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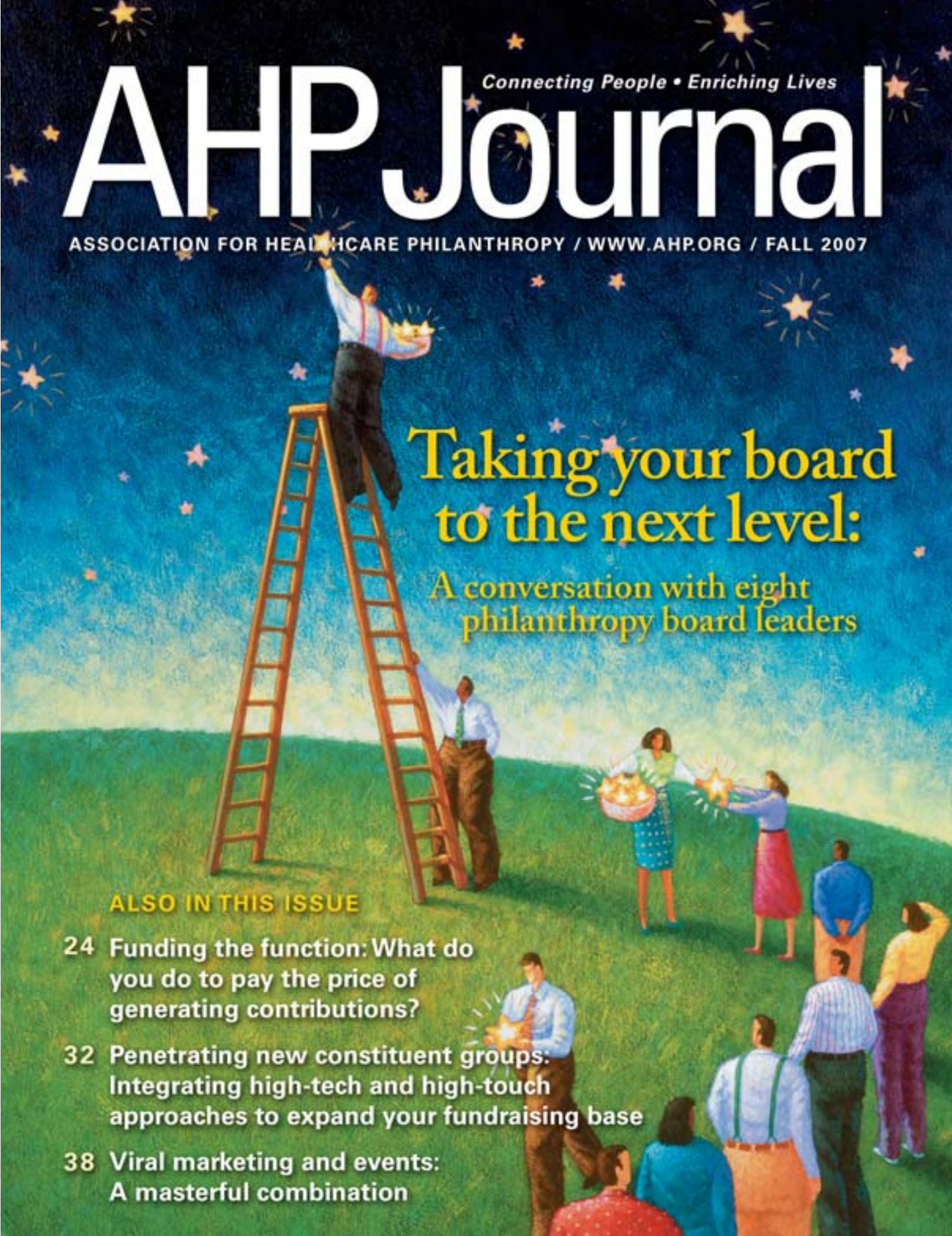
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Taking your board to the next level:

A conversation with eight
philanthropy board leaders

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Penetrating new constituent groups: Integrating high-tech and high-touch approaches



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Demands for health care will continue to rise as U.S. and Canadian populations age and medical techniques and technology become more and more effective at treating ailments. At the same time, in the U.S., Medicare and Medicaid programs may see a \$70 billion decrease in funding over the next five years, as proposed in the March 2007 budget of the Department of Health and Human Services. In addition, the rise of nationally acclaimed hospitals and the consolidation of hospitals into regional systems have created health care philanthropy programs with broad geographical reaches. Consequently, health care organizations must penetrate new constituencies for access to new sources of funding to fill the current and growing health care financial gaps and to address new competition for fundraising dollars.

