Final Report
of Findings, Conclusions and Recommendations

Capital Campaign Planning Study

for XXX Hospital

Prepared by Gail Terry Grimes and Associates

Gail Terry Grimes
Communications Strategy and Implementation
For Non-Profit Fund Development and Stakeholder Relations

August 11, 2011

Ladies and Gentlemen:

In March of this year you commissioned us to assist in the planning of a capital fundraising campaign for XXX Hospital. We welcomed this assignment and undertook it with the full weight of our commitment and experience.

The complexity of the Hospital's circumstances and the lack of campaign experience among the leadership required a more time-intensive and carefully tailored process than usual. We approached these constraints as an additional learning opportunity for the team, to help you prepare for an expanded development profile within your available resources.

We are now pleased to present you with the results of this challenging but ultimately fruitful process. In the report that follows you will find a description of our findings and the conclusions we have drawn from them, followed by a series of recommendations intended to guide you in making the best possible decisions as you move forward.

An expansion of fundraising into new territory with higher expectations is an exciting one for any organization. For the Hospital and the community, it could prove transformational. Congratulations on your commitment to this ambitious endeavor.

Thank you very much for the opportunity to assist you in this rewarding way. It has been a great pleasure working with you and we look forward to seeing you build upon the positive forward momentum you have already achieved.

Sincerely,

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Study Director

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1. EXECUTIVE SUMMARY

This study was conducted between March and July 2011. In the following pages we will share with you what we learned from our research and from your response to the preliminary report of findings and conclusions presented to you on July 20, 21 and 22.

The study followed best practices. In March and April we developed an early-stage written statement of the case for support to share with key individuals. Then we conducted research, including 56 confidential interviews, and formulated findings, conclusions and recommendations based on what was learned. This is a standard approach widely used both to gather information for decision making about a potential campaign and to begin cultivating potential donors, key volunteers and influencers.

Key Findings and Conclusions

- Respondents are more optimistic about XXX Hospital than they have been in a long time—and they want peace to prevail throughout the institution.
- They care deeply about XXX Hospital, want it to succeed (especially emergency services), and are inclined to support a campaign on its behalf, both as donors and as volunteers.
- Those with the greatest capacity want more evidence of the Hospital's long-term viability, and of the role their generosity will play, before they commit to a gift.
- Top gifts must come from outside XXX Hospital's current family and will therefore require more than the average cultivation. This will make a campaign more challenging than usual.
- Far greater success is likely to be achieved from a campaign focused on services associated with emergency care than one focused on patient room renovation or any other area of need.
- Although the timing for a campaign is the most promising it has been in years, a great deal of groundwork needs to be done to ensure campaign success.
- Major prospects' hesitation to commit at this time makes communication and cultivation in the early stage of campaign planning absolutely essential.

Key Recommendations

- Maintain the current state of calm and upward momentum that is fueling community optimism about, and renewed confidence in, XXX Hospital. Use no "sharp elbows."
- Make the case for the link between emergency care and other hospital services, and build a campaign around this broadly articulated service area.
- Carefully and repeatedly respond to major donors' concerns, always emphasizing the connection between their support and the Hospital's future viability.

- Form a Campaign Committee that will focus on major gifts while XXX Hospital Foundation continues its annual activities. Maintain close communication between the Campaign and the Foundation to avoid duplication and maximize giving.
- Follow standard campaign practices for planning, structure, operations, prospect selection and cultivation, and solicitation.
- Begin with a Quiet Phase involving a few major prospects who are already invested in the Hospital's future. Do not publicly talk about a campaign until initial major gifts are secured.
- Allow the campaign goal to emerge in due time after early high-level gifts are secured. Announce the goal in a carefully orchestrated way, at a carefully chosen time, not before.
- Expect all board members to give—at their highest capacity. Also aim for 100 percent giving from campaign leaders, the medical staff, senior executives, employees and Auxiliary.
- Dedicate sufficient financial and human resources to the campaign, especially to donor cultivation, volunteer/staff training, clerical support, and strategic involvement by the CEO.

Next Steps

- Meet with key prospects to deliver a summary of study results and deepen their involvement.
- Articulate talking points for campaign insiders.
- Expand and modify the case statement for campaign purposes.
- Articulate responses to key prospects' major concerns.
- Continue to cultivate relationships with top prospects.

2. BACKGROUND

The role of the Planning Study in non-profit fundraising. A fund development Planning Study is a proven process that has been employed by thousands of non-profit organizations to "take the pulse" of their philanthropic constituency and their own closest supporters to determine whether the necessary resources, prospective donors and volunteers, and other ingredients are in place for a successful capital campaign.

Equally important is the role of the study process in cultivating supportive relationships with potential major donors, campaign volunteers, and influencers. This process gives key individuals the opportunity to reflect on: 1) the worthiness of the cause, 2) its value to them and the community, 3) the professionalism of the organization behind the cause, and 4) their own possible role in securing the organization's future. In short, a successful study should position the organization for campaign success.

Assumptions. In conducting this study for XXX Hospital, we started with the assumption that XXX Hospital needs and wants to increase its philanthropy for a variety of reasons: Existing sources of funding do not fully cover costs, facilities need modernizing, equipment is getting older, the planned addition will need new equipment, voters will accept only so much taxation, and, due to the economic downturn and other factors, giving to XXX Hospital Foundation has plateaued. These circumstances describe the urgency of the Hospital's situation, and the need to move forward with this process.

3. STUDY PURPOSE

This study had three primary purposes:

- Determine if a campaign is possible, how best to carry out such a campaign if indeed it is deemed feasible, what financial goal would be challenging yet achievable, who might be the campaign's top prospects as donors and campaign leaders, and what factors might influence and shape the campaign.
- Begin to plan for the structure and timing of a campaign.
- Begin to cultivate interest and support from key individuals by engaging them in the study process, learning of their concerns, and setting the stage for further engagement.

The study was also conducted to identify possible competition for donor dollars, identify potential challenges to a campaign and begin to identify possible solutions.

Assessing the potential for a successful campaign begins by asking the right questions of the right people at the right time and in the right way: How do they feel about the Hospital, the case for supporting it, and the possibility of a campaign? Who is likely to give, approximately how much and to what priorities? Who should lead the campaign and be part of the team? What is the best way to reach major gift prospects? What are the possible obstacles to success and how can they best be overcome?

In short, the purpose of this study was to "take the pulse" of the local philanthropic community and the XXX Hospital family as regards fundraising, while simultaneously enhancing relationships with key individuals and identifying available and missing resources necessary for success.

4. METHODOLOGY

Study Process

The study process involved research and analysis centered on 56 confidential interviews with community residents and a review of materials and processes currently in place for fundraising at XXX Hospital.

Initial steps for the study followed best practices. We began by developing an early-stage written statement of the case for support of the Hospital and its potential giving opportunities, based on the needs of the Hospital as identified by the CEO. We then identified key individuals, secured their agreement to participate, interviewed them privately, and formulated findings and conclusions based on what they said and what could be learned elsewhere about them and the community. The research process also included considerable Internet research—about the interviewees, the community and the Hospital's competition for donor dollars—and a review of information and materials provided by XXX Hospital.

The original plan and agreement was to interview between 40 and 50 individuals. A reliable sampling of capacity and interest required 56 interviews with a total of 62 individuals (including seven married couples, four from the community and three from the Hospital family). For a list of interviewees, see Appendix A.

Of the 62, a total of 29 were men, 33 women. Although we did not test for age, most participants appeared to be, or reported that they were, in their 60s, 70s or 80s, with perhaps a dozen younger than 60. All but three were Caucasian. For a list of all interviewees, see *Appendix A: List of Study Interviewees.*

The 56 study respondents included:

Hospital Board Members	5
Hospital Foundation Board Members (plus one listed below as a physician)	14
Hospital Senior Managers and other "Family"	7
Physicians from the Medical Staff	6
Individuals from the Community	21
Couples from the Community (interviewed together)	4
TOTAL NUMBER OF INTERVIEWS	56

Study Schedule

The first study interview was conducted on April 18. The 56th interview was done on July 13.

