Many organizations strive to create a culture of philanthropy within their hospitals or health centers. This may refer to increasing opportunities to show gratitude or developing robust employee giving campaigns. But many cultures of philanthropy neglect to reach the strategic goals of the organization itself. Shifting from a culture of philanthropy to a culture for philanthropy may seem like a simple semantic change, but sometimes semantics can make all the difference.

In this section, find out how one word can ensure organizational systems, processes and policies support donor needs and enhance fundraising capabilities. You’ll also read about a successful employee giving campaign at an organization where almost half of employees choose to give back and you’ll learn that becoming an active participant is the key to inspiring complete buy-in to a culture for philanthropy.

How a culture for philanthropy enables fundraising performance

Susan’s monthly meeting with the chief executive officer was going well: “More than a 10 percent increase in per capita employee giving? That’s excellent! Good job! We’re really developing a culture of philanthropy.”

The enthusiastic praise from her boss was nice to hear, particularly given the huge increase in effort her fundraising team had put into this year’s employee campaign. But in the back of her mind was the report she had reviewed before the meeting that projected her total amount raised for the year would fall short of the organization’s growth-in-giving goal. Again.

This is a disguised but true story. Unfortunately, there are many similar stories.

Much has been said and written about creating a “culture of philanthropy.” Unfortunately, the term is too often misunderstood, leading to initiatives focused only on employee giving, elevating appreciation for the virtues of philanthropy and storytelling about the good things done with charitable dollars—all of which are good, laudable and worthwhile to continue—but insufficient.

Perhaps a better approach would
be to focus on creating a “culture for philanthropy.”

It’s not just semantics
Corporate culture, as defined by Mitroff et al. in Framebreak: The Radical Redesign of American Business, is: “The set of rarely articulated, largely unconscious, taken-for-granted beliefs, values, norms and fundamental assumptions the organization makes about itself, the nature of people in general, and its environment … organizational culture consists of the set of unwritten rules that govern acceptable behavior within and even outside of the organization.”

It’s well established that without an organizational culture that supports philanthropy, initiatives to create a high-performance fundraising operation will not succeed. The literature is replete with blogs, white papers and articles telling us three, five, seven and 12 steps (and other ways) to create a culture of philanthropy.

A common theme is that fundraising needs to be central to the organization, not a distasteful necessity to be left to the development people.

Beyond that, other frequently reoccurring themes in the literature indicate a culture of philanthropy requires:
• Personal involvement of the top executive and C-suite support.
• Philanthropy consciously aligned with the mission, and the organization’s core values consciously aligned with philanthropy.
• Everyone from the frontline to the board chair knows the case for giving and is an ambassador for it.

Some other characteristics of a culture that supports philanthropy are a chief development (or chief philanthropy) officer who is part of the C-suite, support for fundraising as part of every position description, donor engagement in
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organizational strategic planning and a breakthrough case that offers donors opportunities to achieve their philanthropic objectives. (For more about the role culture plays in creating case, see “Create a Breakthrough Case” in the Spring 2018 issue of Healthcare Philanthropy.)

Claire Axelrad’s succinct summary says it best: “The job of philanthropy is to demonstrate love of humankind. Fundraising is merely service to philanthropy.” So why is a semantic change to a culture for philanthropy important? Because it’s not just semantics.

One word—for—makes a huge difference. A culture for philanthropy recognizes both the opportunities for philanthropy to advance the mission and the unique requirements of a fundraising operation that can do so successfully. That recognition can ensure organizational systems, processes and policies support donor needs and enhance fundraising capabilities.

For instance, donors expect a charitable beneficiary to act like one. Betsy Chapin Taylor, FAHP, notes that large health care organizations can easily fall into the trap of behaving like big business. She says, “Many a donor has been dismayed after giving to a hospital and then seeing the hospital make a large gift elsewhere.”

Richard Perry and Jeff Schreifels point out that everyone is “donor-centered” these days but say, “[T]he feels like window dressing. Nonprofit leaders talk a good game about being ‘donor-centered’ … But it’s still not often that we find that donors are actually part of the mission. To be blunt, donors are still being treated as a means to an end.”

It is critical for an organization with ambitions for high-performance fundraising to recognize how management’s ways of thinking affects philanthropy.

Organizational design is key to raising more money
A culture for philanthropy elevates philanthropy to a partnership role and fundraising to a place within the organization that allows high performance by the fundraising team. One of the most critical areas where a culture for philanthropy can enable high-performance fundraising is fundamental organizational design decisions.

Fundraisers, as do their counterparts in other areas of the organization, struggle with constraints to productivity, such as:

• Too much time spent in internal meetings and busywork.
• Too much energy devoted to “fiefdom” goals rather than mission.
• Too few clear operating parameters and too many constraints on autonomy.

An organizational structure and policies driven by clinical and related administrative considerations can hobble a function with a different focus that requires a different way of working for optimum performance. High-performance fundraising requires an operating structure and system designed to:

• Change the fundraising revenue mix to significantly increase the average gift size by rebalancing the organization to focus more resources on frontline fundraising of individually solicited gifts.
• Align other fundraising modalities not as separate silos with success judged by their own revenue goals, but as part of a process that is one continuum and the way and means for everything concerned about prospect and donor relationships.
• Realize significant gains in measured output per full-time employee through the strict application of Lean Six Sigma thinking (see sidebar), including the key principle of “highest and best use,” to ensure teams are working at the top of their
performance envelopes.
• Streamline the organization to reduce the number of management fiefdoms and overhead headcount.

My observation after some 20 years of working with hospital service lines and health care fundraising operations is a successful fundraising operation doesn’t fit well within the standard operating structure of a hospital, which—of course—was structured for a purpose other than fundraising.

