

# Why Philanthropy Matters to Hospitals and Health Systems

The Association for Healthcare Philanthropy  
[www.ahp.org](http://www.ahp.org)  
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# WHY PHILANTHROPY IS IMPORTANT TO HOSPITALS AND HEALTH SYSTEMS

# Benefits of a Focus on Philanthropy can be Seen Across the Organization and Community



*Philanthropy - “the love of humankind” – is a critical, overlooked revenue stream that can impact financial and community transformation, and finance both capital and governmental institutional initiatives.*

## Philanthropy > Fundraising



Financial

Philanthropy provides **4x ROI** on average, creates an **additional revenue stream**, and is having an increasing impact on **bond rating considerations**.

Individual

Philanthropy is an expression of **gratitude** from patients and families after receiving care and can **reduce physician burnout** through accepting that gratitude.

Institutional

Philanthropy programs enable health systems to reinforce themselves as **community leaders**, communicating their vision and value in the community.

# Philanthropy Delivers Positive Margin Benefits in Many Ways



*For every dollar invested in the work of philanthropy, an average of \$4 is returned in ROI*

Moody's and others now consider fundraising results in their rating assignments



Consistently good results = better bond rating

## MEDIAN VALUES FOR KEY METRICS

	NFR	ROI	CTRD	FPDE
High Performers	\$27.3M	\$5.49	\$0.18	\$1.68M
All Institutions	\$3.94M	\$4.03	\$0.25	\$940k

Note -

NFR: Net Fundraising Returns (Gross Funds Raised Production - Total Fundraising Expenses)

ROI: Return on Investment (Gross Funds Raised Production/Total Fundraising Expenses)

CTRD: Cost to Raise a Dollar (Total Fundraising Expenses/Gross Funds Raised Production)

FPDE: Funds Raised per Direct FTE

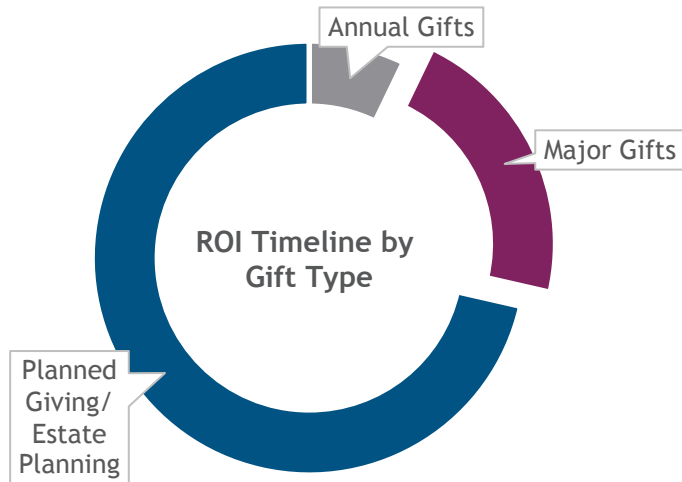
Source: AHP 2018 Report on Giving Survey, USA



*\$17 in Patient Revenue has the same net revenue impact as \$1 in Philanthropic Revenue*

# BY THE NUMBERS

# By the Numbers: ROI Takes Time



Gift Type	ROI Timeline	Average ROI
Annual Gifts	0-1 Years	4.8
<b>Major Gifts</b>	<b>3-5 Years</b>	<b>15.3</b>
Planned Giving/Estate Planning	5-15 Years	11.6

## Key Takeaways



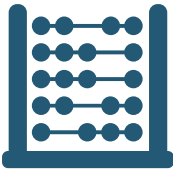
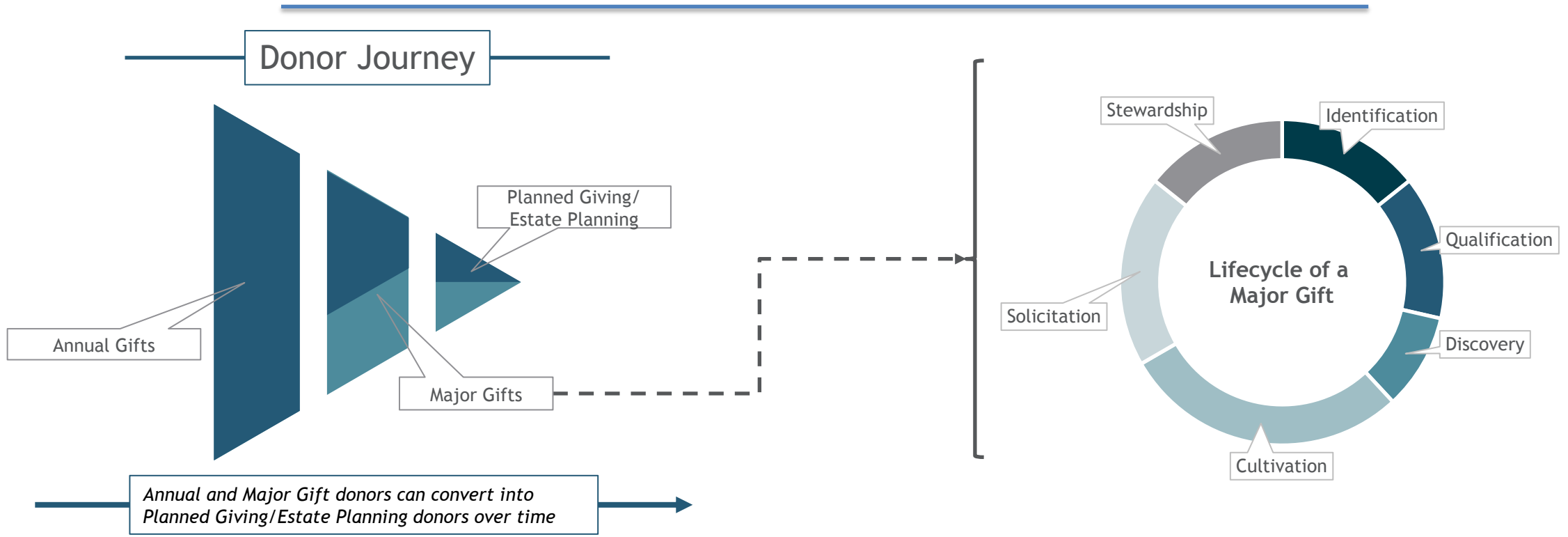
**Gift generation takes time** (~18 months on average): philanthropy should be a part of every strategic planning conversation and the 3+ year vision so donor cultivation can be pursued accordingly.



