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## Optimizing Your Development Efforts & Capital Campaigns

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## Our time together

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- ◆ Setting the context—30,000 foot view
- ◆ Campaigns on the cusp of change
- ◆ Development discipline and focus -  
Optimizing your program



## Setting the Context



## Observations in Philanthropy

- ◆ Increased demand for transparency and accountability
- ◆ Growing professionalization of the practice (e.g., financial modeling, business planning, benchmarking, and best practices will push us toward more science than art)
- ◆ Bigger gifts, younger donors, more strings
- ◆ Changing volunteer expectations
- ◆ Continuous major gift programs are the norm
- ◆ Tough competition for rain makers



## Campaigns on the Cusp of Change



## Historical Perspective

- ◆ Traditional campaign concept shaped our thinking about all of fund raising
- ◆ Originally, reliant on resident campaign managers (consultants) and many available volunteer solicitors—until the 1970's.
- ◆ Ironically, not very effective.
  - Good at maximizing income
  - Poor at managing interdependent relationships

## Criteria For Traditional Campaigns

- ◆ Support for non-recurring needs
- ◆ Limited staff – number and experience
- ◆ Limited constituency and/or past cultivation
- ◆ Long lead time before project is complete
- ◆ Broad communication goals require a platform
- ◆ Kresge Foundation (or similar) challenges exist

## Deciding Which Path to Take

- ◆ It's not all campaign or nothing
- ◆ Assess your current situation—ask if/how this campaign can help you grow your future fund raising capacity?
- ◆ For start-up campaigns, see: AHP, Kent Dove, [www.capitalcampaigns.com](http://www.capitalcampaigns.com), etc.

## Sample Restricted Project Selection Criteria

1. Derived from the PHSA vision and recognized as priorities for investment and growth.
2. For which Providence is already well known and/or has the potential to become well known.
3. For which there are identified passionate champions (physicians and staff).
4. For which organizational energy, resources and attention will be sustained for multiple years.
5. That can extend the Providence brand and be linked with service marketing efforts.
6. For which we believe there is an adequate major donor prospect market.
7. That have synergy/are mutually reinforcing and, as a result, will be limited in number—clinical programs vs. projects.
8. That offer fund raising staff packaging options (one mega case and/or individual cases)

## Alternatives to Campaigns – Why Now?

- ◆ Operating pressures of health system makes speed to market a requirement – this creates problems for philanthropy
  - ◆ Donors give when *they're* ready
  - ◆ Changing volunteer demographics
  - ◆ Professionalization & availability of development officers now means continuous cultivation
- RESULT:* ongoing major gift programs

## Criteria for Ongoing Major Gift Initiatives

- ◆ Mature development staff in place, ample #'s
- ◆ Donor constituency diversity
- ◆ Strong, motivated partners exist (docs, administrators, board members)
- ◆ Time is available to develop, not just collect
- ◆ Unbundling projects may avoid sticker shock
- ◆ Differentiates you in a marketplace suffering campaign fatigue

## Regardless of Chosen Path, Relationships are Key...

- ◆ Secure the relationship first; gift will follow
- ◆ Seek first to understand, then to be understood
- ◆ What adds value and meaning to the donor?
- ◆ What does the donor want out of a relationship with your organization? What impact do they desire?
- ◆ Ask yourself: “What else would I want the prospective donor to tell me if I could ask any question?”

## ...with Prospects/Donors

- ◆ You can't have more relationships than you can manage.
- ◆ Relationships require different intensity at different times.
- ◆ Consider 100 assigned prospects for 1.0 FTE MGO)
  - 15 gift closing discussions (high intensity)
  - 25 positioning/preparing (high intensity)
  - 25 discovery (medium intensity)
  - 35 post-gift stewardship (lower intensity)

## ...with the Clinical Team

- ◆ Docs in signature programs, other leaders
  - Build trust and consistency
  - Recognize and align interests
  - Find the peer champions and early adopters
- ◆ Nursing staff
  - Same as above to reduce fear and mistrust
  - Requires orientations, briefings, examples of success

## ...with Administrators

- ◆ CEO
  - Coaching to elicit behavior more like that of a university president. From passive interest, to providing financial support, to proactively managing a small prospect portfolio
- ◆ The CFO
  - More a friend than ever—provided you speak finance language instead of requiring the CFO to speak development

## What about the volunteers?

- ◆ We still rely heavily, but we must adapt...
  - Growing reluctance for long-term roles
  - Growing desire for impact (\$ *and* skills)
  - BLS cites 35-44 year olds – most likely
  - Top three reasons people don't volunteer:
    - Lack of time
    - Health or medical problems
    - Family responsibilities or childcare problems