It was originally hoped that the interviews might be completed in May, that is, in a shorter window of time than is standard. This goal was set in response to the Hospital CEO's request for speed, a general desire to build quickly on the Hospital's new momentum, and a desire to avoid the challenge of scheduling meetings once summer arrives. In the end, the length of the process somewhat exceeded that of a typical study, because the process of identifying, recruiting and scheduling interviewees proved far more time consuming than usual. Because of a shortage of resources that are usually provided by the institution, the process also required considerably more time on the part of the study directors than is typical. This is informative for planning purposes.

Participant Selection Process

Following best practices, the initial group of study participants included all Hospital and Foundation board members, plus a selection of Hospital senior managers and physicians. In addition, it was determined that two other close friends of the Hospital should be asked to participate: (Name), for her leadership of the SNF fundraising project, and (Name) , for his leadership of the Finance Committee.

The Hospital CEO identified six physicians to be interviewed. She selected a cross section of long-time members of the medical staff, and young doctors relatively new to the community. They were a mix of primary care physicians, specialists, hospitalists and those in community practice.

The initial set of community participants came from a list of top existing donors culled from the Foundation database. Philanthropy Committee members were interviewed individually to obtain pertinent information about these donors to determine their appropriateness and relative importance for an interview and to hear suggestions for additional community members who might be interviewed. Names of other leading community members emerged during the interviews and some of these were subsequently invited to participate.

Invitation Process

Invitations to participate were issued either in person or over the telephone by members of the Philanthropy Committee or by an influential community volunteer. We are grateful to Hospital Board Chair (Name), XXX Hospital CEO (Name), Hospital Board 2nd Vice Chair (Name), XXX HOSPITAL Foundation Board Chair (Name), Foundation Executive Director (Name), and community members (Name) and (Name) for their assistance in the invitation process.

The verbal invitations were followed by a letter to the interviewee signed by the Hospital CEO on Hospital stationery.

A copy of the early-stage case statement accompanied each invitation letter. About midway through the study process, a few substantive changes were made to the case statement to reflect new Hospital financial data and other information. Hospital Board Chair (Name) was instrumental in effecting these changes, and we are grateful for his assistance.

In addition to the interviews themselves, of interest was the process of *obtaining* the interviews, in as much as the ease or difficulty of this process is a predictor of the ease or difficulty of obtaining later meetings with the same or similar individuals for campaign purposes. It is valuable to know how easy it is to reach, and engage, potential major donors, possible campaign leaders, physicians and board members; what degree of access can be provided by the Hospital's own family; what obstacles might exist to reaching key individuals; and how willing they are to be involved. Were people eager, indifferent or hesitant to be interviewed?

During the interviews themselves we looked for attitude toward the Hospital and Foundation. Were people hostile or friendly? How sophisticated was their understanding of major-gift fund

raising? How familiar were they with the Hospital, the Hospital Board and the Foundation? Did they have ready answers to questions? And, how willing were they to commit to supporting a campaign and making a gift?

As for background materials, of interest was the comprehensiveness and quality of such materials, as well as their content. For example, for purposes of a campaign it was important to learn what information is maintained about donors and prospects, how current are these files, who maintains them and how.

Interview Process

All study interviews were conducted in private, with only the interviewer and interviewee(s) present, to encourage candor and thoroughness. Seven interviews involved married couples (Names). Because both of the (Couple's names) are Foundation board members, their responses were tabulated separately. Similarly, Mr. and Mrs. (Name) were tabulated separately, because they each play a significant separate role in relation to XXX Hospital. In all other cases, a couple was counted as one interview.

Most study interviews took place at the respondent's home or place of business. A few (Names) took place at the Hospital per the interviewee's request.

The original plan called for some participants to be interviewed in one or two small groups. This would have allowed for a shorter study period and a more standard study structure. However, because of the complex and often challenging recent history of the Hospital, we quickly concluded that greater candor and thoroughness would be achieved if all interviews took place individually. Therefore, there were no group interviews.

It was emphasized at each interview that all comments and opinions would be held in strictest confidence. Only aggregate findings and anonymous quotes are presented in this report.

The results of these sessions were compiled, and the findings analyzed, evaluated and reviewed. Also taken into consideration in the conclusions and recommendations is our experience with many other hospitals.

Analysis Process

Using the information and observations collected during the research phase of the study, we looked for patterns, trends, highlights, such as:

- Multiple respondents who expressed the same or similar thoughts.
- Multiple data points that led to the same conclusion.
- Applicable skills, gaps, and availability among potential volunteers and staff.
- Individuals who are familiar with standard campaign techniques or who learn fast.
- Individuals who have, and are willing to provide, access to top prospects.
- Availability of resources necessary to conduct a campaign.

We then worked together to organize and articulate these findings into a preliminary report for review with the leadership prior to finalization.

Reporting Process

Results of the study were delivered in two parts. Findings and conclusions were presented in five private meetings with individual members of the Philanthropy Committee: the CEO (July 19), the chair of the Hospital board (July 21), the 2nd vice chair of the Hospital board (July 21), and the chair of the Foundation board (July 22). The private nature of these meetings gave the leadership an opportunity to answer any further questions, and discuss the details, in the same confidential manner as was done during the initial interviews.

Recommendations on how to move forward with a campaign are being presented in two meetings: the first—with the CEO, Hospital chair and 2nd vice chair—on August 11 and the second—with the president of the Foundation board—on August 12. This two-part approach was intended to give the leadership an opportunity to reflect on the findings before moving on to the recommendations.

5. FINDINGS AND CONCLUSIONS

The interviews and other research yielded a rich collection of information, ideas, questions and opinions. The following observations are derived from the findings and other insights obtained during the research. Sample comments from interviewees are presented anonymously and shown in quotes to differentiate them from the report narrative.

5.1. Findings and Conclusions About The Study Process

Identifying, inviting and scheduling top prospects proved more challenging than usual.

Some of the names suggested were not individuals with a high giving capacity. Some of the individuals were known to have high capacity but had no known interest in, or connection to, the Hospital. Some were beyond the reach of anyone in the Hospital family and could only be reached through extra "degrees of separation" or not at all.

There were some delays, sometimes lasting several weeks, between a request that an individual be invited to participate and the actual invitation. There were also times when there was no clerical staff available to schedule a meeting and/or send out the pre-interview package.

The goal in making these observations is not to assign blame or find fault but to acknowledge reality, so that any plans for a campaign will be realistic and so it is known what challenges may lie ahead.

In summary, what these data points tell us is that cultivating major prospects will require more help from individuals outside the Hospital family and more time than is usually necessary. In general, more than the usual number of people outside the inner Hospital and Foundation circle will need to be recruited to help. Members of the Hospital and Foundation families will require training. And, additional staff hours will need to be devoted to the process.

The interviews provided an opportunity for cultivation as well as for deriving answers.

Because of what one participant called the Hospital's "history of turmoil," the experience and the valence of the study interviews became as important as the input provided. Few organizations have a greater need to "get past" "old baggage" than XXX Hospital does at this time. It was hoped that by giving participants an opportunity to talk about their feelings and experiences

related to the Hospital, the process might mark the end of an era and the beginning of a fresh start.

Although there is no way to verify these results without a second survey, it can be reported that many interviewees volunteered that the interview had been a positive experience, several key meetings lasted much longer than would be expected (more than two hours for some, three hours for one) if the experience had not been positive, and all participants agreed at the end of their interview to be called upon again if needed .