The catalyst for expanding your fundraising base will shape the best approach for your organization. For example, a hospital being consolidated into a larger system will need to both coordinate efforts with

to expand your fundraising base



tech and *high-touch* options. When properly conceived, implemented, and tracked, the outcomes of these approaches can result in deeper pools of prospects and donors.

High-tech options

One of the most effective steps taken by health care organizations in recent years has been the application of new technology and data analyses to leverage their fundraising results. The following are scenarios and solutions that illustrate high-tech tools that your organization can use to penetrate new constituencies.

Data mining your existing base

Scenario: Your stand-alone hospital, located in a mid-sized city, seeks to increase its fundraising donor base. You have tracked donor information for the last five years.

Solution: Your organization's database is a valuable, untapped resource. Data mining will allow you to use statistical analysis to uncover behavior patterns that can help you predict future donor behavior. In this case, five years of data will provide sufficient information to build a robust, customized data model that will enable you to identify key indicators and behaviors of current donors and to compare these indicators to other constituents. This data model will help you determine ask amounts for lapsed and existing donors, solicitation frequency and even potential areas of support. Using data mining to renew lapsed donors and to increase current donor giving will enable you to penetrate your existing base more deeply and gain potentially significant results.

colleagues who were previously competitors, and grapple with replacing donors who may now view one of the system's other units as a better fit for their philanthropy. A regional specialty hospital will need to address competition that is now just an Internet click away as once-removed health care leaders speak directly to their constituents.

In all cases, organizations must balance the availability of data and technology that would allow expansion against the requirements of privacy regulations and other factors.

Options for penetrating new constituent groups

Health care fundraisers have two broad, intertwined channels for expanding their constituencies—*high-*

A Case Study— Children's Mercy Hospital & Clinics

A first step toward growing your constituent base is to select a course of action and execute your plan. Consider the case of Children's Mercy Hospital & Clinics of Kansas City, which chose data mining to identify new prospects for its major giving program. Unlike many organizations that choose to outsource implementation of this valuable tool, Children's Mercy Hospital & Clinics decided to build this capacity in-house in order to have ongoing and refined services for years to come. After receiving training in statistics techniques, hospital database manager David Logan built models to predict major and planned giving to the hospital. Then, newly prioritized prospect names were given to a prospect research professional to be qualified and assigned to the fundraising front line. This high-tech prospect allocation process brings efficiency to the high-touch discovery process. Now when the hospital's gift officers see new names, they can maximize their success rate by engaging true high-level prospects.

Screening patient data

Scenario: Your cardiac-focused specialty hospital is planning a capital campaign.

Solution: Select patients at such a facility are likely to be potential major gift donors. If you are able to gather patient name and address data, there are companies that will screen this demographic data against hard-asset data sets including real estate, public stock ownership, and federal election campaign giving. Those patients who have strong wealth indicators could be cultivated as major gift prospects. Of course, as with any “grateful patient/family” program, this approach requires sensitivity and tact; the goal is to determine whether the donor’s interests align with what your hospital provides.

If your organization chooses this high-tech approach, you must gain access to the demographic data of admitted patients. Check with your general counsel first to make sure that

the data you want to access is allowable under state/provincial and federal privacy regulations.

Utilizing online tools

Scenario: The chairwoman of your women’s care department has been lauded for her efforts and you would like to promote her success to aid fundraising.

Solution: In addition to the standard public relations methods, capitalize on your chairwoman’s notoriety to engage a different demographic group who prefer to communicate online. There are many tools now available that allow your constituents to be in direct contact via Web chats, Web logs (also know as “blogs”), and virtual meetings. Patients and interested constituents can interact via the Web, building stronger affinity toward your hospital. Ask your chairwoman to submit some thoughts using a blogging tool on your Web site, or have the chair

give a special presentation using inexpensive and easy-to-use virtual meeting software—those who register for the session will give you access to new constituents with identified areas of interest. Online solutions of all kinds tend to be “scaleable,” that is, your organization can expand the number of participants for little-to-no additional cost. Coupled with near-instantaneous speed of communication, this low-cost factor makes online tools particularly attractive for penetrating new constituencies that enjoy learning and communicating online.

Purchasing and testing direct marketing lists

Scenario: Your urban children’s hospital is looking for new prospect sources.

