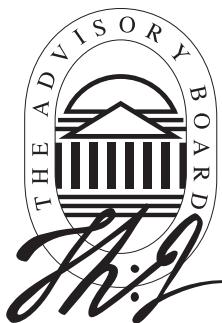


PHILANTHROPY LEADERSHIP COUNCIL  
KEY CONSTITUENCY REPORT



## WHAT NO ONE ELSE CAN DO

### *Trustees' Vital Role in Health Care Philanthropy*

- ❖ Achieving the Greatest Impact on Institutional Development
- ❖ Avoiding Common and Costly Mistakes

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## WITH SPECIAL THANKS

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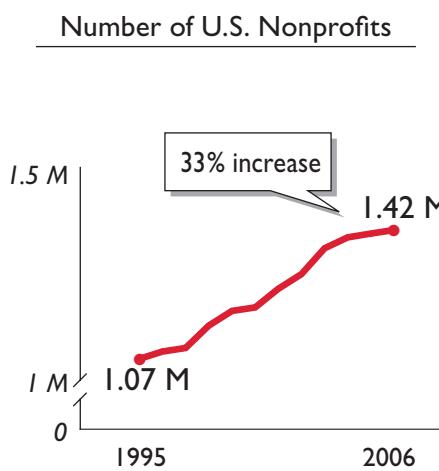
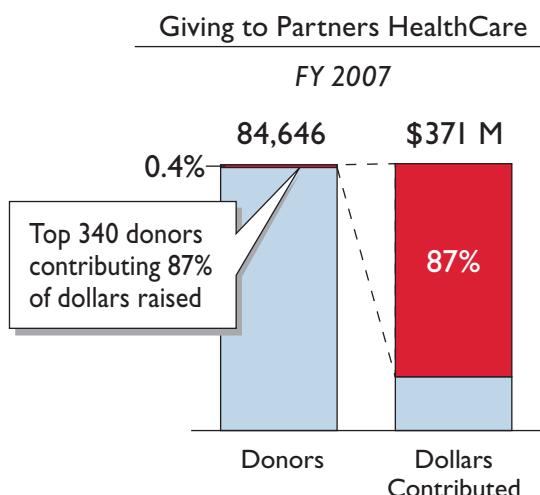
**Ms. Debbie White**  
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**As competition for large gifts rises steeply, fostering and deepening relationships with high-level donors and prospects becomes ever more essential for achieving fundraising goals.**

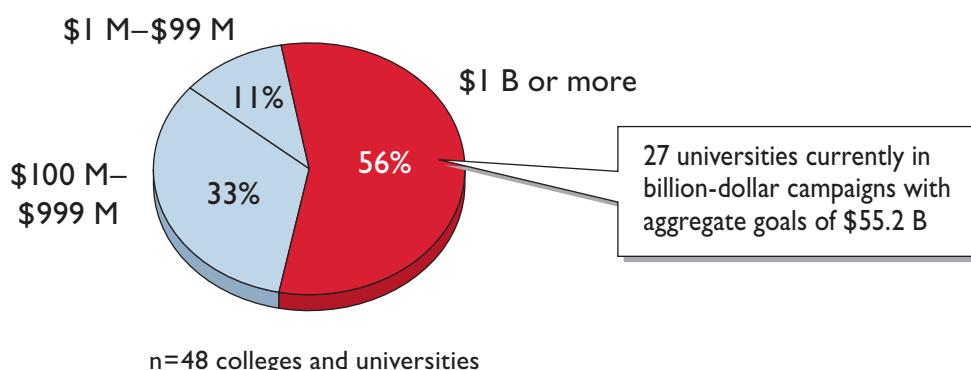
The vast majority of philanthropic funds raised by health care institutions comes from a small percentage of top contributors who give the very largest gifts. These donors are the institution's lifeblood, and relationships with supporters at this level must be carefully maintained. In addition, relationships with new prospects must be initiated to meet goals year after year. Across the last two decades the number of nonprofits has increased dramatically. As more and more charitable organizations launch ambitious campaigns, competition for top donor loyalty has become steep indeed. Attracting and retaining high-level donors in the current landscape requires constant and serious investment in relationships with top supporters.

### Rising Competition for Key Supporters



### Current Higher Education Campaign Goals

*In Public Phase as of October 2007<sup>1</sup>*



<sup>1</sup> Data for institutions tracked by the *Chronicle of Higher Education*.

