For many development executives, getting the CEO to “get it” is the key hurdle to improving development performance.

—Philanthropy Leadership Council (2005)

Meaningful engagement in philanthropy is essential to raising capital, fostering community ownership, and maximizing an organization’s potential. An evaluation of the development role of the university president says it best: “No other institutional officer can create the vision, establish [organization]-wide priorities, or make the case as effectively as the president . . . Because of the key visioning and priority-setting roles the president plays, the ultimate responsibility for any fundraising cannot be delegated to the staff, the [governing] board or the foundation board” (Hodson 2010).

Philanthropy has become a lever to organizational excellence and can no longer be an optional role for the CEO. The CEO is entrusted with the successful management and financial health of the organization, so it naturally follows that he or she is obligated to take on a meaningful role in fund development.

The importance of the healthcare CEO in positioning philanthropy for internal and external success cannot be overstated. The
CEO is the embodiment of the organization’s mission and is the face of the organization in the community. He or she is uniquely positioned to make donors confident of the organization’s strength, vision, plans, and ability to execute. On a human level, the CEO is best positioned to make donors feel personally valued, connected, and respected and to convey the importance of their role in advancing the organization. The CEO’s support is also essential to driving internal organizational support for philanthropy.

**CHALLENGES TO PARTICIPATION**

Despite their considerable influence and gravitas, many CEOs express a lack of willingness or ability to help with philanthropy. Common objections include:

- “The board has other priorities for my time.”
- “My plate is already more than full.”
- “I hired a foundation person to handle that function.”
- “I would be embarrassed to ask someone for money.”
- “I don’t socialize with people who would give.”
- “I’m not sure how to help.”

Of these objections, two are most problematic: lack of available time and lack of comfort in the philanthropy role (Philanthropy Leadership Council 2005).

**The Challenge of Time**

The countless demands placed on today’s healthcare CEOs understandably create time constraints. Some CEOs say they simply cannot find the time to add development to a packed schedule.

Time is an issue in some part because the majority of boards of directors do not prioritize philanthropy relative to work in other
areas, such as clinical quality, safety, service, or operational effectiveness. A 2010 Association for Healthcare Philanthropy survey found only 36 percent of hospitals include philanthropy among the list of responsibilities in the CEO’s official job description (Page 2011). If participation in philanthropy is becoming a key leadership activity, it should be a function the board honors and evaluates as part of the CEO role. By adding philanthropy to the CEO’s formal list of expectations, the board quantifies the value of allocating time to the activity.

The CEO who limits involvement in philanthropy because he or she does not see its financial potential or value relative to other activities may be creating a self-fulfilling prophecy. The typical hospital CEO devotes less than 5 percent of his or her time to philanthropy, and the typical hospital receives less than 1 percent of its total operating revenue from philanthropic gifts. In contrast, the typical university president spends more than 30 percent of his or her time on philanthropy, and the average university receives 7 percent of its total revenue from gifts. While the ability to effectively raise money is considered a prerequisite for today’s college or university president, that mentality has not yet taken root in healthcare.

The benefits of a top-level focus on fund development are clear. While few, if any, healthcare CEOs work a 40-hour workweek, consider philanthropy’s financial potential if the healthcare CEO devoted just 10 percent of a standard workweek—four hours—to interactions with donors and key constituencies. While that level of commitment might be unrealistic at first, holding any consistent block of time inviolate would be a significant step toward advancing philanthropy.

The Challenge of Comfort

Other CEOs do not allocate time for philanthropy because they find the role uncomfortable. Most healthcare CEOs are high-performing individuals who are not accustomed to failure, so lack of comfort
can be a significant barrier to participation. Some CEOs avoid participation in development simply because they do not feel they have the tools and training, while others feel they do not have the interpersonal skills.

