

Children's Hospital
Transformational Gift Idea Development
Research Project

Marts
& Lundy

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Children’s Hospital Transformational Gift Idea Development Research Project

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Section 1

Background

Background

In May 2013, twenty-six of North America's leading children's hospitals engaged Marts & Lundy to conduct a research project on the development of the transformational ideas which inspire large gifts. The primary purpose of the project is to define best practices and produce recommendations and content for training in two primary areas of focus:

1. Organization, processes and strategies for generating transformational ideas/cases for support.
2. Strategies for translating transformational ideas/cases for support into transformational gifts.

An attempt was made at the beginning of this study to define a transformational gift. The exercise turned out to be quite complex and it became apparent that defining a "transformational gift" was not as important as understanding how ideas are developed which inspire very large gifts.

Interviews of participating hospital Chief Development Officers, hospital executives and several transformational gift donors were conducted by Marts & Lundy for this study. In addition, Marts & Lundy conducted an online survey to study attributes of the five largest gifts made in the histories of participating hospitals.

Sections 2-5 of this report are intended to provide an environmental analysis, data and best practice guidance gained through leadership interviews and an online survey of participating hospitals regarding the development of transformational gift ideas and the translation of ideas into transformational gifts. Section 6 proposes general content for training.

Section 2

Environment

Environment

The current and projected environments within which participating hospitals operate have significant impact on the importance placed on transformational gifts, and the ideas generated internally and externally to develop them. Set out below are major environmental themes gained during the study which relate most closely with philanthropy, many of which reflect a perceived need for significantly increasing charitable support:

- **Many U.S. hospitals believe conventional reimbursement will be flat or decline in the near future and beyond.** Philanthropy is increasingly viewed as an important funding source for sustaining current patient care programs; especially inpatient psychosocial, ambulatory care, sub-specialty care and primary care.
- **Canadian hospital foundations also report increased requests from their hospitals for funding support in the face of static or reduced government funding.**
- **Calls for unrestricted gift revenue are increasing in the U.S. and Canada.** Primarily due to the dynamics mentioned above, senior hospital leaders are looking to philanthropy more often to generate income with the greatest flexibility for spending on priorities as they arise and for building financial strength for the future.
- **Access to capital for facility expansion continues to be a philanthropic priority for some U.S. and Canadian hospitals, but fewer hospitals project major facility expansion in the near term.**
- **Recruitment and retention of outstanding medical professionals are very high priorities – especially for certain sub-specialties – for many U.S. hospitals.** Philanthropy is being called upon more often to provide support for physician and scientist recruitment and retention. Calls for endowments to provide secure funding over time also appears to be increasing.
- **Most believe genomics and informatics will revolutionize pediatric medicine and science in the near future.** Many hospitals are making or considering new major investments in technologies, staff and programs to support genomic science and medicine.
- **Funding for research in Canada and the U.S. is under significant pressure.** Many participating U.S. hospitals have already experienced a significant decline. Most believe philanthropy will be viewed as an increasingly important source of funding for research and teaching.

- **The Affordable Care Act (ACA) has created significant uncertainty in the U.S.** Many hospitals are revising strategic plans and financial projections as a result.
- **Population health initiatives are becoming an increasingly important strategic priority for many U.S. and Canadian children's hospitals.** While some funding may be available in the future for U.S. hospitals through mechanisms for Accountable Care Organizations, significant conventional funding is not projected to be available in the near to mid-term. Some hospitals report calls for philanthropy to provide seed and sustaining funding for new Accountable Care Organization and population health initiatives.
- **Information technology is requiring substantial new capital and operating investments for many U.S. and Canadian hospitals.**
- **The economy continues to improve.** Most believe it will continue to strengthen, notwithstanding major adverse national or world events.
- **Many U.S. hospitals have taken advantage of a low interest rate environment to maximize debt.** Additional debt for most hospitals, however, remains challenging.
- **Discussions regarding affiliations and mergers as a strategy to increase financial strength and to build market share are increasing in the U.S.** Canadian hospitals report a growing trend of partnering with other healthcare institutions to deliver pediatric care.

Section 3

Top Line Findings

Top Line Findings

- Most participating hospitals are prioritizing transformational gift fundraising as a strategic initiative for their development programs.
- Those institutions which proactively invest in transformational gift idea development appear to secure the most and the largest transformational gifts.
- Institutional strategic planning continues to be a major driver for transformational gift giving. More than 75% of the dollars received through participating hospitals' largest gifts supported projects and programs embedded within institutional strategic plans.
- More than 58% of the largest gifts received were reported as adding new operating or capital expenses to recipient hospital budgets (budget enhancement) with the remaining 42% reported as relieving existing budgeted hospital expenses (budget relief).
- The average amount of time from the start of idea development to transformational gift closure was 2.6 years. The shortest time reported was 3 months. The longest was more than three decades.
- Capital for acute and ambulatory care facilities attracted the majority of the largest gifts, but many hospitals do not foresee major new facilities expansion in the near to mid-term.
- Research and innovation have become prominent case components for the largest gifts; most believe their importance will increase in the future. Most major research or innovation ideas have a disease or scientific focus (e.g. Cancer, Neuroscience, Surgery, etc.)
- Outright gift commitments have been the dominant method of giving, but testamentary gifts are seen as becoming increasingly important.
- Nearly half of the dollars received by participating hospitals through their largest gifts were for ideas developed internally *and* externally.
- Informal development of transformational gift ideas is often driven by external influencers.

- Formal transformational gift idea development tends to take place within periodic institutional strategic planning (e.g. a five year plan) or embedded within an annual, rolling or ongoing planning process.
- The hospital CEO, the Foundation CEO/CDO and the highest ranking physician leader are seen as the most important leaders for transformational gift idea development.
- The Foundation CEO/CDO and other senior members of the Foundation team are seen as the most important leaders and partners for facilitating concept development from idea to case/proposal.
- Nearly 20% of participating hospitals have added staff to support transformational gift idea development.
- Sixty-three percent (63%) of participating hospitals identified the development of creative gift structures as very important (42%) or important (21%).
- Twenty-seven percent (27%) of participating hospitals have added staff to steward transformational-level donors.

Section 4

Discussion

Discussion

Culture, finances, market conditions and vision are key dynamics influencing transformational gift idea development.

Participating hospitals represent a wide range of financial circumstances, market conditions, institutional cultures and aspirations for the future. Their common missions of care (particularly as safety net hospitals), research and teaching place them in unique positions of opportunity and risk.