Source: "Number of Nonprofit Organizations in the United States, 1996–2006," National Database for Charitable Statistics, available at: <http://nccsdataweb.urban.org>, accessed June 25, 2007; "Capital Campaigns, *Chronicle of Higher Education*, available at: <http://chronicle.com/daily/2007/10/30/5n.htm>, accessed October 3, 2007; Philanthropy Leadership Council interviews and analysis.

**Because of their unique credibility and connections, trustees play a vital role in fostering relationships between the institution and top prospects.**

Trustees have a special kind of influence with prospects. They stand apart from development professionals, hospital administrators, and even physicians in that there is no tie (direct or indirect) between the finances of the institution and their paychecks. For this reason, prospects see trustees as true “honest brokers” in the cultivation process. In addition, among all institutional representatives involved in cultivation, trustees are often top prospects’ only true social or professional peers, and have particular credibility on that basis alone. Finally, trustees typically have connections with a far greater number of potential top donors than anyone else associated with the hospital. They therefore play a vital role in forging relationships and realizing gifts that would never happen in their absence.

### Influence No One Else Has

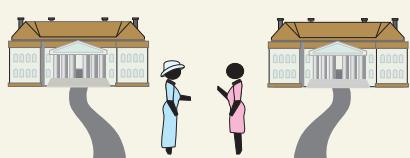
#### Unparalleled Credibility



**Honest Brokers**

“Volunteers don’t have a vested interest. They’re looking for support for the organization because they believe in the cause. The physician and the CEO both have a vested interest.”

Chief Development Officer  
Children’s Hospital

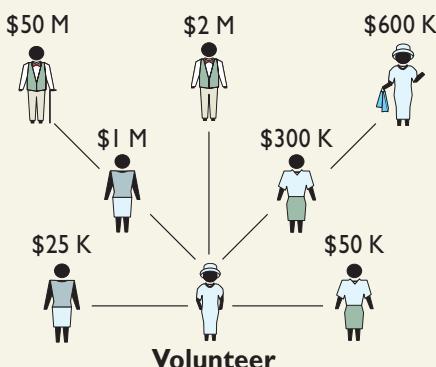


**True Peers**

“A board member is giving their own money to the project, and there is a parity there with the prospect that I, as a development officer, don’t have. I’m not giving at that level. I may be the same age as the prospect, but I don’t have his money. I don’t have his stature. I’m not a volunteer—I’m paid.”

Chief Development Officer  
Mid-Sized Hospital

#### Network of Relationships<sup>1</sup>



“The wealthiest people in this country typically don’t make friends with major gift officers.”

Vice President for Fund Development  
Large Health System

“What volunteers bring to the table that staff members don’t is access; they know people.”

Chief Development Officer  
Academic Medical Center

<sup>1</sup> Dollar amounts in graphic represent major gift capacity.

Source: Philanthropy Leadership Council interviews and analysis.

**The three areas where trustee involvement makes the greatest impact are initiating relationships with top prospects, deepening relationships with top prospects and donors, and soliciting large gifts.**

Too often, involvement in the development effort is equated only with gift solicitation. Without a doubt, trustee participation in solicitation meetings has a powerful impact on total funds raised. Solicitations involving an appropriate trustee or volunteer yield far larger gifts than solicitations attended by a development officer alone. However, there are multiple areas in which trustee support proves crucial to success, and trustee involvement yields the greatest results when it spans all three high-value areas.

## Where Trustees Achieve Results That Others Can't

1

### Initiating relationships with top prospects



- Informing strategy development
- Making the initial contact
- Participating in the first meeting



2

### Deepening and sustaining relationships with top prospects and donors

- Participating in ongoing face-to-face interactions



3

### Soliciting large gifts

- Attending solicitation meetings and, if the case warrants, asking for the gift

## BRINGING IN BIGGER GIFTS

“Where board members are really valuable is increasing the size of the gift. Development officers often feel, ‘Just give me the name and I’ll get the money’...And, yes, you probably will get a gift, but you’re not going to get as big of a gift. In almost any situation, the board member will get a bigger gift.”

Chief Development Officer  
Multihospital Health System

Source: Philanthropy Leadership Council interviews and analysis.

**The first step in connecting a new prospect with the institution is sharing information needed to create the best plan for developing the relationship.**

To begin building a relationship with a high-level prospect, the development team first needs help in setting the right course of action. Having wealthy prospects' names alone does little good if nothing else is known about them. The development staff can research basic information about a prospect's professional history and community involvement, but individuals who know the prospect personally are invaluable in developing the best plan for introducing the prospect to the institution.

