

Chief Development Officer: The Case for a Philanthropy Executive in the Hospital C-Suite

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In 2010, philanthropic contributions to health care organizations totaled over \$30 billion. Much of that charity went to hospitals and health systems to support operations, special programs, capital equipment acquisition and construction of new facilities. Over 90 percent of these gifts are from individual philanthropists with a small proportion coming from corporations, grants or charitable foundations. With many hospitals and health care systems facing declining revenues, increasing costs, expansion of new programs and services and challenges of health care reform, the impact of philanthropic donations is even greater. The presence of a development professional in the C-suite of the hospital or health care organization is increasingly important to support hospitals through these challenging times.

While the hospital's need for philanthropy has increased, individual donors have become more sophisticated and in some ways more challenging. There is marked decline in contributions to unrestricted funds; donors want to know where their funds go and want control over how their donations are utilized. Philanthropists tend to donate for capital needs such as buildings or equipment or for specific programs or services. They are unlikely to donate to a general fund or to shore up basic operating budgets, especially if they perceive that the hospital is somehow "mismanaged." Donor recognition and stewardship is increasingly important. Most philanthropists want formal recognition of their gifts, well beyond the traditional donor wall or their names in the Foundation Annual Report. They expect personal attention, updates on projects, access to medical staff leaders and tours of new facilities. Many also expect a heightened level of personal care or "concierge service" if they or a loved one are hospitalized.

Given the positive impact that a philanthropy program can have on a hospital or health system, and the sophistication and customized approach demanded by today's donors, many health care leaders are choosing to add a philanthropy executive to the hospital C-suite. Foundations that rely on annual mailings or yearly events are falling behind their more forward-thinking counterparts who focus on Major Gifts and Planned Giving. Health care philanthropy requires a new level of sophistication to be successful. The presence of a Chief Development Officer (CDO)/Vice President, Philanthropy in the C-suite is essential.

Although interest in health care philanthropy is increasing, competition for the philanthropic dollar is also at its highest. Major donors tend to give to community organizations and educational institutions, in addition to health care charities. Younger donors, in particular, tend to give to social causes,

politicians and environmental causes. Philanthropists express frustration with their health care donations because of changing CEOs or turnover in the senior leadership team. Many philanthropists also believe health system growth decreases the impact of local giving. Additionally, there is a perception amongst donors that health care reform and universal coverage will decrease the need for health care philanthropy when in fact the opposite is true. HIPPA and patient privacy regulations make grateful patient identification especially challenging and the increasing complexity of planned giving, estate planning and tax treatment of major gifts requires a higher level of professionalism than health care foundations have traditionally possessed.

In order to have a successful philanthropy program, a health care system or hospital must dedicate itself to a comprehensive fundraising program. In a high impact philanthropy program, fundraising is tied to the strategic needs of the hospital and

the Foundation executive is a member of the senior leadership team of the medical center. A comprehensive fundraising program is inclusive of annual giving, fundraising events, major gifts, planned gifts and capital campaigns. To have ultimate impact, the fundraising effort must be coordinated with marketing, public relations and community relations to ensure that the community is receiving consistent messaging. There is a need for efficient use of resources to ensure the lowest possible cost per dollar raised. This requires a move from annual giving/ mailing campaigns and fundraising events to capital campaigns and eventually to a culture of philanthropy with a sustained high level of giving. This ensures the maximum possible contribution for the time and effort spent by fundraising professionals. Furthermore, creating a culture of philanthropy tied to the strategic needs of the medical center allows for sustained giving even in tough economic times. Planned and estate giving vehicles are useful in a down economy. Even if a philanthropist cannot afford to make a significant cash donation due to challenging economic times; he/she is often able to continue a planned giving bequest or estate giving program.

Moving from traditional annual giving/direct mail campaigns and events-oriented fundraising to more sophisticated fundraising such as capital campaigns, major gifts solicitation and planned giving, requires sophisticated talents for the fundraising executive. It is essential that he/she be part of the organization's senior leadership team in order to ensure that fundraising efforts are parallel to organizational needs. He/she must be a partner to the CEO and along with him or her is often the "face" of the hospital to the community. The CDO must have the management talent to recruit, direct and manage an influential and engaged Foundation Board of Directors and have the organizational skills to deploy and motivate volunteers. He/she must be financially savvy regarding foundation assets, gift processing and recording, tax implications and planned giving strategies. In addition to being personally successful as a fundraiser, the individual must have the leadership skills to effectively manage a staff of fundraising professionals. He/she must have knowledge regarding donor research, wealth screening and database management and be up-to-date on technology regarding e-philanthropy and other advances. He/she must have

interpersonal savvy, polish and diplomacy equal to the task of approaching major donors in the community. The CDO must be the link between the Foundation Board of Directors and the Hospital Board of Directors and it goes without saying that he/she must be familiar with legal and regulatory implications and must of course exhibit the highest levels of personal judgment and ethics.

Given the potential impact of philanthropy on the health organization's bottom line, the addition of a senior level philanthropy executive is an important one to the senior leadership team. He/she must be a competent fundraiser and good manager, competitive with other options for philanthropy in the community, be professional with a positive public image and have the highest regulatory/legal/ethical standards. Hospitals and health systems that add this type of senior executive to their leadership team have potential for immediate impact on their community reputation and their immediate and long-term bottom line.

Locations Nationwide:

Oak Brook, IL
Emeryville, CA
Irvine, CA
Denver, CO

Atlanta, GA
Burlington, MA
Nantucket, MA
Bethesda, MD

Minneapolis, MN
St. Louis, MO
New York, NY
Toledo, OH

Philadelphia, PA
Pittsburgh, PA
Houston, TX
Seattle, WA