In light of the environmental scan described in Section 2, there is little surprise that perceived institutional strength clearly influences participating hospital commitment to and investment in transformational idea development, especially for advancing research, programs and innovation. Strong finances, market position and a history of significant accomplishment clearly increase institutional tolerance for perceived risk. But this is not true for all participating hospitals. Several hospitals which may not be able to claim greatest financial or market strengths have embraced bold visions and are highly active in transformational idea development. Aspiration to dramatically advance impact regionally, nationally and globally appears to be the most influential characteristic of participating hospitals with robust transformational gift idea development efforts.

The case for transformational gifts in support of clinical care facilities versus the case for advancing programs, research, innovation and teaching are viewed quite differently.

In the main, philanthropy for planned clinical care facilities capital is viewed as carrying much lower risk. In fact, it can be argued that philanthropy for clinical care facilities capital actually reduces institutional risk by reducing the need for debt or for the expenditure of reserves, and by generating conventional revenue once facilities are opened. Large gifts for research, new or dramatically expanded and/or innovative programs (especially those which receive little or no conventional reimbursement) are viewed as carrying greater institutional risk. This appears to be due, primarily, to the ongoing and sometimes permanent burden of additional operating and capital expenses generated by the creation of new research or program initiatives which may or may not generate offsetting conventional funding. Potential competition for resources and energy to support already-confirmed institutional priorities also creates important perceptions of risk.

Whether for healthcare facilities capital or for the advancement of research, programs or innovation, transformational gift idea development can be described as a function of balancing institutional vision and priorities against perceived risk.

Hospitals actively developing new transformational gift ideas for research, program expansion and innovation often utilize three tactics to reduce potential risk.

1. In addition to proposing funding for new operating expenses, transformational gift ideas are often designed to include existing operating costs (i.e., budget relieving support).
2. A determination is often made to implement transformational ideas only if funding becomes available through transformational philanthropy or other extraordinary support. Further, most or all of the funding for the idea/project may be required (some hospitals report donors asking for institutional financial support to match philanthropic support) before implementation is approved to begin.
3. Complete funding of an idea often includes ongoing operating support of the idea/project, sometimes in the form of a permanent endowment.

In addition to reducing financial risk, the second and third points above also appear to support hospital leadership in their management of expectations. The dynamic of inviting volunteers, physicians and others to engage in idea development will and should create excitement and resulting expectations. An approach which identifies the idea *and* a level of discipline around the philosophy of “implement only when fully funded by transformational gift philanthropy” supports hospital leaders as they manage an incredibly complex organization with many competing priorities. And it supports development staff as they work with hopeful physicians and sophisticated donors.

A strong correlation appears to exist between transformational gifts for research, program expansion and innovation and cultures which vigorously pursue transformational idea development.

Hospitals receiving many of the largest gifts for research, program expansion and innovation describe a culture which consistently seeks solutions to the most challenging problems in pediatric science and medicine. These cultures encourage ongoing discussion – some in a formal manner with standing committees and defined processes – to seek new approaches, innovations and research to improve child health. Hospitals reported discussions around such questions as: Which diseases cause the greatest mortality and morbidity in children regionally, nationally, globally? What is being done now to combat them? What more could be done which might dramatically advance significantly better outcomes? What existing strengths could our hospital add to efforts? What new collaborations and partnerships could our hospital pursue or lead? Can we identify and commit to significant, achievable and documented results by some future date? How do we most effectively engage our physicians, staff and board in these discussions? How do we integrate new ideas with our strategic plans? What ideas match donor interests and passions? What would we propose to potential funders to achieve maximum and lasting impact?

Formal transformational gift idea development for research, major program expansion and innovation tends to take one of two forms:

1. **A periodic strategic planning process to develop a multi-year plan (typically 3-5 years) which identifies and develops two to four major ideas for dramatically advancing the institution.** These ideas are usually planned to the point of “ready for concept presentation to a prospective donor”, but not fully built out with comprehensive business plans and financial modeling. Development staff is encouraged – often over a period of years, sometimes during a campaign period – to engage prospective transformational gift donors in discussions toward building a full proposal, possibly to include business plans and financial modeling.
2. **The second form of formal transformational gift idea development would most commonly be perceived as rolling or ongoing strategic planning in which ideas are generated, reviewed and developed to the stage of “ready for concept presentation to a prospective donor” consistently over time.** Some hospitals actively and consistently promote and invite ideas from internal audiences. Some have formal committees which meet regularly throughout the year or at set schedules (often during budgeting cycles) to review ideas and to “triage” those which could be funded from operations, reserves or other conventional sources and those which will require significant philanthropy. Development staff often plays a significant role in this type of process – often in partnership with physician leaders and members of the executive team – by leading “visioning” sessions with physicians and scientists, by providing important input regarding the philanthropic potential for proposed ideas and by facilitating concept development.

Board leaders were cited as key catalysts for developing transformational gift ideas at some hospitals.

Several important themes were reported:

1. Board leader interest in transformational giving is increasing. Recent successes by participating hospitals in securing very large transformational gifts were also mentioned as being influential.
2. Board leaders expressed their belief that transformational ideas are needed to secure large gift philanthropy for their hospitals.
3. Board conversations about developing transformational gift ideas were often prompted by visioning and strategic planning discussions.
4. Some boards recommended a formal planning process for developing transformational gift ideas, including planning milestones and key deliverables to be reported back to the board.

The role of the hospital CEO – often in partnership with the Foundation CEO/CDO – in transformational gift idea development is critically important.

In a number of institutions, all or most new transformational ideas are generated or reviewed first through the office of the hospital CEO, most often in partnership with the Foundation CEO/CDO and other members of the hospital senior leadership team. The CEO role appears to be especially prominent in hospitals where there is a rolling strategic planning process in place. Following approval, the CEO often appoints other members of the executive and physician team to work in partnership with Foundation leaders to further develop concepts.

The Foundation CEO/CDO and other senior development staff often become the primary leaders for concept development once approved by the CEO/c-suite/board and when concepts are translated into a donor presentation format.

The level of Foundation CEO/CDO involvement often hinges on the size of the gift contemplated. Leadership by other senior development staff depends on the size of the potential gift and the concept. Development staffs working most closely with an identified program are often key to leading gift proposal efforts due to their knowledge of the program and their relationships with the program's physicians, scientists and administrative leaders.

The top five most important **roles** identified by the online survey for development staff leaders are:

1. Identifying and conveying donor intent
2. Facilitating idea development
3. Leading physician engagement
4. Identifying and conveying unique donor attributes
5. Developing and drafting proposals

The top five **skills** identified by the online survey as most important for development staff are:

1. Translating ideas into donor-centric concepts
2. Facilitating idea development
3. Identifying and conveying donor intent
4. Interpersonal communications
5. Group communications and facilitation

In most cases, hospitals with an established formal process for developing transformational gift ideas respond effectively to externally generated transformational gift ideas.