The process was equally valuable in understanding where the "sore spots" from past difficulties are located, how deep they run, how they might affect a possible campaign, and what might be necessary to mend broken fences. The interview process gave key individuals an opportunity to talk about the past and then, at least for the duration of the interview, move on. People also recollected positive impressions about the Hospital. They expressed a range of opinions. They shared their understanding of the Hospital's situation and were told they were appreciated for their insights. They were also invited to start thinking about whether and how they might help. Thus the study itself provided a means of cultivating relationships with the Hospital for possible campaign purposes.

5.2. Findings and Conclusions about the Study Group

A reliable sampling of capacity and interest required more interviews than usual.

In most hospital feasibility studies a significant number of respondents belong to the Hospital's own family of board members, physicians and senior executives. In order to obtain a reliable indication of the community's ability and willingness to support a campaign for XXX Hospital, it was necessary to identify and recruit more participants, that is, 56 total interviews rather than the usual 40 to 50.

Respondents tended to fall into two broad groups with differing capacity and attitudes.

Most of those with the greatest potential to give at the level required for a successful campaign are not, or no longer are, part of XXX Hospital's inner family. Others, many of them part of the family, are willing to give all they can, but their potential is not at the level required for a campaign appropriate in size to the significance of the Hospital in the community.

During the interviews, members of the first group tended to exhibit more skepticism and to ask more probing questions than the second group. There were more individuals from the second

group in the sample size than is typical or preferable for major-gift fundraising purposes, and this presents an extra challenge to an expansion of fundraising activities.

This distinction between the two groups did not occur by design. Rather, through their responses, participants revealed their giving capacity and their attitudes toward the Hospital and Foundation—and these two general groupings gradually became apparent.

For purposes of illustration, we have used two colors to differentiate these two groups (see Table 1). We have used the color Gray to represent the first group (the Gray Group) because they tended to see more shades of Gray in any situation. They haven't given up on the Hospital, but most of them are less involved than they used to be, or they remain as involved as ever but have lingering doubts and concerns.

We have used the color Rose to represent the second group (the Rose Group) because these individuals tended to take things more at face value and to have a generally rosier outlook on the Hospital and Foundation. They are also, as a group, more directly involved in the day-to-day happenings of the Hospital and Foundation.

Table 1: De Facto Grouping of Interviewees

Gray Group	Rose Group
More shades of "gray"	*"Rosier" outlook*
Mostly not XXX HOSPITAL family	*Mostly XXX HOSPITAL family*
Higher giving capacity	*Lower giving capacity*
Have mostly stepped away	*Remain involved*
Not ready to commit	*Ready to commit*
More skeptical	*More accepting*
More probing	*Less questioning*

In addition to major donor prospects, the Gray Group includes a number of individuals who are not likely to be major donors but who have an entrée into their ranks. The two groups are not

rigidly separate and these color choices should not be taken too literally. There are some people with a foot in both worlds, but the grouping is useful for analysis purposes all the same.

There is probably a third, middle group, but most of these individuals have social standing if not major giving potential, making them Gray Group members because of their relationships within the donor community even though they themselves probably do not have the capacity to make a significant gift. They also tended to share the Gray Group's attitudes toward the Hospital and its situation.

The vast majority of respondents said they have used the Hospital for health care.

This was true at every level of giving capacity and involvement. Only 5 of the 56 respondents reported never having used the Hospital. Thirty-four said "yes," they used it, and 51 of the 56 respondents (91%) said either "yes" or "some."

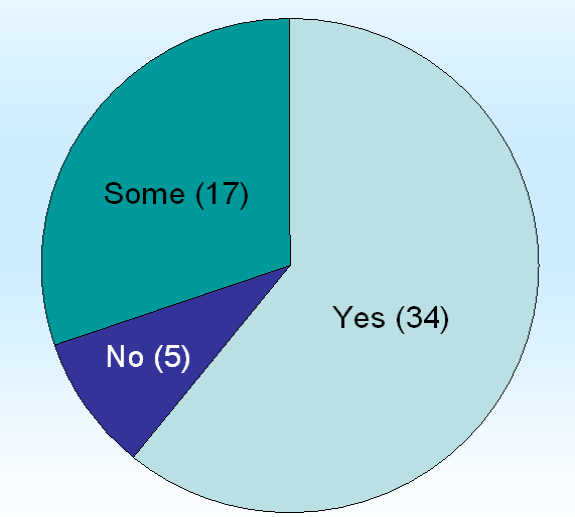


Figure 1. Do you receive your health care at XXX Hospital?

Most study participants were in their 60s, 70s and 80s.

This is advantageous for fundraising, in that most health care is consumed by older adults, who, as grateful patients, are any hospital's likeliest donors. Moreover, the major donors and leaders in any community tend to be in this age group, and this may therefore be an indication of philanthropic capacity. The downside is that the next generation of local residents is not well

represented for fundraising long term. While this is not unusual, it does speak to a gap in planning for future fundraising.

Where the youth shortage is most striking is on the Foundation board and in the Foundation's core donor base. The Foundation Board brings the benefit of experience to the table; however, this is not enough to sustain current activities long term, or to prepare for an expansion into major-gift fund raising.

Also relevant to this point is the Hospital's recruitment of younger physicians to the medical staff. These individuals tend to be energetic and willing to be trained in the art of the physician as fundraiser. Given the proclivity of grateful patients to give when asked by their physician, these younger physicians are valuable candidates for involvement in future fundraising activities.

Most of the local philanthropic community lives in the same neighborhoods.

A number of respondents suggested that any campaign for the Hospital focus on the residents of these neighborhoods, most but not all of which are located in the hills surrounding the town.

(List of Neighborhoods)

This does not mean everyone who lives in these neighborhoods has the potential to make a six- or seven-figure gift, but it does almost certainly mean that most such gifts will come from these neighborhoods and that a campaign might benefit from taking this breakdown into account for planning purposes.

Several respondents said the local philanthropic community includes between 100 and 200 individuals "who know and respect one another." That said, focusing on the Gray Group will require careful planning and great discipline.

While everyone wants to have the Hospital in the community for emergencies, those with the highest capacity to give tend to want it primarily for backup.

"My own doctors are at UCSF."

"If I got cancer, I would go to Stanford."

"Of the top 100 names, 50 would not go to the ER here, even in an emergency."

"I wish (XXX Hospital) could be a satellite (of UCSF)."

"Once I'm stabilized I can fly anywhere."

These respondents appear to value the Emergency Department (ER) far more than any other services of the Hospital and they expect to use the Hospital only for situations where they cannot safely reach their own physicians and preferred hospitals in time. The good news for a potential campaign is that the ER, which is widely seen as vital, is at the center of the upcoming facility expansion.

The challenge for fundraising is that with a few notable exceptions, these respondents cannot be regarded as "grateful patients" in the sense of having had a life-threatening healthcare incident that was handled entirely at the Hospital. This is a significant finding because of the important role of patient gratitude in giving to hospitals.

Four other local populations were not polled.

- **Non-Integrated Second Homers**
- **The Hispanic Community**
- **Younger Adults**
- **Tourists**

Several study respondents suggested that the first group, the Non-Integrated Second-Homers, may have significant giving potential. "Non-integrated" refers here to those couples and individuals who own property in the community but do not self-identify with the community and/or do not get involved in community affairs. This group also includes individuals who think of the community as their "home turf" but who have multiple homes in other communities and, probably as a result, are not much involved locally.

Many Gray Group members have more than one home, but they think of themselves as residents of this community first. They are part of the local social scene, they regularly contribute to local causes, and their neighbors in the community know who they are; this was evident from the study responses.

Numerous participants mentioned second-home owners as potential donors in the abstract; however, as one interviewee joked, "They get talked about a lot but nobody has ever seen one." Their lack of engagement makes them much harder to reach and much less reliable as a donor group than those who are well integrated into the local community.

