



A NATIONAL URBAN INNOVATION REPORT

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Executive Summary

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Introduction

The Rutgers Center for Urban Entrepreneurship and Economic Development, the New Jersey Public Policy Research Institute, Cornwall Center for Metropolitan Studies, and the New Jersey Urban Mayors Association are working together to explore urban innovation. Funded by the Surdna Foundation, the ultimate goal of the Best Practices in Urban Innovation (BPUI) Project is to shift the national discourse on urban areas away from problem identification and toward problem solving. By focusing on best practices in urban innovation, we can bring attention to what is working and discuss the process for scaling up these solutions to practitioners in other urban areas.

We build on the Rockefeller Foundation's definition of innovation to create our definition of urban innovation:

...a break from previous practice, occurring when different points of view or existing practices are framed, imagined, or combined in new ways. Innovation succeeds when it creates new pathways for solving entrenched social problems, resulting in lasting transformation of the systems that most affect vulnerable

populations and leave stronger social relationships in their wake.¹

We define **urban innovation** as a *break from common practice to develop long lasting transformations in communities, neighborhoods, and cities*. This report highlights eight case studies of innovative organizations that are having a significant impact on economic development.

Project Overview

The Best Practices in Urban Innovation project objective is to identify and highlight best practices in urban innovation related to economic development in the following areas: poverty alleviation, entrepreneurship and social entrepreneurship, minority/women business enterprise development, financial services for low and moderate income communities (literacy and access), education, workforce development, urban policy, and environmental justice issues.

The Project had five phases:

***Phase 1:** Determine the criteria for identifying organizations and the process for developing the final interview list.*

¹ Judith Rodin, 2013. "Innovation for the Next 100 Years", *Stanford Social Innovation Review*, Summer 2013

Phase 2: Identify organizations and sort through their online databases for innovative approaches in urban areas.

Phase 3: Meet with team to analyze master list of all identified organizations from Phase 2.

Phase 4: Select organizations that stand out as potential best practices, placing them into a short list for further interview.

Phase 5: Meet and interview short list organizations and field experts, followed with transcript analysis.

Eight Case Studies of Urban Innovation

Why were these case studies selected?

We focused our efforts on scalable solutions for community and economic development. We considered several factors when considering these organizations and social ventures.

- Impact area
- Approach to making positive social impact
- Current scope, scale, and measurement of the efforts
- Ability to replicate in other places
- Ability to make a sustained and sustainable impact

For instance, the Center for Employment Opportunities has succeeded in taking a solution that created sustainable impact in one part of the country to other urban areas in the United States. We highlight this example because the approach used to scaling up their efforts is one that we hope many social impact organizations take in the future.

1. Cincinnati USA Regional Chamber Minority Business Accelerator

The mission of the Cincinnati Minority Business Accelerator (MBA) is to help grow African-American and Hispanic-owned businesses in the Cincinnati area through an investment fund that targets large minority-owned businesses. Through technical assistance and consultation on growth obstacles, MBA enables the companies in their portfolio raise their visibility, credibility, and viability. The program is focused on reducing disparity in the region's business community by driving economic activity for African-American and Hispanic-owned companies and increasing employment in underemployed segments of the region.

Their exclusive 36 company portfolio focuses on established enterprises that have attained at least 1 million in revenue. This includes companies that provide business services, construction services, and professional & technical services. These companies have specialties that range from homemade food to architecture to information technology. They represent the tri-state area of Ohio, Kentucky, and Indiana as far as locale goes, and they serve customers and clients nationally as well as internationally.

MBA also has a Goal Setting Initiative where local corporations and non-profits of different sizes pledge to spend a certain amount of funds with minority businesses in the region. They currently have 40 Goal Setters that have taken the pledge. In 2013, they collectively pledged to spend a record \$1.04 billion with local minority businesses.

2. Defy Ventures

Defy Ventures harnesses the natural talents of formerly incarcerated individuals and redirects them toward the creation of profitable and legal business ventures through a comprehensive entrepreneurship development program. Defy Ventures is different from any other prison re-entry program because they do not simply recruit anyone with a criminal history. Instead, Defy actively seeks out individuals whom they consider as “entrepreneurs on the fringe”, such as accomplished former drug dealers and gang leaders who have been entrepreneurs all of their lives.

Defy offers a suite of services that includes intensive personal and leadership development, entrepreneurship training, executive mentoring, competition-based financial investment, and business incubation. Defy's approach capitalizes on the skills these entrepreneurs on the fringe already have in order to "transform their hustle" from illegal ventures to legal ventures. Also uncommon to other prison re-entry programs, is the initial fee that the entrepreneurs must pay for a three week introductory training, which helps support the sustainability of the organization and creates greater ownership in the entrepreneurs for their own success. Defy Ventures has taken its model from New York City to San Francisco and expanded its scope with online distance learning modules to reach entrepreneurs on the fringe in other parts of the U.S.

3. Mission Asset Fund

Mission Asset Fund innovates a traditional way of lending in immigrant communities by using a unique technology platform to track and report financial transactions in community lending circles. MAF recognized that people in these communities have long established practices of lending and borrowing money with each other through lending circles without the benefit of building their mainstream financial credit history. MAF's modern spin on lending circles, in addition to other financial programs and services they offer that are based on community trust, help people obtain their "passport to the financial mainstream." Specifically, this first-of-a-kind social loan program rapidly proved its ability to help people open bank accounts, avoid predatory lenders through access to affordable loans, and quickly and safely build their credit history. Working to help people build a more financially stable future, MAF's financial innovation not only builds credit scores, but also helps strengthen communities.