Yet, unfortunately, fundraising is often treated as simply another department or function—forcing the square peg of fundraising into a round hole. As a practical matter, even when an organization establishes a separate IRS 501(c)3 or CRA charitable status entity for fundraising, the fundraisers are usually employees of the parent health care organization and subject to its organizational design.

Titles are one problem area. The larger organization rightly wants titles to have meaning and consistency within the hierarchy. And, of course, major donors want to deal with people they perceive to have stature and authority within the organization. But titles are usually tied to requirements for the number of direct reports for which a manager is responsible. The problem is the highest paid and most productive frontline fundraising professionals should not have direct reports. The consequence is a lack of perceived (or real) status for development professionals within the organization and the community.

And, of course, position rating and banding for compensation also are impacted by the same

Lean Six Sigma thinking in fundraising

Achieving dramatic gains in fundraising production requires embracing a set of principles in key areas that dramatically affect everything, from the role of the board to how a case for giving is created. These are the “Four C’s” of fundraising. Each is a fundraising performance imperative, and together they are the pillars of a new approach to fundraising based on Lean Six Sigma thinking.

The Four C’s are primarily based on three sources of performance improvement knowledge and data:
• Ongoing research by AHP to identify those factors that drive high performance in fundraising.
• Proven Lean Six Sigma and quality principles from the commercial world.
• Our own observations over the past 12 years in developing and refining the fundraising performance imperatives (FPI) system with pioneering fundraising operations.

The FPI Four C’s of fundraising are the following:
• **Culture:** An organizational culture for philanthropy, in both the fundraising operation and its completely engaged organization, valuing, enabling and supporting philanthropy.
• **Case:** A compelling, attention-getting, donor-centric breakthrough case oriented to today’s investor philanthropists presenting compelling opportunities to make a quantifiable, major difference in people’s lives.
• **Constituency:** An ownership community of board members, campaign volunteers and institutional partners and other committed leadership donors who engage in the fundraising process as connectors, mavens and closers.
• **Capacity:** A process-based, metric-measured organizational design creating high potential for, and focusing more resources on, relationship-based frontline fundraising.

The results are more potential donors engaged with the mission; more current donors engaged as connectors; more internal fundraising partners engaged in support of the development process; and more (larger) gifts.
traditional thinking. The idea that a high-performing development professional who brings in significant funds should be paid as much as—or more than—a manager is still foreign to the not-for-profit world. Yet in the commercial world, it is not uncommon for top salespeople to make more than their managers.

Too often, the best frontline fundraisers become fundraising administrators because that’s what they must do to advance their career in terms of both pay and prestige. Consequently, the organization either loses its best people to managerial jobs in other organizations or loses significant production by taking them off the front line, at least part of the time, for managerial roles. In the second instance, organizational bloat is exacerbated by creating more managerial or quasimanagerial positions and expanding the structure in which managers often inadvertently work against each other to achieve siloed goals.

Traditional management models are based on an idea—and a structure—that dates to the Roman legions. The development process, conversely, is a continuum from pipeline development through stewardship through repeat giving. Anything that has to do with prospect and donor relationships is part of that process. That process is at the core of the fundraising organization, its *raison d’être*, and should not be broken into individual fiefdoms by fundraising modality or any other kind of “siloization.”

This not only improves relationships with donors, it streamlines the organization by lowering the number of management fiefdoms and overhead headcount. A successful flat organization supports “management by exception.” It creates a process-based, metric-measured environment where the professional staff clearly knows what they need to do to succeed and a data flow ensures they constantly know how they are doing. Managers relate to direct reports very differently in this environment. The data flow makes it clear where the manager needs to focus his or her attention for providing either praise or counsel. But it is not up to a manager to continuously provide direction or feedback. Instead, the working manager’s role is to lead by example and be there when needed to mentor or help remove roadblocks.

A high-performance fundraising shop will have fewer managers and more highly paid frontline professionals with no direct reports than may be typical elsewhere in the organization (other than in hospital-owned physician practices). That business model is being reflected in the way leading-edge organizations operate. Frederic Laloux’s *Reinventing Organizations*, which shows the success of frontline-empowered “Teal” organizations, is recognized as one of the most influential management books of this decade.

Gary Hamel, one of the world’s most admired business authors, in his recent bestsellers *The Future of Management* and *What Matters Now*, presents impassioned pleas for reinventing management. In a recent *Harvard Business Review* article, Hamel and co-author Michele Zanini say most organizations do not realize how much the cost of excess bureaucracy is affecting performance. They also point out radically flat organizations are often seen as “weird exceptions, as opposed to valuable exemplars.”

Allowing development to move to a flat organizational design that works well for fundraising can be challenging for organizations. The fundraising organizational chart can raise eyebrows in the human resources function or elsewhere. Nevertheless, an organization with a culture for philanthropy will allow the fundraising operation whatever structure best suits its unique purposes and needs.

The duality of recognizing both the opportunities and requirements of philanthropy fundamentally changes the way the fundraising operations and...
their hospitals or health systems relate. Simply focusing on creating a culture of rather than for philanthropy can misdirect the organization's fundraising efforts while neglecting cultural and policy issues that should be addressed in support of philanthropy.

References

Steven A. Reed is president of Performance Advantage N.A., a Marketing Partners Inc. company that helps fundraisers double or triple major gift production. His book, from which this article is adapted, Hope Is Not a Strategy—Applying Lean Six Sigma Thinking to Fundraising, will be published in 2019. His previous feature articles published in AHP’s Healthcare Philanthropy journal are “Hope Is Not a Strategy” (Fall 2012); “What the Aging Population Means for Health Care and Philanthropy” (Spring 2016); and “Create a Breakthrough Case” (Spring 2018).