As for the other three untapped populations mentioned here, their giving capacity and interest remain unknown to the Hospital. Given the effort that would be necessary to reach a representative sampling of these populations, and the example set by countless other

communities that have raised money for hospitals, none of these groups is, should, or can realistically be a priority at this time. None of them are traditionally identified as a group with significant philanthropic support, none of the study participants added significantly to an understanding of them, and additional sources of data were not sought.

That said, the community's support for the most recent bond measure suggests that the vast majority of local property owners do care about the Hospital to at least some extent, irrespective of their level of engagement with the Hospital otherwise. What is not known is their philanthropic potential or any interest they may have in getting involved.

The best way to attract philanthropic support from any of these groups is through the quality of the Hospital's patient care – which is much more about personal attention than it is about state-of-the-art equipment or attractive surroundings. The organization's visibility also plays a role; just being reminded that the Hospital exists will occasionally inspire a surprise gift.

5.3. Findings and Conclusions Related to the Community's Perception of the Hospital

Interviewees across the board said they value and appreciate the Hospital.

More than three fourths (43 of 56 or 77%) of respondents reported "very positive" or "generally positive" thoughts and opinions about the Hospital. Especially in light of recent political turmoil and widespread concerns about the Hospital's viability, this is a significant finding that supports moving forward with a campaign.

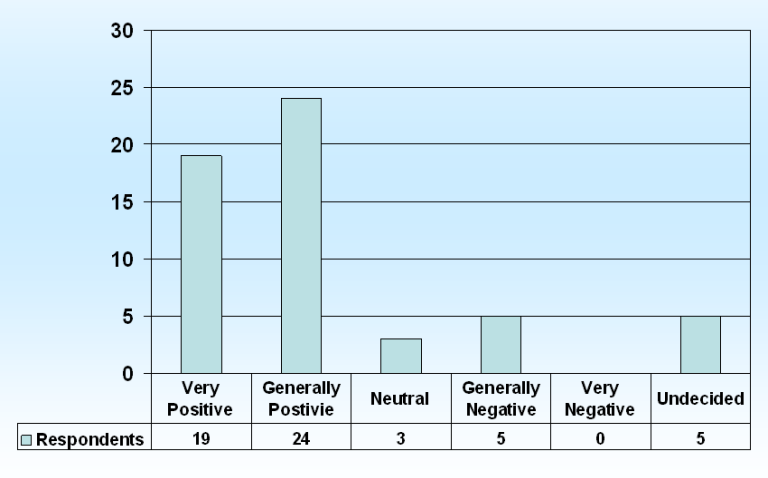


Figure 2. What are your overall thoughts and opinions about the Hospital?

Not a single person said the Hospital is superfluous or should be replaced with an urgent care center. This was the case regardless of the respondent's giving capacity or level of involvement. Below is a sampling of anonymous quotes from both groups to illustrate the high level of support for the Hospital's continued presence in the community.

All respondents think the Hospital's future is important or very important.

"If we don't have it, we're in deep trouble."	*"What are you going to do without it?"*
"How can you have a community without a hospital?"	*"The Hospital is fundamental."*
"The community wants to support the Hospital."	*"I absolutely believe in its importance."*
"I can't imagine the (community) without it."	*"The community would really be hurting (without it)."*
"Obviously I would like to see it succeed."	*"Everyone wants it to stay."*

All 56 respondents said the Hospital's future was either "somewhat" or "very" important, with more than three out of four (43 out of 56 or 77%) weighing in at "very important."

No one said they thought the Hospital should close. No one said it should be downgraded to an urgent care center. No one said they didn't care what happened to the Hospital.

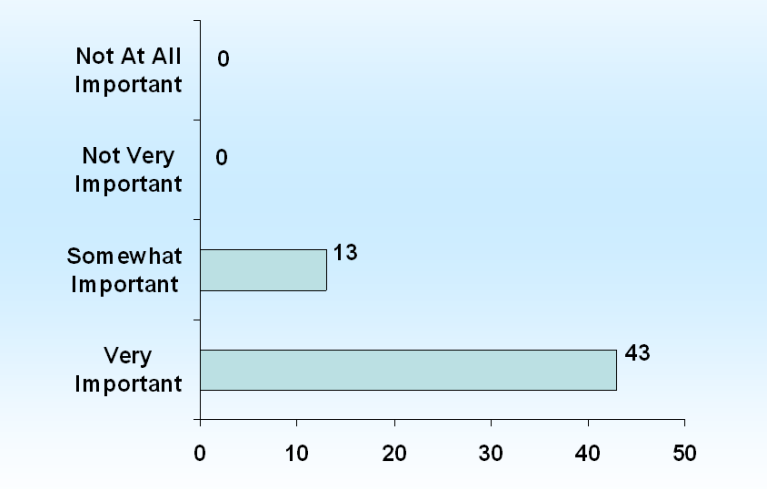


Figure 3. How important to Sonoma is the future of the Hospital?

What is significant here is that these indications of support came in nearly equal measure from all levels of giving capacity and all degrees of involvement with the Hospital. Outside of the study group, the study directors have sometimes heard a different perspective expressed in the local community, to the effect that all this community really needs is an urgent care center. Given the importance of the study participants to a possible campaign, it is significant to hear them express such great support for the Hospital.

Most respondents praised the Hospital's patient care.

"Exemplary."	***"Excellent."***
"Always satisfied."	***"Extremely positive."***
"A 4.5 out of 5."	***"It's a gem."***
"Everyone was delightful."	***"Quite wonderful."***
"A great resource."	***"Very caring."***
"Loved it. Fantastic!"	*"For the most part people think it's wonderful."*

Not every single respondent had praise for the quality of the patient care, and some individuals did share personal stories or gossip about poor physician bedside manner, hospital-acquired

infections, outdated facilities and careless nursing care, but these were almost always stories from the past accompanied by positive remarks from the same person. It was gratifying to hear compliments for the patient care from so many different people, at every socio-economic level that was tested.

Almost every respondent recollected past Hospital controversies.

Some of the issues mentioned were these:

- Near closures of the Hospital.
- The question of whether to build a new facility or update the existing one.
- Rumors of (confidential).
- The failure of past bond measures.
- The departure of young physicians after the failure of one bond measure.
- Controversies associated with past leaders.
- Past administrative firings and turnover.

A few respondents expressed continued emotional distress around one or more of such issues, and almost everyone had at least one story to relate. Gray Group members tended to describe the issues in more detail, and with greater intensity, than Rose Group members.

Major donors in particular want the charitable causes they support to be stable and non-controversial. Fortunately, even most respondents with long tales to tell went on to express optimism.

Respondents said they think the Hospital is now recovering after years of uncertainty and turmoil.

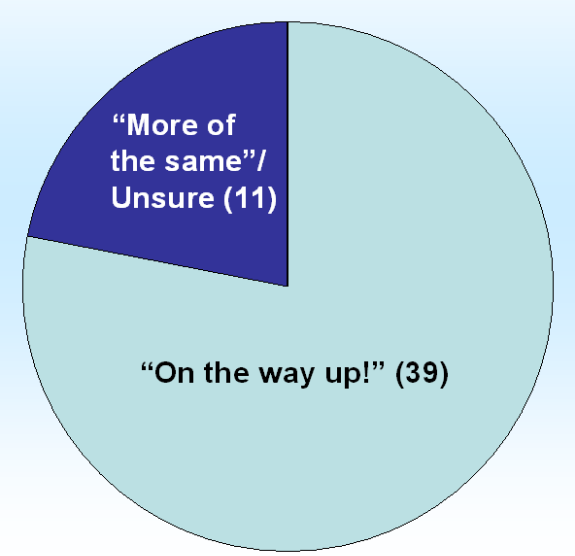


Figure 4. In your view, what are the community's perceptions of the Hospital?

""I see movement."	***"It's like a spark has been lit."***
"On the right road."	***"Positive changes."***
"Major steps forward."	***"I'm hopeful it's heading in the right direction."***
"It's in better shape than it has been in a long time."	

