

BLOCAL **PROGRESS** REPORT

**BUSINESSES
PARTNERING
FOR
BALTIMORE**



PARTNER ORGANIZATIONS

1st Mariner Bank
A&R Development
ABS Capital Partners
Banks Contracting Company
BCT Architects
Beatty Development
BGE
Brown Advisory
Catalyte
Chesapeake Bay Foundation
Clark Construction
The Cordish Companies
Cushman & Wakefield
DLA Piper
Grant Thornton
Hogan Lovells
Johns Hopkins University and Health System
Johnson Controls
KPMG
Legg Mason
M&T Bank
PwC
RSM
T. Rowe Price
Under Armour
Whiting-Turner
WPM Real Estate Management

LETTER FROM THE CO-CHAIRS

In April 2016, we stood beside leaders from 25 Baltimore-area businesses to express a shared desire to strengthen our city and create more economic opportunities for Baltimore residents and for women- and minority-owned businesses through specific business commitments.

This report outlines results and stories from the first year of BLocal that illustrate progress made so far and lessons learned along the way.

It has been exciting to see the CEOs of some of Baltimore's most influential businesses work together on shared projects and in new partnerships to foster economic growth in Baltimore. We are emboldened by our collective commitment to this work, but we also recognize that the needs of the city are great. In our first year, we worked to gain a more nuanced understanding of how our diverse partners measure their inclusionary activity, and how we can set more-informed collective goals alongside our individual commitments.

While we believe our move to quantify our actions and share our progress with the public is an important step, we also recognize it will take time and a broad, sustained community effort to combat gaping disparities in the health and welfare of city residents, and the frustration of citizens who feel left out of opportunities to thrive.

As co-chairs of BLocal, we continue to believe in the vision that drove the launch of this initiative: By joining forces we can shift the foundation of our local economic landscape, open new doors to individuals and small businesses, and tie our community together in new ways. We will continue to welcome new partners and strategize ways to sustain our investment in Baltimore. We invite you to read more about the actions that have been taken and to help us remain accountable for our goals.



Calvin G. Butler Jr.
Chief Executive
Baltimore Gas
and Electric



Ronald J. Daniels
President
Johns Hopkins
University



Ronald R. Peterson
President
Johns Hopkins
Health System and
Executive Vice President
Johns Hopkins Medicine



BLOCAL YEAR ONE

When BLocal began, a number of companies in the Baltimore area were seeking ways they could expand their engagement with the city, where jobs and economic opportunities were badly needed. CEOs, with encouragement particularly from Mike Hankin, CEO of Brown Advisory, began conversations that led 25 companies to become founding BLocal partners. They committed to spend more on design and construction contracts with local and minority- and women-owned businesses, hire more residents from Baltimore's most distressed communities, and spend more purchasing dollars with local vendors and companies owned by women and minorities. Participants also outlined ways they could directly assist small businesses and job seekers in Baltimore.

The 25 founding partners set a total of 127 individual goals in these areas—Build, Hire, Buy, and Invest—over three years. After one year, they reported progress on 90 percent of them, from millions of dollars of spending with city suppliers, to internship and mentorship programs, to increased support of local nonprofits.

At the launch, the partners committed to investing at least \$69 million in construction and purchasing activity supporting local and/or minority-owned, women-owned, and disadvantaged businesses over three years. Their collective efforts surpassed that amount in the first year. They reached \$73.8 million in committed construction dollars and \$12.3 million in increased purchasing, for a total of \$86.1 million. They also offered employment to 470 city residents. Finally, the companies began the initiative with a number of approaches to measuring progress, depending on their individual goals. Now they are positioned to use baseline data from year one to measure their investment in Baltimore City in future years.

Each partner's commitments and progress in the first year are available online at blocalbaltimore.org.

BLocal partners are also leveraging their collective influence in new ways. They created BUILD College, a 13-week education program that helps local, women-owned, and minority-owned construction companies learn how to grow their businesses. BUILD College graduated 32 participants over two cohorts in its first year and began its third cohort in September. Several partners created a procurement subcommittee to support one another's efforts to buy locally and to leverage their combined purchasing power to encourage national suppliers to invest directly in Baltimore. BLocal companies also supported outreach to, and recruitment of, city entrepreneurs for the Goldman Sachs 10,000 Small Businesses pilot program, which offers practical business education, support services, and access to capital.

The BLocal partners are seeking to demonstrate the value of investing in Baltimore and attract more organizations to pledge to do the same. Since the launch, three new companies have become part of the initiative: Johnson Controls, Clark Construction, and Catalyte. After providing invaluable assistance identifying and encouraging the original BLocal participants, One Baltimore has concluded its role as an official partner.

BLOCAL PROGRESS



BUILD PROGRESS



When Renard Gardner launched Vessel Electric, he was a newly minted master electrician with

a truck, a ladder, and a whole lot of ambition.

“At that point, it was just me. I was doing work for friends and people that I knew,” Gardner said. “I knew all about electrical work, but I had to learn the business side.”

