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Pressures are mounting on not-for-profit hospitals and health care systems to meet their bottom line needs while demonstrating that they have actually earned and deserve their tax-exempt status. At the same time, health care providers have not been immune from the financial jitters now impacting so many sectors of the U.S. economy.

In this challenging environment, effective and efficient fundraising are more important than ever. I am once again writing to you and other members of the CEO Philanthropy Connection of the Association for Healthcare Philanthropy to share information and seek your advice about the value that philanthropic giving can add to today's health care systems and the communities they serve.

As you may be aware, a new series of studies on philanthropic practices is now available through the AHP Performance Benchmarking Service. I have attached the first of four reports that AHP published for your review. I believe the studies underscore the importance of a hospital or health care system's fundraising arm or foundation as a profit center worthy of appropriate resources that yield high net returns and balanced efficiency. Among the chief findings from the data:

- A wide assortment of fundraising programs, such as annual giving, special events, public support, major gifts and planned giving, yields higher charitable revenue. Conversely, when foundations emphasize only one or two programs, revenues are relatively lower.
- High performers maintain a balanced approach to this full scope of fundraising programs. Part of the wisdom of this balancing act is strong focus and investment in high return/lower cost programming, paired with moderate focus on expensive but important programs that attract new donors.
- It takes time for investments in new fundraising programs to pay off. The lower and even negative returns reported for individual fundraising programs are largely a result of fresh upfront investment in staff, materials and relationship-building activity that will yield higher returns and lower costs after three to five years.
- Major gifts and planned giving programs are at the core of successful fundraising. Hospitals and systems that invest time and resources in major gifts from individuals, corporations and foundations, and through planned giving, achieve higher overall returns than those who do not.
- Uncontrollable factors, such as geography, community demographics, and the size or structure of the health care facility, do not impact overall fundraising returns to the extent many previously believed.
- Data also paint a picture of leanness among high performing foundations that employ fewer professionals, while giving them greater responsibilities.

In light of these points, I think it would be helpful to consider what steps CEOs and CDOs can take to evaluate – and perhaps change -- the type and mix of fundraising events your organization presents, based on what would work in your area. Consider, for example, what would it take – and with what consequences -- if you reduced the number of events you have, redeploying those resources toward more successful events and other programs within your fundraising continuum?

I can be reached at AHP's headquarters at (703) 532-6243, by e-mail at bill@ahp.org, or at the above address. I look forward to hearing from you and to continuing our conversation.

Very truly yours,



William C. McGinly, Ph.D., CAE
President and Chief Executive Officer
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encl. [AHP Performance Benchmarking Service General Overview Report, FY 2006](#)

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