

AHP in the News
Benchmarking supports best practices in fundraising
Nonprofit Business Advisor
June 1, 2008

The Association for Healthcare Philanthropy Performance Benchmarking Service is designed to improve corporate compliance and transparency for fundraising efforts and to ensure that dollars donated by grateful patients, their families and members of the community are accounted for and spent effectively. The service transforms basic financial and program data into useful information that enables hospital CEOs and boards of directors to integrate philanthropy into their overall strategic planning for their healthcare organizations.

"The forward-looking hospitals and systems and their dedicated staffs who played a part in these initial studies invested a great deal of time and resources to demonstrate the value of benchmarking as a vital and exciting management tool," notes William McGinly, Ph.D., CAE, president, and chief executive officer of AHP.

Using benchmarking data, participating nonprofit hospitals, clinics and healthcare systems can compare their fundraising efforts with those of other facilities across the United States and Canada. They can exchange and adopt the best ideas to encourage philanthropy.

AHP benchmarking participants are located in Alabama, Arizona, California, Florida, Georgia, Illinois, Maryland, Minnesota, Nebraska, New Jersey, New York, Oklahoma, Pennsylvania, Tennessee, Virginia, Washington, Wisconsin and the Canadian provinces of Ontario and Saskatchewan.

Landmark philanthropic fundraising studies reveal keys to success

A landmark new series of studies on philanthropic practices by The Association for Healthcare Philanthropy reveals that today's most effective fundraisers use a variety of well-rounded programs and activities to raise money. These findings help shatter the myth that big-ticket galas, golf tourneys and telethons are the only way to attract donors. In fact, the most successful fundraising programs have a sustained emphasis on building relationships, and cultivating and maintaining major gift donors.

These findings are from AHP's initial series of studies based on results of its Performance Benchmarking Service, which for the first time has allowed participating nonprofit hospitals and healthcare systems to systematically compare and contrast their fundraising efforts. Data were gathered from 31 U.S. and Canadian organizations.

"To meet the serious challenges placing financial strains on nonprofit healthcare systems, it is critical that philanthropic fundraisers adopt modern business practices such as

benchmarking," says William McGinly, Ph.D., CAE, president, and chief executive officer of AHP, whose members direct philanthropic programs in 2,200 of North America's not-for-profit healthcare providers.

"Effective and efficient fundraising is more important than ever. Americans are facing a recessionary economy in 2008 and nonprofits are facing heightened scrutiny by government agencies to justify their tax-exempt status," McGinly notes. "Meanwhile, the gap continues to grow between the costs hospitals must expend to treat the uninsured and underinsured and the level of reimbursement they can recover from public and private sources."

How the high performers do it

The benchmarking studies underscore that hospital or healthcare systems' fundraising arms or foundations are solid profit centers that are worthy of appropriate resources that yield high net returns and balanced efficiency. Here are some of the key findings:

- * Variety is more profitable. 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 comparably lower.
- * Patience pays. 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 should get major focus. Major gifts and planned-giving programs are at the core of successful fundraising programs. Hospitals and systems that have invested time and resources in major gifts from individuals, corporations and foundations, and through planned giving, yield higher overall returns than those who do not.
- * Balance is better. High performers take a balanced approach to the full scope of fundraising programs. This balancing act requires a strong focus and investment in high-return/lower-cost programming, along with moderate focus on expensive but important programs that attract new donors.
- * It's good to be lean. The highest-performing foundations employ fewer professionals, while giving them greater responsibilities.

It is interesting to note that the data showed that uncontrollable factors, such as geography, demographics, and the size or structure of the healthcare facility do not impact overall returns to the extent many previously believed.

For more information

The Association for Healthcare Philanthropy is a not-for-profit organization whose members direct philanthropic programs in 2,200 of North America's not-for-profit healthcare providers. AHP is composed of professionals in the fields of fundraising, development, public relations and marketing, as well as trustees, administrators, and executives interested in healthcare fundraising. For a copy of the AHP Performance Benchmarking Service studies, go to www.ahp.org.