

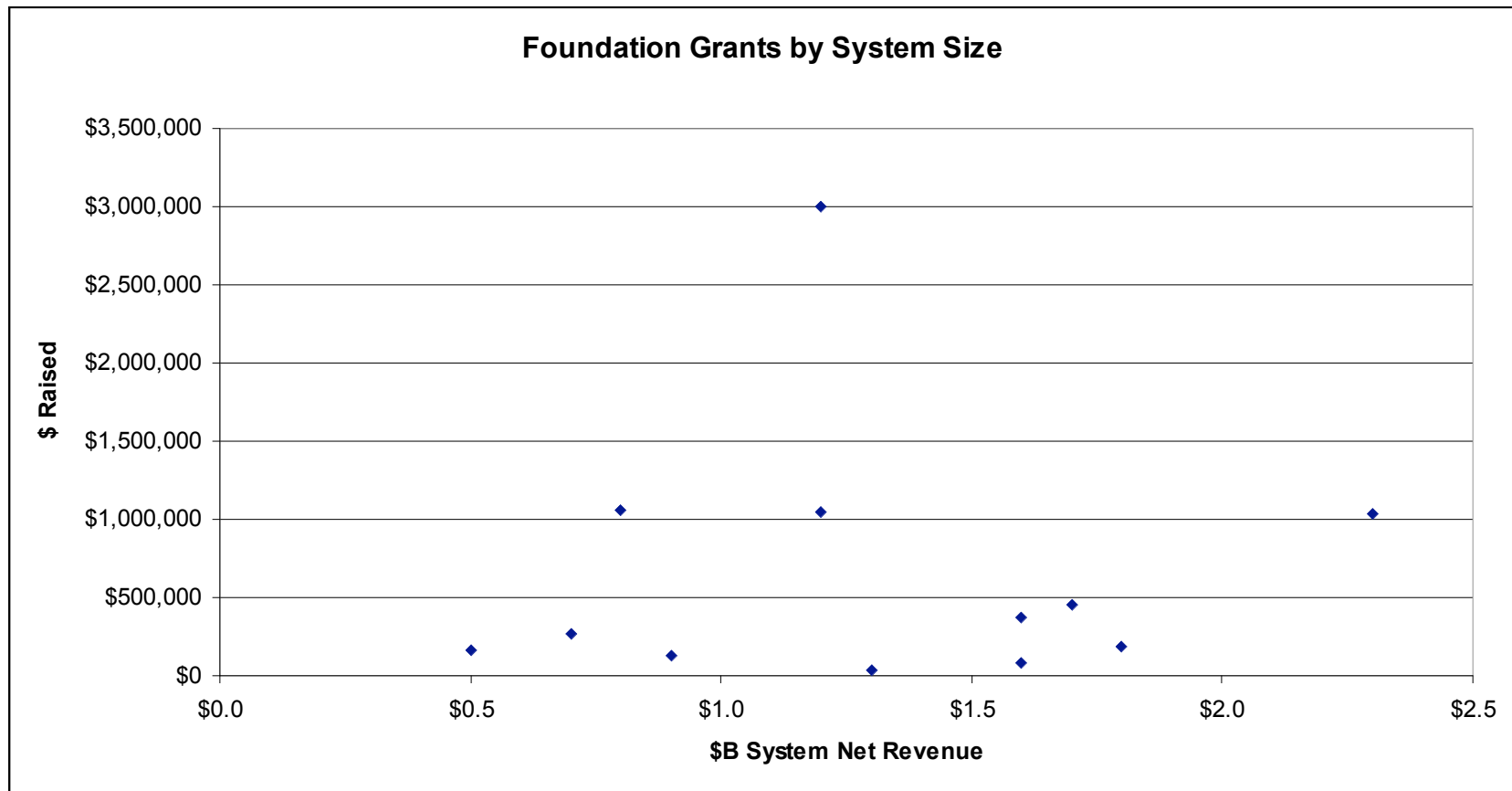


THE CRESCENT GROUP

High-Performing Hospital - Foundation Partnerships