A number of participating hospitals have received large gifts for ideas first proposed by a donor or board member. In an environment where physicians, hospital and development leaders are consistently developing new transformational ideas – either through periodic or rolling strategic planning – there appears to be an enhanced ability to respond effectively and in a timely fashion to externally generated transformational ideas. Responsible executive leadership roles are usually well-defined. Processes are often already in place for planning, testing, financial modeling and translation to donor-centric concept documents. Hospitals with less formal transformational gift idea development processes have demonstrated an ability to respond very effectively as well, with several large gifts resulting. Yet, several hospitals without formal transformational gift idea development processes reported challenges to responding in as timely and as fully a manner as hoped, mostly due to the need to create and facilitate processes not already in practice.

Transformational gift development engages prospective donors in deep discussions over time – sometimes for years – which often result in final program or project plans which are molded to match donor interest *and* organizational goals.

Nearly half of the dollars received by participating hospitals through their largest gifts were described as supporting ideas developed internally *and* externally. This dynamic appears to be particularly prominent when donors are engaged in discussions about major program expansion, innovation or research. Interviews confirmed many of the largest gifts resulted from the presentation of an overall concept or idea to a donor who was then invited to continue an engaged discussion on how concept goals might best be achieved, how the concept could be matched with the donor's philanthropic interests, and how their transformational gift could be structured to fund the concept.

Successfully engaging prospective transformational donors requires skills, time, energy and creativity at exceptionally high levels.

Participating hospitals report that the intensity of gift development escalates dramatically when working with transformational donors. Very large gifts are described as transforming institutions *and* donors. For some donors, a transformational gift will be a once-in-a-lifetime event; perhaps their ultimate act of creating a legacy. Interviewees describe transformational gift discussions as

profoundly personal conversations, requiring highly-personalized approaches by those who invite transformational gifts.

Thinking deeply and creatively about how to reach the self-interest and passionate core of the donor is noted often as a common centerpiece of transformational gift development. Understanding how and when to ask the right questions. Exceptional intuitive listening. Gleaning understanding of what drives the donor. Understanding the nuances of the donor's character... what pleases, humors, upsets, inspires and motivates the donor. Discerning how the donor processes information... analytically, emotionally, intellectually, competitively, politically? What expectations does a donor have regarding the institution's strategic and financial commitment to the idea? What relationships are most important to the donor? What new relationships might be possible to build? How is deep trust built? How could ideas be presented most effectively? How might a donor react to various forms of cultivation, communication and stewardship? The timeline from idea generation to securing a transformational gift is typically quite long in duration (survey results show an average of 2.6 years). Some participating hospitals report more than a decade of donor engagement. Creative and consistent efforts to maintain and increase donor engagement over a long duration is clearly another key attribute of successful transformational gift development programs.

The variety of strategies and techniques employed by participating hospitals to successfully engage prospective transformational donors in discussions, idea development and, ultimately, in the completion of transformational gifts is so wide-ranging and so donor-specific it's impossible to describe here. There are, however, several key skills which were described often during interviews:

1. **Knowledge about the donor:** Understanding what information is most important to know about a donor, how to get it and then studying it *before* engaging; including family, professional/business, giving, volunteer leadership, interests/passions and all connections (people and programs) to your organization.
2. **Partners:** Identifying and successfully inviting participation of the most influential board members, physicians, scientists, donors, executives, community leaders and/or development staff colleagues in the right way, at the right time.
3. **Case:** Deep knowledge of and the ability to powerfully describe a proposed transformational idea:

Why?

- What is the need?
- Why is it important?
- How many children/families will benefit?

What?

- What is the proposed solution to address the need and why will it be effective?
- What will be the outcomes if a transformational investment is made?
- Will it duplicate others, or will it be a uniquely important initiative?
- How will success be measured?

Why our organization?

- Existing medical/scientific strengths
- Unique patient base attributes
- History of successes in similar initiatives
- History of fulfilling donor passions

When?

- When should the proposed initiative begin?
- How long until results can be achieved?

How much is needed?

- What investment is needed to fully fund the idea?
- Over what time can the investment be funded?
- Will others be asked to give?
- Will the hospital provide some funding from reserves or operations?

How does the idea match donor interest?

- What donor passions/interests might be fulfilled by the concept?
- What lasting legacy could be proposed for the donor and his/her/their family?

4. **Intuitive listening:** Understanding how to ask the right questions in the right way at the right time and then listening with deep intuition.
5. **Confirming conversations:** Knowing how and when to confirm your understanding of donor's interests, passions and feedback, and to confirm agreed-upon next steps.
6. **Translation:** The ability to translate intuition and information gained from donor engagement into further development of the proposed idea/case in partnership with physician and hospital leaders, including how and when to build and present a fully-developed proposal to include:
 - a. Detailed description of the need/opportunity
 - b. Detailed implementation plans
 - c. Financial modeling
 - d. Outcomes measurement
 - e. Naming opportunities
 - f. Investment schedule
 - g. Stewardship plan
7. **Connection** – How to creatively and effectively keep a prospective transformational donor connected to your institution, to the proposed idea and to you and your partners while developing the transformational idea.

Estate commitments are becoming an increasingly important method for making very large transformational gifts.

A cumulative total of more than \$463 million, or approximately 18% of the gifted dollars reported in this study, were testamentary in nature. Perhaps more importantly, a significant number of those interviewed described testamentary gifts as becoming increasingly prominent in discussions with donors. Several of the largest gifts recently received by participating hospitals were testamentary. Testamentary gift methods provide a broad spectrum of options for donors to be sure, such as preservation of capital during lifetime, income generation and tax benefits. And it can present an opportunity to invite consideration of much larger gifts than might be possible during a donor's lifetime. Yet, it also presents certain challenges for development and executive staff who described working through such questions as: Will the program or project to be supported by the donor's gift be started right away, or when the dollars are actually transferred to the hospital? What physician and caregiver expectations should be considered when announcing a testamentary gift? What assurances can be made that the need/opportunity the gift is intended to support will still be urgent, needed and viable by the time the actual dollars are transferred to the hospital? What naming opportunities should or should not be offered in recognition of testamentary gifts? There appears to be no common answer to each of these questions. Effective practices appear to focus on developing highly-customized approaches to match donor passions and circumstances with hospital needs and aspirations.

Section 5

Best Practice Recommendations

Best Practice Recommendations

Eight key institutional dynamics – all linked – appear to have the most significant influence on the successful development of transformational gift ideas:

1. **Vision:** a clear, compelling and widely-adopted vision to which the hospital aspires.
2. **Strategic Planning:** a completed or “rolling”, inclusive strategic planning process through which new ideas are developed, and/or by which new ideas are tested.
3. **Leadership:** volunteer and staff leaders who believe and invest time and resources (human and financial) in efforts to generate large gifts inspired by big ideas.
4. **Culture:** an environment within which transformational philanthropy and the ideas which inspire them are consistently encouraged, rigorously explored and – when and where possible – vigorously implemented.
5. **Finances:** a sound current financial footing, a sound and approved financial plan or model, and sound methods for testing the financial impact of new ideas.
6. **Processes:** nimble and highly-effective processes for engagement, facilitation, testing, approvals and idea development.
7. **Translation:** matching donor interests and translating concepts into donor-centered cases for support and/or proposals.
8. **Donor Engagement:** engaging donors in the discussion and creation of transformational gift ideas.