Without prompting, 39 respondents (70%) expressed optimism about one or more aspects of the Hospital's recent performance relative to the past: e.g., its financial prospects, its strategic plans and recent achievements, and the competency of its leadership. This is good news for fundraising.

Often the perceived upswing was associated with interpersonal relationships. *"The good news,"* one respondent said, *"is, (we're) not reading in the (local newspaper) about political (upheaval) anymore. The last two or three years it's been quiet."* This quote came from an individual with significant giving capacity. It is worth singling out because of the key point it makes. Local residents have been suffering from a kind of battle fatigue with regard to the Hospital. They seem visibly relieved to see the Hospital reach a state of relative *"calm"* and they see this as a sign of growing strength and stability.

These remarks seem to reinforce the message expressed in the case statement that the Hospital has turned a corner and is heading in the right direction. In other words, the title of the document ("Turning Point") is probably appropriate.

This sense of momentum suggests that the time is right to seriously consider a capital campaign.

The sheer force of optimism can sometimes overcome any number of obstacles, if that particular emotional state can be maintained and nurtured.

Participants said the Hospital Board has shown "improvements."

"Improvements in the last 4-5 years."

"Terrific potential."

"Logical, methodical."

"I'd like to think we can rely on them."

"They show more recognition of the Foundation's importance."

"Not as contentious."

"Not so argumentative."

"An outstanding group with a thankless job."

Thirty-two respondents (57%) called the current Hospital board ""good" or "very good." The study group's most frequent observation about the board is a comparison with past boards and an appreciation of the fact that *"at least"* there is less divisiveness than in the past. It is clear that potential donors want this trend to continue across the entire Hospital family.

Fully a third (34%) of respondents said they "don't know" enough about the current board to judge its effectiveness. Many said they do not attend Hospital Board meetings and although a few said they watch the meetings on television, they said the Board's activities are no longer talked about or noticed anywhere near as much as they were a few years ago. In the absence of drama, respondents said they have turned their attention elsewhere. This was seen as *"a good thing,"* a sign that the Board was no longer generating controversy through *"bad decisions"* or *"cantankerous"* interactions.

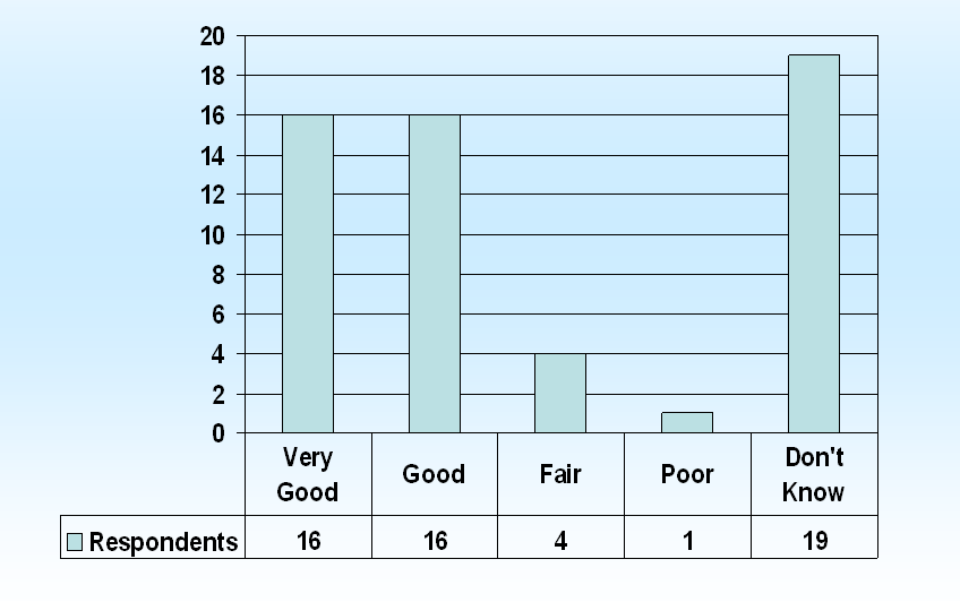


Figure 5. How would you rate the leadership's effectiveness? (HOSPITAL BOARD)

Concerns about the Hospital Board were almost entirely confined to top prospects and influencers.

"No healthcare expertise."

"No (unified) mentality—five different people."

"Dysfunctional. No experience with healthcare."

"A lot of indecision."

"I don't think they understand the true situation of the Hospital."

Once again, the Gray Group showed itself to be more discriminating and skeptical than the study group as a whole. Of the five respondents who charged the board with being only "fair" or "poor," all were in this group. However, there was no negative emotional charge attached to these concerns, and the issues are mostly ones that are subject to change over time.

Interviewees singled out the Hospital Board Chair for universal respect.

"A good thinker."

"A thoughtful man….He changed the cantankerous (tone of the board)."

"A gentleman."

"If you could clone four more of him…."

"Knows all the locals."

"I get along with Peter."

Everyone who mentioned the Board Chair had something positive to say, an indication of the respect he engenders throughout the community.

In addition, his participation as one of four co-chairs on the successful bond measure campaign speaks to his ability to follow through and work successfully with a team to achieve a funding goal. When asked to invite people to participate in the study, he carried out his assignments quickly and effectively, getting us "in the door" with several key people, even when he himself was not closely connected with the individual. Moreover, he repeatedly made himself available on short notice to refine the case statement, suggesting language that was clear and well crafted, demonstrating an understanding of the messages that needed to be conveyed, and at one point interrupting his vacation to work by telephone with one of the study directors at a key moment in the process. In short, despite his lack of experience in fundraising, he would be a great asset to a campaign.

Interviewees singled out the Foundation President for respect and gratitude.

"Admirable."

"(Names of Foundation President and spouse) are wonderful. We're so lucky to have them."

"(She is) well thought of."

"I have tremendous respect for what she has done."

"She has done terrific things."

"Very effective."

"An incredible force, truly dedicated."

"Very dedicated….been a good leader."

"She has done a marvelous job."

The traditions of giving to the Hospital through Foundation activities can be nothing but positive for a potential capital campaign.

The majority of interviewees recognize the Foundation Board's strength in producing events.

"The Hospital is lucky to have such a devoted group of people doing events."

This speaks to the importance of the Hospital in the life of the local community.

Most interviewees expressed positive impressions of the Hospital CEO.

Fewer respondents said they "don't know" enough about the CEO to register an opinion than said

"The right kind of person to shake things up. A breath of fresh air, dynamic, decisive."

"

"

"I like her style."

"I hear good things."

"A fresh face."

"She seems to be more pro-active."

"Going over very well."

this about the Hospital board (10 vs. 19 for the Hospital board). In fact, 70 percent rated the CEO's performance as "very good" or "good." Only one person said the CEO "might not be the right person for the job."