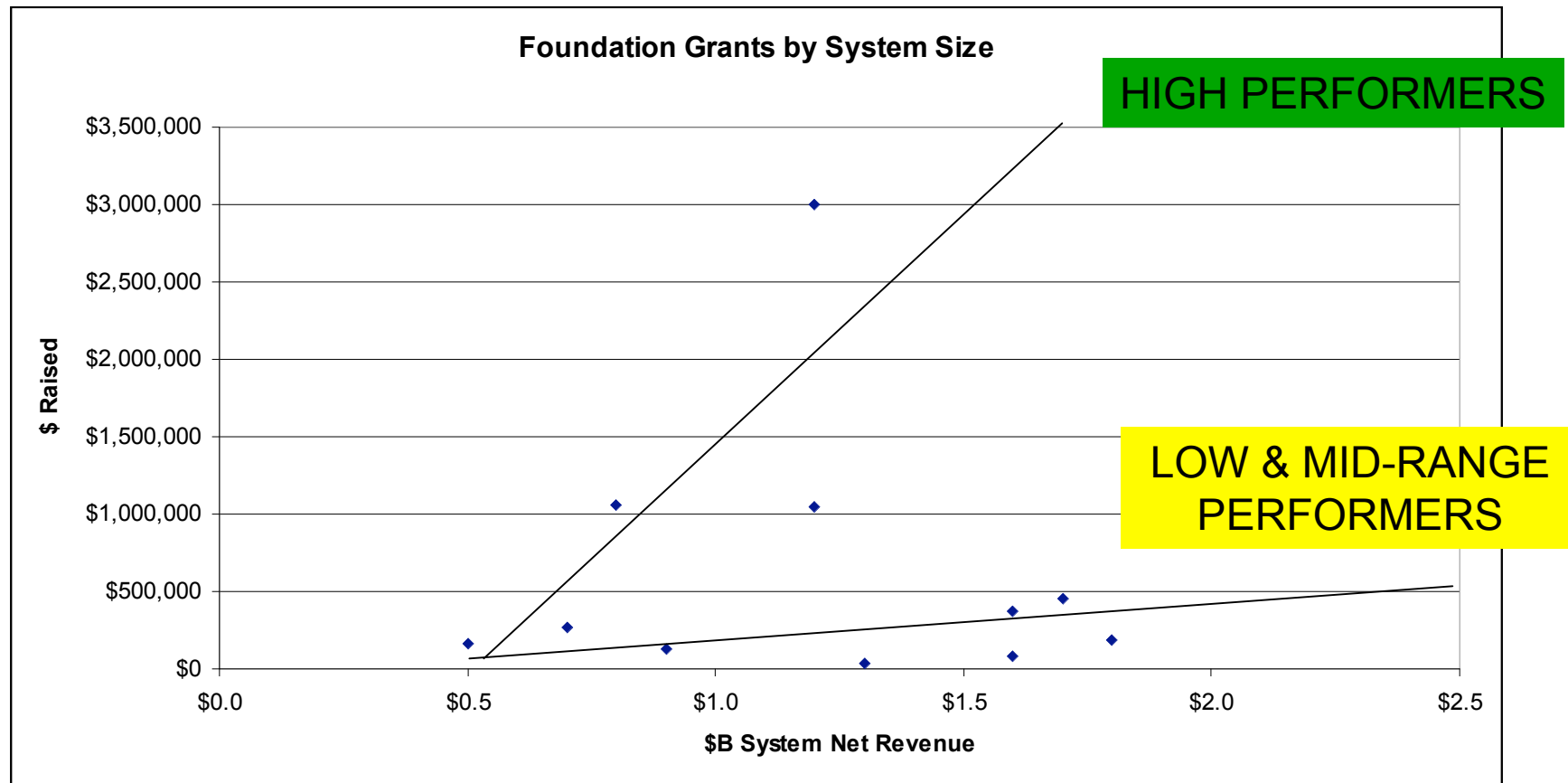
Analysis and Case Studies

There is a wide range of fundraising performance by hospital foundations.