A CEO who has a heart for the work can quickly be brought up to speed. It is helpful for CEOs to understand the dynamics of the major gifts process and how a solicitation visit may flow. He or she should be informed of typical concerns and objections a donor may share—a subject covered in this book’s chapter on solicitation—and prepared to respond to these questions. Role play in mock solicitations—particularly solicitations asking for a specific sum—may help CEOs express themselves and “experience” a donor visit. It is also helpful for CEOs to understand the behind-the-scenes, internal roles in which they can make an appreciable difference—from building culture to enabling access to strategic information. While internal roles are often more “guts than glory,” they set the stage for the success of overall efforts.

A CEO who is uncomfortable building relationships presents a different set of challenges. Most CEOs have the interpersonal skills needed: good manners, active listening, respect for others, and the ability to express the organization’s vision. To gain confidence in the role, the CEO may wish to find roles within the spectrum of development activities that play to his or her strengths. For example, the CEO may focus his or her primary involvement on public speaking or on building relationships. In rare cases, the CEO does not have the social skills or attitude to successfully participate in cultivation and solicitation, and high-level surrogates who can assist in these capacities (e.g., other senior executives, board leaders, or physicians) need to be engaged—though no surrogate can replace the power and the prestige of the CEO.

The most successful philanthropy organizations are not focused on raising money but on creating strong, meaningful relationships.
with donors who want to positively influence health outcomes in their communities. When philanthropy is put in that context, many CEOs find the prospect of fund development activities less daunting.

If the CEO dedicates time and gains confidence in his or her skills, professional development staff—including the chief development officer (CDO) and major gifts and planned-giving officers—can leverage that time and involvement. Development staff facilitates high-value interactions by identifying the best prospects and engaging the CEO at key, meaningful points in the relationship. The development team can also provide necessary briefings and background information to enable the CEO to join the conversation as an informed and confident player.

HIGH-IMPACT PHILANTHROPY ACTIVITIES FOR THE CEO

Optimized CEO involvement is much more than appearances at foundation functions or delivery of a few words about giving at a local civic group meeting. It is about

• making a case: creating and sharing a strategically aligned, compelling case for support,
• cultivating relationships: instilling trust and confidence in the institution through genuine interaction with donors and community allies, and
• promoting an organizational culture that supports and extends philanthropy.

Separate chapters of this book are devoted to these focus areas. In this chapter, we explore them from the perspective of CEO involvement.
Fostering Relationships

In the relationship-building capacity, the CEO brings stature and prestige to education, cultivation, and solicitation activities. Broad-based activities include making remarks at foundation functions and educating the public about the essential role of philanthropy in strengthening and sustaining the healthcare organization. Most valuable, however, is the CEO’s role in building relationships with donors who have the affinity and ability to make a major gift.

Veteran fund development leader Frank Hall (2005) said, “Successful major gift fundraising doesn’t occur until a potential donor has developed a relationship with the institutional leadership. Major donors have every right to expect to develop a relationship with the hospital CEO.” Those making or considering substantial investments in an organization’s vision naturally want to meet the individual who will advance and implement that vision. CEO involvement also demonstrates respect to those who are or would be the organization’s staunchest allies. A key potential donor passed off to a subordinate surrogate may feel disrespected or even slighted.

In advancing relationships with major gift donors, the CEO shares the organization’s strategic vision and explains the impact of charitable dollars on the health system. The CEO also participates as part of a solicitation team on calls to prospective donors. Even in this capacity, the CEO’s usual role is to convey the vision of the institution, not to ask for dollars. He or she explains the proposed initiative, the due diligence behind the planning process, the reason the healthcare organization feels it is best prepared to advance the project, and the anticipated community benefit of the initiative. The CEO also shares plans and timelines for implementation, discloses the organization’s own financial investment in the project, and assures donors of the long-term sustainability of the project so that donors have confidence in the plans for implementation. CEOs should be prepared to explain the fundamentals
of healthcare finance to donors if asked. Many investment-level donors want to understand the basic financial structure and revenue streams of the organization and its rationale for philanthropy.