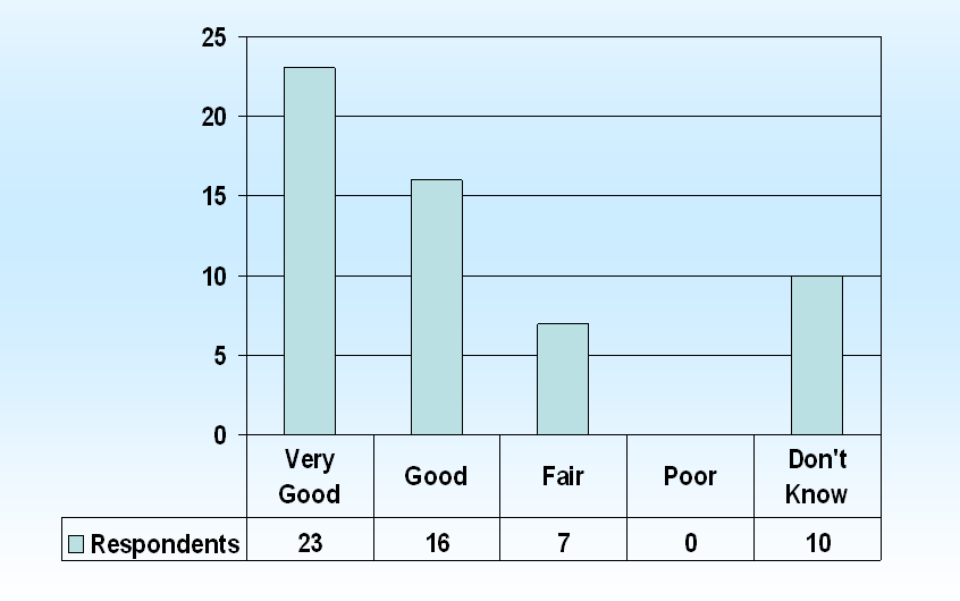


Figure 6. How would you rate the leadership's effectiveness? (CEO)

Although most high-capacity respondents said they have not had personal contact with the new CEO, many said they had "heard good things." Even those who hesitated to commit to "***very*** good" were generally satisfied but wanted to *"wait and see"* until time passed and their concerns were either addressed or not addressed. These concerns centered primarily on the Hospital's financial picture and the CEO's ability to influence them. A few respondents expressed a desire for the CEO to demonstrate a greater commitment to the local community *("She needs a bigger physical presence in the community.")* The CEO's visibility in the community and involvement in the campaign will be essential to success.

Most Hospital family members (the Rose Group) had unqualified praise for the CEO.

This is a significant and meaningful shift in attitudes relative to previous administrations, which numerous respondents criticized in their interviews (Confidential quotes listed here). This level of support for the current administration from insiders is evidence of growing trust in the Hospital, and excellent news for a campaign.

"She 'gets it.'"

"Engaging the doctors, staff, and community."

"A hospital administrator par excellence."

"Breath of fresh air."

"Good sense."

"Incredibly dynamic."

"A whole new level of organization and respect."

"Quickly grasped the big picture."

"Not pie in the sky…good impression."

5.4. Findings and Conclusions Related to the Case and Funding Priorities

Most study participants found the case statement compelling.

"Spectacular. I made my husband read it."

"Really good."

"Very well written."

"An accurate picture."

"Very well thought out."

It's a great case. If anything it's conservative."

"Really good…A lot of selling points."

"I learned more from your document (than I've heard in a long time.)

"I'm very impressed."

More than two thirds (38 of 56 or 68%) of respondents said the document made a strong case for supporting the Hospital. Another six (all of them knowledgeable prospects or influencers) added qualifications to their positive response.

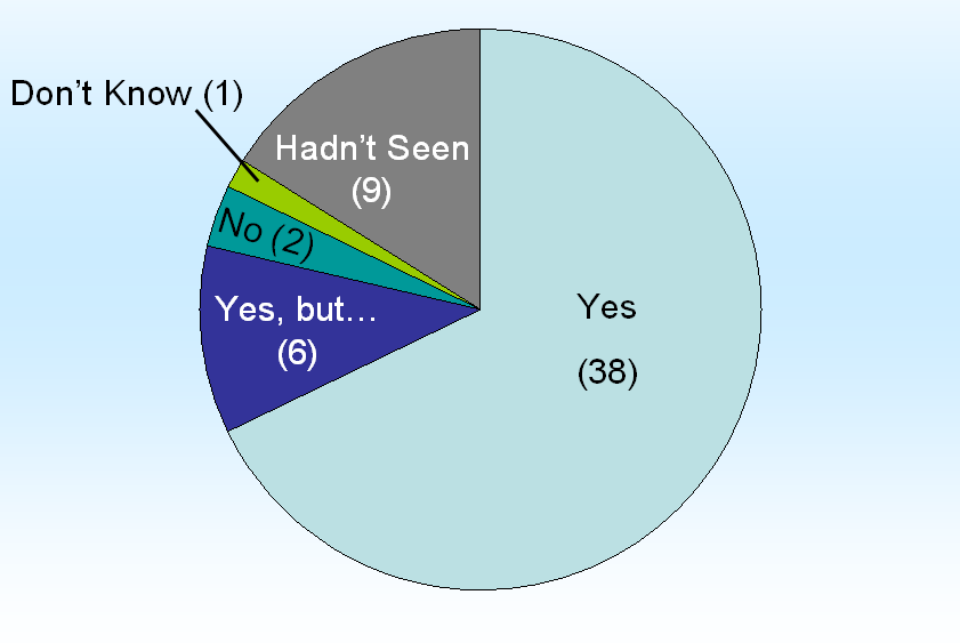


Figure 7. Do you think the case statement makes a compelling argument for giving to the Hospital?

Key individuals said they want to see more proof of the Hospital's viability, and a link between viability and philanthropy.

"I want to see the math, the long trend."

"How will (philanthropy) affect the bottom line over the next 10 years?"

Assuming that a campaign moves forward, an expanded version of the case statement should cover these and other important messages, especially for top prospects and influencers. As one influential respondent said, *"You haven't really built a case for the top 100 people to give."*

Two other observations about the case from high-capacity respondents deserve mention:

Several influential respondents were dissatisfied with the document's explanation of why additional funding was needed in light of the bond measure's passage.

"The bond measure is not effectively addressed."

One person wanted more details about the *"philanthropic and political backwash,"* referring to the controversies of recent years. This comment was an anomaly, however; although many participants talked about the past troubles, only this one individual asked to see them described in the case statement.

Almost no one saw "Patient Room Renovation" as a top giving priority.

"I thought that was supposed to be covered in the bond measure." *"Didn't we pay for that (with the bond and parcel tax)?"* *"Not as compelling."*	*"Harder to sell."* *"Important but not the top priority."* *"(People) won't understand it as well."*

When shown and asked to prioritize the list of giving opportunities, very few respondents even mentioned the renovation of second-floor patient rooms, let alone saw it as a serious priority for fundraising. For planning purposes, this is a very important finding, in as much as early discussions of a campaign had centered on this need.

Patient room renovation seldom came up at all during the interviews, and the study directors did not press the issue, so the reasons for this lack of interest are not known with any certainty. At

the same time, one might speculate that high-capacity prospects are particularly inclined to dismiss the importance of patient accommodations because they never expect to need them; rather, they envision themselves being quickly transferred to another, larger facility as soon as they are stabilized in the emergency room. They do not picture themselves ever needing acute patient care at a community hospital, so they don't find the need compelling. On the other hand, respondents from both the Gray and Rose groups dismissed patient room remodeling in equal measure, making it appear to be a low priority across the board.

Shown the list of possible giving opportunities, the majority of interviewees chose the ER as their top funding priority.

"People only want the ER."	*"Far and away."*
"It's life or death."	*"The bond passed because of the ER."*
"Absolutely the key."	*"A very strong draw (for donors)."*
"It's the only part I've ever used."	*"Definitely."*

Most respondents have used the ER or have been there with a family member. This includes every respondent who has raised children in the community. Thus, it should come as no surprise that emergency care was mentioned most often as the most compelling element of any campaign for the Hospital. This is not to say that other giving opportunities were seen as unimportant, but few interviewees mentioned any other item on the list before mentioning this one.

The ER was followed closely by Diagnostic Imaging and Surgery as giving priorities.

The majority of respondents tended to group together these three services—ER, Diagnostic Imaging and Surgery—when they spoke about the giving opportunities, as if the three services were clinically linked. For fund-raising purposes, this tendency to combine the three was encouraging. Establishing a psychological link between the ER and these other two areas increases their appeal.

ER, Diagnostic Imaging, Surgery	Diagnostic Imaging
"Those three are about equal."	*"That to me is vital."*
"Well, obviously those three."	*"The most appealing."*
	"Number one."

Opinions about Electronic Health Records (EHR) varied widely.

