The Anne Arundel Medical Center

Fundraising In A Recession Is A 'Capital' Idea

Making the case, flexibility still resonating with donors

By Samuel J. Fanburg

The goal was $35 million when the Anne Arundel Medical Center Foundation (AAMC) began its "Care Like No Other" capital campaign in 2007. It was a bit of a shock, according to Lisa Hillman, AAMC's senior vice president and chief development officer, when the total rocketed past $44 million.

"I think it says a lot about this institution and community," Hillman said. "We are not the sole provider of health care here, but serve a very dedicated market. I also thought the case was compelling, to expand our emergency department and adding in-patient beds."

The Annapolis, Md., organization experienced fundraising growth unlike what has been felt by other health organizations during the past five years. According to the latest survey by the Association of Healthcare Philanthropy (AHP), annual giving has replaced capital campaigns as the most significant source of funds for organizations. In 2006, capital campaigns represented 21 percent of funds raised, while in 2010 it shrunk to 15.4 percent. Now, annual giving makes up 20 percent of contributions to healthcare groups, according to AHP.

However, for organizations like AAMC, success of a capital campaign came from a retooling of expectations while increasing the ways donors could support the organization.

Hillman said that this began by adding two years to the program and being more flexible when speaking with donors. "Most pledges go from three to five years. But for some of our larger contributors, we allowed them to go for 10 years," said Hillman. "It's not something I would recommend specifically, but has worked for us on several occasions when accepting pledge agreements."

AAMC designed a site specifically for the capital campaign, featuring a variety of ways people could donate along with important information relating to events.

Events such as the 22nd annual golf classic gave fundraisers like Hillman a chance to engage with supporters, even if they might not be able to donate at that time. "Through this time we ultimately learned we need to stick by our donors," said Hillman. "Keep them close, listen hard and understand where they are coming from and they'll donate eventually. I would always tell my staff, 'They are not saying no to you, they are saying no now.'"

Donor acquisition efforts were also increased, said Hillman. Whereas one donor used to give more, they were now giving less. "The joy of fundraising is you get to know some people very well, but the challenging aspect is getting to know more and more people who are giving gifts at a smaller level." From increasing acquisition efforts in the annual giving program, the organization was able to generate $9.2 million for the capital campaign.

One by-product of the capital campaign was an exhausted fundraising staff, said Hillman. "Fundraisers are generally positive people," said Hillman and sometimes it was tough to keep them focused on the task at hand. But from Hillman's experience, the people who were saying, "No" were often coming back later in the year and giving.

Acknowledging that his donors have been on a "roller coaster" from 2008-2010, Arthur "Rusty" Brink, chief philanthropic officer for the Martin Memorial Foundation (MMF), is still managing the middle of a $25-million capital campaign.

"Right now we are over 12 months into the campaign," he said. "We are going to make a judgment over the next 15 months about how much farther we want to go. Currently, we are in the 'quiet' phase, and have been in this phase for about half the year."

The Stuart, Fla., organization has taken significant steps in using social media to establish a committee of younger donors who have taken the fundraising charge.

MMF created a designation of donors called "lifesavers." These donors are classified as younger, with no particular giving threshold, and have become active members in MMF's fundraising culture. The group comprises 742 members, up from last year's 580. At the annual Goombay bash this year, (targeted toward younger donors), 740 people bought tickets and 100 percent of them signed up to receive regular information and a newsletter from the organization.

"We've been heavily invested in the online world," said Brink. "We invested $125,000 to build our site and feel we are well positioned for five years down the road. One-third of the people coming to the main hospital's website are coming to the foundation's website, as well."

Engagement is not limited to the online world. MMF recently began making more of an effort to chat with donors in their homes. Brink said almost 900 donor visits have been made this year, when six years ago they made only six visits.

MMF also started a lifetime recognition program that rewards supporters who contribute a minimum $10,000 a year for five years. The program started with 33 donors in 2003 and has since expanded to 206. Participants in this program are also likely to volunteer. The cancer center was paid for completely by donations.

"We attribute our philanthropic energy in this area to our administrative leadership and our CEO," said Brink. "We have a committed board giving usually $10,000 individually a year (it's not required) and two donor liaisons with a 24-hour telephone number."

Keeping communication consistent requires honesty. Even during the most gaping lows of the recession, Brink still gave supporters a complete picture of what was going on, even using what he called the "risky " tactic of telling donors about a 15 percent loss in asset values.

"The more articulate and repetitive you can be about where the money will be used, the better," said Brink. "It really helps if you can point to something that carries the value of their contribution. We reported to them how well our investments did, even if they were less than expected. It's a little like dealing with your mom and dad, just be straight up and

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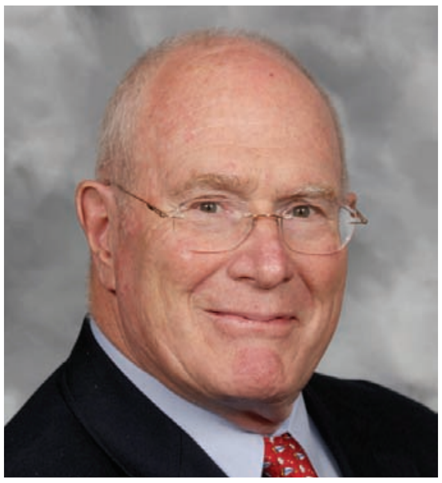

Left: The Martin Memorial Foundation's vice president and chief philanthropic officer, Arthur "Rusty" Brink. Right: A stilt walker at the Foundation's annual Goombay bash.

stress the importance of what you do."

When on the cusp of completing an almost five-year, $20-million capital campaign, Greg Pope, vice president of philanthropy for the St. Thomas Health Foundation, had to remind donor liaisons not to be wary when hearing the words, "not yet" from prospective donors.

