Effective Fundraising in Tough Times

By Lauren Phillips

Even in a recession, effective hospital foundations can still touch donors' hearts—and wallets. Here's how.

Meridian Health Affiliated Foundations, Neptune, N.J., has weathered the storm well. During the historic economic downturn of 2008-2009, dollars donated to Meridian Health rose but, just as important, so did the donor pool, by double digits, says David L. Flood, president.

"In times of uncertainty, we see winners and losers among not-for-profits in terms of donor pool volume, rather than dollars," he says.

This perspective is behind a number of specific strategies that Flood and other development officers in the trenches are using to stay in the winner's circle.

**Stewardship to the Fore**

"Dollars can fool you," says Flood. "If we receive a million-dollar gift because someone passed away and thought well of us, that may put us up 10 percent for the year; however, if we also lose 20 percent of our donor base because we weren't paying attention to them, that's not a good year.

"So we have emphasized stewardship. For example, we call up a person who invested in a new technology six months or a year ago, bring them in, have lunch, and show them how the technology's working, maybe even introduce them to a doctor who's used that technology to save a life. Now it's real to them."

In fact, Meridian took the opportunity to implement new activity benchmarks for development officers, meant to give the staff something other than dollars to celebrate. The overall financial goal still matters, says Flood, but people can make up ground by hitting these three minimum benchmarks each month:

- Twelve face-to-face, preplanned meetings
- Forty substantive contacts (e.g., unscheduled or informal phone calls, emails, or meetings to discuss development and hospital issues; set appointments; extend invitations; or have meaningful dialogue with a qualified prospect/donor)
- Three asks

Cynthia Schaal, managing director, strategic research, the Advisory Board Company, agrees that healthcare fundraisers need to work harder—meet more and ask more—in hard times.

"You might need to get four people to give you $25,000 rather than expect a person who would readily have given it before to give you $100,000. And you need to be more flexible: listen harder and be gentle, because people want to give, they're just nervous and uncertain. We are seeing a lot of major gift officers asking for less money or extending the terms of the gift if it's a larger one.

And understand that planned giving may be a more attractive option than cash gifts at times like these."

**Better Strategic Planning through Benchmarking**

At Anne Arundel Medical Center (AAMC), senior vice president and chief development officer Lisa Hillman, FAHP, CRE, has been using a different kind of benchmarking to guide the foundation through a rigorous strategic planning process to produce a new five-year plan.

There are a lot of benchmarking services in fundraising, she says, but they're not of value unless they permit comparisons of like institutions and break out programming components by category, as do the Association for Healthcare Philanthropy (AHP) and The Advisory Board Company. Hillman uses the former. See AHP’s benchmarks below.
"Each year for the last three years, I have presented the results to our foundation board—the good, the bad, and the ugly—and it helps inform our plans for the coming years," says Hillman. "This has really made a difference. For example, we've decided to concentrate on what the data show we clearly do best, which is getting major gifts of six and seven figures. Because we perform so well in that area, the board has been willing to allow us to grow our staff: we're about to hire our second major gift officer—benchmarking validated the hiring of our first one—and we also brought on board a full-time planned giving officer.

"Likewise, benchmarking has reaffirmed our decision to stay with just the two special events we already do every year because they're labor- and cost-intensive and don't raise a lot of money. I'd rather have a major gift officer spend the time over six to 12 months meeting with someone who can give us a million dollars than spend a million dollars on an event that nets us $1.5 million."

An effective strategic planning process is not only grounded in hard data, says Hillman, it also hews to some basic principles:

- Ensure the plan dovetails with the hospital's overall plan: "For example, there is a great deal in our system's new vision related to community outreach—i.e., screening and prevention—so we're exploring what funding might be needed for this purpose for each of our major service lines."

- Enlist a working group that includes a cross-section of the institution, and ensure the group is staffed by senior people; the AAMC taskforce included two hospital trustees, two foundation board members, two physicians, the CEO, and Hillman.

- Get input from everyone: foundation staff, hospital leadership including the CEO and CFO, key physicians, the foundation board, hospital trustees, and key donors.

The resulting AAMC plan sets some new directions for the foundation, including a new focus on annual giving, a renewed emphasis on planned giving, and the use of philanthropy circles or councils to raise funds for specific areas, including cancer care, cardiac care, and pediatrics.

The Potential in Personal Experience

Philanthropic councils are designed to capitalize on the fact that many donors are more inclined to give if their donations are used for a specific area of the hospital, especially if they or their family members have been involved with that area as a patient. The Foundation for Morristown Medical Center, an AtlanticHealth facility, has four councils raising money for specific service lines. Three of them were started to capitalize on the momentum of successful building campaigns that paid for a children's hospital, a heart hospital, and an expansion to an existing cancer center. The fourth focuses on women's health.

Chief development officer James Quinn likens the councils to "glorified major gift committees," with a major gift being $10,000 or more. The councils are designed to deal with institutionally approved projects of one to three years duration, such as capital or major equipment items, smaller renovation projects, or seed money to start up a program. The councils have the authority to decide whether a particular project has the urgency and community appeal to be selected as a funding priority.

Each council has 12 to 15 volunteers who serve renewable two-year terms. Cochaired by a lay volunteer and a physician, the
councils are comprised of major donors, the medical and administrative heads of the clinical service, physicians, nurses, allied health professionals, and foundation trustees. The director of major gifts sits on all of the councils, as does the chief development officer and, on an ex-officio basis, the directors of corporate and foundation relations.

Volunteers play different roles, depending on their own level of comfort, says Quinn. "Some are part of the cultivation process—identifying and referring prospective donors, hosting an education meeting, or talking about their own involvement and support—and some are willing to be part of the solicitation process and actually make the request."

