

# Elevating Hospital Foundation Board Governance

BY STEVEN W. CHURCHILL, ASSOCIATION FOR HEALTHCARE PHILANTHROPY

Healthcare organizations are elevating fund development on the strategic agenda as charitable giving becomes a core revenue source. Now, leading organizations are rethinking foundation board involvement to ensure it is designed to leverage board leadership and to optimize the financial opportunity philanthropy represents. While effective governance is a core element of success for any non-profit organization, the leadership role for non-profit healthcare foundations has many unique features. In the healthcare foundation, great governance still demands a proactive and engaged approach to advancing the organization's mission—but with a keen commitment to fund development. This article explores seven considerations for optimizing foundation board work through engagement, clear and meaningful roles and responsibilities, and effective governance practices.

## Seven Considerations for Refining Foundation Board Engagement

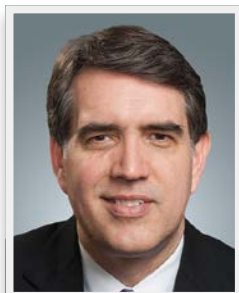
### Foster Role Clarity

Hospital and health system boards and separately incorporated foundation boards technically have the same governance obligations in terms of oversight, policy setting, strategy, and fiscal stewardship. However, healthcare foundations are unusual non-profits by virtue of supporting another non-profit with its own board. Thus, foundation boards often deploy governance differently. There is value in the foundation board and hospital/health system board working together to determine what priorities will be allocated to one board or the other and what will be shared to ensure agile collaboration that addresses core issues and opportunities. Role clarity will become increasingly important as governing boards continue to re-engage in development.

### Eliminate Confusion About the Primary Role of the Foundation Board

The foundation board is not another hospital operating board. Foundations

are formed by healthcare organizations to cultivate financial support to strengthen and sustain the healthcare mission. Simply, raising money is the healthcare foundation's reason for being. While healthcare governing boards focus *inside* the healthcare organization to juggle complex issues like finance, strategy, risk, and compliance, foundation boards prioritize looking *outside* to connect the organization to a wide variety of external stakeholders with the key objective to advance charitable giving. Having clarity that the foundation exists for the primary purpose of raising money and clearly communicating that fact to foundation board members can provide the focus to excel at this noble task and can overcome a pervasive misconception that thwarts the success and performance of many foundation boards.



Steven W. Churchill  
President and CEO  
Association for  
Healthcare Philanthropy

### Nobody Wants Window Dressing

No successful board member wants to feel their presence is simply to check off a box that says the foundation has a board. Yet, development executives often confide that they feel foundation board engagement is lacking and board support is a distraction from more valuable activities. High-performing foundation boards create value and benefits that exceed what the organization invests in the board. Organizations must effectively foster board engagement through careful membership selection, clear expectations of membership, individual board member engagement plans, and systems to drive accountability.

When boards don't deliver meaningful value, the foundation executive is often complicit in the failure and is essential for enabling change.

### Embrace Development as a High-Value Board Role

Many healthcare organizations are apologetic about asking board members to participate in the cultivation and solicitation of charitable gifts, but they shouldn't be—fund development plays a key role in

## Key Board Takeaways

Hospitals and health systems are rethinking foundation board involvement as charitable giving becomes more important to their financial success. While working to elevate foundation board governance, healthcare organizations should consider the following:

- Be clear about the role of the hospital board and the foundation board, and how they will work together to address core philanthropy issues and opportunities.
- Eliminate confusion about the primary role of the foundation board—to advance charitable giving.
- Foster board engagement through careful membership selection, clear expectations, individual engagement plans, and systems to drive accountability.
- Embrace development as a high-value board role.
- Tailor individual board member involvement—individual initiative trumps collective action on the foundation board.
- Recognize the link between strategy and stewardship.
- Ensure meetings reflect priorities and are not dominated by report giving and rubber-stamping.

the organization's success. The book *Governance as Leadership* distinguishes between work that requires “no” board, “any” board, or “this” board.<sup>1</sup> Work requiring “no” board could be done by management, and work requiring “any” board could be done by any responsible individuals. However, work requiring “this” board not only takes diligent and well-intentioned people but also demands those who care deeply about the mission and will champion its success. Under this standard, philanthropy and advocacy rise to the top of the list as high-impact board work.

### Individual Initiative Trumps Collective Action

While most board governance work is accomplished through collective action, the most impactful roles on a foundation board are individual. It's important to enable success by tailoring individual board member

1 Richard Chait, William Ryan, and Barbara Taylor, *Governance as Leadership: Reframing the Work of Nonprofit Boards*, October 2004.

involvement. In *Redefining Healthcare Philanthropy*, Betsy Chapin Taylor, President of Accordant Philanthropy, writes: “Board members deserve to participate in value-added activities aligned with their individual strengths, talents, comfort zone, interests, and constraints. Simply, there doesn’t need to be a one-size-fits-all, lockstep approach to board roles in fund development...Given the broad spectrum of meaningful development activities, board members should be able to choose amongst various roles to create their own engagement plan.”<sup>2</sup> Achieving an individualized approach often unlocks board involvement, since those who had feared or dreaded a role in direct solicitation can now advance equally important tasks like identifying prospects with likely interest and ability to give, making introductions, sharing the organization’s vision, or thanking those who have made a contribution.

### **Recognize the Link between Strategy and Stewardship**

Most foundation board leaders would tell you *stewardship* is a key part of their role.

<sup>2</sup> Betsy Chapin Taylor, *Redefining Healthcare Philanthropy*, Association for Healthcare Philanthropy, May 2014.

However, good stewardship is more than just safeguarding dollars in hand. Boards also practice responsible stewardship by ensuring the organization pursues an appropriate strategy and programmatic mix to use staff time and operational budgets well. Too often, foundation boards advocate for chasing fund development strategies that are comfortable and familiar rather than insisting upon prioritizing what is most effective. For example, many boards often elevate the importance of special events to the detriment of more partnership-rich and resource-intensive opportunities like major gifts.

### **Meetings Must Reflect Priorities**

Many organizations allow board meetings to be dominated by low-value report giving and rubber-stamping. This detracts focus from the most important work to accomplish: leveraging the gravitas and earned trust of board members to initiate and foster relationships between those in their networks and the healthcare mission. To use board meeting time more effectively, foundation boards should dispense with routine business by using a consent agenda to consider unremarkable items in a single board action. This makes way for time to share information and stories about strategic funding

priorities, to explore donor engagement opportunities, and to hold catalytic conversations to spur progress. Still, don’t forget that most of the magic—in the form of peer-to-peer engagement—happens outside the boardroom.

It is time to reposition foundation board governance to achieve a new level of impact. There needs to be clarity about the foundation’s role and the highest and best use of board leadership in advancing it. Board roles must leverage each individual leader’s valuable, personal networks to gain access, build trust, and amplify the message of the organization. Boards should also insist upon strategies to maximize ROI that are consistent with current best practices in the field. By strengthening the engagement and deployment of foundation board leaders, healthcare foundations can leverage board member’s individual strengths to maximize charitable support to advance the healthcare mission. ●

*The Governance Institute thanks Steven W. Churchill, President and CEO of the Association for Healthcare Philanthropy, for contributing this article. He can be reached at [steve@ahp.org](mailto:steve@ahp.org).*