

Local Board Focus

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The Governance Institute

Enhancing Philanthropy through System-Wide Collaboration

The financial challenges many hospitals and health systems are facing are requiring boards and senior leaders to pull out all the stops when it comes to expanding revenue and maintaining margins. Philanthropy can be a significant revenue generator, so it is critical for healthcare organizations to strategically work to grow philanthropy efforts and focus on key areas, such as building long-term donor relationships, expanding brand reputation, and putting in place mechanisms to connect those philanthropic dollars to the strategic and mission-focused initiatives where the resources are most needed and can make the most impact.

Subsidiary hospitals can leverage their unique position as part of a system to enhance fundraising and extend their reach. By effectively collaborating with leadership system-wide, subsidiary boards can ensure that they are maximizing resources, coordinating strategies, leveraging shared donor opportunities, and achieving collective goals.

This article highlights University of Michigan Health-West's experience working with leadership across its new parent company, Michigan Medicine, to integrate and strengthen philanthropy efforts—to the benefit of the hospital and the system as a whole.

Case Example: Integrating the University of Michigan Health-West's Philanthropy with the System

Seven years ago, MetroHealth became a wholly-owned subsidiary of Michigan Medicine at the University of Michigan via a member substitution relationship and the hospital's name was changed to University of Michigan Health-West (UMHW). UMHW saw an opportunity to leverage the university's development office in Ann Arbor to expand

donor relationships and philanthropy to West Michigan. Michigan Medicine is an umbrella organization that includes the university's medical school, its academic medical center in and around Ann Arbor, and a statewide network of care that includes a number of hospitals and health centers throughout Michigan, including UMHW.¹

Determining how the UMHW Foundation was going to function within this newly larger organization and coordinate development efforts became an important early step for the UMHW board and senior leaders. They recognized that this was a tremendous opportunity to enhance fundraising at UMHW. For starters, the internationally recognized name of the University of Michigan was now on the hospital building. During integration meetings with the university as a part of the affiliation process, one of the priorities was to determine how to integrate UMHW finances—and philanthropy—with the system. Those meetings were critical to signal to the university and to the UMHW Foundation on the need to collaborate.

The UMHW board has prominent University of Michigan alumni who were advocating for this idea, emphasizing how it had the potential to benefit both organizations. "As the university goes into a new campaign, they have goals to reach," said Greg Meyer, Executive Vice President and Chief Community Officer at UMHW. "When we raise money here, it now counts towards their goal. Our pitch on this side of the state is if you can give to your local institution and have great impact in your community, and are also recognized in Ann Arbor, it's a win-win." The threshold determined was \$100,000; any gift at or above that would be included in the system-level fundraising totals. Without this foundational collaboration, the two sides would essentially be competing against each other.

"Our intention early on was to come alongside the UMHW Foundation, to help them, share resources, and assist with onboarding," explained Jennifer Edwards, Senior Director of Development for Campaign, Prospect Development, and Top Donor Engagement at Michigan Medicine. "Greg Meyer used to work at the university, so he understands who we are and can effectively communicate the UMHW priorities, which are jointly agreed to between the UMHW President and CEO and our CEO." Edwards and the Michigan Medicine development team work to engage donors with those priorities. "We partner to amplify those efforts through our relationships, helping any way we can. Communication is really important."

Donor Relationship Strategy

As the development team plans for the university and Michigan Medicine's next campaigns, they now work in tandem establishing priorities that align with UMHW's.

1 Together, the academic medical center and statewide network of care are referred to as University of Michigan Health.

They help to leverage resources when they are on the west side of the state and talk to donors to increase interest.

“When you have potential donors giving in the seven and eight figures, there is a process for how to approach them,” Meyer explained. “We may have a relationship with them already, but they might have traditionally been a big giver to the university. We had to educate our staff on the university fundraising processes and how we can work within them so donors would have the opportunity to support both entities.”

A joint donor coordination policy helps to work through certain scenarios so that if someone is in the process of making a gift to one area, Michigan Medicine or UMHW wouldn’t ask them for a gift at the same time. Instead, staff coordinates with the person who works with them most often to see if there is an opportunity or determine the right time to approach the donor. There is a central understanding at Michigan Medicine that relationships with UMHW and its community are important, and this structure helps everyone involved determine when to amplify or de-emphasize the university relationship.