See the volunteer description Morristown put together for members of its Cardiovascular Philanthropy Council.

Quinn believes both foundation trustees and physicians are critical to successful fundraising, the latter to educate and the former to build peer-to-peer relationships with donors.

"We never ask a physician to make a request; they are the storytellers. On the other hand, the trustees are in a position to make the strongest case you can make to a donor. They can say, 'I believe in this to the point where I've committed to making my own gift. Would you do something similar?'"

In a strapped economy, says Quinn, the hard part is getting good volunteers and then keeping up the pace. Many families need two breadwinners, so people have limitations on their time as well as their money. Councils hold three or four 90-minute meetings a year as well as about three meetings with their assigned development officer to go over prospect lists and develop strategy. The volunteer must also put in the time to carry out the education and relationship-building process.

To honor their service, each council has an end-of-the-year recognition event. Every two years, there is a chairman's dinner for all volunteers, and there is also a printed honor roll that appears in the annual report. But the biggest reward, ideally, is the chance to give back to a particular area of an organization that has made a major difference in their lives.

The councils certainly make a major difference to Morristown Memorial, judging by donations before and after. In 2008, the foundation raised $5,000 for women's health initiatives; the Women's Health Council, started the next year, raised $300,000 in 2010. Comparable figures for the Oncology Philanthropy Council, which started in 2006, are $648,000 in 2005 and $2.3 million in 2010.

"It's Like Everyone Is Your Mom"

Another tool used successfully by aggressive fundraising institutions and starting to interest smaller hospital foundations is the VIP program. There are two program models, says Cynthia Schaal: one is focused on inpatient amenities, such as small gifts, a bedside visit from someone in the development office, or perhaps being first in line for a private room. The second is the medical concierge model, which takes things to the next level to provide an enhanced experience, involving care coordination.

"Our research shows that the medical concierge program is definitely more valued by existing donors and often more effective. However, there is a cultural barrier to offering this level of service in many institutions. Some of them fret over the real potential for HIPAA violations, although these can be avoided. But what we hear most often is 'Every patient here is a VIP—we treat everybody according to the same high standards.'"

Arthur M. "Rusty" Brink, Jr., CFP, FAHP, vice president/chief philanthropic officer, Martin Memorial [Hospital] Foundation, Stuart, Fla., heard that from board members, physicians, and staff when the foundation initiated the Barstow-Reed Society (BRS) for donors who give at least $10,000. ($500,000 will get you a life-time membership.) The BRS is a "recognition program" rather than a VIP program, but the dynamics are the same.

"The biggest challenge was getting the foundation board and the clinical staff on board. It's a matter of helping them understand, first, that every hospital fundraising office in the country does this in some form—somebody is paying special attention to senators and local municipal officers and entrepreneurs in the community; the difference is that we connect it to philanthropy.

"And second, without philanthropy, which makes up 50 percent to 80 percent of our bottom line every year, Martin Memorial wouldn't have a cancer center, a heart center, a PET scan, two cath labs, and a south emergency department (ED)—all of which were paid for 100 percent by donations."

As in most successful not-for-profits, Brink explains, a high percentage of dollars comes from a small number of people. "We have a very strong focus on major gift fundraising. So far this year, we've raised $9 million from 3,000 donors, and the 200+ members of the BRS contributed more than $5 million of that."
In return (and after they sign a HIPAA confidentiality release form), those members get a phone number, which connects them 24-7-365 to one of two full-time foundation staffers who are dedicated to the program and assisted at busy times by three part-time nurses. "Our job is to facilitate healthcare-related options for them and their immediate families, and to make them more comfortable navigating their way through the system. We treat everyone in the BRS society—and they are predominantly over 65—like we would our mother."

Most commonly, members call when they need to go to the ED. They do not get to go to the head of the line, but they are met by a program staffer, who might get them a cup of coffee, maybe a blanket, and sit with them, take them home afterwards, and pick up their medicine at a pharmacy. A staffer can often help a snowbird get an appointment with a specialist up north when he or she goes home for the summer, or with a local physician when a visiting grandson falls and needs stitches. They get invited to special events just for society members, but they don't, Brink points out, get stuff, like bathrobes.

The society generated more than 900 calls this past year, and 10 percent to 20 percent of these calls were after hours. About half of the donors never call, says Brink. Probably 10 percent use it a lot, and the other 40 percent may call once or twice during the year.

Brink's advice to other foundations considering a VIP or special recognition program: "Get your leadership on board and committed, set a giving level as high as you feel comfortable with, and make the gifts unrestricted, to give the organization as much flexibility as possible."

And in hard times? In 2008 and 2009, he says, there were eight to 10 people who said 'I got killed in the market and I really can't afford to do this anymore.' We allow them to remain in the society for the next 12 months. People appreciate this, and they start giving again as soon as they can."

**A Compelling Investment Opportunity**

The four fundraising strategies described above—focusing on stewardship, using benchmarking to guide strategic planning, setting up philanthropic councils to target specific service lines, and providing a medical concierge for major donors—are all means to the same end: "presenting the hospital, as Flood puts it, "as a compelling investment opportunity, rather than a lost decibel in the widespread white noise of need that exists today."

Some organizations choose to maintain a low profile in today's economy, preferring to ride it out rather than ask for money from people struggling with their own financial problems. While this is noble in theory, says Flood, data has shown that Americans want to help in difficult times.

"However, Americans consolidate their giving to those organizations that appear sustaining and offer the potential for meaningful impact. We believe and actively promote the view that if donors want to invest in a community that has been good to them, our hospital is their best bet, because we directly touch the most lives across the socioeconomic spectrum."

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