The following represents key practices employed by participating hospital development staff to support vibrant institutional transformational idea development, and to translate ideas into transformational gifts:

Understand Organizational Plans and Planning Processes

- Is planning periodic, multi-year or ongoing/rolling?
- What current planning processes are underway?
- What are the highest priorities of current plans? Which priorities provide the best opportunities for transformational gift idea development?
- How, where and to whom would new ideas be proposed? What processes are in place for testing and development?
- Which staff leaders hold primary authority for new idea testing and development?
- How does your hospital engage physicians in planning and idea development?

- What is the role of volunteer leaders in proposing new ideas and their development?
- What is the role of development staff in proposing new ideas and supporting their development?

Understand Organizational Culture

- Assessing the hospital's risk tolerance for transformational ideas
 - Facilities capital
 - Research, program expansion, innovation
- Assessing the readiness of your hospital to explore new ideas
 - Current finances
 - Major initiatives currently underway or already in development
 - Market and other external forces
 - Internal relationships

Identify and Engage Executive Leaders, Physicians and Others to Facilitate Proposed Transformational Idea Development

- Institutional strengths, needs and opportunities
- Transformational concepts
- Strategic plan integration/complement
- Financial impact
- Outcomes measurement

Translate Ideas into Donor-Centric Documents

- Why? What? When?
- Why our organization?
- How much is needed?
- How will the concept match donor interests/passions?

Consistently Identify and Engage Donors in Discussions to Further Develop Concepts

- Knowledge about the donor
- Partners
- Case
- Intuitive listening
- Confirming conversations
- Translation
- Connection

Section 6

Representative Transformational Idea
Development Processes

Representative Transformational Idea Development Processes

Hospital A

In the fall of 2012, executive leadership carefully reviewed the medical center's core mission and what would resonate in the community – and beyond – in a fundraising campaign. These beginning thoughts turned into statements of need and programs the medical center could deliver if transformational gifts were secured. Leadership believed – if done well – transformational efforts would not only encourage significant gifts, but could also help raise the medical center's visibility, profile and national brand. The medical center implemented a new branding campaign and began focusing on key priority programs, several of which have already received generous philanthropic support, including a \$20 million gift for a psychiatry facility expansion and for the prevention of child abuse.

Hospital B

Motivated by a desire to increase transformational giving, board members recently expressed strong interest in the hospital developing big ideas to inspire donors. Led by the hospital COO and the CDO, planning is currently underway to develop three to four big ideas as part of an overall organizational strategic plan. Efforts include visioning sessions which “put the right people in the room” and then asking, “If you didn't have limitations, how could philanthropy make a real and lasting difference for kids? How could we innovate in our cornerstone programs? How can we measure success?” The board continues to be highly involved serving as a committee of the whole for strategic planning and transformational idea development.

Hospital C

Rigor and partnership best describe transformational gift idea development for this hospital foundation. Rigor in prioritizing transformational giving as a key strategy; investing time and energy in idea development ongoing and particularly during the hospital's annual planning cycle; aligning new ideas with hospital strategic planning, vision and needs; defining the “people, place and programs” needed to fulfill ideas; assessing fundraising capacity; and, seeking matches between ideas and donor interest. All of this is done in deep partnership with the hospital CEO, other members of the executive team, the Pediatrician in Chief, the Chief of Research and others as needed. A transformational gift of \$40 million for a new research tower is one of several transformational idea development successes achieved through this process.

Hospital D

This hospital describes transformational idea development as, “It’s in our DNA. We have a culture of leading. We encourage and invite new ideas constantly.” The hospital CEO is identified as the leader who has created the current culture and through whom – often in partnership with the Chief Medical Officer, the Chief Operating Officer and the Executive Vice President for Research – new transformational ideas are proposed and developed. Development staffs hold a primary responsibility for translation of new ideas into cases for support, business plans and proposals. A gift of \$50 million was recently announced to support transformation of ambulatory care for children who must see a series of specialists during one visit.

Hospital E

Research regarding prospective transformational donor interests guides development of transformational ideas at this hospital. Recognized priorities from the hospital’s five-year rolling strategic plan identify “Blue Chip Initiatives.” Ongoing efforts are made to find matches between donor interests and the initiatives. When possible matches are identified, development and marketing staff create high quality, customized concept presentation materials to engage prospective transformational donors in discussion. First drafts are reviewed in advance of donor presentations with the hospital CEO and Board Chair. If an interest can be confirmed through discussions with donors, development staff further develops the case or proposal in partnership with physicians, executive leaders and board members.

Hospital F

Early in 2013, a new process was put in place for encouraging and developing transformational ideas at this hospital. The purpose was to both encourage innovation and to speed up processes by which new ideas are adopted and developed. Standing staff committees were formed (including participation of development staff) to perform ongoing review of new ideas, to create preliminary business plans, to identify funding sources (including operating income, reserves, debt and philanthropy) and to test integration with key strategic priorities. Combined, these processes now usually take approximately 1-6 months to complete, depending on the complexity of the project and the maturity of the initial submission. Those ideas which are approved and which identify philanthropy as a primary source of funding are translated by development staff into donor-centric concept documents for donor engagement.

Hospital G

Embedded within an ongoing or rolling strategic planning process, development staff is actively involved in leading transformational idea development through visioning sessions with key physicians and scientists. These sessions help physicians and scientists to, “think bigger rather than

incrementally". In addition to ideas generated by visioning sessions, the hospital's CEO actively participates in the development of new transformational ideas in partnership with physicians, scientists and development staff. Important support for proposed ideas is provided by the Chief Medical Officers and the Chief Academic Officer. Development staff convenes and facilitates meetings, engages hospital leadership for financial and planning support, and translates ideas into donor-centric messaging. As donors become engaged in concept discussions, development staff reconvenes, facilitates and translates to move from concept to completed full proposal. The genesis of a magnificent gift of \$150 million can be traced to the transformational gift idea development processes in place at this hospital. Another transformational gift of \$31 million was recently received from a grateful family to fund research, programs and endowment for neurofibromatosis.