"I would tell them they had to be OK with hearing that," said Pope. "The important thing was not pushing for a gift at lower levels of giving. We refused to force gifts at these lower levels. Instead, we tried to share our compassion with who was feeling poor at the time. We truly understood where they were, because our relationship with donors is not for the short term, it is a lifetime commitment."

The Nashville, Tenn., organization has been weathering the recession's storm. Revenue decreased to almost $4 million in 2006, but rebounded and has remained steady at more than $7 million for the past several years.

And by building on the success from the most recent campaign, Pope said the organization would start a five-year, $75-million campaign to fund a "multitude of projects," including renovations to older buildings and an investment in new technology.

"We are expecting 2011 to be gangbusters. --Greg Pope

One unique aspect to the program links philanthropy with employee leadership, the "Friends of the Foundation" program. In this case, patients donate in honor of caregivers who might have made their stay comfortable.

With a gift larger than $25, the caregiver is given a pin. And when they receive 10 gifts the pin turns gold until they are awarded 50 gifts, at which point the pin turns platinum. Last year, the organization gave out more than 1,000 of these pins.

"It helps the physicians themselves discover the power of philanthropy," said Pope. "It makes them much more interested in what we do and increases overall employee morale. And of course these 'Friends of the Foundation' give higher levels of funds when asked."

The organization has significantly decreased its direct mail, said Pope. As a regional hospital, St. Thomas mailed to approximately 150,000 people and 50 county regions. More recently, Pope has tried to increase planned gifts.

"I think we are just starting to see the tip of the iceberg of Baby Boomers doing more planned giving. It's definitely an area for growth," he said. "I think events are becoming a bit more challenging than they used to be because hospitals are much more thrifty."

With using multiple channels to garner support such as through annual giving, special events and planned giving, Pope hopes to lessen the impact of downturns by having a secure pipeline of contributions coming from people aging over time.

"We are expecting 2011 to be gangbusters," said Pope. "In 2010, we saw a slight decrease, but that was the bottom of the ladder for us. Nashville tends to lag in terms of what's happening economically throughout the country. We tend to get recessions late in a relatively consistent market. It did catch up to us no question, but we see a very bright future." *NPT*

Treat Donors As If They Are Investors

By Samuel J. Fanburg

Viewing direct mail as "costly" and "disappointing," William Kiel, vice president of development for Allegiance Health, said the three-years-young organization has had to take a more innovative approach toward fundraising given its youth.

"Our direct mail program has pretty much boiled down to straight donor acquisition," Kiel said. "It is very costly and we're seeing people give between $20 and $25. We are seeing fewer people giving this way and people over 60 are the ones we are seeing with the best response. It is just getting so hard to convince people to open their mail. When you're hoping for a 1 percent response, it's getting expensive."

Successful fundraising for the Jackson, Mich., group came through engaging more corporate support and expanding the ways people could donate.

A restructuring of fundraising activity is something that has taken hold sectorwide because of the recession. According to the Association of Healthcare Philanthropy's (AHP) newest survey, most types of fundraising activities have increased since 2006. Now, 17 percent of funds raised are from major gifts, 20 percent from annual giving, 15 percent from special events and 11 percent by grants, the remainder derived from more traditional means. These rates have increased, respectively, from 14.9 percent, 16.6 percent, 14.3 percent and 9.3 percent.

As an example this past year, Allegiance Health was able to build a $1-million matching gift into a $2-million gift through simply expanding the channels through which supporters could donate. After receiving the gift, Kiel said his organization went to major donors, securing $450,000 for the campaign. The rest came from corporate gifts and foundations.

"We raised more than the $2 million expected," said Kiel. "We are really seeing corporate giving beginning to come back. One company in town came dangerously close to closing down for good, but was able to give us a $50,000 gift."

In addition to securing funds through varying techniques, the organization takes stock of where it is every three to five years. Currently, Allegiance is taking the next year to 18 months to steward the people who made contributions. They have a couple of planned gifts that will go into effect during the coming months and an annual giving program focused on its hospice.

"I think people are still being cautious," said Kiel, "and probably more cautious than they were four months ago. It's just difficult to make long-term commitments when we are still in this economy. They are still willing to give, but remain cautious."

Factoring in the "bumps and volatility" of the economy, Bill Littlejohn, CEO and senior vice president of the Sharp Healthcare Foundation, said the group has rolling five-year plans. "We try to have aggressive long-term engagement," said Littlejohn. "We create projections based on philanthropy distributions that have helped us in sustaining both forward momentum and smoothing out volatility. Even though our fundraising may be down, our distribution went up."

Sharp Healthcare, based in San Diego, Calif., is not a "pure" charity, said Littlejohn, so they don't raise money for charity care. Instead, they engage in a mix of bonds, borrowing and philanthropy. The organization just finished a $60-million capital campaign, originally slated to raise $33 million. Funds were directed toward 23 initiatives. Philanthropy only ends up being 15 percent of its operating budget.

"I think there is something to say for the idea of thinking of philanthropy as an investment," said Littlejohn. "We've had success doing testamentary pledges, reserving part of what's coming through their estate. We've also done life estate gifts and use a supporter's home as a charitable asset. We don't like to silo contributors. Some organizations have pigeonholed people in roles."

Littlejohn said he considers donors just like shareholders and sees a need to produce tangible results for them. The organization figures for every $1 donated, supporters get back $8 because of the money the hospital infuses itself. "The idea is we want to build a philanthropic relationship over time and isn't just maximized once a year," said Littlejohn. "We try to focus on acquisition, bringing in a bigger pool of donors and helping to fund the future."

On the cusp of a new $100-million capital campaign, Littlejohn said the hospital will continue to use its investment model, operating what he termed a "unique enterprise." *NPT*