

Trustee Insights

GOVERNANCE & PHILANTHROPY



How Boards Can Encourage Philanthropy to Benefit Hospitals and Communities

Providing needed resources for patient care

BY ALICE AYRES

One of the top reasons people give for joining a board is to be part of ensuring the organization achieves its mission. Hospital and health system trustees with this purpose top of mind can work to put a greater focus on their organization's

philanthropic foundation. Charitable giving enables investments in patient care that maximize the health of communities and fulfills a hospital's or health system's mission.

Health care organizations cannot achieve their mission without financial solvency. As [Sister Irene Kraus](#), founding president and CEO of the Daughters of Charity National Health System and former chair of the AHA board of trustees, famously said: "No margin, no mission." The U.S. reimbursement model, double-digit

growth in pharmaceutical costs, competition for staff and the need to invest in research and physical plant make financial stability elusive for many health care organizations.

Hospital margins are especially thin right now. Philanthropy is one avenue hospitals can undertake to help enable investments in patient care that maximize the health of communities and fulfillment of a hospital's mission. Philanthropy offers significant return on investment. According to the Association for Healthcare Philanthropy 2021 [Report on Giving](#), the average hospital or health system foundation returned \$4.16 for every \$1 invested. The highest performers achieved more than double that return at \$8.39 for every dollar invested.

Observed this way, investment in charitable giving becomes a strategic imperative. In raw dollars, the revenue generated by a hospital foundation is small compared to that provided by patient care; however it is an important part of helping hospitals meet their mission of caring for their communities. Based on the outcomes of health care foundations surveyed in the AHP Report on Giving, AHP concluded that it would take approximately \$75 in new patient revenue to have the same net income impact as \$1 in charitable giving. In other words, you would need \$75,000 in new patient revenue to yield the same profit as a \$10,000 charitable gift.

Results like this can reduce the

pressure to increase patient care revenue to improve financial stability. According to Marc Harrison, M.D., CEO of Intermountain HealthCare, Intermountain would have to generate \$3 billion more in gross patient revenue to generate the income that the foundation generates — a momentous task.

The potential of philanthropy to improve a hospital's financial stability is substantial, and trustees are uniquely positioned to increase charitable giving to their hospital or health system in several important ways.

Make Philanthropy an Organizational Priority

Boards help articulate the vision for an organization and are the decision-makers on the organizational priorities and financial investments required to achieve the vision. Philanthropy touches every aspect of the health care enterprise: capital, technology, scholarships, clinical program support, innovation and research. As such, it should align with an organization's strategic plan and be an element of the financial plan.

Board members have the power to elevate development work to the strategic level by including philanthropy representatives at the board table and incorporating the philanthropy team's input into the strategic plan.

There also are several things board members can do personally to advance the work of the philanthropy team.

Give Yourself

One secret to philanthropy success is 100% giving participation by the

board and leadership team. A study done by the [Nonprofit Research Collaborative](#) shows that organizations with boards who give are more likely to achieve their fundraising goals.

Along with executives and physicians, board members have the greatest influence on attracting major gifts to the hospital or health system. Major donors need to trust the executive leaders and governing bodies. As foundation team members work with donors who may want to make multimillion-dollar investments, it is helpful to say that 100% of the leadership team — employees and volunteers — participate. When you and fellow board members give, it sends a powerful signal to the community that the board believes in the strategic direction of the organization and its future. This signal gives the community confidence to consider the organization in their own charitable giving.

Embracing and elevating philanthropy also signals to potential donors that an organization is a community asset worthy of investment. Although many hospitals are the largest not-for-profit corporation in a community, many people incorrectly believe they are for profit; many people may not be aware that hospitals need charitable contributions.

Reach Out to Your Network

The introductions that board members make to connect philanthropy staff to community leaders are among the most impactful for any foundation. Think about the people in your network and ask: Who could be potential donors? Who cares about the projects and efforts

planned by the hospital during the next three to five years? Who has had experiences with the hospital? Many trustees check their contact list and identify people for the foundation team to engage in the work of the hospital. A warm introduction from a board member is always best, but if that is not comfortable for all trustees, the foundation can use events and education sessions to invite people into the hospital community.

Help with Donor Cultivation and Stewardship

Hospital and health system trustees are important and influential members of their communities, so a thank-you note or an invitation coming from a board member can mean a great deal to a donor. Reach out to your foundation team to find out whether you can help through thank-you calls, lapsed donor outreach, invitations to members of the community or simple check-in calls with key donors. The foundation team will be grateful for the help, and the donor will be impressed by the board's commitment to the organization and honored by its outreach.

Be Ready with a Story

With COVID-19 cases declining, social interactions — whether attending an event or visiting the grocery store — are on the rise. These interactions are an opportunity for trustees, when prepared, to talk about the work of their hospital. Ask the foundation team for one or two stories to share about the amazing people at your hospital and

the incredible things that charitable donations make possible for your community. Practice telling the stories so that you are comfortable in the moment when asked what you have been doing lately. This is one of the best ways for board members to introduce friends and colleagues to the work of the hospital and invite people to consider becoming involved.

Engage with Potential Donors

Trustees are ambassadors of their organization within the community, and potential donors want to hear from them. Successful philanthropy comes from board members talking about the mission, goals and needs of their organizations every chance

they get.

For some people, asking for money feels uncomfortable. Hospitals have a team of development professionals who are eager to help the board, but who will do the actual “ask” themselves. A trustee’s job is to champion the organization and its mission, not to ask for the gift. By believing in the mission and understanding their role in giving other people an opportunity to support the mission too, trustees will find their involvement on a hospital or health system board will seem genuine to prospective donors.

These activities require commitment but are actionable ways for trustees to achieve the goal of helping a worthy organization achieve its mission. By supporting philanthropy

efforts, trustees will help ensure the hospital or health system has the resources needed to care for patients and families and make a positive impact in the community.

To learn more about how board members can help their hospital’s or health system’s philanthropy team, visit www.ahp.org.

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