**“Spend more to make more”**: ROI isn’t immediate, but it is significant (4x). The more that health systems invest in philanthropy teams, the greater the benefit long-term, which can be sustained over time.

Gift generation is a marathon, not a sprint. Philanthropy is not about us, it’s about them.

# By the Numbers: The Donor Journey and Lifecycle of a Major Gift



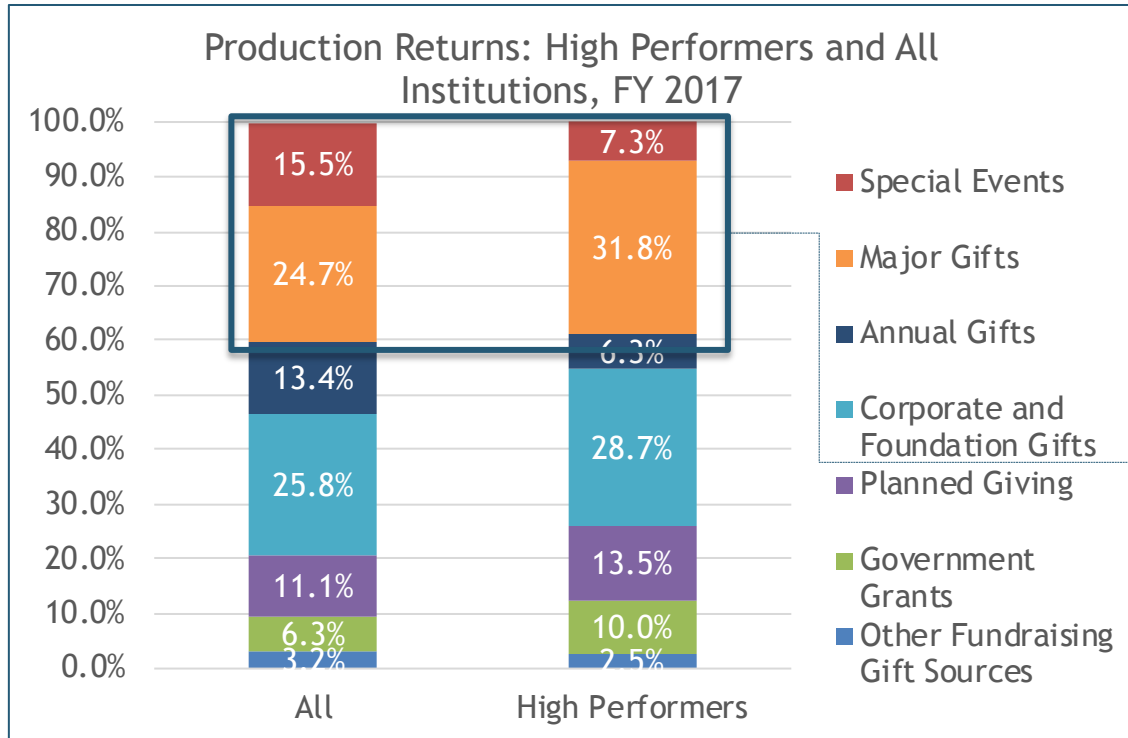
- Investing in Major Gifts allows your team to focus on the areas of highest ROI, but there are significant opportunities both in Annual Gifts, which are good for generating a pipeline of revenue in both Major Gifts *and* Planned Giving in addition to the annual revenue they bring in
- Teams need continual gift acquisition in order to feed the donor pipeline and integrate them into the Donor Pyramid



# By the Numbers: Major Gifts and their Major Impact



*A distinguishing factor of high-performing organizations is their prioritization of revenue from Major Gifts over that from Special Events.*



% of total revenue by gift type



High performers saw **~8% of revenue** shift away from Special Events, almost all of which went to Major Gifts.

Average revenue per major gift for high performers sits at **\$127.5k**, while special events revenue averages **\$3,775**.

Major gifts are augmented when the Board taps into its network, **engaging the community** short- and long-term.

# HEALTHCARE PHILANTHROPY AND HOSPITAL LEADERSHIP

# Healthcare Philanthropy and the C-Suite are Critical to Success in Philanthropy



*The Board and C-Suite, with their broad understanding of organizational goals and challenges, are uniquely qualified to augment and extend the impact and reach of the Philanthropy team.*

## Social Capital



Leadership is uniquely positioned to successfully foster engagement of community donors because of the *social capital* associated with their diverse network of connections.

## Cooperation



Leadership understands broad community needs and can direct resources and attention to:

- Clinical Integration
- CDO/CXO Relations
- Population Health

## Enfranchisement



Members of leadership have personal relationships with donors and other executives, but approach topics and opportunities neutrally and objectively.

# Healthcare Philanthropy and the C-Suite

## How the Board can Help

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