Hospital H

An extraordinary bold vision combined with magnificent philanthropic support was demonstrated by a board leader's deep desire to increase the health and well-being of children worldwide. She and her fellow Foundation trustees led a planning process culminating in a vision to create the world's pre-eminent children's hospital. She and her family then led philanthropically with a \$100 million unrestricted gift and an additional \$200 million in matching funds that the foundation was able to use to complete its first campaign which raised a total of \$529 million. The family also made another \$100 million gift in support of the Foundation's next campaign which raised \$550 million. Today, the Foundation continues to lead discussions to develop new transformational ideas working in partnership with the hospital CEO, the Dean of the School of Medicine and other leaders. Several additional transformational gifts have resulted including two recent gifts of \$30 million for academic medicine and a \$25 million gift for faculty scholar awards.

Hospital I

A world-class research institute and an internationally-acclaimed initiative to reduce prematurity and stillbirths are the result of board members and staff leaders adopting a bold vision for greater impact locally and worldwide through care, research and innovation. From the beginning, philanthropic support was deemed to be a key component of success and development staff provided critical input on a wide variety of important planning considerations, including current and future potential donor interest in proposed ideas. Initial discussions with a prominent foundation confirmed that the hospital's goal of reducing prematurity and stillbirths matched the global vision of the foundation. The subsequent partnership resulted in a \$20 million grant from the foundation to launch the initiative. Also, and most recently, an extraordinary gift of \$75M restricted for research was received from the estate of a long-standing and deeply engaged donor. It will be used to create a permanent endowment for the research institute and also provide matching funds to leverage and maximize additional gifts for research.

Section 7

Proposed Training Curriculum

Proposed Training Curriculum

One of the goals of this study is to provide information for the creation of a training curriculum regarding the development of transformational ideas and the translation of ideas into transformational gifts. Two distinct audiences can be identified for possible training efforts:

1. Hospital executives, physicians and board members
2. Development staff

Based on the unique complexities, histories, cultures, planning processes and circumstances of every hospital, Marts & Lundy believes the best training approach for the first group would be to present the findings of this research project individually. We believe this approach offers the best opportunity for meaningful engagement customized to each hospital.

Training curriculum for the second group – development staff – could be identified by four proposed knowledge areas.

Knowledge Area 1

Transformational Idea Development – Internally and Externally Generated

1. Understanding Organizational Plans and Planning Processes
2. Understanding and How to Work Effectively Within Organizational Culture
3. Engaging and Facilitating Idea Development
4. Translating Ideas into Donor-Centric Documents

Knowledge Area 2

Proposal/Case Content Development

1. Identifying the best form of presentation at the right time
2. Elements of a winning concept presentation
3. Elements of a full proposal
4. How and when to produce business plans and financial modeling
5. Using graphics, formatting and storytelling effectively
6. When and how to use new presentation technologies

Knowledge Area 3

Donor Engagement

1. How and what to know about the donor
2. Identifying and engaging partners
3. Case development
4. Intuitive listening
5. Confirming conversations
6. Integrating and translating donor input with concept development
7. Highly-effective and creative techniques for staying connected to prospective donors during a long cultivation and solicitation process

Knowledge Area 4

High-level Stewardship for Transformational Donors

1. Elements of high-impact report documents
2. Introducing other donors, physicians, scientists and patient families
3. Embracing new partnerships to show value and ROI
4. How and when to share important organizational updates
5. Offering special recognitions and awards
6. Offering concierge services
7. How and when to share powerful patient stories

Section 8

Online Survey Results

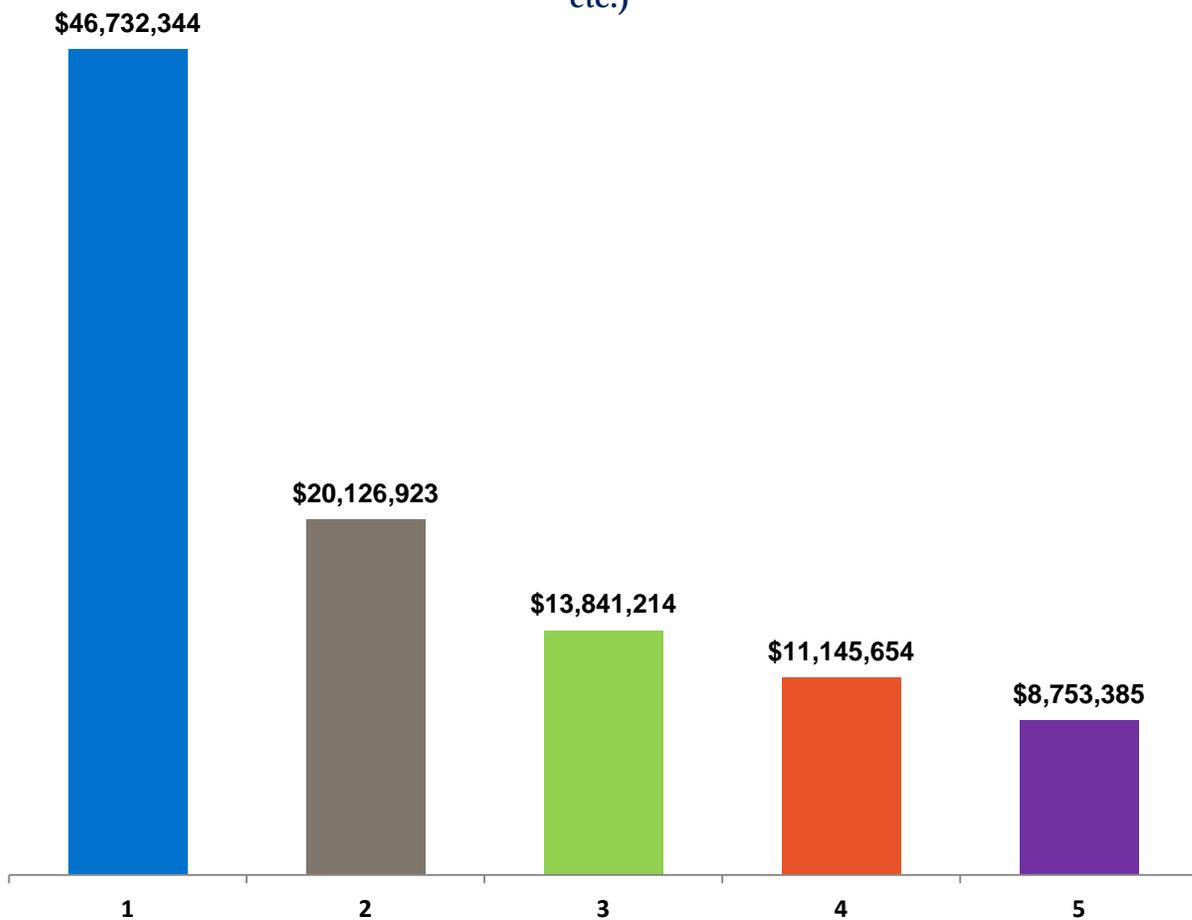
Online Survey Results

The survey utilized for this study asked each participating hospital to identify attributes of the five largest gifts received in their institution's history. A total of 130 gifts were reported resulting in:

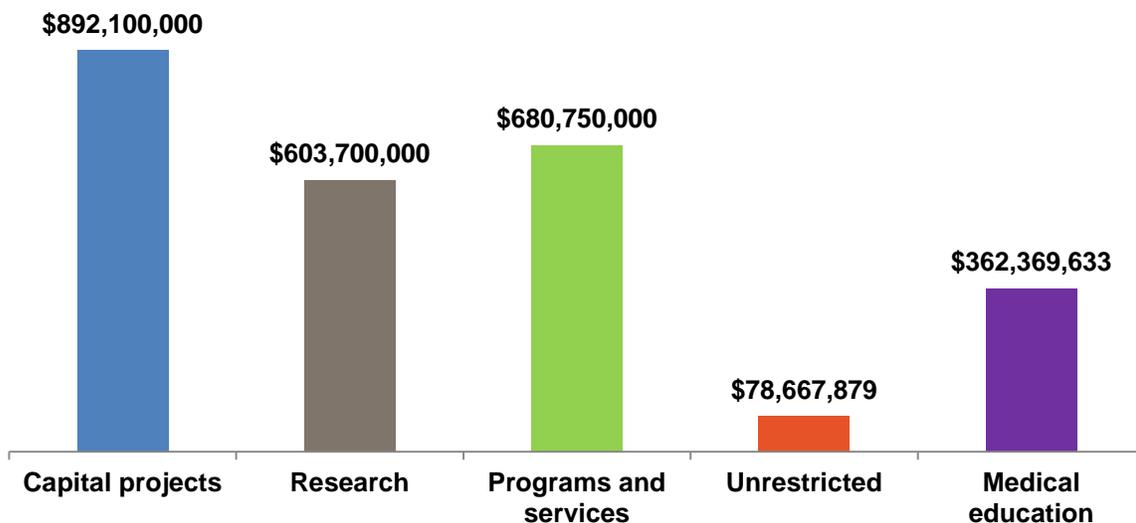
Total Giving:	\$2,615,586,327
Overall Average Gift:	\$20,119,900

Average Gift by Rank

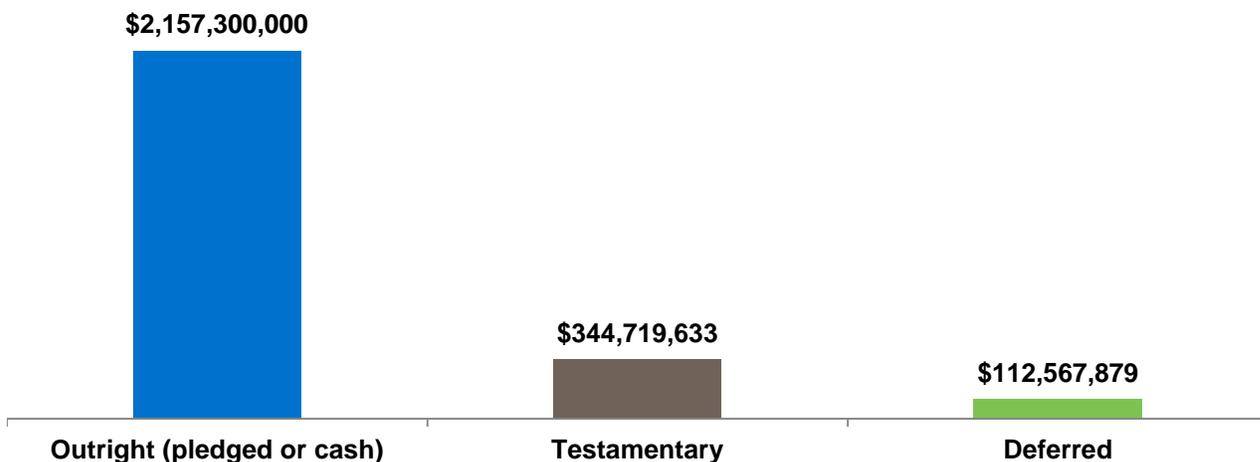
(1 represents the largest gifts received by participating hospitals.
2 represents the 2nd largest gifts received by participating hospitals,
etc.)



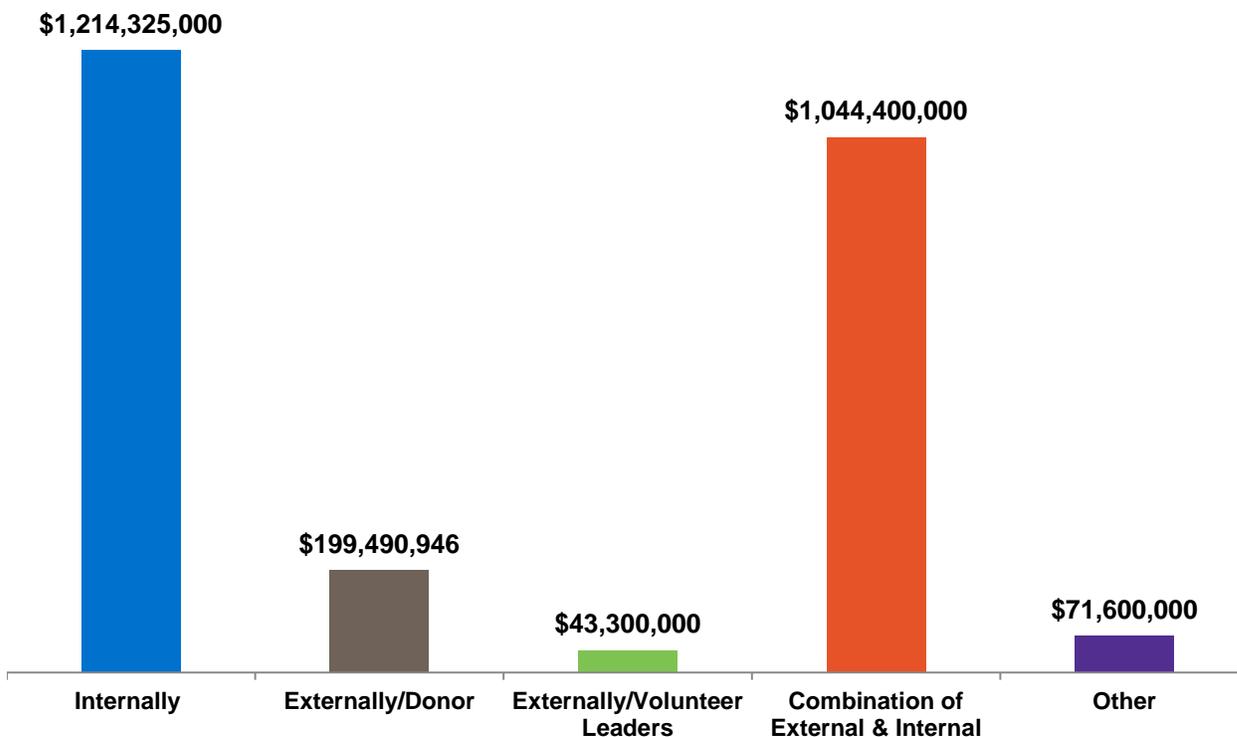
Combined Totals of Five Largest Gifts by Restriction