Gardner, who was born and raised in Baltimore, worked the graveyard shift at a federal government job so he could pick up electrical work during the day. Smaller jobs led to bigger ones, and eventually, a contract with Baltimore’s public housing authority. Now Gardner employs nearly a dozen people, between workers in the field and support staff, and his company brings in \$1.2 million in annual revenue.

Despite his success, Gardner says he still had persistent questions about how to manage—and continue to grow—his business. BLocal BUILD College, a 13-week training program for Baltimore’s small and women- and minority-owned design and construction businesses, connected Gardner to BLocal partners and industry leaders who could help him understand more about bookkeeping, project management, and the bidding process.

Now, with connections he has made through BUILD College, Gardner says he’s looking to expand his business to work with clinics and hospitals. “We’re a small but growing local company, and we want to just keep growing,” he says.

Organizations that undertake construction projects have an opportunity to work with local and diverse companies, including contractors, subcontractors, and suppliers. Many of those companies provide valuable job opportunities to city residents.

Among the BLocal partners, four organizations had major design and construction projects in the first year and set goals for minority and/or local participation on those projects. Three of those companies—Brown Advisory, 1st Mariner Bank, and The Cordish Companies—spent a combined \$18.3 million with companies that met those criteria. The fourth, Johns Hopkins, committed more than \$55.5 million with certified minority- or women-owned businesses.

Whiting-Turner also contributed significantly to the BLocal goals in the BUILD area. In pursuing its pledge to engage diverse, Maryland-based contractors, subcontractors, and suppliers, it increased spending with those companies by \$59 million over the previous year, including \$18 million spent with minority vendors in Baltimore City. During the reporting period, Whiting-Turner performed as a contractor on many BLocal partners’ projects. Because some of these dollars may be reflected in the BLocal partners’ commitments/spend, the Whiting-Turner results are separate from the BLocal summary number this year.

Also, Whiting-Turner and Beatty Development offered mentorship to several local and women- and minority-owned firms that are working in the construction arena and want to grow their capacity to work with large contractors on future projects.



Four BLocal partners committed a total of

\$73.8 million

to spend with local and/or diverse suppliers as part of major construction projects.

HIRE PROGRESS

Employment for city residents is a key outcome for the BLocal initiative as a way to support economic stability and promote stronger communities. Efforts made in contracting and purchasing locally ultimately lead to more jobs for city residents. In addition, several partners made specific pledges to increase the percentage of new hires from the city. Together, M&T Bank, Whiting-Turner, WPM Real Estate Management, and Johns Hopkins University and Health System hired 470 individuals from Baltimore in the first year of the BLocal initiative.

BLocal partners also supported a number of programs focused on helping city residents prepare for employment and connect with job opportunities. Roughly half the partners hired city youth for summer positions or offered financial support for young people to intern elsewhere, creating 434 paid learning opportunities. The Chesapeake Bay Foundation made its BLocal goal to offer interns at other partner companies an opportunity for on-the-water experiences.

Eight partners reported participating with educational, mentoring, or job readiness programs for city school students. For example, employees at Grant Thornton mentored local students through the Big Brothers, Big Sisters program and supported the Junior Achievement program. Legg Mason funded a program at Morgan State University, where high school students can learn about accounting and finance, and expanded its mentoring programs with Patterson High School and Crossroads School.

Other companies offered directed job training. Under Armour has created a three-day program for high school graduates to explore areas of its business, including product development, and be considered for future employment opportunities. Cushman & Wakefield is developing a job training program focused on preparing individuals in underemployed populations for careers in building management.

Four BLocal partners with specific hiring goals added

470 new employees

who live in the city.



In less than one year, 21-year-old Avery Johnson has been promoted from intern to full-time

employee—a success story made possible by his hard work and by the network of city leaders and private sector employers supporting the youngest members of Baltimore’s workforce through BLocal and other initiatives.

In June 2016, Johnson, a graduate of Baltimore Polytechnic Institute, became a data analyst intern at ABS Capital Partners, a growth equity firm in Baltimore, through the city’s Hire One Youth campaign, which encourages private-sector employers to hire at least one 16- to 21-year-old for a summer or year-round position.

ABS Capital was so pleased with Johnson’s work that his internship was extended into the fall. Then his supervisors reached out to fellow BLocal partner Brown Advisory in December 2016. The investment firm created a position for Johnson, and he now works full time as a data control associate. He provides support using various computer applications to manage sensitive client data and to contribute to the behind-the-scenes work involved in on-boarding new employees.

“I absolutely see that there’s great opportunities to be had working at Brown,” Johnson says. “I’ve been very happy with how work is going. It’s great that it’s a local company and that they put so much effort into hiring local people, and that they were able to see that I can do the work.”

BLOCAL PROGRESS



For the owners of small businesses in Baltimore, it can be

daunting to establish relationships with big names such as Legg Mason, Whiting-Turner, Under Armour, BGE, and Johns Hopkins. So the BLocal Procurement Subcommittee hosted a “Doing Business with Big Business” symposium in September 2017 at Legg Mason.

