities. Establishments in this industry typically provide a combination of services, such as janitorial, maintenance, trash disposal, guard and security, mail routing, reception, laundry, and related services to support operations within facilities.

Examples: Santos Maintenance LLC; SimplexGrinnell

5616: Investigation and Security Services

Includes investigation services; security guards and patrol services; armored car services; security systems services; and locksmiths.

Examples: Bell's Security Sales Inc; Bolyn Corporation

Appendix continued

5617: Services to Buildings and Dwellings

Comprises establishments providing one of the following: exterminating and pest control services; janitorial services; landscaping services; carpet and upholstery cleaning services; and other services such as building exterior cleaning services, lighting maintenance services, and snow plowing services.

Examples: Bravo! Building Services, Inc.; Green Valley Landscaping LLC; Maverick Building Services; Western Pest Services

8113: Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance

Comprises establishments primarily engaged in the repair and maintenance of commercial and industrial machinery and equipment. Establishments in this industry either sharpen/install commercial and industrial machinery blades and saws or provide welding repair services; or repair agricultural and other heavy and industrial machinery and equipment (e.g., forklifts and other materials handling equipment, machine tools, commercial refrigeration equipment, construction equipment, and mining machinery).

Examples: Advanced Scaffold Services LLC; Federal Fire Protection, Inc.; Scales Air Compressor Corp

8114: Personal and Household Goods Repair and Maintenance

Includes home and garden equipment repair and maintenance; appliance repair and maintenance; reupholstery and furniture repair; footwear and leather goods repair; and other personal and household goods repair and maintenance.

Examples: Carrier Corporation; Elmora Interiors

**About Wholesalers: Wholesalers sell merchandise to other businesses and normally operate from a warehouse or office. These warehouses and offices are characterized by having little or no display of merchandise. In addition, neither the design nor the location of the premises is intended to solicit walk-in traffic. Wholesalers do not normally use advertising directed to the general public. Establishments that sell goods on their own account are known as wholesale merchants. Merchant wholesale establishments typically maintain their own warehouse, where they receive and handle goods for their customers. Goods are generally sold without transformation, but may include integral functions, such as sorting, packaging, labeling, and other marketing services.*

Notes

- ¹ Chandler, Arnold. *Buy Newark: Adopting a Comprehensive Buy-Local Strategy for the City of Newark*. PolicyLink, 2007. <http://policylink.info/documents/BuyNewark.pdf>.
- ² We analyzed IRS 990 forms, annual reports and budgets, economic development studies, and the Fortune 500 list to develop a comprehensive list of potential anchor organizations. We also interviewed key stakeholders in Newark to refine the list.
- ³ Mistry, Nisha, Jennifer S. Vey, and Richard Shearer. *Newark's Manufacturing Competitiveness: Findings and Strategies*. Brookings, 2013.
- ⁴ Initiative for a Competitive Inner City and Newark Alliance. *Opportunity Newark: Jobs and Community Development for the 21st Century*. Initiative for a Competitive Inner City, 2006. http://www.icic.org/ee_uploads/publications/OppNewark_06_April.pdf.
- ⁵ Source of data: InfoUSA 2014. ICIC research finds that significant discrepancies in business information exist between public (i.e., Census) data and commercial (i.e., InfoUSA) data. Small businesses, in particular, are difficult to identify in part because they move more frequently than larger, more established businesses and new businesses go out of business at a relatively high rate, making it difficult to keep accurate records. Given the inconsistencies, we use InfoUSA data for this paper because it contains more detailed business data (i.e., revenue) than publicly available data and is more current.
- ⁶ An LQ is the ratio of an industry's share of total employment in Newark relative to the industry's share of total national employment. LQ measures the specialization of Newark industries relative to the national average. An LQ greater than 1 indicates a higher than average industry concentration in Newark suggesting that the industry has a competitive advantage in the city.
- ⁷ The information can be found at <http://www.essex-countynj.org/procure/>.
- ⁸ The information can be found at <http://www.ci.newark.nj.us/home/city-services/business/>.
- ⁹ The information can be found at http://classic.ci.newark.nj.us/business/doing_biz/.
- ¹⁰ The information can be found at <http://www.panynj.gov/business-opportunities/register-business.html>.
- ¹¹ The information can be found at <http://www.panynj.gov/business-opportunities/bid-proposal-advertisements.html>.
- ¹² The information can be found at <http://www.panynj.gov/business-opportunities/become-vendor.html>.
- ¹³ The publicly available small business directories mentioned to us as the most comprehensive include the following:
 - Newark Regional Business Partnership: Directory of NRBP members.
 - Forward Ever Sustainable Business Alliance: Directory of 222 Newark manufacturing businesses, done in partnership with Made in Newark.
 - BIDs (Ironbound Business Improvement District, Mt. Prospect Partnership, Newark Downtown District): Directory of their members.
 - Port Authority of New York and New Jersey: Directory of Port Authority certified minority and women-owned businesses.The following organizations have databases that may be particularly helpful in developing a comprehensive directory: Newark Office of the Urban Enterprise Zone (NOUEZ); the City of Newark's vendor database; New Jersey Small Business Development Center at Rutgers-Newark; the Small Business Administration (SBA) – New Jersey District Office.
- ¹⁴ The Newark Entrepreneurial Resource Guide published recently by Brick City Development Corporation provides information on 16 small business development organizations: http://bcdcn Newark.org/wp-content/upload/Newark_Entrepreneurial_Resource_Guide.pdf.
- ¹⁵ Chandler, Arnold. *Buy Newark: Adopting a Comprehensive Buy-Local Strategy for the City of Newark*. PolicyLink, 2007. <http://policylink.info/documents/BuyNewark.pdf>.
- ¹⁶ "2012 NAICS." *North American Industry Classification System*. U.S. Census Bureau. Last modified May 13, 2013. <http://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart=2012>.

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About ICIC

Founded in 1994 by Harvard Business School Professor Michael Porter, the Initiative for a Competitive Inner City (ICIC) is the leading authority on inner city economic development with a reputation for effectively helping cities to develop strategies that capitalize on a community's unique competitive advantages. ICIC has advised over 50 cities across the U.S. on economic development since its inception. ICIC's mission is to promote economic prosperity in America's inner cities through private sector engagement that leads to jobs, income, and wealth creation for local residents.

ICIC's unique knowledge and expertise about high-growth firms are developed from specialized urban networks and path-breaking research. ICIC has analyzed and worked with urban small businesses for over 15 years through three urban business initiatives: Inner City 100, Inner City Capital Connections, and partnering with Goldman Sachs on 10,000 Small Businesses.

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