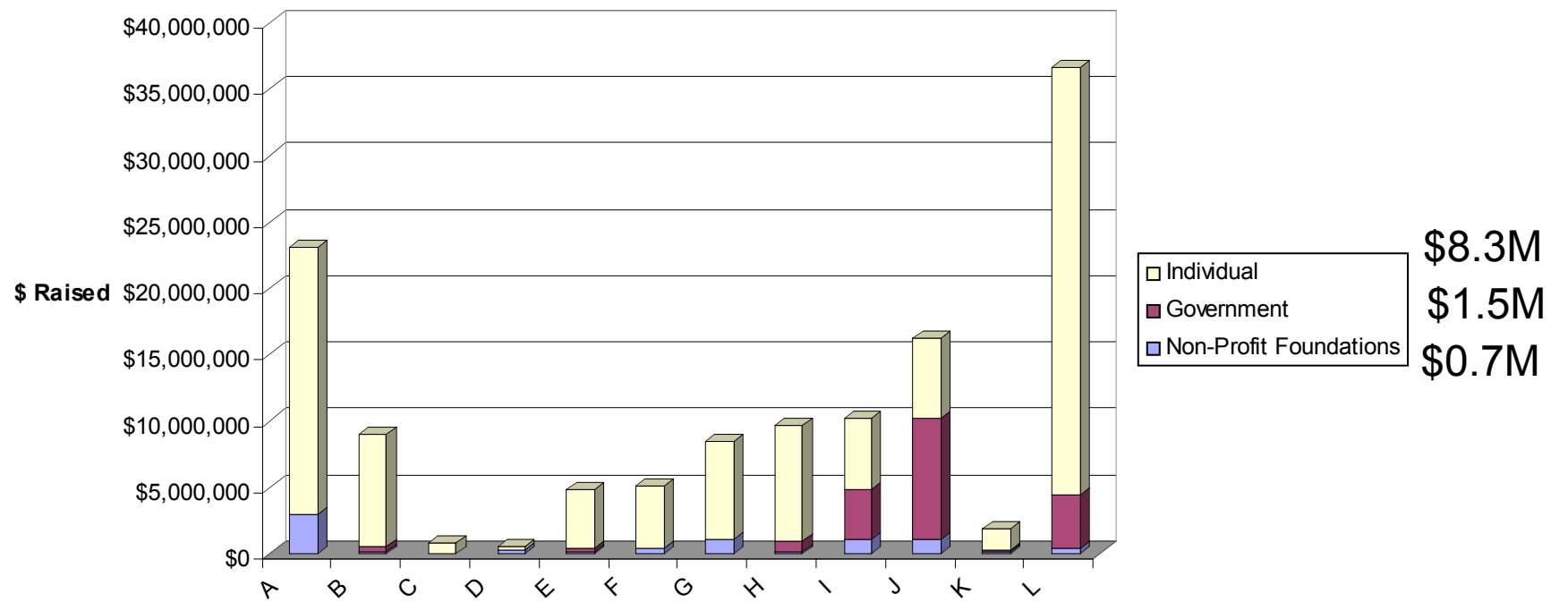
Source: Health System and Foundations 990's, Annual Reports

Some systems seem to have made a quantum leap above others.