## Development Discipline and Focus: Optimizing Your Program



### Major on Majors

- ◆ To “major on majors,” ask yourself: *“Is my behavior and my calendar a reflection of my stated priorities?”*
- ◆ Focus on the revenue drivers – highest ROI
  - CFR
  - MG
  - PG

## Three Pillars

- ◆ Planning and modeling
- ◆ Metrics and benchmarking
- ◆ Research and donor market segmentation

All these revolve around the focus on  
relationship management

## Planning and Modeling

- ◆ Future scan – understanding the drivers of organizational change
  - How will my organization need to respond?\*
  - What kind of resources will be needed? When?
- ◆ Vision → strategies → structure → metrics
- ◆ Create a financial model to reality test your plan

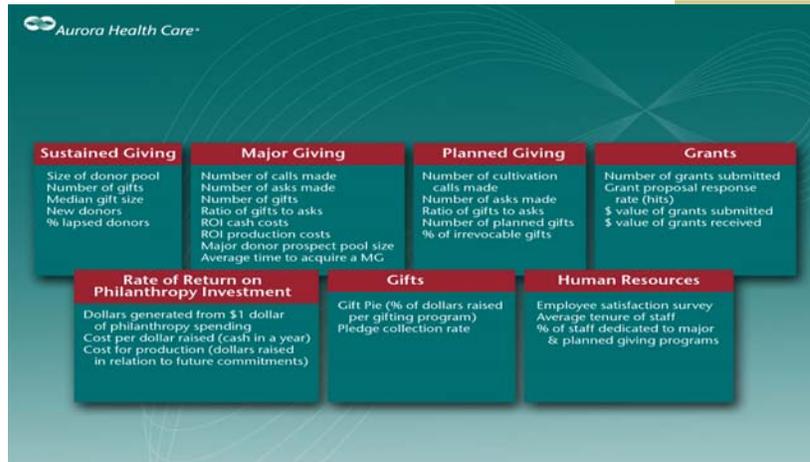
## Benefits of Financial Modeling

- ◆ Enables program specific analysis
- ◆ Clarifies CTRD cash and production
- ◆ Makes performance measures transparent
- ◆ Fosters tracking for team incentives
- ◆ Demonstrates to CEO/CFO the impact of program investments or reductions
- ◆ Aids benchmarking analysis

## Metrics and Benchmarking

- ◆ Benchmarking:
  - identifying a standard baseline and comparing your performance to that baseline; then establish normative ranges.
- ◆ Types of Benchmarking
  - Peer-to-peer; self-to-self; process
- ◆ Measure leading, not lagging indicators
  - Not this: *“Bring in \$100,000 in donations by year-end.”*
  - But this: *“Personally solicit a minimum of (10) \$10,000+ donations per quarter.”*
- ◆ “What matters is not finding the perfect indicator, but settling upon a consistent and intelligent method of assessing your output results, and then tracking your trajectory with rigor” (Collins, p. 8)

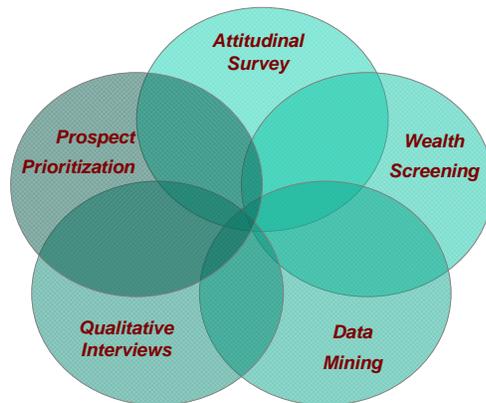
## Sample – Metrics to Measure Development Outcomes



## Comprehensive Research: Well Beyond Prospect Research

- ◆ Attitudinal research – learn what promotes and inhibits giving behavior; what communications are key
  - Major gift prospects, patients and family members who are current and prospective donors; community at large
- ◆ Wealth and propensity data base screening – to narrow your focus and identify prospects
- ◆ Data mining – profiling for likely prospects, leveraging the data from earlier research
- ◆ Qualitative interviews – phone interviews for additional information gathering and relationship discovery
- ◆ Prospect prioritization – for personal attention by staff

