

Cleveland Engineering Society Design & Construction Conference Address
Robert E. Eckardt
The Cleveland Foundation: Forging a Stronger Community

Good morning, everyone. What a strong turnout! I am delighted to be here with you today. I welcome the opportunity to share with you the story of the Cleveland Foundation and how we are carrying out your conference tagline, *Building Opportunities/Capitalizing on Momentum*, to strengthen Cleveland's economy, which is a major focus area for us.

As you may have heard – I hope you've heard! – the Cleveland Foundation is celebrating its centennial this year. One hundred years of forging a stronger community ... 100 years of bringing together the resources and talents of our citizens to address our community's most pressing needs and improve the quality of life here.

Our centennial is a great reason to throw a party, and on January 2, we kicked off a year-long series of activities and special gifts to our community to mark this milestone. It's also a great chance to pause and reflect on the progress our community has made, assess the effectiveness of our strategies and, where necessary, redirect our efforts to ensure our impact continues as we enter our next 100 years. And that's exactly what we've been doing. I'll share more about these topics in a few moments.

First, though, I thought it would be helpful if I spent a few minutes covering the basics. Many of you may not be familiar with the concept of a community foundation. And even if you are, you may be surprised to learn how it operates effectively on behalf of a community.

So, just what is a community foundation, or a community trust, as it was originally called? A community foundation pools the charitable resources of citizens, both living and deceased, into one large, permanent endowment that earns interest and investment income – a big community savings account, if you will. That income is then distributed by a publicly appointed board to worthy nonprofit organizations working to improve the community.

This was a revolutionary concept in 1914 when the Cleveland Foundation was established. No other entity like this existed, anywhere. Prior to this, foundations were almost exclusively the private province of a handful of extremely wealthy men: Andrew Carnegie and John D. Rockefeller, for example.

The community foundation concept opened up philanthropy to men and women of all income levels and all walks of life. Whether they could give a little or a lot, donors could be assured that their dollars would be used wisely and on a greater scale, for the betterment of the community, and that their legacy would continue on long after they were gone.

The credit for this novel concept goes to our founder, Frederick Harris Goff. Fred Goff was a corporate lawyer, civic leader and banker, and a man of great intelligence, integrity and creativity. By devising a community foundation, he overcame what he called “the dead hand of philanthropy.”

As president of Cleveland Trust Bank, he was frustrated that significant charitable funds were languishing in banks because their owners had died and had locked those funds into supporting causes that had already been achieved or become irrelevant – the eradication of polio, for example. With a community foundation, donors would have the option of leaving their money to a flexible entity that would use it to address the community’s needs well into the future.

An exciting concept, certainly, and it took hold at an exciting time in Cleveland history. In the early 1900s, Cleveland was the sixth-largest city in America. It was a thriving urban center, known for its civic reforms and progressive government.

Cleveland was also emerging as a manufacturing powerhouse. Inventors and entrepreneurs were pioneering new technologies in electricity, chemicals, metals, paints and machining. To give you an idea of the enormous growth that occurred over this time, the value of industrial products made here grew from \$270 million in 1910 to \$1.1 billion in 1920.

The city was also undergoing a building boom and giving rise to major cultural and civic institutions – everything from the Cleveland Museum of Art, the Cleveland Orchestra and the Cleveland Museum of Natural History to the City Club of Cleveland, the forerunner of the Urban League of Greater Cleveland and the Jewish Federation.

And you know who else? The Cleveland Engineering Society! Your organization was formed in 1908, with more than 200 members. I was intrigued to learn that your roots go back even earlier, to 1880, when four engineers decided to put aside their disagreements about the metric system for their shared desire to form a permanent engineering society, then called the Civil Engineers Club of Cleveland.

So Cleveland in the early 20th century was progressive, innovative, growing. One historian called it a “big, brawling, smelly, alive town, where commerce is king ... and the population keeps skyrocketing.”

Back then, the Cleveland Foundation was a unique organization, but it didn't take long for others to notice. Similar organizations began to spring up in other cities and even other countries. Today, there are more than 1,800 community foundations around the world. The Chronicle of Philanthropy called the creation of the Cleveland Foundation one of 10 seminal events that shaped the nonprofit world in the 20th century.