Solution: A cursory understanding of the constituency of a typical pediatric hospital

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would suggest that a patient's parents and grandparents are likely candidates for support. In these cases, though, timing is crucial. Certain lifestyle periods—having young children or being a new grandparent—may be trigger interest in pediatric care. These lifestyle periods will overlap with other behaviors and interests, which often can be pinpointed by magazine subscriptions—the primary source for purchased mail lists. Your hospital can leverage this approach by identifying which audiences are subscribing to the appropriate magazines and purchasing a vendor list for an acquisition mailing (or e-mail campaign). This may work particularly well for urban hospitals because the population provides a significant concentration of potential constituents for a mailing.

High-touch options

Fundraising requires a finesse that is not always present in high-tech options. The adage that “people give to people” has merit, although high-tech tools often ensure that organizations are approaching the right people, at the right time, and for the right purpose. That said, there are some effective approaches to capturing new constituencies that rely on personal engagement. The following are scenarios and solutions that illustrate how to use high-touch approaches to expand your fundraising base.

Coordinating an ad campaign with marketing

Scenario: Your regional hospital has a nationally ranked physical therapy program and you would like to use this to broaden your fundraising base.

Solution: Many Americans are first introduced to nationally acclaimed health care programs while

traveling. Airline magazines and national newspapers are filled with health care advertisements because well-connected, affluent people are frequent travelers. How can your hospital leverage these dynamics? The first step is to coordinate fundraising and marketing messages for the development of an ad campaign to promote your physical

therapy program in the appropriate publication(s). The campaign materials should include response mechanisms—such as your e-mail address, Web site address, and phone number—to track how often the campaign generated inquiries and to gauge the effectiveness of this approach in expanding your hospital's reach and base of support.

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Renewing in-honor and in-memory gifts

Scenario: One year ago, your hospital foundation received a three-figure memorial gift that you hope will become a reoccurring gift.

Solution: Many health care organizations see a common pattern among donors who give in someone's honor or memory—they have much lower renewal rates than other donors. Imagine if your foundation developed a personalized annual renewal letter for the donors of such gifts. A consistent program that asks all honor/memorial donors to renew their gift annually may prove effective, if properly managed. This means that donor personalization must be accurate and that their "opt-out" wishes must be respected. The adage in fundraising is that "our current donors are our best future donors" and a high-touch renewal program for honor/memorial gifts could capitalize on this notion.

Holding cultivation events

Scenario: Your new emergent care facility is opening in a growing suburb and you have the opportunity to expand your geographic fundraising base.



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A Case Study— Children's Hospital of Wisconsin

The Children's Hospital of Wisconsin has partnered with its marketing team to promote awareness of its programs and to reach new constituencies for increased fundraising success. The hospital recently selected the Northwest Airlines in-flight magazine, *World Traveler*, as a venue for its "Best care for kids" campaign. A campaign ad that was published in the magazine's May 2007 issue presented a compelling message about the hospital's "Best care for kids" program in an inviting design. The ad also informed readers about the hospital's inclusion on *Child* magazine's "10 Best Children's Hospitals list" and provided the hospital's Web site address as a response mechanism.

Solution: The facility is new and so are many of the suburban residents. Do the homework necessary to identify the most capable prospects in your area and invite them to a cultivation event. Newspaper articles, company listings from the chamber of commerce, and the area's more affluent neighborhoods are reasonable places to start your search for prospects. Once you have a list of prospects, you can access their mailing addresses using publicly available real estate data. Then ask a notable signatory from your area, perhaps someone from an affiliated board, to send the event invitations. The results of a cultivation event may be small, however the costs involved will be minimal. The successes that do come with this approach will likely add pre-qualified major gift prospects to your constituent base. Be certain to track invitation recipients and their responses to determine the future value of this approach in penetrating new constituencies.

Ensuring success in building your donor and prospect base

Efforts to expand your constituency should be carefully

conceived and executed. Test the logic behind the options you select to be sure they are a good fit for your institution, and base your selections on your organization's catalysts, staff resources, skill sets, and constituency demographics. Your goal should be two-fold—to expand your fundraising base and to learn new tactics to ensure your fundraising success in the future.

The costs involved in high-tech and high-touch approaches are somewhat comparable when considering all related expenses, including staff time. Whatever approach you select, be sure to track new constituent prospects and to record your results.

Once your organization has penetrated into a new constituency, do not let it go easily. The tools described in this article will lead to small footholds that can be widened and deepened over time. This process requires a consistent development program and a renewed focus on retaining existing donors, building their life-long giving patterns, and—when necessary—replacing them with new constituents. 