



The Role of the Governing Board in Advancing Healthcare Philanthropy

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Governing boards have significant and evolving responsibilities to safeguard the financial stability and potential of healthcare organizations. As healthcare's financial landscape continues to transform, leaders of hospitals and health systems are seeking alternative revenue sources to power the organization's mission to the community, and philanthropy—voluntary charitable giving—has emerged as a viable, sustainable, and growing revenue source to not only ensure financial sustainability but also to drive strategic investments. Further, boards charged with setting strategy for the healthcare organization must ensure adequate financial resources to support the organization's plans and potential.

While philanthropy was once relegated to funding discretionary or added-value items for hospitals and health systems, this has changed. Charitable revenue is now factored into annual budgets and capital planning. Philanthropy today also funds a range of organizational priorities including population health initiatives, clinical programs, innovation centers, capital, and more. This means the moment has arrived for governing boards to harness the potential of philanthropy as an alternative revenue source. So, while many boards at one time handed the majority of their responsibilities around philanthropy to an affiliated foundation board, it is now time for governing boards to put philanthropy back on their leadership agenda.

Key Opportunities for the Board

As the governing board considers its role in philanthropy, there are key opportunities:

- **The board sets expectations and performance standards for the CEO—and having the CEO involved in philanthropy is vital.** High-level donors expect to have an audience with or a personal relationship with the CEO. No other individual in the organization is better positioned to convey the organization's future vision to

prospective donors and to assure donors of the organization's intent to execute upon plans. Therefore, it is meaningful for the board to reflect an expectation for participation in philanthropy in the CEO's job description at a minimum, and to include expectations for participation in philanthropy within the CEO's goals.

- **The board can play a key role in identifying appropriate projects for philanthropic investment.** Typically, the strategic plan is crafted in partnership between healthcare executives and the board. The board is well-positioned to identify high-level, strategic projects that would appeal to donors. Most donors today seek to achieve social impact through their giving—they want to invest in high-visibility, high-priority initiatives with demonstrable outcomes. The board can help ensure appropriate funding priorities are both surfaced and given to philanthropy to pursue. Too many healthcare organizations squander the potential of philanthropy by selecting low-priority projects for philanthropy to fund, and this dampens the interest of donors in investing in those plans.
- **The board can shepherd an organizational culture conducive to philanthropy.** Today, the largest gifts to healthcare organizations are most often made by grateful patients and family members. For that reason, physicians and nurses have an outside impact on a donor's decision to make a gift. The board can not only help nurture a culture in which the healthcare organization is viewed as a non-profit worthy of charitable support, but also ensure the organization creates a platform to engage grateful families. For example, the philanthropy organization should have access to protected health information at the level of the law as articulated in the HIPAA update in the HITECH ruling of March 2013. Additionally, board members can help facilitate access to or engagement of key

physician stakeholders who are often perceived by patients as being the architects of their care.

- **The board can help ensure adequate budgetary investment in the fund development function.** Too often, fund development is seen as just another cost center of the organization. However, many vibrant philanthropy organizations provide net revenue that meets or beats the operating revenue on the bottom line. Thus, philanthropy should be seen as a revenue center that is worthy of thoughtful and strategic investment. Studies show there is no diminishing point of return in investing in fund development. Further, many healthcare organizations underinvest in development relative to their potential.

The Essential Role of Governance Support Professionals in Philanthropy Efforts

As a healthcare leader who works closely with the governing board, governance support professionals play an essential role in ensuring directors have the information they need for philanthropy to thrive. Consider the following tools and resources to position board members to be successful advocates and champions for philanthropy:

The Governance Institute thanks Betsy Chapin Taylor, FAHP, President of the healthcare philanthropy consulting firm Accordant Philanthropy, for contributing this article. She may be reached at Betsy@AccordantPhilanthropy.com.



- Include a section on the role of philanthropy in healthcare as part of board orientation.
- Include an educational presentation on philanthropy at the annual board retreat or during an education session in a regular meeting.
- Provide written publications and articles that raise awareness of the rationale for philanthropy as a core revenue source or that outline effective roles of the board in advancing philanthropy.
- Consider hardwiring having a board member who sits on the foundation board in an *ex-officio* capacity.
- Form a task force comprised of governing board members, foundation board members, and healthcare executives to jointly select projects for which to seek philanthropic support.
- Select leading metrics on philanthropy—such as number of proposals presented or number of objective-driven, face-to-face meetings with prospective donors—to monitor on the organizational scoreboard.

Philanthropy has the power to be a transformational source of revenue for most healthcare organizations. Preparing boards to excel in this new arena provides another valuable tool to support the shift to healthcare's new paradigm.