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ASSOCIATION FOR HEALTHCARE PHILANTHROPY / WWW.AHP.ORG / FALL 2005

The Decade Ahead

What industry leaders are saying




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The Decades Ahead

Challenges and Adaptation Strategies

Hospital philanthropy will no doubt undergo significant challenges in the coming decades. The growing commercialization of nonprofit hospitals, continuing evidence of civic disengagement, and generational characteristics are the leading forces of change that will intersect in unprecedented ways in the coming decades.

While some predict a “golden age of philanthropy,” there exists the very real possibility of a less robust future for hospital philanthropy—especially for community hospitals. In this context, the chief development officer must become an informed interpreter of these external forces, playing a more forceful role in strategic discussions about the hospital’s future.

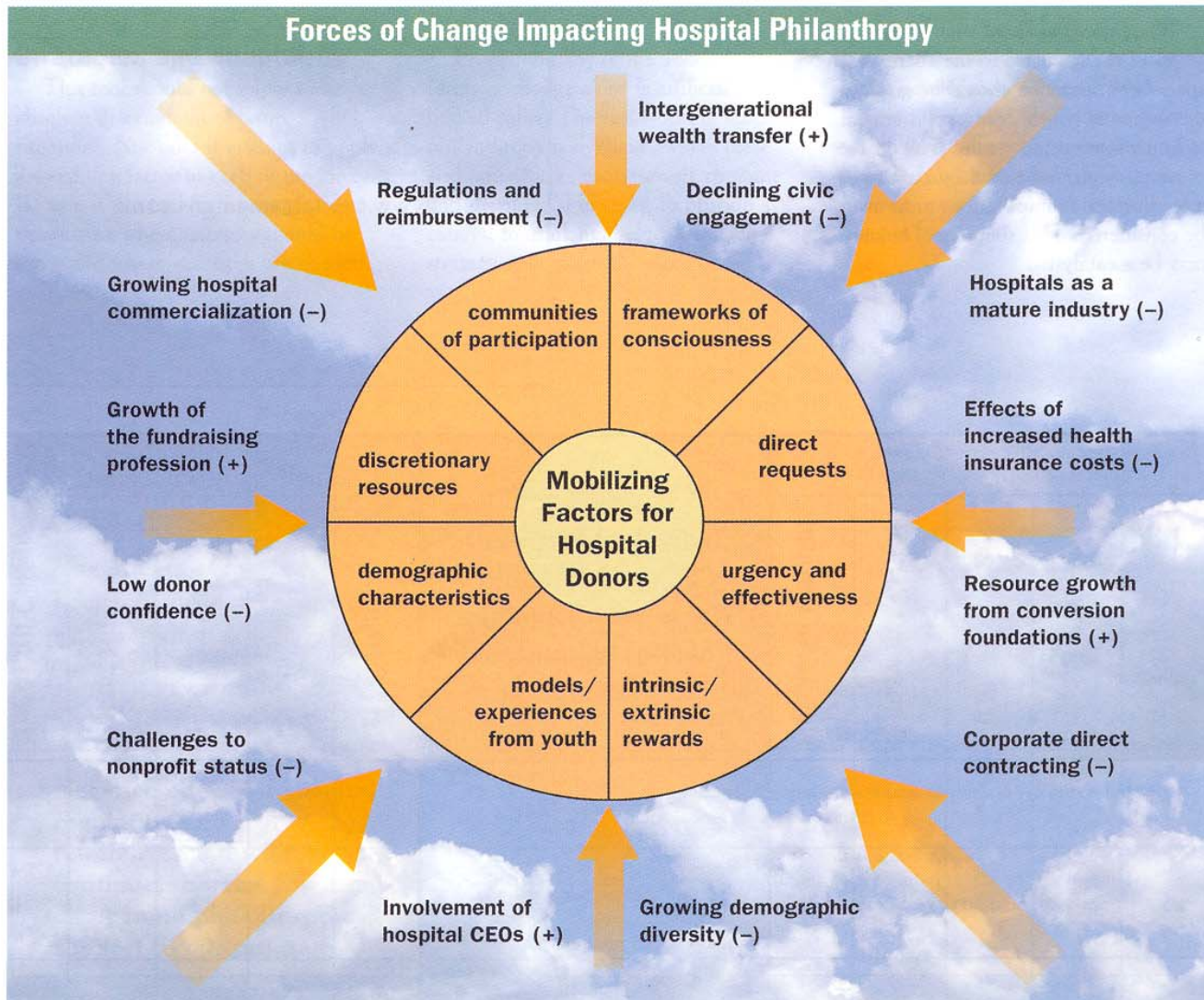
By Gary J. Hubbell

Schervish’s model for inclination

Extensive research has led Schervish (1997) to conclude there are eight motivating factors generally applicable to all donors. They are (1) *communities of participation*—groups and organizations in which one is involved; (2) *frameworks of consciousness*—beliefs, goals, and orientations that shape the values and priorities that determine people’s activities; (3) *direct requests*—invitations by persons or organizations to directly participate in philanthropy; (4) *discretionary resources*—the quantitative and psychosocial wherewithal of time and money that can be mobilized for philanthropic purposes; (5) *models and experiences from one’s youth*—the people or experiences from one’s youth that serve as positive exemplars for one’s adult engagements; (6) *urgency and effectiveness*—a sense of



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how necessary and/or useful charitable assistance will be in the face of the onset of an unanticipated or previously unrecognized family, community, national, or international crisis; (7) *demographic characteristics*—the geographic, organizational, and individual circumstances of one's self, family, and community that affect one's philanthropic commitment; and (8) *intrinsic and extrinsic rewards*—the array of positive experiences and

outcomes of one's current engagement that draws one deeper into a philanthropic identity¹.

Presented in the diagram above is a framework for understanding donor motivation and the constant presence of these forces impacting the mobilizing factors for giving. External forces—both positive for hospital philanthropy and negative—orbit around the donor, potentially impacting the donor's thinking and affecting how choices are made.

Self-Assessment