In a stewardship role, the CEO thanks donors who have made a gift to the organization with a handwritten note, a phone call, or a more structured interaction. He or she assures donors that the organization will or has used their money in a way consistent with their wishes and that the initiative is moving forward as proposed. Ongoing stewardship is also an opportunity for the CEO to affirm how important community donors are to the mission. Ultimately, the CEO’s engagement in philanthropy conveys unequaled gravitas and credibility in forming, nurturing, and sustaining organizational relationships.

Model Giving

An essential piece of successful personal solicitation is the CEO’s own personal gift. Careful consideration must be given to the amount the CEO invests. CEOs set a pace in the organization, so they need to give at a level commensurate with the contribution other employees are being asked to make. For example, many campaigns ask employees to consider a leadership gift that represents a level playing field—such as one hour’s pay per pay period, which is roughly equivalent to 1 percent of base pay. If that standard is established, CEOs need to contribute that amount before the campaign starts to show their commitment. Some CEOs calculate the math and balk at the result, but they must keep in mind that the gift should be larger—even disproportionately—to other gifts they make.

The CEO’s personal gift needs to reflect his or her stature in the community and be commensurate with what community donors consider appropriate. The community knows the CEO earns a high salary, and thus it perceives he or she has the financial capacity to make a meaningful gift. For organizations whose public
nature means the details of compensation are shared in the local media, the community may also see that the CEO receives bonuses and other incentives. The community will not look favorably on a CEO whose gift is not commensurate with what those of similar circumstances but with no official ties to the organization are being asked to consider.

CEOs may also wish to consider the use of any gift they make. While at times a CEO’s visible support is needed for a particular community campaign, giving to one service line as opposed to another may also be an internal political liability for a CEO. He or she may want to give consistently to the “unrestricted” or “greatest need” fund and leave the use of the gift to the discretion of the foundation board. The CEO could also designate that his or her gift be used to offset the foundation’s operating expenses; in so doing, the gift effectively multiplies by enabling fund development efforts. Or, the CEO’s gift could support aspects of the mission to which he or she feels a personal connection; CEOs should have the same opportunity that donors have to give to causes consistent with their values and interests.

While personal giving is a sensitive subject, it is an area in which it would benefit CEOs to think about why they do what they do and to be able to articulate those thoughts if asked, which donors often do.

**Leverage Allies**

The success of the major gifts program strongly correlates not only with the involvement of the CEO but also with the involvement of community board members, physicians, and other senior executives.

The CEO plays a primary role in engaging and empowering allies, and a great deal of this role is communicating that philanthropy is an essential part of the organization rather than just
“nice to have” and setting and modeling expectations for personal engagement.

**Engaging Board Members**

Enfranchising governing and foundation boards of directors in the fund development process helps engage some of the greatest potential allies. The CEO generally has the most substantive relationship with the healthcare organization’s governing board, so he or she is the best person to explain the rationale for philanthropy and to ask for the board’s engagement in philanthropy as an aspect of sound governance. The CEO can also

- explain that fund development is part of the role during board recruitment,
- include philanthropy in new board member orientation,
- seek to have philanthropy included in the board member job description,
- ensure philanthropy is routinely included in board meeting agendas and reports,
- put metrics for fund development on dashboards that the board reviews,
- provide educational opportunities on philanthropy and solicitation,
- invite donors to board meetings and other forums and give them an opportunity to explain why they gave, and
- have a representative from the governing board sit on the foundation board and vice versa to act as a liaison and facilitate alignment and collaboration.

Furthermore, the CEO has an opportunity to coach the governing board that the presence of a foundation board or development council to champion fund development does not mean governing board members can forego their own responsibility to foster giving through direct engagement in fund development activities. The
foundation board or development council can also extend its reach by having additional community leadership volunteers work on philanthropy.

