

Using Benchmarking to Improve Performance, Show Value

Four AHP members discuss opportunities and challenges of benchmarking

By Alissa Momberg Lawver



Maeve O’Byrne recalls the first time she heard the phrase “planned giving.” The trend for donors to make charitable gifts now or after their lifetimes was becoming the standard in the mid-1990s, and O’Byrne, CEC, president of the Nanaimo & District Hospital Foundation, in Nanaimo, British Columbia, knew it was the direction her team needed to be going.

“When I learned of planned giving, or ‘legacy giving,’ as we call it in Canada, I could see the potential,” recalls O’Byrne. “I knew we needed to be developing stronger, more meaningful relationships with our donors, even if we wouldn’t see a return on investment (ROI) for five or 10 years down the road.”

There was just one problem; she had to be able to articulate the benefit to her board.

In order to make her case, O’Byrne hired a part-time employee to help track planned giving. A few years down the road, she hired a vice president of finance to help develop a matrix showing how donors were giving gifts. About a decade ago, O’Byrne’s team began benchmarking its performance against other competing hospitals.

O’Byrne recalls the first year of benchmarking was a bit challenging, but she says by the second year, her team was able to make comparisons and improve performance to see a better result.

Today, her foundation, which has a cash budget of \$3.5 million and a diverse staff of 14, has been able to hire two full-time employees who focus solely on planned giving. The team is also using benchmarking data to create matrices that show how donors are giving gifts. These tools are allowing



O’Byrne to provide valuable results to her board and are helping her create planning models for future growth.

“Benchmarking allows us to track and compare ourselves to other organizations of similar size,” says O’Byrne. “It helps us understand what we are doing well and what we could be doing better, which gives us credibility with our board and is helpful for future planning.”

Benchmarking: The Industry Standard

No matter the size of your development program, data can be your strongest ally and most valuable asset. It can show if your programs are headed in the right direction and where to make changes for greater success. Using data the right way also increases credibility with your C-suite, makes a compelling case to donors, and sets clear expectations and goals for staff.

Today’s philanthropy leaders are using benchmarking to inform decisions, set goals, monitor progress and measure outcomes. Veterans in the field use benchmarking and demonstrate its value and impact on their organizations’ success.

Getting Started

Tracking and comparing data metrics makes good business sense. Start with your own, the experts say, but also explore available resources and familiarize yourself with the industry data available through organizations such as

the Association for Healthcare Philanthropy (AHP), the Committee Encouraging Corporate Philanthropy (CECP) and others for comparative and trending purposes.

It was about seven years ago when Deb Koski, senior executive director of operations of the Sanford Health Foundation in Sioux Falls, S.D., began exploring the idea of benchmarking. The independent, system foundation knew it was performing well in certain areas but wanted to better understand how it was performing in major gifts.

When Koski began the benchmarking process, she says it was important to prepare ahead of time and advises others to seek out resources like the AHP Standards Manual or other resources far in advance.

Koski adds it is important to clearly understand and define what you and your team will be measuring. She recommends working closely with internal teams to define metrics and understand how and what you will be reporting. She cites the example of a large fundraising gala, which can

potentially raise large individual gifts of \$10,000 or more. While some development programs might categorize these donations under “events,” others might track them under “major gifts,” so it’s important to make clear definitions. In addition to creating clear categories and definitions, experts say it’s important to understand your peers and competitors.

“Benchmarking confirms where you’re on the right track and where there are areas of greatest opportunity by providing meaningful data to justify changes in strategy.”

-DEB KOSKI

*Senior Executive Director of Operations
Sanford Health Foundation
Sioux Falls, SD*

Julie Cox, vice president of development for Life Bridge Health in Baltimore, Md., began benchmarking several years ago as the size of her staff increased. She knew benchmarking was a clear way to show performance compared to her peers and a great way to implement metrics consistent with others in the industry.

When beginning a benchmarking program, Cox counsels others to ensure they are measuring themselves against other like institutions. In fact, Cox hired an outside consultant to help identify organizations that were similar in size, geography and patient revenue to ensure her team was making the strongest comparisons.