Thanks to the generations of donors who have partnered with us, today the Cleveland Foundation remains one of the largest community foundations in the world. We have assets exceeding \$2 billion and have given about \$1.8 billion in grants to nonprofit organizations in our community. Last year, grants totaled about \$89 million.

Grantmaking is the most visible part of our work but it is not the only part, and not even the most compelling. The Cleveland Foundation serves as a public policy advocate, a think tank, a trusted adviser, a strategic investor, a partner, a facilitator, a catalyst and a convener, bringing groups to the table to start a dialogue on an issue or to launch a major project. The bulk of our most significant work is the product of collaboration – with local nonprofits, businesses, government and our philanthropic peers.

We operate not from self-interest, but in the public interest, and that gives us credibility and objectivity and enables us to take risks. We can take a controversial stance on an issue or test a bold, new idea. We are a responsible steward of the funds placed in our care and we are strategic about our approaches, which means we take the time to evaluate and refocus our efforts when necessary. You'll see how all this is put into action when I talk about our economic development strategy in a few minutes.

Looking back over our rich history, it is obvious that our greatest impact has come not from funding alone, but from exercising our role as a civic leader and risk taker. In our earliest days, our grants and leadership helped launch the Cleveland Metroparks and bring about the merger that created Case Western Reserve University. We helped establish Cuyahoga Community College, rescue Playhouse Square Center from the wrecking ball, rally the community to address the HIV/AIDS epidemic, start up the Free Medical Clinic of Greater Cleveland and so much more.

To mark our 100th year – and the birth of the entire field of community philanthropy – we decided to do what we do best: Give back to the community we love, in honor of the generosity of generations of donors and the hard work of our grantee organizations that have partnered with us for a stronger Cleveland.

We are unveiling a series of surprise gifts – one a month – to spotlight some of the community assets we've helped build or enhance through the years. In January, we sponsored a day of free ridership on RTA, giving residents the ability to enjoy the rapid, HealthLine, buses and paratransit at no cost. As your co-chair could tell you, the Cleveland Foundation and RTA have worked together on many projects in the past few decades, most recently the new stations at Little Italy-University Circle and Cedar Hill.

In February, we encouraged visitors to come to the North Coast by offering a free weekend of admission to the Great Lakes Science Center and Rock and Roll Hall of Fame and Museum. This month, we are sponsoring a day of free film viewing at the Cleveland International Film Festival, which will take place on Monday, March 24. We also announced a weekend of free outdoor concerts at the Tri-C JazzFest in late June.

We hope residents also will come out for the special gatherings we are hosting this year. In April, it will be the third biennial African American Philanthropy Summit and Luncheon, with the theme of “Inspiring 100 Acts of African-American Philanthropy,” and featuring Henry Louis Gates Jr. In June, it will be our centennial meeting at Playhouse Square, sponsored by KeyBank, with Gen. Colin Powell keynoting our big celebration of community philanthropy and its past and future impact.

Finally, I'd like to make you aware of a special website we created for our centennial. It's clevelandfoundation.org/100, and I encourage you to check it out. It features an interactive timeline of the foundation's activities and accomplishments and our community's generosity over the past 100 years. Anyone interested in Cleveland history will find it a valuable resource, with a compelling mix of videos, donor biographies, searchable content and more.

Now let's narrow our focus to the aspect of the foundation's work that mirrors an important element of your own mission: contributing to the area's economic growth. I'll tell you about our economic transformation strategy and activities up through the present, and then discuss what will be our new direction for the years to come.

The foundation focuses its grantmaking and leadership on the community's vital issues. We define those issues as public school reform, youth development, neighborhood revitalization, arts advancement and – the most recent addition to the list – economic transformation.

About 10 years ago, our board came to the realization that if we didn't take a more active role in building up Cleveland's economy, it wouldn't matter how much attention we placed in the other areas. Cleveland's economic strength had diminished, and we decided we need to take an active role in helping it regain that strength.

Over the last decade, we have been driven by our vision of Cleveland's economy as thriving, sustainable, globally connected and known for innovation. And that vision became a guide for shaping our economic development work. Our work evolved organically, focusing on the biggest gaps and opportunities presented by the community.

We adopted five priorities designed to stabilize and diversify the economy and rebuild a culture of entrepreneurship and innovation. Those priorities included innovation and entrepreneurship, business growth, promotion of identified industry clusters, globalization and healthy core cities. And we pursued those priorities through focused leadership and intensive grantmaking.