## Key Prospect Information Requirements

	What are the individual's philanthropic interests?
	What connections does the individual and her/his family members have to the institution?
	What are the individual's current or prior philanthropic commitments?
	Who in the individual's family takes greatest responsibility for philanthropic decisions?
	What current institutional project might be of most interest to the individual?
	Who is the best person to initiate or deepen the relationship between the individual and the institution?
	What is the best time or setting for development to contact the individual?
	What major life changes in the recent past might affect the individual's ability to make a contribution to the institution?
	How can the individual best be rewarded for his/her contribution to the institution?

Source: Philanthropy Leadership Council analysis.

**Working in concert with others can maximize the flow of information and surface the best person for follow-up action.**

While there are many formats for trustees to share their knowledge about prospects, the flow of information is often best when trustees work collaboratively. At our case study institution, Morton Plant Mease Foundation, board members periodically hold special meetings dedicated to prospect brainstorming. The meeting is held over lunch in a private room at a club. Each table includes several trustees plus a development officer who brings note cards with several prospects' names and basic information. Discussing prospects with others in a distraction-free environment improves both the quality and quantity of information generated. The collaborative approach also proves effective for identifying the person best suited to make the first contact with the prospect.

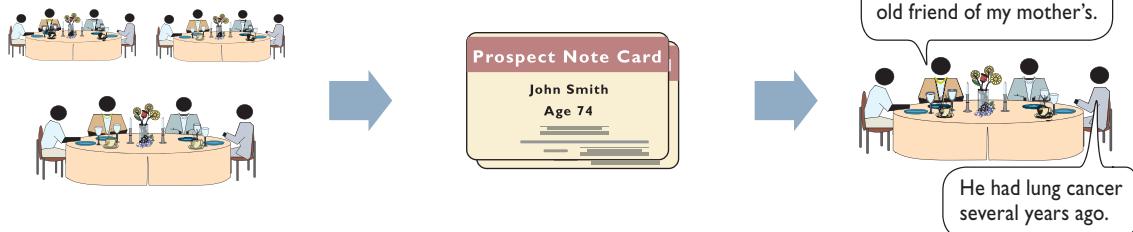
### Creating Synergy

#### CASE IN BRIEF



**Morton Plant  
Mease Health Care**

- A 1,200-bed four-hospital health system located in Tampa Bay, Florida
- Foundation board holds prospect brainstorming lunches with development officers



#### Lunchtime

- Lunch held in private room at a club
- Development officer assigned to each table of board members

#### Prompted Discussion

- Development officers bring note cards with prospect information
- Cards divided across tables and used to prompt dialog

#### Information Exchange

- Board members share ideas about prospects' interests, business connections, and background
- Development officer takes notes
- Appropriate attendee enlisted in follow-up

Source: Philanthropy Leadership Council interviews and analysis.

**Prospects are far more likely to attend development-focused meetings when invited by a trustee instead of development staff.**

In many cases, the greatest hurdle in obtaining a major gift is securing a meeting with the prospect. Trustees' success rate at securing initial meetings exceeds that of development professionals many times over. For this reason, most senior development executives report that, even amid the current staffing shortage, they would rather have one additional highly engaged trustee than one more experienced development officer. Trustees are simply far more effective at expanding access to attractive prospects.

### Opening Doors No One Else Can

#### Success Rates for Securing Initial Meeting with Prospects



### AN OFFER YOU CAN'T REFUSE

“I could have 10 more staff people and still not be able to get my foot in the door.”

Director of Donor Relations  
Columbia St. Mary’s Hospital

“When Bob invites you to lunch, you can’t refuse.”

Member of Women’s Advisory Council  
Winter Park Memorial Hospital, a Florida Hospital

Source: Philanthropy Leadership Council interviews and analysis.

**The most effective invitations involve a personal contact and a meeting or event in which the trustee will participate.**

In general, the greater the level of personal involvement, the greater the likelihood that the prospect will accept and keep the appointment. Invitations that include “real-time” contact between trustee and prospect (via telephone or face-to-face interaction) yield far better returns than invitations involving letters only or invitations extended by staff on the trustees’ behalf. Trustee presence at the meeting or event to which the prospect is invited is also critical. If the trustee is not planning to attend, prospects are far more likely to accept the invitation but subsequently cancel. In addition, it is far more difficult for development professionals and other institutional allies to form a lasting connection with the prospect if the trustee with the connection to the prospect is not present.