If there was any pattern to opinions about EHR as a giving opportunity, it was respondents' tendency to place it in the middle of the priority list, with ER, Imaging and Surgery higher on the scale and nursing education and endowment lower. A small number of respondents highlighted it as a compelling gift idea. Others said they didn't think most people would "get it."

"All major donors will want it."	*"Sexy."*
	"#2 after Diagnostic Imaging."
	"#2 after the ER."
	"Top of the list."
"I know the importance but it's a hard sell."	*"I'm not a proponent."*
	"A little controversial."

Professional education was seen as important but not a fundraising priority.

"It's such a small amount."

The only respondents who gave this topic more than a quick mention were the healthcare professionals. Most others, if they mentioned it at all, seemed to think the need would solve itself, given what they perceived as the relatively minor investment required.

Everyone who talked about endowment acknowledged its value.

Although endowment appeared on the list of choices for giving opportunities, very few respondents singled it out for discussion without prompting. Those who did so tended to speak of it in general terms, as something the Hospital *should* pursue rather than as something they themselves felt a strong inclination to support. It should be mentioned that 19 (34%) respondents neither raised the subject nor, for various reasons, were prompted to do so.

"Maybe they should get serious about legacy gifts."

"The (Community) has an inordinate number of couples without children."

"Vintage House has had a lot of success with that."

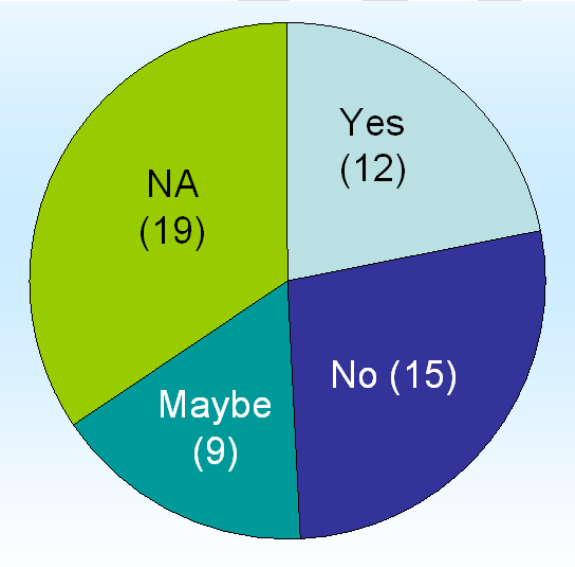


Figure 8. Can you see yourself contributing to an endowment for the Hospital?

"Healing Environment" fell at the bottom of the priority list for fundraising.

"We don't need frills."	*"No!"*
"That's nuts!"	*"Give me a break!"*
"I'm stunned (by the cost)."	*"I think people would criticize…."*

"I'm skeptical."	*"Bottom of the list."*
"Bottom of the list."	*"If something has to come off the list. . . ."*

No more than four or five participants, all of them women, expressed any interest at all in this category, and everyone who mentioned it did so with the stipulation that it was nowhere near as important as the needs associated with emergency care, surgery or diagnostic imaging. Some respondents expressed surprise that it was even being considered, given the perceived greater importance of the other needs.

5.5. Findings and Conclusions about a Possible Campaign

The Hospital lacks a campaign history.

Because the Hospital has never before undertaken a major capital campaign, there is a lot of work to be done to prepare.

Almost all respondents said they would support a campaign and speak well of it.

"Absolutely. "If it's run right, I'll support it."	*"It's pretty obvious."*
"Very supportive."	*"Totally supportive."*
"Yes!"	*"Yes!"*
"Yes!"	*"Yes!"*
"Yes!"	*"Yes!"*
"What this hospital desperately needs is some kind of success."	*"What's more important to support than a hospital in our community?"*

Forty-eight respondents (86%) said they would be "supportive" or "very supportive" of a campaign for the Hospital, while another seven (12.5%) indicated they would be "somewhat supportive." Only one respondent said firmly that support would definitely not be forthcoming. There was a general acknowledgement that increased fundraising is something that should be done. Obviously this was a key finding, indicative of the community's expectations that a campaign will take place.

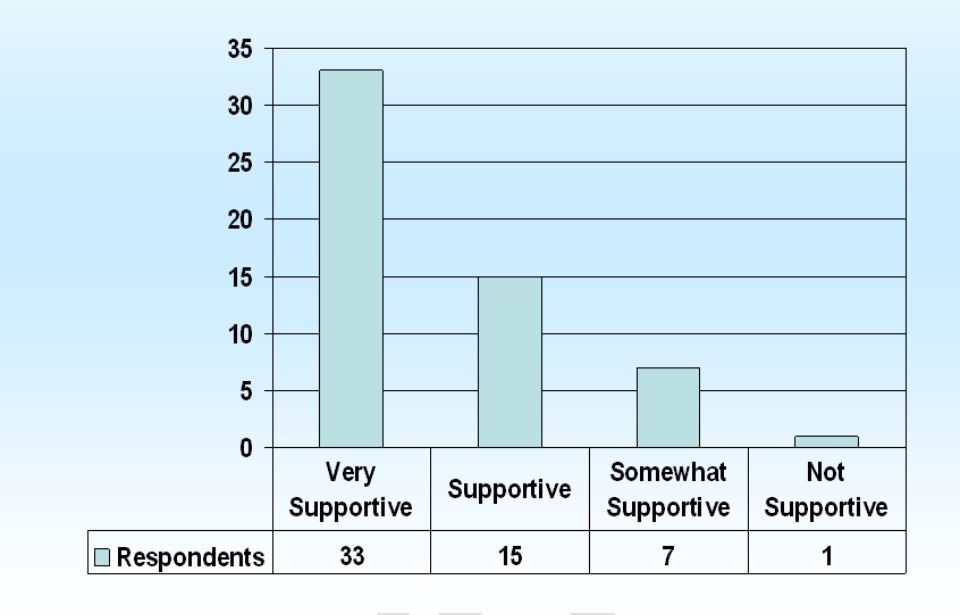


Figure 9. How supportive of a campaign would you be?

Most participants agreed to volunteer for a campaign.

"If you think it would help."	*"Happy to help."*
"I wouldn't rule it out."	*"I would love to meet with (prospects). "*
"I hate it (asking for $) but I would do it."	*"Happy to be on the team."*
	"If needed."

Thirty-eight respondents (59%) said they would help with a campaign, while another 10 (17.8%) said they would pitch in if the work didn't require too much of their time. Participants from every level of giving capacity and from all degrees of involvement with the Hospital said they were ready to step forward.

Some of the highest-profile leaders in the philanthropic community agreed to lend their names to the campaign—if it is well run and if unanswered concerns can be adequately addressed . Many Hospital family members offered to play an active role on the team—if they were provided with the necessary training and support.