Identifying the right organizations has helped Cox network and identify best practices for future success. “I often look at other high-performers in the industry and try to learn who is running those programs,” says Cox. “We work in a profession where we all want to learn and share best practices, so I’ve found my peers are always open to meeting and learning from one another.”

Preparing for Challenges

While the benefits are many, there are some challenges with benchmarking. Being aware of them and preparing in advance can go a long way in lessening the degree of difficulty.

First and foremost, benchmarking requires a financial investment. O’Byrne admits this can be a challenge, especially for smaller organizations like her own. “Smaller organizations often have less in terms of resources, so the financial commitment can be a challenge, but if organizations really dig in, they can realize the benefits,” she says.

Others like Koski say the process can be time-consuming and confusing. “Beginning the process took time and required tweaks at first,” she says, “but it has helped us standardize our reporting process and has helped us measure, not only our performance in major gifts, but in areas such as cost to raise a dollar and ROI.”

Susan Blake, senior director of operations and support services for Seattle Children’s Hospital Foundation in Seattle, Wash., echoes Koski’s sentiments. Blake, who has been benchmarking for more than 15 years, began the process after her CFO called on her team to ensure each dollar was getting the best ROI. Blake admits the first year was arduous and at times perplexing. “We spent a lot of time looking at definitions,” she says. “Slicing and dicing the data can be perplexing, but once you see the results, it becomes more clear.”

Benchmarking for Performance: Opportunities & Challenges

Opportunity:
Establishes clear metrics

Challenge:
Time commitment

Opportunity:
Articulates performance compared to competitors

Challenge:
Financial investment

Opportunity:
Encourages networking and sharing of best practices

Challenge:
Research and preparation

Opportunity:
Evaluates performance

Challenge:
Making appropriate “apples-to-apples” comparisons

Opportunity:
Guides planning

Challenge:
Refining data sets and reports

Opportunity:
Gives credibility

Opportunity:
Demonstrates value

Blake says laying the groundwork with teams can also be a challenge, but once a team comes to a consensus, it becomes easier. “I would advise anyone implementing a new benchmarking program to regularly share results and feedback. This can be a valuable learning tool and helps to get everyone on the same page.”

Sometimes the results themselves can be challenging. Blake notes that at times a report will reveal your organization isn't falling in line with others. In that case, you and your team have to work together to understand why and articulate the reason to leadership.

Realizing Success

Once organizations overcome the initial hurdles of setting up a benchmarking program, they can begin realizing the benefits. Hard data is extremely valuable when making the case for growth and expansion, and it can be a catalyst for change.

“Numbers are the most effective way to show relevance,” says Cox. “Benchmarking gives my foundation credibility and helps me articulate the business of fundraising to our donors, our staff and our C-suite.” For example, benchmarking has shown Cox's development office is the most profitable department in the health system and consistently raises eight times what it spends—a powerful statistic to share with stakeholders.

Blake adds that benchmarking not only gives credibility, it demonstrates

to staff and other executives that her team is analytical and is committed to a culture of improvement. She says benchmarking has helped her team keep costs low, while revealing where they should be making the smartest investments. As a result, she has been able to invest in additional staff and has seen a gradual increase in ROI.

In addition to showing your credibility and relevance to other executives, Koski adds that it trains you to think differently. Just knowing you're on track, trains you to think more thoughtfully and proactively when you're reporting back to staff, donors and your C-suite. As a result of her benchmarking program, Koski says her team has successfully retooled and refocused their efforts on major gifts. She has been able to hire additional staff members and obtain resources for major gift officers.

Planning for Growth

All leaders agree benchmarking has helped their departments show credibility, demonstrate value and help make the case for growth and expansion.