## Personal Involvement Driving Results

### Approaches to Relationship Initiation

#### Less Effective Approach



- Prospect receives written invitation only

#### More Effective Approach



- Written invitation combined with phone call or other personal follow-up



- Trustee does not attend event to which prospect is invited



- Trustee helps prospect form lasting connection with other institutional representatives

Source: Philanthropy Leadership Council interviews and analysis.

**Continued involvement between trustee and prospect throughout development of the relationship with the institution is essential to inspiring the largest gifts.**

A strong relationship with a development officer alone is seldom enough to inspire high-level donors to give to the institution to the utmost of their capacity. Trustees' involvement with a prospect or existing donor across the cultivation cycle greatly increases attachment to the institution and the donor's giving. Trustee participation in solicitation has a particularly dramatic impact on the size of gifts received. Development officers report countless cases of a gift amount increasing exponentially (or falling to a fraction of what was asked) because of a key trustee's presence (or absence) at the ask.

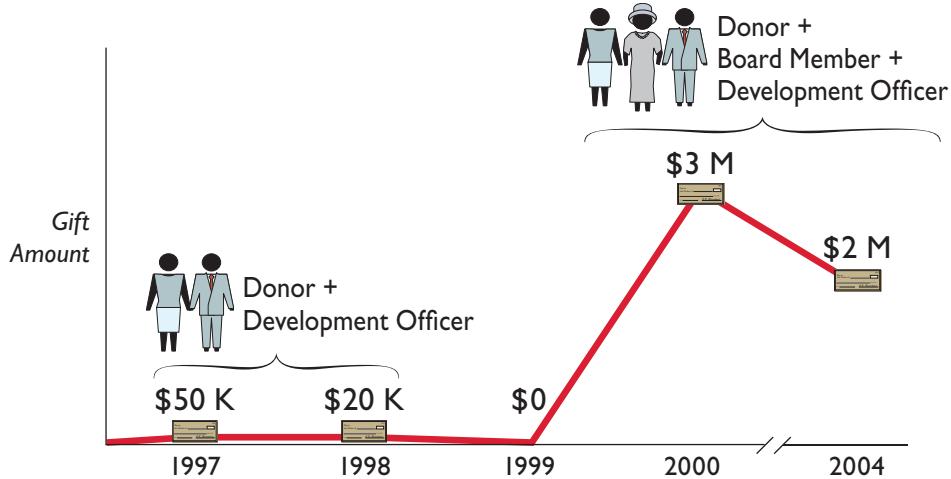
### A Powerful Influence on Gift Size

#### CASE IN BRIEF



- Foundation for California Pacific Medical Center, a 1,250-licensed bed community teaching hospital located in San Francisco, California.
- While development officer and donor had strong relationship for many years, donor's giving reached seven-figure level only after involvement of board member
- CEO of Foundation: "We first met this donor through a grateful patient who wanted to provide additional support. The donor gave us several small gifts, maintaining a relationship through our development staff. Then we introduced her to one of our board members with comparable capacity, interests, and of the same generation. At that point, the relationship absolutely blossomed. The donor gave her first multimillion-dollar gift. We are currently in discussion with her for a mega-gift that promises to far exceed anything she has given us before."

#### Impact of Volunteer on Gift Size



Source: Philanthropy Leadership Council interviews and analysis.

**High-value interactions between trustees and prospects take many forms; they are not limited to “visits” to discuss or ask for a particular gift.**

The value of trustee-prospect interactions across the cultivation cycle (including the stewardship phase) cannot be overstated. Enormous value can be realized from social and educational events that are not focused on fundraising. These events should offer attendees interesting new knowledge and/or access to important people. They should also have a highly desirable location, excellent amenities, and an exclusive guest list. Such events provide an ideal platform for deepening relationships; attractive in their own right and free of the pressured atmosphere of a gift-focused meeting, they put both prospects and trustees at ease.

### Sample Settings for Trustee-Prospect Interactions

Strategic Event	Description
<b>Small Dinner Parties</b> 	<ul style="list-style-type: none"> <li>• Small functions at trustee homes</li> <li>• Physicians, staff, and/or administrators can attend informal discussion</li> </ul>
<b>Panel Discussions</b> 	<ul style="list-style-type: none"> <li>• Trustees and friends attend panel discussion</li> <li>• Experts and physicians present on new and interesting research</li> </ul>
<b>CEO Briefings</b> 	<ul style="list-style-type: none"> <li>• Breakfast meeting hosted by CEO for select prospects</li> <li>• Discussion of hospital priorities, strategies, and events</li> </ul>
<b>Hospital Tours</b> 	<ul style="list-style-type: none"> <li>• Trustees and friends tour hospital</li> <li>• Exciting new technologies, renovations toured; live procedures witnessed</li> </ul>
<b>Expert Lectures</b> 	<ul style="list-style-type: none"> <li>• Trustees and friends invited to lecture by hospital physician or researcher</li> <li>• Information on exciting research/new clinical innovations presented</li> </ul>
<b>Physician Coffees</b> 	<ul style="list-style-type: none"> <li>• Trustees and friends attend coffee with physician</li> <li>• Hosted in trustee home, primarily social and educational</li> </ul>

Source: Philanthropy Leadership Council interviews and analysis.