While the importance of the foundation board’s/development council’s role in guiding and facilitating fund development should have been communicated to members when they were recruited, the CEO should reaffirm the role as vital to the future of the healthcare organization. Board members leading fund development should be empowered as stewards of philanthropic dollars. By creating an environment of mutual respect and collaboration, the CEO can inspire and motivate foundation and development board members to be advocates for the organization.

Finally, many volunteer board members say their participation in fund development is in part contingent on seeing organizational leaders model and advance philanthropy. Leadership participation generally unfolds from the inside out, again placing the CEO in the position of role model and expectation setter.

**Engaging Physicians**

The CEO can also encourage physicians to become champions for philanthropy. Physicians are largely independent contractors who can choose to participate in the life of the healthcare organization or not. Because physicians are well-positioned to share the clinical case for giving and often have the greatest influence on grateful patients, their engagement is philanthropy is crucial.

In seeking the involvement of physicians, CEOs have a handful of opportunities that offer the most traction:

- They can communicate the role of philanthropy to physicians individually and collectively so that they truly understand the impact of community giving on acquiring capital and fueling advancement.
- They can ask physicians to consider becoming donors, ambassadors, and petitioners to create a stronger healthcare
organization and a better place for them to serve their patients.

- Physicians can be recruited for specific endeavors. For example, a CEO can personally ask an inspiring, respected physician leader to be a champion for a funding priority in the physician’s area of practice.
- CEOs can honor physicians who participate in public and hospital forums. For example, they can be recognized in medical staff or section meetings that include their professional peers and in the boardroom that represents the wider community, and their names can be placed on physician honor rolls or displays in areas physicians frequent, such as the doctors’ lounge or the path from the physician parking area into the building.

**Engaging Executives**

The CEO has the ability to direct the activities of the healthcare organization’s executive staff by setting their goals, influencing their priorities, and evaluating their performance. The CEO has the power to set an expectation of executive leadership participation and buy-in by including philanthropy in executives’ performance goals and as a metric. By communicating that philanthropy is part of everyone’s job and by directing the executive team to cascade that understanding throughout the organization, the CEO has the ability to influence fund development on a broad scale.

**Elucidate the Financial Case**

The financial underpinnings of the modern healthcare organization are complex and difficult to explain. Often community members (and even board members) do not entirely understand how a not-for-profit healthcare organization receives money, the sources
from which the system receives money, and the role that voluntary charitable contributions play. While the intricacies of commercial insurers and government payers are too complicated to explain in full, the CEO can educate the community on the healthcare organization’s status as a nonprofit that relies on philanthropic support to progress. Part of this message may address prevalent misconceptions that the organization is substantially supported by tax dollars from the city, county, state, or federal government. It is also valuable to describe the organization’s responsibility to provide charity care to those who do not have adequate coverage and to offer other community benefits. Finally, the CEO may want to explain that the operating margin the organization achieves as excess revenues over expenses is fully reinvested in the organization.

INTERNAL ROLES

High-value internal roles for the CEO include defining and nurturing a culture conducive to philanthropy, positioning the development function for credibility and access, aligning development strategically to optimize project selection and impact, and championing an adequate (and sometimes disproportionate) operational budget. These roll-up-your-sleeves roles behind the scenes can do as much to create a platform for performance as the roles in the limelight. Most are more about buy-in and leadership than face-time.

Nurture Culture

John Miller, FACHE, has been the chief executive officer of AnMed Health in Anderson, South Carolina, for 14 years. His hospital identification badge says a lot about him and his leadership commitments in a single glance. Instead of indicating his title as
president or CEO, his badge shows his role: “nurturing culture.” And nurture culture he does.