While the majority of our grantmaking involves Cleveland and Cuyahoga County, in economic transformation we took a more sweeping focus, recognizing that our city and county were part of a larger economic system and that we needed to help build regional capacity.

To do that, we focused on creating and nurturing economic development intermediaries that could support Cleveland locally and regionally in each area of our priority areas. Over the past 10 years, we have given \$50 million in startup and other funding to cutting-edge nonprofits.

They include:

- BioEnterprise, for health care and biosciences
- JumpStart, for entrepreneurship
- NorTech, for cluster building
- Team NEO, for business attraction
- And Global Cleveland

These organizations, in turn, work with smaller nonprofits, universities, chambers of commerce and government entities – and, in doing so, have built up their areas of specialty.

In essence, we helped shape and support a whole new economic development ecosystem for our region. Many of the organizations in this ecosystem are now considered national leaders in their respective areas of work.

After following this approach for the last decade, we felt we needed to assess our progress, with an eye toward planning our future work. So in late 2012, we undertook a strategic review of our efforts, using an independent consultant with an understanding of philanthropy and economic issues and best practices.

The assessment came back mostly positive, showing real successes in capital, innovation and job growth on a regional basis. Thanks in part to the network of economic intermediaries, Northeast Ohio has experienced a turnaround in industry mix and business performance. Currently, its employment growth is on the same track as that of the country, and its mix of industries mirrors the nation's. In other words, at the regional level, our strategy is beginning to pay off.

However, at the city level, the assessment showed a different story. Serious challenges face the city itself.

For starters, population and employment losses in the city of Cleveland have been dramatic. If these trends continue, they will put great pressure on the city's fiscal and other systems.

What's more, any progress seems to have bypassed significant parts of the population. There are 19 percent unemployment rate and a 32 percent poverty rate for African Americans in Northeast Ohio. Minority-owned firms are underperforming nationally and are concentrated in low-growth sectors of the economy. High school graduates and two-year degree holders have relatively high poverty rates.

Poverty and unemployment rates are three times higher in the city than in the rest of the Cleveland metropolitan area. Nearly half of all children in Cleveland – our future workforce – are living in poverty today.

In short, a healthier region is not translating into a healthier core city. This harsh reality has caused us to propose a shift in the foundation's priority areas. We are currently exploring a new strategy for our work and investments in the next five to 10 years.

While it is still early in our planning, we know our strategy will be guided by a major goal: to ensure that the growth Cleveland achieves is inclusive, that it generates economic opportunities

for our residents. As we envision it now, to achieve this, we will focus on two priority areas where the need is high and the foundation's involvement can be critical in changing the status quo.

First, we must pursue aggressive job growth in the city. As I mentioned, the city has a disproportionate share of the region's employment and population loss. To achieve inclusive growth, we will need to support minority entrepreneurship and employment.

We will also need to support the growth of key industry clusters. We see Cleveland having a series of thriving, high-tech, high-growth clusters as well as local, nontraditional clusters that hold potential for job creation in the near term. Some possibilities include biomed, health IT, manufacturing, food processing, film and business to business.

To encourage growth of regional or local clusters in the city, we will need to plug capital gaps and meet the land and building needs of target companies. One promising approach is to encourage the development of clusters along RTA's public transit systems so people can get to the jobs being created.

A great example of this is occurring in the Health-Tech Corridor in the MidTown district. Launched in 2010, the Health-Tech Corridor has been a focused effort to provide ample, affordable space for the new biotechnology companies that are spinning off research efforts at Cleveland State and Case Western Reserve University, as well as for non-biotech companies that want to locate near University Circle.

The corridor is linked to both University Circle and downtown by the HealthLine, bus and rapid transit systems. Currently, the area offers 500,000 square feet of flexible, ready-to-occupy space, giving businesses a place to anchor for their entire life cycle, from incubator to developed company. Occupancy levels are at or near capacity.

In these and other ways, we will work to build up what we consider the demand side of the equation, generating jobs and demand for workers in the city.

The same is true for the supply side, or workforce part, of the equation. Cleveland fares worse than the U.S. on many important indicators, including labor force participation, employment rates, educational attainment levels and poverty rates. One of the most disturbing findings is that even those Clevelanders who have postsecondary education are experiencing high rates of poverty, with African-American men most at risk.