Recognizing that any attempt to forecast long-term implications and possible scenarios is fraught with potential error, one is, nevertheless, naturally drawn to anticipate what might be coming. The forces of change identified are a partial list, but it is a place to start. Additionally, one must expect some variance in these trends caused by geographic location, ownership, and the operating history and culture of the organization.

When thinking about each of the forces of change listed in the chart, special consideration should be given to the degree to which its impact is critical to future fundraising results. The degree of certainty around each factor and the attending action implications must also be considered. This simple tool below may be a catalyst.

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Assessment of whether this force is now or will be critically important to your fundraising results					Individual Forces of Change Potentially Negatively Impacting Hospital Philanthropy	Assessment of certainty this force will impact your fundraising results				
Very Critical	Critical	50/50	Somewhat Critical	Not At All Critical		Very Certain	Certain	50/50	Uncertain	Not At All Certain
5	4	3	2	1	The effects of increased health insurance costs will retard giving	5	4	3	2	1
5	4	3	2	1	Negative effects of hospital regulation and reimbursement will continue, thereby dampening philanthropic support to our program	5	4	3	2	1
5	4	3	2	1	Corporate direct contracting will harm our corporate philanthropy income	5	4	3	2	1
5	4	3	2	1	Growing demographic diversity will shrink gift support for our program	5	4	3	2	1
5	4	3	2	1	Low donor confidence in nonprofits will retard giving to our program	5	4	3	2	1
5	4	3	2	1	Challenges to nonprofit status will retard giving to our program	5	4	3	2	1
5	4	3	2	1	Hospitals as a mature industry will erode giving interest	5	4	3	2	1
5	4	3	2	1	Donor perceptions of growing hospital commercialization will retard giving to our program	5	4	3	2	1
5	4	3	2	1	Declining civic engagement will hinder volunteer engagement	5	4	3	2	1

Strategies and adaptation

This tool should not imply some absolute determinant of future situations. Nor does it attempt to apply a weighting factor to each of the forces. Rather, it is a tool for focusing and prioritizing where energies should be spent and where strategies are needed.

Examining any of the anticipated forces of change alone is artificial and of limited value. The real world of hospital philanthropy is dynamic, where these and other forces continuously combine and decouple. However, to provide a catalyst to thinking, below are some strategy options for the more harmful


factors that could be judged as critical. Chief development officers should envision themselves as a driving force within their hospitals, partnering assertively with hospital CEOs and others to pursue these strategies.