**One unique option for event-focused relationship advancement is a social event uniting trustees, prospects, and physicians.**

Development officers at our case study institution, Winter Park Hospital, recognized that individuals on their board and in their community enjoyed interacting with physicians but had few opportunities to do so. Their “Meet the Physicians” night brought physicians, board members, and their guests together at a highly attractive and exclusive event. Invitations were printed on high-quality paper and the guest list was limited to physicians, top-level administrators, development officers, board members, and their friends. The event was held at the lavish home of a well-known doctor, and staff attended to every detail, from valet parking to the music playing when guests arrived.

**“Meet the Physicians” Night**

**CASE IN BRIEF**



- A 300-bed campus of Florida Hospital located in Winter Park, Florida
- Development officers work extensively with 25-member Women’s Advisory Council for fundraising
- Intimate events facilitate introductions and advance relationships in a natural, non-confrontational manner

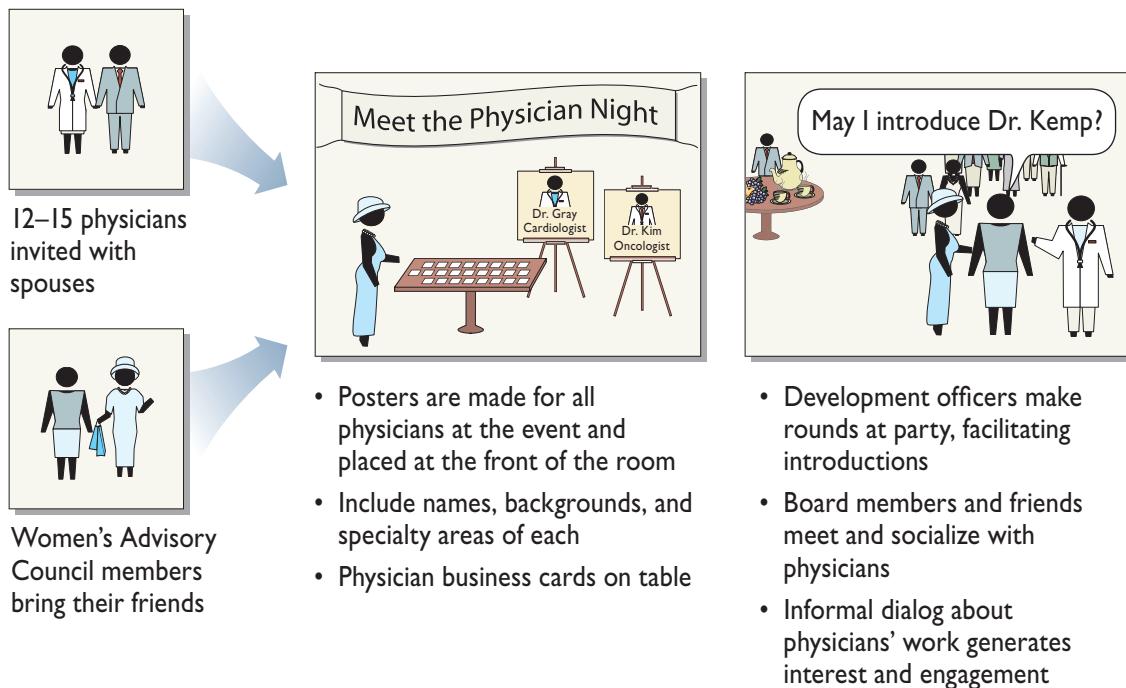


Source: Philanthropy Leadership Council interviews and analysis.

**Fundraising was not discussed during the evening, but connections fostered through this event proved a tremendous asset to the development effort.**

At the event itself, development officers made it easy for guests to approach and speak with the physicians. The combination of careful planning and the physicians' presence made the event one that all were eager to attend. While no part of the event focused on fundraising, the evening nonetheless made a powerful contribution to the development effort. As a result of attending, guests felt more closely connected to board members, physicians, and the institution. In addition, the connections formed between guests and development officers made it possible for the latter to follow up with guests after the event to discuss specific giving opportunities.