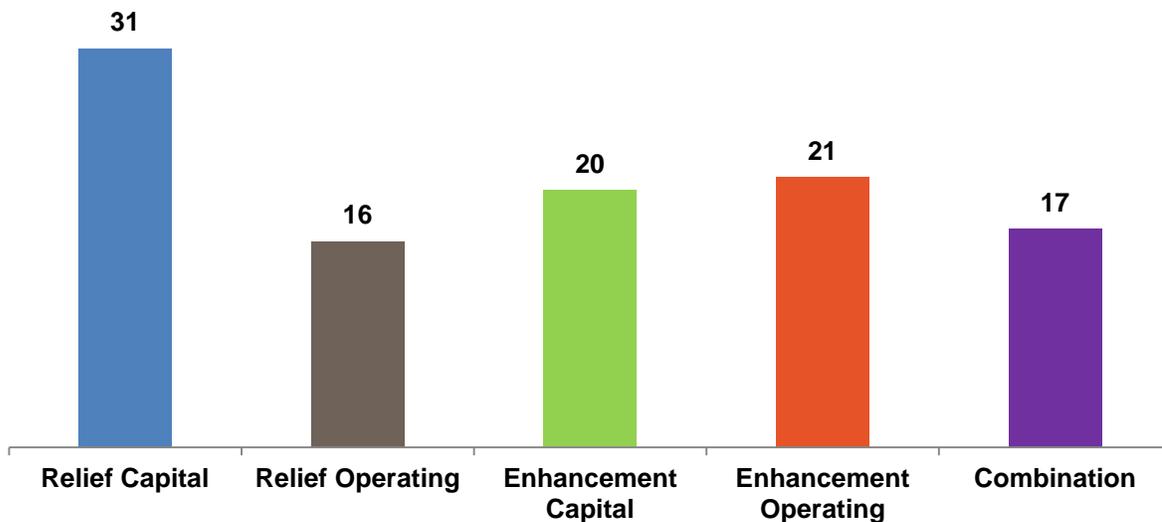
Combined Totals of Five Largest Gifts by Gift Method