If you deem this factor critical...	...then consider this strategy.
The effects of increased health insurance costs will retard giving	<ul style="list-style-type: none"> Align with state and national hospital associations to push for solutions industry-wide; routinely inform donors of your efforts Support the work of your hospital leaders to reduce costs/slow the rise of health care costs Lead a strategic discussion of your hospital leaders to imagine a new role for philanthropy in an environment of increased service to the un-/under-insured
Negative effects of hospital regulation and reimbursement will continue, thereby dampening philanthropic support to our program	<ul style="list-style-type: none"> Align with state and national hospital associations to push for solutions industry-wide; routinely inform donors of your efforts Work with AHP to develop and implement a constituent education/communication initiative designed to interpret the role of hospital philanthropy in times of stark reimbursement changes and more regulation
Corporate direct contracting will harm our corporate philanthropy income	<ul style="list-style-type: none"> Team with your hospital contract negotiators to assure their understanding of the difference between commodity pricing and philanthropic intent; work aggressively to understand corporate interests (self and/or community) in order to present philanthropy opportunities that match those interests; those opportunities may not provide support for the hospital but may enable your hospital to partner with the contracted corporation to address some shared community issue
Growing demographic diversity will shrink gift support for our program	<ul style="list-style-type: none"> Conduct focus groups and surveys of minority populations to understand giving interests, inclination, and propensity; based on research findings, develop strategies for informing, educating, and involving minority representatives in hospital/foundation efforts Foster strategic discussions with your hospital leaders to consider how the hospital's offerings, processes, communications, etc. may need to evolve to meet the expectations of growing minority groups

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If you deem this factor critical...	...then consider this strategy.
<p>Low donor confidence in nonprofits will retard giving to our program</p>	<ul style="list-style-type: none"> • Conduct attitudinal research to understand the specific issues and scope of opinions • Adopt a transparent posture • Underscore your operation as an effective, accountable, personable, public trust (town hall meetings, civic group involvement by senior administrators, brown bag luncheon, media visits, etc.) • Intensely explore and redefine your hospital's understanding of and contribution to community benefit; demonstrate how hospital operations pursue community benefit; communicate aggressively and consistently
<p>Challenges to nonprofit status will retard giving to our program</p>	<ul style="list-style-type: none"> • Adopt a transparent posture • Underscore your operation as an effective, accountable, personable public trust (town hall meetings, civic group involvement by senior administrators, brown bag luncheon, media visits, etc.) • Intensely explore and redefine your hospital's understanding of and contribution to community benefit; demonstrate how hospital operations pursue community benefit; communicate aggressively and consistently • Strongly encourage CEOs and boards to take responsible positions on the issue of executive compensation, recognizing this as a flashpoint for media and donors • Make the case for retaining your nonprofit status – How is the community impacted if your tax exemption is revoked?
<p>Hospitals as a mature industry will erode giving interest</p>	<ul style="list-style-type: none"> • Assertively demonstrate the hospital's vigorous pursuit of medical innovation (whether in delivery of patient care, patient safety, delivery system collaboration, etc.); indicate how philanthropic support was leveraged to achieve these innovations • Leverage the power of your multi-hospital system to explore philanthropy as R&D money to fuel solutions, rather than to buy more technology and build more buildings; aggressively position philanthropy programs with leading edge hospital thinking
<p>Donor perceptions of growing hospital commercialization will retard giving to our program</p>	<ul style="list-style-type: none"> • Work aggressively with hospital marketing/PR people to address image perceptions as "big" and "corporate" • Work to make quite explicit the differences and value of being a nonprofit hospital • Lead strategic discussions among your hospital leadership group that create understanding, acceptance, and behavioral evidence that hospital leaders will work as hard in the community to personalize and position the work of the hospital as they do to operationalize excellence internally
<p>Declining civic engagement will hinder volunteer engagement</p>	<ul style="list-style-type: none"> • Assertively seek to understand the evolving minds and hearts of your major donors; understand that their desire for involvement (although expressed differently) will follow their interests • Reinvent volunteer engagement options; seek to engage key prospects in initiatives that interest them, in ways that interest them; these may be much more inventive and require more personal partnering than community leaders presently serving in traditional board roles • Expect to leverage communications technology to expand your connection options to include "virtual meetings"

Constant trend watching, attitudinal research, and demographic analysis will be required undertakings. Even more important is the coming expectation of the chief development officer as an informed, forceful interpreter of these external forces in strategic discussions with hospital leaders. The days are numbered where chief development officers wait to have the CEO name the direction and list the needs. More so in

One must be cautious to avoid thinking one can really *know* the future fully. Hopefully, this interpretation of key forces over the coming years will spark thoughtful inquiry, leading to other interpretations. Regardless of the conclusions one draws from these often-conflicting interpretations of the future, one must acknowledge and admire the historical resilience of the nonprofit sector as a whole, hospitals as a sub-sector, and development officers in particular. 

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