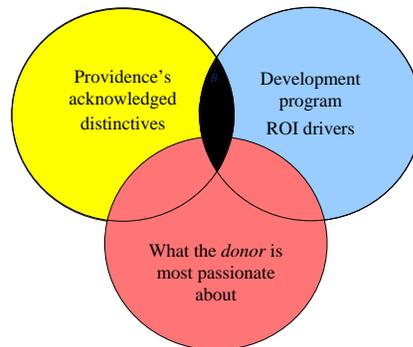
## The Value of Integrated Donor Market Research



## Applying the Hedgehog Concept to Philanthropy

- ◆ What is the *donor* most passionate about?
- ◆ What can our organization be best at—and who benefits (and how) as a result?
- ◆ What drives our resource development engine—MG (individual [current *and* deferred], corporate, & foundation)

## Simple, Disciplined, Focused



## Flywheel Concept in Your Development Program

- ◆ Attract believers
  - Staff and volunteers who “get it”
- ◆ Build strength
  - The discipline and focus to do what works
- ◆ Demonstrate results
  - Tracking performance over time – what gets measured, reported, and rewarded gets done
- ◆ Build brand reputation for quality outcomes
  - Staff as staunch advocates, committed, & staying put

## The Providence Paradox

- ◆ Be great, but be humble
- ◆ Be responsive, but be thoughtful
- ◆ Be excellent, but be human
- ◆ Be big, but be intimate
- ◆ Be profitable, but be worthy of gift investment

## Development is the Vanguard

- ◆ Providence dare not shrink from telling its story, nor invited grateful families to tell theirs
- ◆ The development staff keeps Providence focused on outcomes and impact
- ◆ The development staff is in touch with the community and is the voice of gratitude to the patient/investor
- ◆ Given this environment, the CDO will become a stronger adviser

## Glossary

### Cost to Raise a Dollar: Cash

1. Annual gifts of less than \$10,000 including cash, pledge payments, memorial gifts, and monies from support groups (does not include sponsorships or event underwriting)
2. Current major gifts (\$10,000 and over), corporate gifts and foundation gifts of any value including memorials (does not include sponsorships or special event underwriting)
3. Payments on pledges, letters of intent, and other monies promised over a period longer than a fiscal year (net of previous years' payments)
4. Planned gift maturities and bequests from decedents' estates
5. Charitable gift annuity agreements (whether current or deferred) at a value equal to the donor's allowable charitable contribution deduction for the gift
6. Net special event income including sponsorships and event underwriting
7. Public funding received including government, research, federal, local and state appropriations that the fundraising operation played an active role in securing

## CRTD: Production

1. Annual gifts of less than \$10,000 including memorial gifts and monies from support groups (does not include sponsorships or special event underwriting)
2. Current major gifts (\$10,000 and over), corporate gifts and foundation gifts of any value (that were *not* payments on prior year pledges) including memorials (does not include sponsorships or event underwriting)
3. The full value of new pledges, letters of intent, and other monies promised over a period longer than a fiscal year
4. New planned gift commitments, with the exception of charitable gift annuity agreements, at their face value
5. Charitable gift annuity agreements (whether current or deferred) at a value equal to the donor's allowable charitable contribution deduction for the gift
6. Net special event income including sponsorships and event underwriting
7. Public funding received including government, research, federal, local and state appropriations that the fundraising operation played an active role in securing

## Hedgehog Concept

- ◆ ...a simple, crystalline concept that flows from deep understanding about the intersection of the following three circles:
  - What can you be the best in the world at?
  - What are you deeply passionate about?
  - What drives your resource engine?

Jim Collins: Good to Great



## Suggested Resources



- ♦ Burdenski, R. A. (2003). Innovations in annual giving: Ten departures that worked. Council for Advancement and Support of Education: Washington, D.C.
- ♦ Collins, J. (2005). Good to great and the social sectors. Self-published.
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- ♦ Hubbell, G. J. (2005). Forces of change: The coming challenges in hospital philanthropy (Falls Church, VA: Association of Healthcare Philanthropy).
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- ♦ The Advisory Board Company (2005). Toward a higher standard: Initial findings from the performance benchmarking initiative. Washington, D. C.
- ♦ Kelly, K. S. (1998). Effective fund-raising management. Mahwah, NJ: Lawrence Erlbaum Associates.
- ♦ Saul, J. (2004). Benchmarking for nonprofits: How to measure, manage, and improve performance. Saint Paul, MN: Wilder Publishing Center
- ♦ Wylie, P.B. (2004). Data mining for fund raisers: How to use simple statistics to find gold in your donor database—even if you hate statistics. Council for Advancement and Support of Education: Washington, D.C.