Visionary CEOs like John Miller know that engaged participation in and advocacy for philanthropy by a CEO signal to others that the development function is a vital endeavor. Once again, the CEO, symbolic of leadership, can create positive repercussions throughout the organization by

- routinely sharing the impact of and need for philanthropy,
- ensuring all employees at all levels are asked to consider a gift,
- engaging employees through role modeling and advocacy,
- setting an expectation that everyone has a role in philanthropy,
- including philanthropy in senior leaders’ and organizational goals,
- showing philanthropy has priority status on the institutional agenda,
- ensuring philanthropy is part of strategic and financial plans,
- including development metrics on hospital performance dashboards, and
- celebrating those in the hospital who have helped secure gifts.

Another lever a CEO has in building culture is even stronger than those in the previous list: positioning the development function and the CDO for internal credibility and access to emerging strategic plans, board members, and so forth. High-value activities to this end include

- placing the CDO on the executive team to facilitate information sharing and relationships and to show importance of the function;
- giving the development leader a senior title that conveys credibility;
- maintaining regular communication and face-to-face interaction with the CDO to build a collaborative relationship and to discuss strategy, plans, priorities, and expectations;
• ensuring the CDO has access to emerging and current strategy and plans;
• including information about giving in board and management meetings; and
• introducing the CDO to organizational allies/contacts with potential to give.

With the right cultural environment and a high-functioning working relationship built on mutual respect in place, the CEO and CDO can work closely as partners in advancing community relationships to fund the vision.

Enable Alignment

Alignment of philanthropic priorities and the healthcare organization’s strategic vision is critical to optimizing the impact of charitable giving. The CEO has an opportunity to foster alignment by

• ensuring development is “at the table” for key meetings about strategy,
• sharing the strategic plan with both foundation board and CDO,
• insisting grant requests to the foundation flow from the strategic plan, and
• adhering to a clear and systematic process to identify funding priorities.

Tight alignment ensures contributions are used for initiatives that will best advance the overall organization rather than for projects that drift from the mission, are tangential, or have minimal value. Alignment also means the CEO has best exercised his or her fiduciary duty.
Champion Investment

When return on investment from philanthropy is benchmarked against return on investment from clinical service lines, many hospitals find that their philanthropy return is a more effectively generated dollar. Even so, as priorities compete for a place in healthcare system budgets, clinical “revenue centers” tend to win out over seemingly administrative “cost centers,” such as fund development. The fund development function, however, is also a revenue center in which an investment benefits the greater organization.

The CEO can ensure the development function is positioned as a revenue center that merits investment. He or she can also ensure the development function receives adequate—and sometimes disproportionate—budget and staff resources to build or expand its programs.

An article on the challenges of investing in fund development states well the case for ensuring investment early on:

[T]he only element holding up success in securing charitable support is funding the cost of fundraising. Unfortunately, success in fundraising does not come immediately with the investment of added operational resources. . . . It is not like turning on the faucet and having gift funding flow to the institution. Relationships with prospective donors must come first and most often take time.

As seasoned professionals responsible for building philanthropy programs know so well, the return on the investment can take months or years. However, if the investment is delayed or does not use every resource available, the return will be less than the potential and slower to materialize than expected or required. To make money requires an investment . . . (Holmes and Hodson 2010)
The CEO’s advocacy is also important when operational budget cuts must be made—a frequent occurrence in the economic downturn that began in 2008. Decisions about cutting development should be made with a long-term view in mind—especially with regard to potential staff cuts. A cut to save money today can have negative financial implications for a long time. It takes time to onboard development staff and build genuine, trusting relationships. When development staff are cut, key relationships are set back, and the organization then loses time later hiring and onboarding new talent. When possible, a staffing level should be maintained to support the program’s long-term needs and aspirations.

While investments in philanthropy are well placed in securing a return, most healthcare organizations invest unrestricted operating dollars to fund the foundation and receive back a large percentage of charitable gifts restricted for a specific purpose. Some organizations may want to consider this factor when deciding how much they can invest and still meet other organizational needs.

