



## Board Chairs and CEOs Need to Get Serious About Philanthropy

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**R**esearch from Moody's Investors Service reports that the cost for hospitals to earn a dollar of revenue is 97 cents. With our healthcare business model facing uncertainty and changes, hospitals will now be forced to navigate an even more difficult environment. Despite these toughening circumstances, board chairs and CEOs must remain eager to enhance the patient experience, develop new treatments, lower costs, and find additional revenue to support growth.

Fortunately, philanthropic investment offers hospitals the opportunity to raise a dollar of revenue at an average cost of just 31 cents. Because of this, we are seeing best practice hospitals turn to philanthropic investment from grateful patients and their community leaders to boost sagging bottom lines, improve overall credit ratings, and fund facility upgrades and expansion. To secure this vibrant revenue source, leadership will need to get serious about partnering with their philanthropy office or foundation.

In today's environment, it is essential for the board chair and CEO to be champions of their hospital's fundraising efforts and lead the charge for philanthropic investments. It's no longer enough to set budgets and goals. They need to advocate for the organization with corporate donors, individual donors, and through special events to help grow their base of supporters and dollars. The board chair and CEO must, among many other things, be the "Chief Philanthropic Investment Managers" for their hospitals. They need to be willing to roll up their sleeves and engage with their philanthropy offices.

The best board chairs and CEOs call on their leadership skills and focus on the five important actions discussed in this article.

### **1. Benchmark Philanthropy Performance Against Best Practice**

Just as they would with any other investment, best practice hospitals build specific expectations for philanthropy into their strategic and financial planning. Board chairs and CEOs should require accountability metrics from their philanthropy offices to help understand everything from the overall effectiveness of fundraising campaigns to individual major gift officer performance reviews. Board chairs and CEOs need to champion this "fundraising as a science" approach by implementing key performance

indicators and holding leadership accountable for delivering on them.

In addition to benchmarking against expectations, leadership should benchmark philanthropic investment performance against the leaders among similarly sized or recognized organizations. Measuring against these peer organizations will generate new ideas for improving the performance of philanthropy.

### **2. Make the Pursuit of Philanthropic Investment a Team Sport**

To raise more philanthropic dollars, raise the profile of philanthropy within your hospital. The board chair and CEO set the tone for the rest of the board and C-suite leadership, so lead by example. Recognize philanthropic investment as a significant contribution to the bottom line. Make sure that the philanthropy office leader has a seat at the executive table and share how philanthropic investments are driving successes throughout the hospital.

But remember philanthropy is a team sport and it is essential to engage all parts of the organization. Bring board members, leadership volunteers, clinical staff, and hospital administrators together with fundraisers, marketing, and strategy to create coordinated plans for engaging top community philanthropists and grateful patients. Promote and encourage cooperation from the physicians and clinical leaders. Proactively work together with the full board in a dedicated partnership to advance philanthropy. The full board's engagement, input, and commitment to philanthropy are essential. Also utilize your organization's collective strengths and relationships to develop strong proposals for major philanthropic investors. Establishing this teamwork culture for philanthropy will open more doors and ultimately raise more philanthropic dollars.

### **3. Talk to Your Top Philanthropists**

Board chairs and CEOs will always have to make tough decisions about how to invest their time. But if they want to grow all possible revenue sources, they need to get serious about raising philanthropic investment. To do this, they should be devoting time to building strong relationships with the hospital's current top philanthropists. While the exact amount of time a board chair or CEO should spend engaging philanthropic investors is fluid, one solid rule is that

the board chair should have, at a minimum, four meetings with top potential philanthropists each year. In addition, the CEO should have at least one of these meetings each month. These modest time commitments are not too much to request of your highest leaders, and over the course of a year, they allow hospital leadership to gain a broad understanding of the community.

These meetings with top philanthropists will prove to be significant, as hospital leaders have a unique ability to connect with these philanthropists, ask questions, gain insights, and eventually identify opportunities for continued philanthropic investment at your institution. Hospital leaders should first thank these philanthropists, but also be certain to ask for feedback. Are they having a gratifying donor experience? Do they feel the hospital is making an impact and the community is experiencing an ROI from their giving?

Current philanthropists will tell you why they invested in the hospital and its people. And knowing why they invested is vital to developing future strategies for securing philanthropic investment. The hospital's current philanthropic investors will also explain what value they derive from supporting the hospital's efforts. Giving motivations can be entirely different from the motivation to seek medical care at the hospital. Current top philanthropists may also have a list of suggestions on how the hospital can do better. Focusing on understanding challenges with passion is a winning management plan in any business, but especially a service business like healthcare.

After board chairs and CEOs have meetings with top philanthropic investors, make sure time is scheduled with the philanthropy office to recap all that was learned and identify any necessary next steps. Use this new knowledge to build stronger proposals for future philanthropic investment and ultimately a stronger hospital as well.

#### **4. Motivate, Inspire, and Spotlight Philanthropy Success**

Fundraising is a high-pressure effort, and maintaining motivation, energy, and drive is incredibly important for success. That's why excellent leaders are not passive about inspiring their organizations and communities. They appreciate their power to motivate and maximize potential. Dr. Toby Cosgrove, CEO and President of the Cleveland Clinic, told his community: "I've seen the powerful effect of giving on both donors and recipients. Sick children, adults, and the families who love them flourish under the favor of generous givers. Scientists are energized. Doctors, nurses, and other caregivers are inspired." Model this excitement,

passion, and optimism. Talk about a bright future, and how your hospital contributes to it. Share the powerful stories that help crystallize philanthropy's impact at your hospital. And be certain to celebrate and recognize success. Sincere, personal praise from the board chair and CEO can be an incredible motivator. While public recognition for success can be spontaneous, it is also possible to build a system and culture that regularly recognizes philanthropic investment to the hospital.

#### **5. Ask Often How You Can Help Drive Philanthropic Investment**

Ask not what your team can do for you, but what you can do for your team. Be a servant leader. The key principles of servant leadership are leading people by setting the vision for them, trusting and empowering them, then serving them by removing obstacles and getting out of their way. Good leaders listen. Great leaders ask questions, gather information, and offer to help.

When it comes to philanthropic investment, board chairs and CEOs should have questions-only conversations with their philanthropy offices. For example: How can I help you? Are there certain aspects of our relationship with this top potential philanthropist I could be particularly helpful with? Are there questions I should directly ask the potential philanthropist?

The fundraiser may know specific ways they would like you to be involved, but may not tell you this without you asking, "How can I best help with this relationship?" Know that what you may think is unimportant, the fundraisers may view as critical. Respect them in their arena. Remember that they're in the field, not your C-suite office. Be grateful, demonstrate your leadership, and show the gift officer in the philanthropy office that you genuinely value the work they do.

#### **Conclusion**

Many hospital leaders have little or no experience raising philanthropic investment. That means that while they must set the vision and plan, they also must listen to fundraising staff and learn from their expertise when making decisions. While hospital leaders shouldn't micromanage or do the philanthropy office's work for them, getting involved with securing philanthropic investment for the hospital, collaborating with gift officers, and sharing their strategic vision all help to boost philanthropic investment, increase revenue, and deliver growth.

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