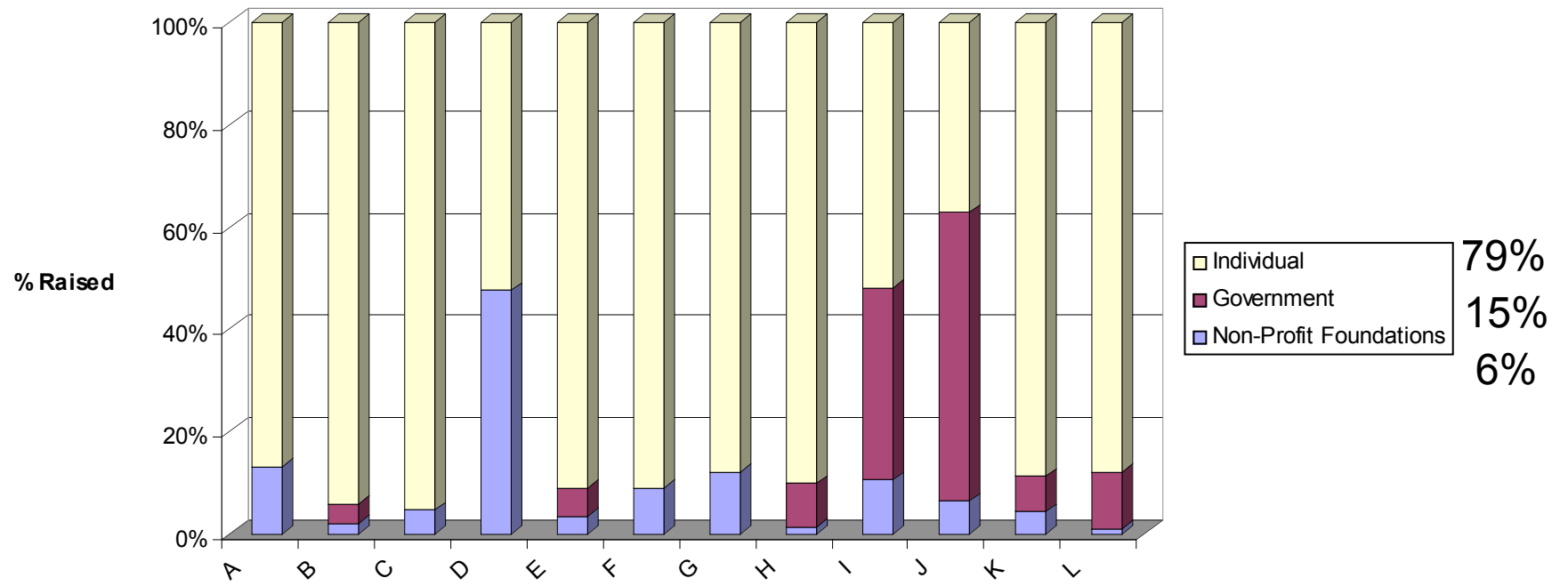


Source: Health System and Foundations 990's, Annual Reports

System Fundraising by Source



System Fundraising by Source



High Performers: Case Study 1 – The Campaign Model



- **Project Priority Setting**
 - Foundation Trustees consult with “hospital leadership” and set project priorities. Decide on target funders for each project.
 - Projects falling outside of priority list may be funded by endowment fund. Only \$50k/year available to community partners.
- **Strategy and Process**
 - The \$100M Campaign (System matches dollars raised).
 - Individuals, Corporate and Family Foundations targeted for capital.
 - Non-profit Foundations targeted only for funding for the underserved.
 - Average 35 foundation grants per year, \$1M.
 - No federal strategy at local system level.
- **Resources**
 - 13 FTE’s: dedicated executives for planned giving, capital campaign major gifts, corporate and foundation relations, annual giving, events, and donor relations)
 - Outsource catering, public relations, events management

High Performers: Case Study 1 (con't)

- **Financial Targets and Monitoring Process**
 - 5 Year, \$50M Goal (matched by system)
 - Annual department goal allocated to executives.
 - Reported monthly, Monitored quarterly by Foundation Board
- **Grant Management**
 - Dedicated corporate foundation business manager reports as required. Assistance from hospital accounting and finance dept.
- **Explanation for Success**
 - “personal relationships of Board...they are active in fundraising”
 - “We are located in wealthiest area of U.S.”
 - “mix of young, energetic and more seasoned staff.”
 - “We are a great hospital with a great plan...transformed from a community hospital to a destination hospital.”