An issue related to investment is selection of a business model for the foundation—“who” invests “what” to build and sustain the development enterprise. Often healthcare organizations and foundations share the expenses. The hospital usually funds overhead costs, such as salaries, benefits, office space, telephones, computer services, and accounting services, while the foundation funds the costs of implementing and executing development programs. While this division of expenses is the convention, funding norms should be determined on the basis of

- control (some hospitals choose to fund all expenses of the charitable arm primarily to make it dependent or to exercise greater influence), and
- alignment (some fund the foundation endeavor to ensure that foundation grants and hospital needs are aligned—almost a quid pro quo that support is contingent on the foundation making an impact).
The objective in providing funding should be to build capacity and expand the philanthropy program to enable it to meet the healthcare organization’s overall development needs and reach its development potential.

**IN SUMMARY**

The CEO’s engagement in practical and symbolic development roles is critical for an effort to flourish. The CEO is a major player in engaging donors, facilitating allies, and creating an internal environment that supports and enables giving. While others can fill these roles, the influence of the CEO is unmatchable.

**Five Steps to Creating a Platform for Performance**

1. **Make it official.** Ask the governing board of the organization to consider including explicit philanthropy roles in the CEO’s job description so that time and priority are given to development activities and everyone has a mutual understanding of the CEO’s responsibilities in advancing philanthropy.

2. **Dedicate time.** Set aside an inviolable block of time on your weekly calendar to meet with donors. For example, block an hour every Tuesday morning or 90 minutes every Friday at lunch. Prioritize these meetings when conflicts arise or when you are seeking time on the calendar for other appointments. Never reschedule a meeting with a donor once it is set unless a mission-critical task arises.

3. **Get comfortable.** Build your skills and understanding of the fund development and solicitation process so you can comfortably and confidently participate. Then get out there and try your wings. Once you have been on a few calls, you’ll probably find that your time with donors is affirming and fun. If you need additional help, your foundation staff should be able to
provide training and other resources. Professional organizations, including the American College of Healthcare Executives and the Association for Healthcare Philanthropy, offer classes and information on philanthropy specifically designed for CEOs.

4. **Use your assets.** Foster a partnership with the CDO through routine communication and interaction. Bring the CDO to community functions and charity events so he or she can introduce you to key donors and inform your interactions. Include the CDO on the executive leadership team to bring the community and donor perspective to the decision-making table.

5. **Give at a level that makes you proud.** Make your healthcare organization one of your top three philanthropic priorities. Your annual gift advances an organization in which you have a vested interest and supports a cause aligned with your personal values and interests. When you give generously, you inspire staff and the community to do the same.

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**Lessons from a University President**

University development programs may be a model worth considering. Collegiate fundraising in the United States started with Harvard College president Henry Dunster in 1640 and has since become increasingly formalized and systematic (Cook and Lasher 1996). The first institutionally related foundation in a university setting was established at Kansas University in 1891. Private universities started hiring development officers in the 1920s (Cook and Lasher 1996), and today they prioritize philanthropy on the university president’s agenda. While universities benefit from having a built-in group of prospects—alumni spread over a geographical area that is usually larger than the typical healthcare organization’s service area—universities and healthcare organizations have access to the same development programs and relationship-building tools.
High-Value Activities for the Healthcare CEO

- Nurture a culture of philanthropy that advances giving as a vital endeavor.
- Engage employees, physicians, and boards through expectations and modeling.
- Affirm the importance of donors’ and development volunteers’ roles to the organization’s mission.
- Enable strategic alignment to optimize project selection and impact.
- Include philanthropy in strategic and operational plans.
- Ensure adequate—and sometimes disproportionate—investment in development.
- Position the development function and the CDO for credibility and access.
- Meet with the CDO consistently to discuss strategy and plans for advancing philanthropy.
- Include performance indicators for philanthropy on organizational dashboards.
- Share the case for support in the hospital and in the community.
- Emphasize the importance of giving in meetings and communications.

REFERENCES