### Socializing with Physicians



### ADDING VALUE

"I organize this point-of-entry event so that women and their friends can meet some of our top physicians. Many of our women simply do not know physicians—they run in different social circles. Since we live in a world where we have to be the advocates for our own health care, they and their friends really feel this void."

Development Officer  
Winter Park, a Florida Hospital

Source: Philanthropy Leadership Council interviews and analysis.

**Because of trustees' crucial role in advancing relationships with top prospects, many boards are examining their expectations for trustee participation in major gift fundraising.**

As raising large gifts becomes increasingly important to the growth and stability of health care institutions, many boards are redefining expectations related to major gift fundraising and holding members accountable for fulfilling them. At our case study institution, CentraState Healthcare, the board defined performance expectations in detail and created a system of midyear and year-end performance reports.

## Holding Each Other Accountable

### CASE IN BRIEF



- A New Jersey-based health system consisting of one hospital and three retirement and senior care residence facilities
- Foundation board redefined trustee expectations, adopted a system of midyear and year-end performance reports

Board Performance Expectations	
Expectation	Points
1. Attend at least four board meetings annually, one of which must be a board retreat.	<ul style="list-style-type: none"> <li>• One point for attending each meeting</li> </ul>
2. Serve on at least one board committee or liaison role.	<ul style="list-style-type: none"> <li>• One point for serving on at least one committee or liaison role</li> </ul>
3. Attend or financially support at least three of four major foundation events annually.	<ul style="list-style-type: none"> <li>• One point for attending or supporting each foundation-run event</li> </ul>
4. Attend at least one community event annually, for which the foundation or medical center has purchased a table/tickets.	<ul style="list-style-type: none"> <li>• One point for attending minimum of one community event</li> </ul>
5. Secure a minimum of \$3,500 in contributions annually. Of this amount: <ol style="list-style-type: none"> <li>a minimum of \$1,000 should be a personal gift;</li> <li>a minimum of \$1,000 should be from one or more donors.</li> </ol>	<ul style="list-style-type: none"> <li>• One point for giving at least \$1 K</li> <li>• One point for soliciting at least \$1 K</li> </ul>
6. Identify at least two (2) business or individual prospects annually and assist staff with introductions as requested.	<ul style="list-style-type: none"> <li>• One point for each identification of a new prospect with an introduction</li> </ul>
7. Assist staff in cultivation efforts with at least one major gift prospect annually.	<ul style="list-style-type: none"> <li>• One point for participating in a cultivation</li> </ul>

Expectations are measurable and unambiguous

Board members must both give and solicit to meet the annual expectation

Point system reinforces individual accountability

Source: Philanthropy Leadership Council interviews and analysis.

**Individual midyear reports highlight responsibilities that remain to be completed, and the year-end group report provides a view of overall performance.**

At midyear, each board member receives a private report that draws attention to areas in which further action is needed across the next six months. At year's end, each trustee receives a personal report plus the blinded results for the entire group. Trustees considering the performance report system should consider its fit with their board's unique culture; this approach may prove overly rigid for some boards.

## Midyear and Year-End Performance Reports

### Individual Performance Report

#### Midterm

### Group Performance Report

#### Year-End

#### Midterm Report Card

##### Board Member: Alice White

1. Attend at least four board meetings annually, one of which must be a board retreat.  
*Thank you for attending 2 out of 4 meetings for the first half of the year. Another 2 meetings are scheduled for the rest of the year.*
2. Serve on at least one board committee or liaison role.  
*Thank you for serving on the Finance Committee.*
3. Attend or financially support at least 3 of 4 major foundation events annually.  
*Thank you for attending 2 out of 2 events for the first half of the year. Two additional events are planned for the remainder of the year.*
4. Attend at least one community event annually, for which the foundation or medical center has purchased a table/tickets.  
*Thank you for attending at least one community event during the first half of the year.*
5. Secure a minimum of \$3,500 in contributions annually. Of this amount:
  - a) a minimum of \$1,000 should be a personal gift;  
*Thank you for your personal gift of \$1,500 dollars during the first half of this year.*
  - b) a minimum of \$1,000 should be from one or more donors.  
*Our records indicate that you have not yet secured at least \$1,000 from one or more donors during the first half of the year.*
6. Identify at least two (2) business or individual prospects annually and assist staff with introductions as requested.  
*Thank you for identifying 1 individual prospect and assisting staff with an introduction during the first half of the year.*
7. Assist staff in cultivation efforts with at least one major gift prospect annually.  
*Our records indicate that you have not assisted staff in cultivation efforts with at least one major gift prospect during the first half of the year.*