4. New Classrooms

New Classrooms designs new instructional models that reimagine the role of educators, the use of time, the

configuration of physical space, and the use of data and technology to better meet the needs of each student.

Providing a novel way of educating students, the New Classrooms approach uses a Teach-to-one model, which is completely different from the traditional pedagogy of one instructor teaching a class of 30 students. The Teach-to-one model knocks down the walls used in the traditional classroom set up and creates a new inclusive education experience tailored to the needs of the individual student. Instead of having different courses in different classrooms, New Classrooms uses an open space model. In this open space, there are 12 or 13 different learning stations. In some stations students work with teachers, students work with software, and students may also work collaboratively with other students. However, at each station students complete a 10 minute assessment, and the data is then sent to a server that creates the students' schedule for the next day. This allows students at various learning levels to progress through lessons appropriately, without creating gaps in their understanding and stops the cycle of students falling further behind. New Classrooms has remained dedicated to research and development to improve their ability to reach each student they work with. This dedication has enabled New Classrooms to take their approach and implant it into the structure of schools in Atlanta, Chicago, D.C., Newark, and New York City.

5. RecycleForce

RecycleForce is the rare social enterprise that combines both an environmental sustainability business with a prison re-entry social service department, right at the outset. As a social enterprise, Recycle Force offers nontraditional recycling services by specializing in electronic waste, in addition to other materials, while providing life-changing workforce training to formerly incarcerated individuals. Focused on sustainability, RecycleForce has obtained R2 and Rios certifications to signal that its materials are "recycled with the highest standards for data privacy, environmental controls,

employee health and safety and corporate responsibility.”

The workforce training component of RecycleForce’s operations really stand out as it integrates not only traditional training, personal development, and social service providers, but also extends its outreach to the legal system that constrains its workforce. By having a social service department that is integrated, rather than being commonly outsourced, RecycleForce is able to manage the complications oversight commitments and work release agreements place on formerly incarcerated individuals. RecycleForce takes understanding the importance of providing comprehensive services one step further by ensuring that the location’s legal officers, such as judges and probation officers, are part of their outreach network. Located in Indianapolis with more than one third of its \$6M budget coming from recycling contracts across the country, RecycleForce is currently working on expanding its scope with a project called Keys to Work. Keys to Work will help to place short term jobs for a workforce that needs a flexible schedule to accommodate oversight commitments.

6. San Francisco Conservation Corps

San Francisco Conservation Corps (SFCC) is social enterprise on a mission. They have turned a not-for-profit, which focuses on developing young people to enter the workforce while servicing the community; and turned it into a social enterprise. SFCC operates on three pillars, training, educating, and working. They train young people between the ages 18-25 on workforce development, they provide an education program that allows you to get a high school diploma and they provide paid work experience. SFCC runs a recycling program and educates the community on recycling. This enterprise generates revenue that they then use to fund their not-for-profit.

SFCC offers young adults the opportunity to earn a high school diploma while gaining marketable job skills. The young men and women who enter the Corps often have little or no experience in the working world. They are eager for the training, support and education that they know can open doors for them and their families. Many Corps members live in the poorest San Francisco communities and join the Corps to build a better San Francisco, and a new life.

7. Sustainable Economies Law Center

The Sustainable Economies Law Center (SELC) works to develop a legal infrastructure that is still in its infant stage and legal expertise that provides a foundation for the burgeoning ‘sharing’ economy to grow. Specifically, SELC focuses on key interventions that will enable the widespread creation of cooperatives, social enterprise, and local sustainable economies. Since sharing economies is still such a new concept, there is not much established law or resources to guide organizations trying to get their start in this space.

As such, SELC’s goal is to help organizations that choose this new economic model with a range of services, from direct legal support to communities all the way to drafting new legislation in city and state legislative bodies. One distinguishing feature of SELC’s service provision to the local community is their pop-up legal cafes. Since SELC works out of a co-working space in California’s Bay Area, they bring the legal services to their clientele by scheduling legal seminars and consultations at various locations during any given month. Pushing the truest idea of a sharing economy, even within its own business model, SELC also seeks to extend its outreach through an online database that compiles sharing economy resources that will ‘belong to everyone.’

8. Center for Employment Opportunities

CEO offers comprehensive employment services exclusively for people with criminal records. CEO’s model is based on a highly structured program of life skill education, short-term paid transitional

employment, full-time job placement and post-placement services.

After so many years, CEO is able to remain competitive because it actively works to innovate various organizational components, including programming, funding, and impact measurement methods. While the CEO Academy has proven its efficacy in various cities, the team is constantly working to improve the model. CEO's strong performance based metrics has helped it to recently obtain a Pay for Success social impact bond. One example of CEO's transformative measurement approach is seen in a random assignment study, which yielded outstanding impact results and was performed during a time when social organizations were not focused on hard core performance assessments. Another testament to innovation at work in CEO is the database that allows the organization, which began its work in New York City and now is working in eight metropolitan areas, to effectively manage its satellite locations.

What do these eight urban innovators have in common?

Each of these eight case studies have dynamic leaders, partnerships that matter and measurable and documentable impact.

How Do Cities Support Urban Innovation?

One of the interesting findings that emerged from our interviews with experts and with urban innovators was

the idea that some cities and places were more likely to support urban innovation than others. In particular, cities that had the following characteristics were noted by experts and practitioners as good places to be urban innovators:

- Cities that have a funding environment that is prepared to seed, incubate, and support innovative ideas that are responsive to the local context.
- Cities that have significant technical assistance and support infrastructure indicate a carrying capacity for innovation.
- Cities that have history of social activism and entrepreneurship development are uniquely positioned for urban innovation.

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