High Performers: Case Study 2 – “Philanthropy Councils” Model



“A \$5.5M renovation of the Oncology Unit is underway.”

- **Project Priority Setting**
 - 5 Service line (hearts, cancer, ortho, woman, and peds) Philanthropy Councils develop priorities.
 - Membership is comprised of Foundation trustees, donors, physicians, hospital administration and staff.
 - Projects falling outside of priorities may be funded by Foundation endowment; no giving to community organizations
- **Strategy and Process**
 - Foundation CEO matches opportunities with target individuals and foundations; may be overlap with prospects.
 - Average 40 foundation grants per year totaling \$3M.
 - No Federal strategy at hospital level

High Performers: Case Study 2 (con't)

- **Resources**
 - 23 FTE's (dedicated executives for planned giving (2), major gifts (2), corporate and foundation relations (2), special gifts, annual giving, events, donor relations (2), grant writing and research (2).
 - 200 volunteers, many of whom have donor connections
 - Outsource telemarketing, direct mail, email fundraising
- **Financial Targets and Monitoring Process**
 - Annual \$12-15M target, monitored quarterly by Board
 - Metrics include grants out/gifts received, new prospects identified
 - “Cost per dollar raised” has varied from \$0.19 to 0.21
- **Grant Management**
 - Dedicated executive and assistant for gift/grant reporting
- **Explanation for Success**
 - “We are big gift oriented – 6 or 7 figures – success or failure is a function of lead donors.”
 - “We moved away from events.”
 - “Hospital made an investment in staff that has paid off.”

High Performers: Case Study 3 – The “Joint Executive Committee” Model



- **Project Priority Setting**
 - Quarterly joint meetings of hospital and foundation Boards to set project priorities.
 - Foundation general fund available for other projects; no giving to community organizations through foundation.
- **Strategy and Process**
 - For projects with limited donor appeal (IT, parking garage etc.), aggressively pursue federal earmarks and grants, including transportation funds.
 - Board has Public Affairs Committee, members of which show great willingness to contact state and federal legislators)
 - Average 17 foundation grants per year, totaling \$1M+. Dedicated grant researcher helps match projects and funders.
 - Have built reputation for high performance on grants that helps improve success rate. “45%.”

High Performers: Case Study 3 (con't)

- **Resources**
 - 15 FTE's (dedicated executives for grant development, donor development, Cancer Campaign, Children's Hospital Development, grant writing and research (3).
 - Outsource lobbying, some grant writing, small events
- **Financial Targets and Monitoring Process**
 - Adopted PLC benchmarking targets
 - Performance target based on 3 year rolling average
 - Report monthly to Board "\$ released to health system."
- **Grant Management**
 - Actively manage grant once received; customized book prepared by foundation grants administrator for hospital manager responsible. Consulting relationship.
 - 2 FTE's for accounting/reporting of federal grants
- **Explanation for Success**
 - "Focus on high ROI activities: major gifts, grants, planned giving."
 - "Relationship with Health System...Foundation Board is testing ground for Hospital Board."
 - "Health System Payment of Operating Expenses has allowed for 6-7X ROI."

High Performer Case Studies: Lessons Learned

- Coordinated process for setting priorities within hospital; partnership between Foundation and Hospital Boards.
- Foundation leadership matches projects with prospective funders and provides resources for pursuit.
- Significant resource investments made and high returns produced (4 or 5:1).
- Cultivation of relationships with community partners essential.
- High ROI activities: Major Donors, Grants, Planned Giving.
- Aggressive Targets, Rigorous Monitoring, Recognition of seasonality and blips.
- Board buy-in and involvement is necessary and crucial.