Combined Totals of Five Largest Gifts by Idea Generation

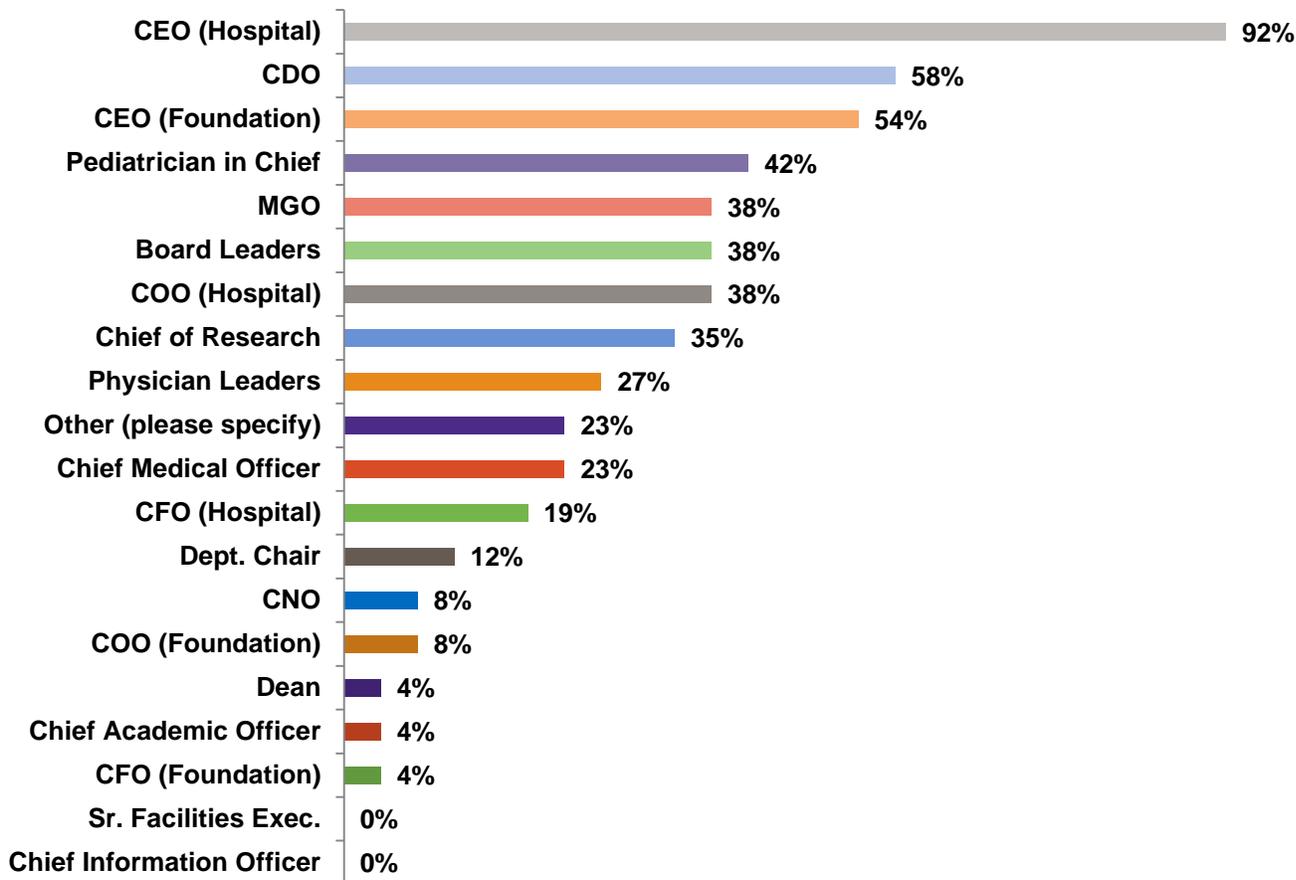


Number of Gifts Relieving or Enhancing Hospital Budgets



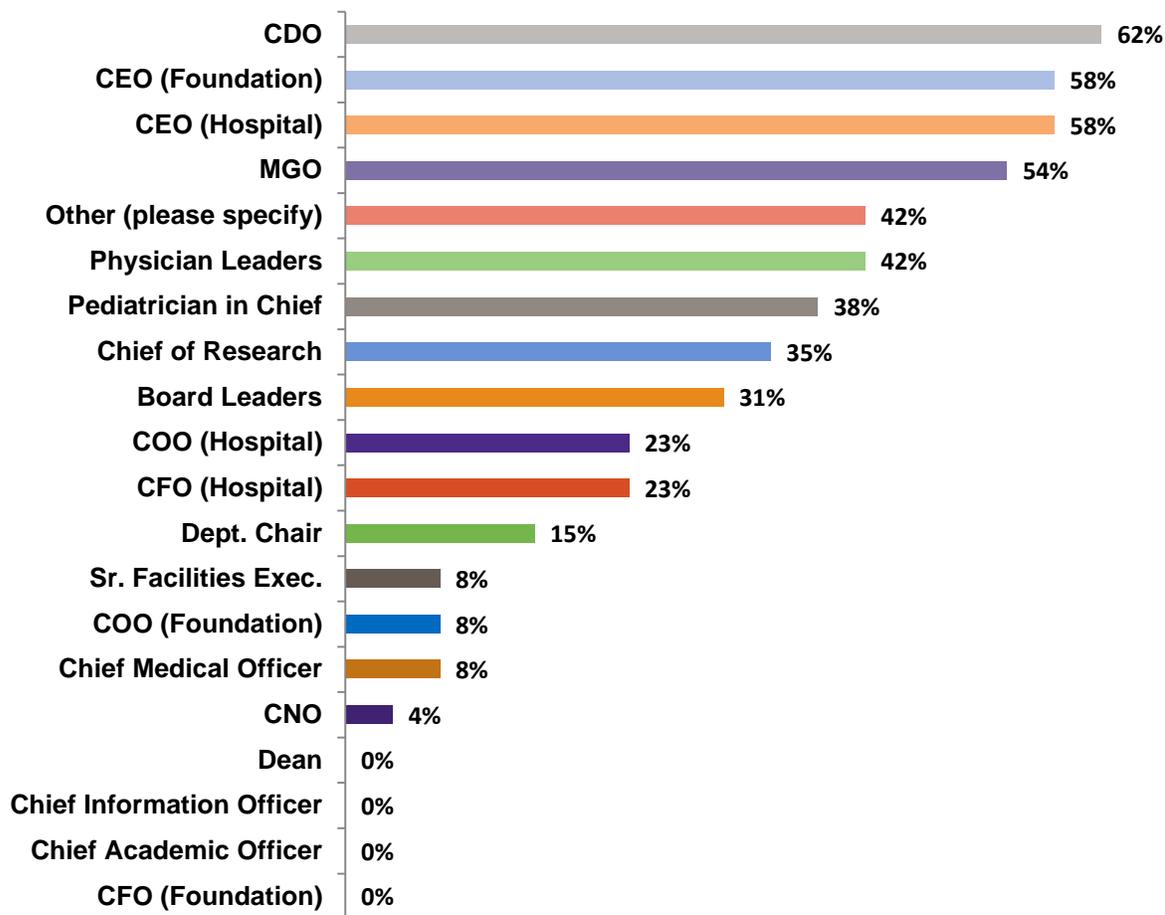
Positions most directly involved in developing transformational gift ideas

Participating hospitals were asked to select the five positions **most directly involved in developing** transformational gift ideas. The way to read this chart is that 92% selected the hospital CEO as most directly involved in developing transformational gift ideas.



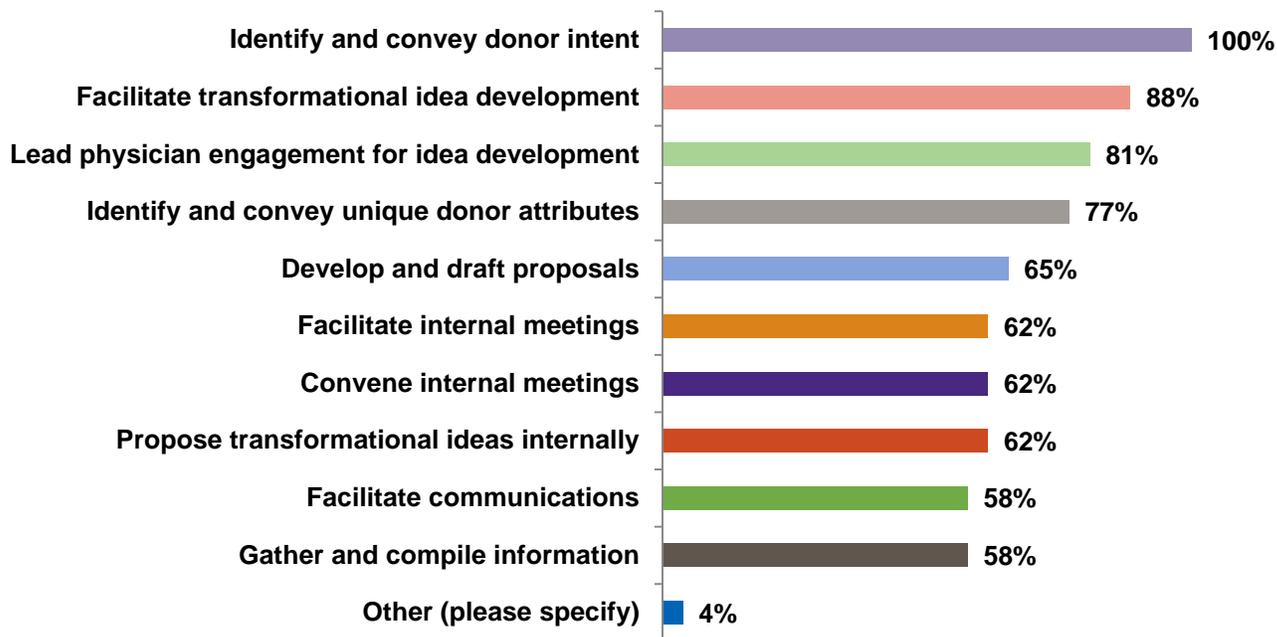
Primary leaders of transformational gift idea development

Participating hospitals were asked to select the five positions typically leading the development of transformational gift ideas. The way to read this chart is that 62% selected the hospital CDO as typically leading the development of transformational gift ideas.



Most important roles for senior development staff

Participating hospitals were asked to select all that apply from a provided list. The way to read this chart is that 100% selected "Identify and convey donor intent" . . .



Adding Staff for transformational gift idea development

Participating hospitals were asked if they have added staff to support the development of transformational gift ideas.