Highlights  
unfulfilled  
responsibilities

#### Board Year-End Report Card

1. Attend at least four board meetings annually, one of which must be a board retreat.  
*100% of the board has met this expectation.*
2. Serve on at least one board committee or liaison role.  
*100% of the board has met this expectation.*
3. Attend or financially support at least 3 of 4 major foundation events annually.  
*50% of the board has met this expectation.*  
*Board members supporting 4 of 4 events – 5*  
*Board members supporting 3 of 4 events – 10*  
*Board members supporting 1 of 4 events – 1*
4. Attend at least one community event annually, for which the foundation or medical center has purchased a table/tickets.  
*100% of the board has met this expectation.*
5. Secure a minimum of \$3,500 in contributions annually. Of this amount:
  - a) a minimum of \$1,000 should be a personal gift; *100% of board members have met this expectation.*
  - b) a minimum of \$1,000 should be from one or more donors.  
*6 (38%) of board members have met this expectation.*  
*10 board members have not met this expectation.*
6. Identify at least two (2) business or individual prospects annually and assist staff with introductions as requested.  
*75% of board members have met this expectation.*  
*12 board members have identified at least two prospects*  
*3 board members have identified one prospect*  
*1 board member has identified no prospects*
7. Assist staff in cultivation efforts with at least one major gift prospect annually.  
*38% of board members have met this expectation.*

Source: Philanthropy Leadership Council interviews and analysis.

**Another (and far simpler) system for encouraging full participation in the major gift effort is brief but regular reporting on prospect interactions at board meetings.**

At our case study institution, the Seton Family of Hospitals, each member of the foundation board solicits one large gift per quarter. Meetings are held quarterly and each begins with every trustee reporting on the solicitation she or he conducted since the last meeting. With this clear but simple system for holding each other accountable, the trustees have achieved near 100 percent participation in major gift solicitation since 1981.

## Brief Solicitation Reports at Board Meetings

### CASE IN BRIEF



- A nine-hospital health system based in Austin, Texas; part of Ascension Health
- At foundation board meetings (held quarterly), each trustee reports briefly on a solicitation conducted since the last meeting.



#### Trustee Responsibilities

1. Interpret the needs of Seton to the community.
2. In consultation with the President of The Fund, personally solicit four donations per year for the benefit of The Fund.
3. Approve the policies and plans under which The Fund operates.
4. Contribute a generous donation annually to The Fund.
5. Represent The Fund in a manner consistent with the mission of the Daughters of Charity.



- At beginning of meeting, each trustee reports briefly on solicitation performed that quarter
- Reporting proceeds around the table
- No more than five minutes of each meeting allotted to this activity

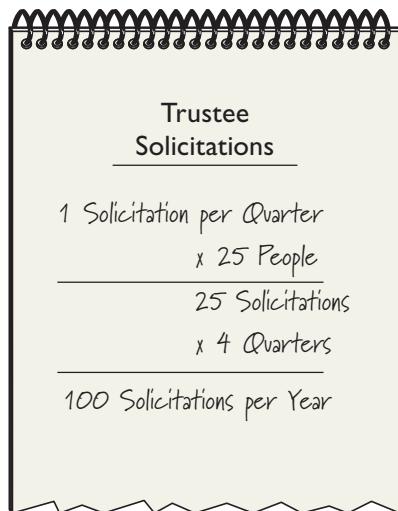


- Each upcoming meeting prompts trustees to schedule and complete visit

**The board's commitment to 100 percent participation in all phases of the major gift effort drives the foundation's impressive financial performance.**

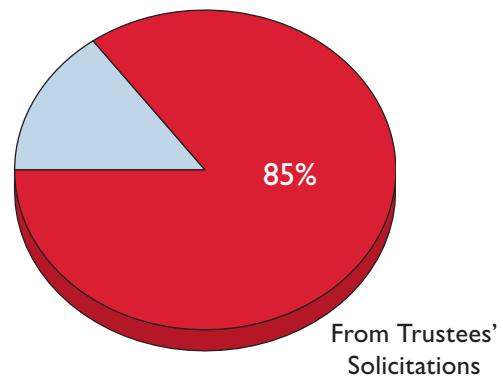
In addition to soliciting four large gifts per year, trustees also participate actively in identification and cultivation of top prospects. The 100 solicitations that the 25 board members conduct across the year generate a remarkable 85 percent of the total funds raised.

