


Impact of a Successful Chief Development Officer



A brief summary of Furst Group's national philanthropy survey of more than 500 hospital CEOs

Philanthropy offers a cost-effective solution to operational budget shortfalls with a superb return on investment. Hospital benchmarking studies suggest that an average development budget of only \$1.2 million can realize an annual return of \$6.2 million – a 416 percent return on investment (ROI).¹ Compared to massive, capital-intense service lines that yield slim operating margins, if not a loss, philanthropy is a lean, prudent investment with demonstrable results.

CEOs who see the most success in philanthropy look for development officers who see beyond special events and annual gift solicitation. These CEOs look for a Chief Development Officer who can assess philanthropy's ROI, possesses solid general management skills and adheres to the highest ethical standards. Also, these same CEOs were themselves recruited for and evaluated on the success of philanthropy. These findings and others are detailed in this brief summary of Furst Group's national philanthropy survey of more than 500 hospital CEOs.

It All Starts with the CEO

The Furst Group study found that CEOs at hospitals with high-performing development departments differ from CEOs at other hospitals in what skills they hire, what problems their hospitals face and how much investment they have in the process.

Most CEOs agreed on basic traits for a Chief Development Officer: gift solicitation skills, communications abilities and creating a culture of philanthropy. However, **successful CEOs hire development executives who can also assess philanthropy's return on investment, demonstrate solid management skills and demonstrate impeccable integrity.** CEOs with less successful development departments tend to recruit for qualitative traits such as compatibility with other executives and the ability to articulate the hospital's mission and vision.

Two recurrent problems challenged CEOs at hospitals with under-performing development departments. Paramount among these was relations between hospitals and physicians. **Patients form relationships with doctors, not administrators, and unhappy physicians can easily spread their**

What is a "high-performing" health care philanthropy program?

Hospital philanthropy departments that raise the equivalent of 1 percent of the parent facility's gross revenues each year were considered to be "high performing" in this study. That is, a department that raises \$4 million each year for a hospital with \$400 million in gross revenues was considered a high performer. Examining contributions as a percentage of gross revenues leveled the playing field between survey respondents, large or small.



Average Salary of Healthcare Vice President of Development in 2008:

\$177,484²

Time does not equal money, and bigger is not better.

CEOs at high-performing hospitals spent, on average, 14 percent of their time on development-related activities. CEOs at the other hospitals spent 12 percent of their time on these activities. The number of beds did not make a difference. The two groups oversaw an average of 330 and 311 beds, respectively.



discontent to patients – and thus donors. Similarly, patient satisfaction was a much more frequent concern at underperforming hospitals.

Finally, CEOs at high-performing hospitals have a personal stake in the success of philanthropy. Fully 82 percent of these CEOs are evaluated on the success of fundraising each year, compared to only 45 percent of CEOs at other facilities.

Bigger is not better, and time does not equal money.

Three themes rise to the top of this study. CEOs at hospitals with high-performing philanthropy programs: 1) hire development leaders who understand ROI, management and ethics; 2) enjoy strong physician relations; and 3) are personally evaluated on the success of philanthropy at their institutions. Hospitals that can emphasize these points stand to increase philanthropic giving significantly and thus better ensure the fulfillment of their mission.

Key Differentiators: Core competencies that give high performers an edge.

Most CEOs recruit Chief Development Officers (CDOs) based on experience soliciting major gifts, building a culture of philanthropy and communicating with donors. CEOs with high-performing departments went beyond this and also recruited for:

- 1) ability to assess philanthropy's ROI
- 2) management skills
- 3) personal and professional ethics/integrity





Phone: (800) 642-9940
www.furstgroup.com

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¹ "A Study in Fundraising Performance – Fiscal Year 2006,"
AHP Performance Benchmarking Service, Report II, 2007.

² "Healthcare Philanthropy Salary Survey, 2008"
Association for Healthcare Philanthropy."