“We do have to challenge the university to do a better job of marketing,” Meyer said. “In Michigan, the average person doesn’t know how good the University of Michigan health system is. They don’t know that it is in the top five in heart care or one of the best in breast cancer. But the doctors know it. So, the only time people hear about how good we are is if their doctor sends them to Ann Arbor. It’s a huge marketing opportunity to have this care available in neighborhoods and communities across the state, not just Ann Arbor. Our leaders and the board are helping to deliver that message at a higher level.”

Governance and Leadership Structure

The foundation board within UMHW reports up to the hospital board, which ultimately approves the appointments to the foundation board. Bylaws stipulate two overlapping members to maintain continuity and communication between the boards on a regular basis. The foundation board serves a dual function: the governance responsibility to oversee the foundation as well as the relationship piece—staying connected with the local community and leaders.

Right now, there is not a lot of connection between the foundation board and the university; the development relationships live within the staff and the strategic priorities are shared back and forth via the staff. There are also a few members of the university development staff on the UMHW Foundation board, to enhance interconnectivity while maintaining independence. Michigan Medicine team members visit frequently to meet

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with the foundation board, attend events, maintain visibility into their process, and help allocate investments to various projects.

Travis Souza, Associate Chief Strategy Officer in the Department of Strategy at Michigan Medicine added, “We are working on how our governance process can be more aligned. Early on in our relationship we didn’t do significant realignment around governance and integration. As we move forward, we are trying to be more intentional about aligning across the system including governance.” These efforts have resulted in:

- More coordination in terms of how information flows through governance processes.
- More overlap of membership across the different boards to enable information flow in multiple directions.

“With the foundation board we have more synergy because now we are truly tying those priorities in both from the system level, educating our board, and then from there that information is being disseminated to the foundation board based on our strategic plan,” said Jarrett K. Martus, Chief of Staff to the CEO and Secretary, Board of Directors, University of Michigan Health-West.

Goals going forward will be to help each of the local hospitals identify their fundraising priorities, what can be funded locally, what can be funded from the university or via debt, and then have conversations with donors to identify what initiatives can succeed through fundraising.

“This [foundation/strategy integration] was not an aspect of the merger we recognized as a benefit from the beginning,” said Martus. The university’s new President, Santa J. Ono, Ph.D., has done introduction events across the country targeting alumni and donors. He discusses the quality of healthcare the system is now able to extend to West Michigan. “Many large donors hear that message, and it is not to see [UMHW] as an underdog but really as a catalyst,” Martus explained.

David Miller, M.D., M.P.H., President of University of Michigan Health and Executive Vice Dean for Clinical Affairs at the medical school, also educates donors about how the partnerships connect local care to Ann Arbor for complex care such as cancer surgery, which then coordinates with the follow-up care patients receive when they are back home. “We aren’t duplicating services but allowing patients to receive the care they need in their communities and even at home. We have cost-conscious and business-savvy donors who see that as a benefit,” said Martus.

Leadership throughout Michigan Medicine believes that there must be a bigger emphasis on philanthropy to maintain strong hospitals in local communities. “Ramping up

philanthropic efforts will propel us into the future by opening up more opportunities for investment, especially around new and innovative projects,” said Martus. Philanthropy is ultimately essential to enable fulfillment of the organization’s mission.

Key Board Takeaways

By working together with leadership across the system, subsidiary boards can ensure that they are maximizing the potential of their hospital’s philanthropy efforts. A few questions to consider include:

- How do our local philanthropic priorities align with the system’s overall mission and strategic goals?
- How are we partnering with system leadership to help streamline and amplify philanthropy across the system?
- How can we ensure our board’s work supports, rather than duplicates, system-level campaigns?
- What system resources (e.g., fundraising tools, tactics, relationships, brand awareness, and donor databases) could we be utilizing to increase local giving?
- What processes are in place to ensure our board is informed of system-wide philanthropy goals and progress?
- How can we ensure we are effectively communicating the system’s philanthropy vision, priorities, and impact to our local community?
- Do system and subsidiary boards regularly share philanthropy best practices or success stories with one another?

To learn more about how the University of Michigan Health-West leveraged its new position as part of an academic health system to enhance philanthropy efforts, view the full case study [Integrating Philanthropy and Strategy in a Growing Academic Health System](#).