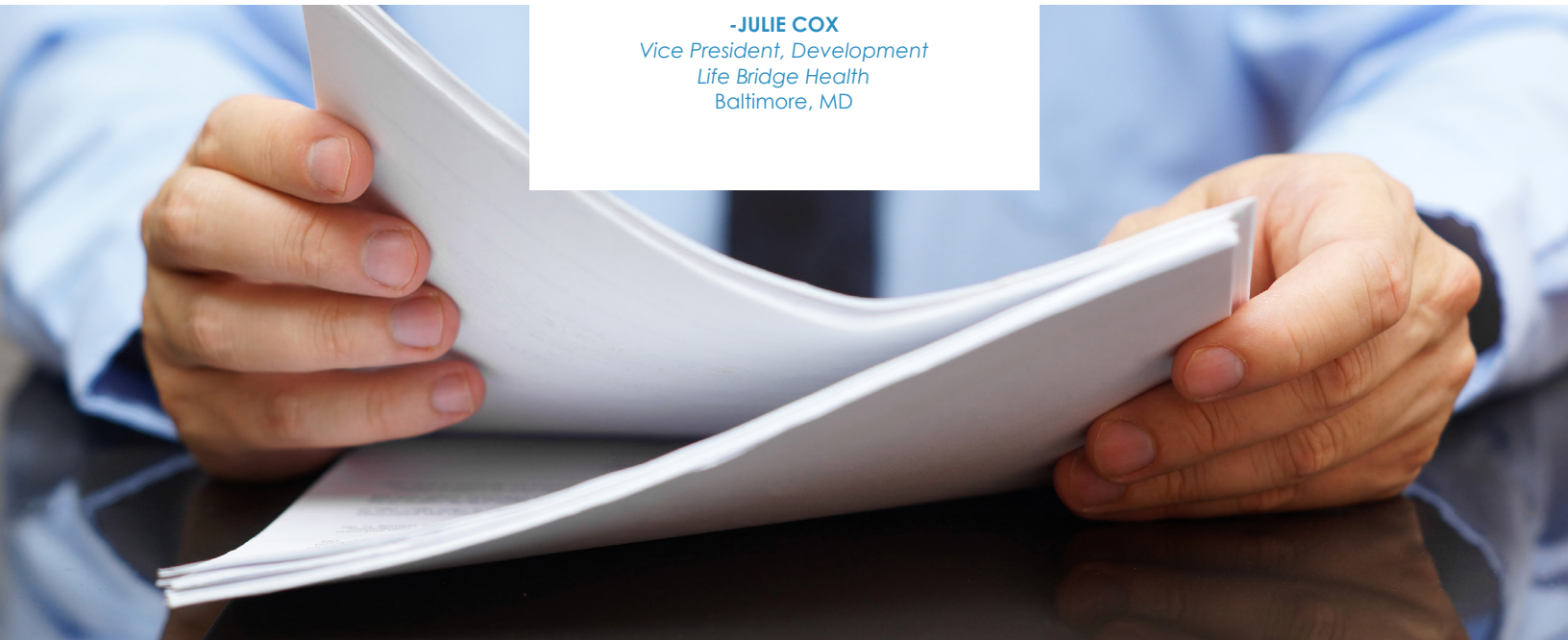
O'Byrne adds that benchmarking is an invaluable planning tool. Her team regularly reviews results, discusses the outcomes and comes together to create planning models for the future. “Benchmarking tells us where we are doing well and where we could be doing better. It's an incredibly useful planning tool,” she says.

According to Cox, benchmarking is critical to her department. It enables

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-JULIE COX

Vice President, Development
Life Bridge Health
Baltimore, MD



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her to identify best practices and set clear metrics for staff. "Benchmarking has helped us identify best practices and implement metrics for staff that are consistent with others in the industry. Solid metrics help drive performance because expectations are clear," she says.

Cox adds that it also gives her team credibility, shows her department's relevance and helps her get leadership's attention.

In summary, she says, "Benchmarking is the most important thing I do."

Alissa Momberg Lawver is a communications consultant with Mayes Communications in Washington, D.C. She has more than 10 years of experience advising and working with clients in the health care industry.