To address these challenges, we need to align the area's education and training offerings to job opportunities, both current and future, so residents will get a return on their investment in terms of wages earned. In effect, we need to create a new career and technical education system for our city.

Cleveland has successful examples of targeted workforce development we can build on. Consider the NewBridge Cleveland Center for Arts and Technology. We launched NewBridge in 2010 with University Hospitals, Cleveland Clinic, KeyBank, and the Kelvin and Eleanor Smith Foundation.

Patterned after the successful Pittsburgh-based Manchester Bidwell model of training centers, NewBridge provides adult vocational training based on the hiring needs of local institutions; it also offers soft-skills training to remove obstacles to employment. Its initial vocational tracks are phlebotomy and pharmacy technology, fields identified by UH and the Clinic as having a large number of available positions.

NewBridge also offers after-school programs for youth, giving them encouragement to stay in school as well as exposure to adult role models and opportunities for future employment. Applications for both the adult and youth programs far exceed available spaces, and almost all graduates of the vocational program have gained employment in their chosen fields.

We are also studying successful workforce development models in Europe. Our education and economic development program directors are traveling to Germany and other countries to learn more about their apprenticeship systems, which are effectively training youths who are not on the college track. We are also studying U.S. adaptations of these models to see how they might work within Cleveland's context.

In addition, we are looking at how we can strengthen connections between residents and career opportunities. Sometimes, residents simply don't have the networks they need to access jobs in the community and build careers. One way might be to better link economic development intermediaries to workforce organizations, such as Towards Employment.

Another way might be to identify and partner with employers who are committed to hiring city residents. Audible, an Amazon company, is committed to hiring residents in Newark, and University Hospitals is piloting such an effort in Greater University Circle neighborhoods.

In fact, I'd like to spend the last few minutes of my remarks talking to you about Greater University Circle because it provides a great bridge from our recent efforts to our new efforts. Its successes show how the foundation and its partners can catalyze and sustain new ventures that lead to the kind of inclusive growth we are seeking.

Seven years ago, the foundation convened the area's major anchor institutions around a collective vision to stimulate reinvestment in six struggling neighborhoods that surround the medical, cultural and educational jewel we know as University Circle.

The leaders of the area's anchors – the Clinic, UH, Case, RTA and others – were eager to step up. They and a coalition of public, private and nonprofit partners have invested in a sweeping range of projects to spur dramatic and transformational physical development.

In addition to physical development, we knew we had to invest in human capital by creating jobs for local residents. So we launched a series of for-profit, employee-owned companies called the Evergreen Cooperatives. These companies were built around the needs of the anchor institutions for goods and services. The Greater University Circle anchor institutions I just mentioned spend \$3 billion in goods and services, and we wanted to capture a portion of that for the benefit of local businesses, neighborhoods and residents.

These co-ops include:

- The Evergreen Cooperative Laundry, a commercial-scale laundry focused on health care bed linens
- Evergreen Energy Solutions, a clean energy and weatherization company that installs, owns and maintains solar generators on the roofs of the city's health and education buildings
- And Green City Growers, one of the nation's largest urban hydroponic greenhouses

These three businesses, and others to come, are part of the "buy-local" movement and are giving jobs and ownership opportunities to approximately 80 residents at present. These individuals went from being unemployed, and in some cases incarcerated, to becoming worker-owners! They have been given a second chance – as well as a voice – and they are making a huge contribution to their neighborhoods and to society in Cleveland.

Neighborhoods cannot succeed unless the people living there are valued and empowered. Greater University Circle is making great progress and has even become a model for cities

around the U.S. We intend to build on the approaches there for our broader economic development initiative, and will be driven by the same measure of success: not just growth, but inclusive growth that benefits residents.

I hope I was able to give you a clearer picture of the foundation, our role in forging a stronger community and, specifically, our role in rebuilding Cleveland's economy. As we celebrate our 100th birthday, we are keenly aware, and want our community to recognize, that our greatest legacy is and will continue to be bringing together the intellect, spirit and energy of the community to address our challenges and to make a positive difference in the lives of our citizens.

As we refocus our economic development strategy, I encourage you to think about how your organization might fit into our new dynamic, either on the supply or demand side. We welcome your ideas and input. After all, we truly are *your* foundation.

Thank you for your attention.