The takeaway? BLocal partners are eager to work with qualified vendors of all sizes in the city. “Show off that you are from Baltimore—that is very important to us,” says Matt Blaney, who oversees Legg Mason’s supplier diversity program. “If I see those 410 and 443 numbers, I’m happy to pick up and talk to you.”

Baltimore hair stylist Tanika Burroughs attended the symposium to reach out with her innovative idea to provide salon services inside Johns Hopkins Hospital, including custom wigs and hair weaves for patients dealing with hair loss as well as services for caregivers.

“I want to make people feel good by providing on-site service for the patients and give the caregivers a much-needed break,” she says.

Johns Hopkins Health System has set targets as a part of BLocal, says Jeffrey Martin, chief procurement officer. “I’m a big believer in beginning a deal with a specific goal in mind. It shouldn’t be happenstance where we end up.”

BUY PROGRESS

For companies that need office supplies, meeting locations, catered meals, technology, and so much more, purchasing decisions offer a prime opportunity to support local and/or women- and minority-owned businesses. In the first year of BLocal, six partner companies that set purchasing goals increased their spending with these businesses by \$12.3 million.

The Cordish Companies tracked its investment with diverse suppliers in the wider Baltimore area, reporting an increase of \$6.9 million, and Johns Hopkins counted a \$4.9 million increase in city spending in fiscal year 2016. ABS Capital Partners, BCT Architects, KPMG, and Whiting-Turner (on nonconstruction items) also contributed to the total. Banks Contracting Company reported that it increased the amount it purchased from minority-owned companies, including using those companies for 100 percent of its professional services.

BGE also reported a significant result alongside the BLocal summary number. The company fully supports diverse businesses and made a commitment to the Maryland Public Services Commission in 2009 to allocate 25 percent of its total spending with these companies. In 2016, BGE exceeded this goal for the first time, spending close to \$260 million, or 26 percent. That includes \$75 million spent with diverse Maryland companies during the year. BGE has also started tracking its Baltimore City spend and now has a baseline for measuring future growth in that area.

In addition to considering their economic impact when choosing vendors, BLocal partners worked to help small, diverse, and local businesses build their capacity, allowing them to contribute in new ways to the city’s overall economic growth. For example, through its Focus Forward program, BGE has helped 29 regional diverse companies understand how to successfully partner with larger businesses. BGE is sharing best practices from Focus Forward with interested BLocal partners so the effort can be amplified.

Six BLocal partners increased

their spending by

\$12.3 million

for goods and services with vendors in

the city and/or owned by women and

minorities.



DIRECT INVESTMENT PROGRESS

Many BLocal partners came to the initiative having already made investment in their communities a key part of their missions and cultures. When they committed to participate in BLocal, several pledged to increase their contributions to programs that assist the citizens of Baltimore, reporting a combined one-year investment of \$12.2 million.

ABS Capital Partners, A&R Development, Brown Advisory, KPMG, PwC, and Legg Mason all reported increased charitable giving to support organizations such as Humanim, the American Heart Association, and United Way. M&T Bank increased its commitment to Healthy Neighborhoods by \$2 million, and T. Rowe Price provided \$3 million in direct grants to city nonprofits. DLA Piper and KPMG noted that they provided pro bono legal services (such as expungements and business transaction services), business assistance, and mentoring to local organizations, and RSM is looking to do the same in year two. Hogan Lovells devoted hours of legal expertise and other assistance to causes that support the city, and the company’s leaders serve on the boards of various nonprofit organizations.

Under Armour focused on creating space in the city for learning, support services, and business growth. It supported capital improvements and programming at a youth center, called UA House, that serves the Perkins Homes community and will be the pilot for future projects.

BLocal partners reported more than

\$12.2 million *in*

direct investment in programs and

organizations that serve the Baltimore

community as well as significant

donations of in-kind services.



LaQuicha Brown was able to open a second location to sell her handmade

chocolate-covered strawberries thanks to a \$10,000, interest-free loan through Kiva City Baltimore.

The nonprofit Kiva has facilitated loans for more than 2 million entrepreneurs around the world via its online crowdsourcing platform. BLocal partner T. Rowe Price invested \$215,000 to bring Kiva to Baltimore in fall 2016 because it recognizes that the odds are tough for minority small business owners seeking loans.

So far, Kiva City Baltimore has facilitated \$89,500 in loans to 12 borrowers, who received funding from 1,259 individual lenders around the world. Sixty-one percent of those borrowers were women, and 69 percent were African-Americans.

While the banking industry classifies these as microloans, it’s the kind of lending that is huge to small business owners like Brown, who opened a second shop, in Federal Hill, in February 2017. Her original location opened in 2014 at the Best Western Plus Hotel and Conference Center on O’Donnell Street.

Brown works long hours and most weekends, and she said her Kiva loan has made her life easier.

“It really helps you as a business owner—paying back an interest-free loan is all you can ask for,” Brown said. “Everyone ends up helping each other.”