### Trustees Driving the Results



#### Average Annual Funds Raised

*The Seton Fund*



### THE MULTIPLIER EFFECT

“I don't bring people on the board just because they can write big checks; I want people who can get big checks.”

Chair  
The Seton Fund

Source: Philanthropy Leadership Council interviews and analysis.



**To maximize their impact on the development effort, trustees should avoid two common yet costly mistakes.**

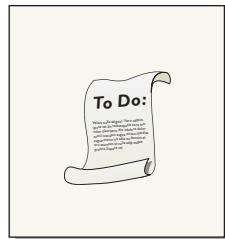
Many trustees fail to realize their full potential to impact philanthropy by trying to cultivate others before giving personally and allocating too much time to tasks that can be handled by paid staff. These missteps can translate into millions of philanthropic dollars lost for the institution.

### Avoiding Common Yet Costly Mistakes



#### **Mistake #1**

Trying to help before giving personally



#### **Mistake #2**

Allocating too much time to tasks that can be handled by paid staff

Source: Philanthropy Leadership Council analysis.

## *Mistake #1: Trying to Help Before Giving Personally*

**Making an appropriate personal gift is an essential prerequisite for being a successful partner in the cultivation process.**

To a prospect, a personal gift to the institution signals sincere belief in the worthiness of the cause. Trustees are unlikely to inspire prospects to give to the utmost of their capacity if they themselves have not yet given. Those who attempt to solicit without prior giving will also face many awkward moments when prospects ask how much they have donated.

### Every Prospect's Litmus Test



Source: Philanthropy Leadership Council analysis.

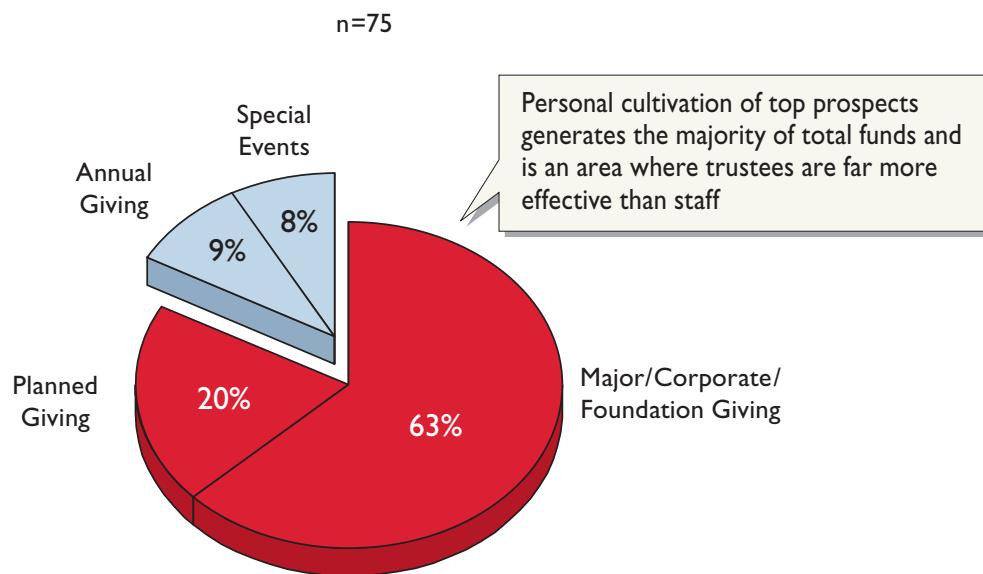
## Mistake #2: Allocating Too Much Time to Tasks That Staff Can Do

The most successful trustees reserve a substantial portion of their time for activities no one else can perform as effectively, and they severely limit time spent on tasks that can be handled by paid staff.

In their early days, many hospital foundations had few or no paid staff, and board members and other volunteers were called on to do anything and everything. The rise of modern development operations staffed by professionals makes it possible for trustees' time to be used much more efficiently. Some institutions, however, remain stuck in old habits, with the board spending substantial time on minutiae of foundation operations or tasks such as coordinating special event logistics. When trustees' time is absorbed with tasks the staff could do, there is little time left for those high-value activities that have the greatest impact on total funds raised—initiating and cultivating relationships with high-level prospects. In these areas, staff cannot be nearly as effective as trustees.

### Allocating Limited Hours

Aggregate Funds Raised by Program  
Philanthropy Leadership Council Benchmarking Participants



Source: Philanthropy Leadership Council analysis.