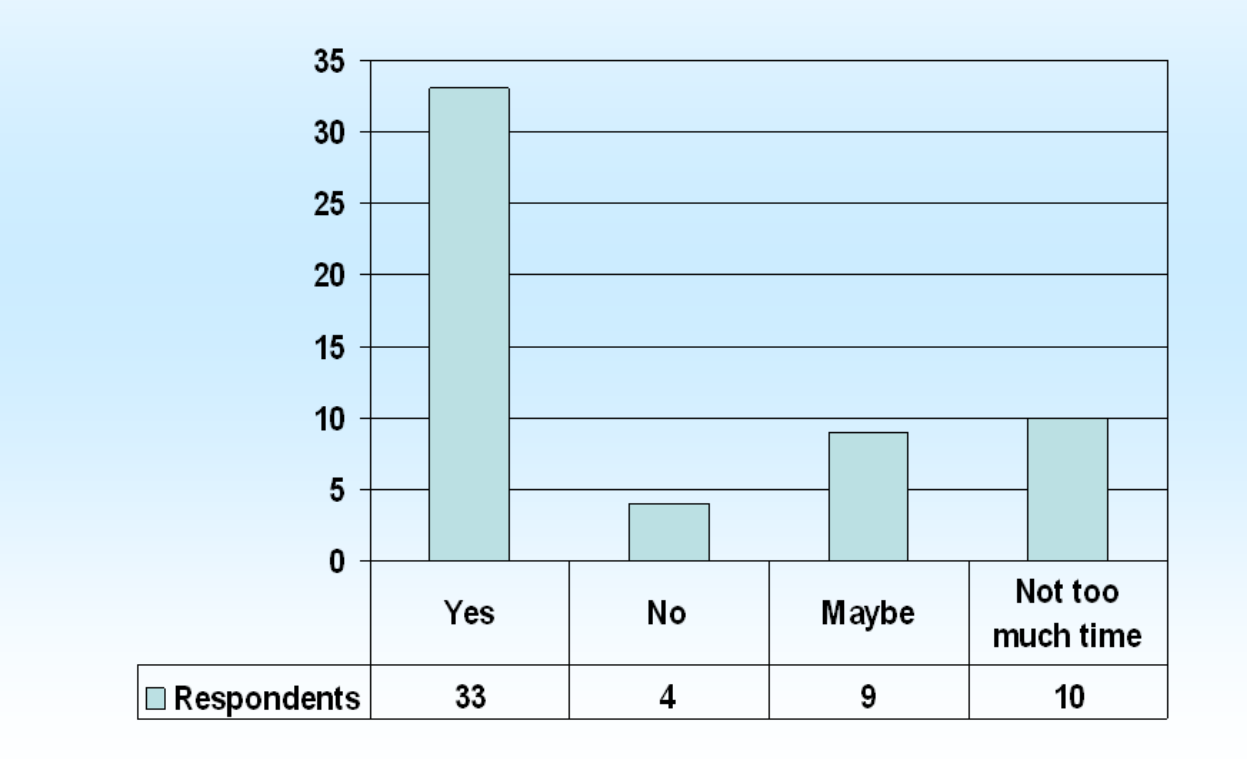


Figure 10. Can you see yourself volunteering for a campaign for the Hospital?

Many interviewees will give at the level of their financial ability.

Only one interviewee said a contribution would not be forthcoming under any circumstances.

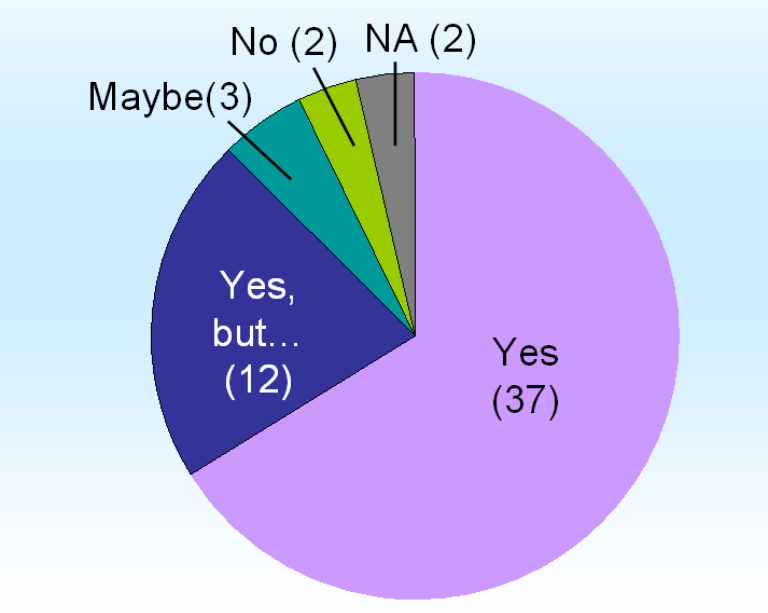


Figure 11. Do you think you will make a gift?

Hospital family members are especially clear in their willingness to give, including the general level of their gift amount.

This commitment was particularly striking from mid- and low-range donors, given the uncertain economic times. Person after person said they had lost money, that their business was struggling, that their work bonus had been taken away, that they didn't know what the future held or that, for financial reasons, they were still working instead of retiring—but no one who was interviewed from the Hospital family (the Rose Group) refused to commit at least something, and for many the offer clearly represented a stretch. At the same time, a typical response from this group was: *"I'm well below the bottom rung of the pyramid"* in terms of gift amount.

Capacity: Mostly 3-5 figure gifts

Ready to commit to a gift range.

"I'm well below the bottom rung of the pyramid."

"I'm down at the bottom."

Almost all potential major prospects hesitated to commit to a dollar range.

"I want to wait and see what others do."

This finding brings to mind a classic American political cartoon that first ran in William Randolph Hearst's *New York Journal* in 1901 (Figure 13). The cartoon features two overly polite friends, Gaston and Alphonse, each of them insisting with conspicuous courtesy that the other go first through an open doorway. Although the cartoon was intended to illustrate consumers' hesitation to spend money in a slow economy, it applies equally to members of the local philanthropic community and their reticence at this time to provide even a general sense of how much they might give to a campaign for XXX Hospital.

Figure 12. *New York Journal*, 1901.

Among the 56 respondents, only two were willing to commit to a gift of at least six figures. As welcome as these offers are, and they are indeed welcome, two commitments are not enough to predict with any certainty the minimum amount that can be raised.

The danger inherent in this wait-and-see scenario is that, like Gaston and Alphonse in the Hearst cartoon, top prospects—on whom the community relies, and whose decisions inevitably set the pace for any campaign in the local community—might not make it through the door in time, ultimately hobbling the effort. The key questions raised by this reticence to commit are why – and what can be done to get Gaston and Alphonse through the door.

Potential donors with the greatest capacity, and those who will influence their decisions, said they want more information before committing to even a broad gift range.

This means that from the earliest days of campaign planning, careful and targeted communication and interaction with key individuals is essential to success. These high-capacity prospects want to know the following:

- **They want evidence of the Hospital's financial viability.** *"I'm not sure if it's really that stable." I don't know if it can be viable in the current (healthcare) system." "Nobody wants to be the one to write the last (gift) check (before the Hospital closes)." "Show the hospital really is here long term."*

  This was by far the greatest concern expressed by high-capacity respondents. It is not that they think the Hospital *won't* survive—but they do want concrete reassurances that it *will* survive.

- **They want satisfaction as to why the bond measure isn't enough.** This was the only substantive criticism of the case statement. The document told them what the bond *will* cover but they want more of an explanation as to why it doesn't cover more.

- **They want to know how their generosity will make a difference.** *"How can I as a lay person make the decision?" "Tell why it is needed (the money) and what they're going to do with it." "What are the priorities?" "How will it affect the bottom line over 10 years?" "Be clear about how the money will be utilized."*

  Wherever possible, and especially in proposals to major prospects, the connection should be drawn between the prospective donor's generosity and a strong, well-equipped and well-staffed community hospital.

- **They want assurances that the campaign will be "run right."** Respondents with the highest capacity were the most likely to stipulate that the professionalism of the campaign's structure and management would play a role in the amount of their gift. It is imperative that a campaign for the Hospital adhere strictly to proven principles for hospital campaigns.

- **They want to know the pros and cons of the alliance (with a major medical center).** *"What do we gain and what do we lose?"*

  One high-capacity respondent said (the nearest major medical center) has a "mixed reputation." This and similar comments lead to a conclusion that high-capacity respondents are primarily interested in the *financial* benefits of the alliance—how the alliance will help keep the Hospital's ER open—rather than the benefits to clinical care, since they do not see (the nearest major medical center) as enough of a step up in quality to win their business as patients. Their plan is to continue to bypass (the nearest major medical center) and go straight to (another major medical center) for all but the gravest emergencies.

- **They want to know how the Hospital intends to deal with federal healthcare reform**. Only a few participants questioned the impact of upcoming reforms, but those who did are major prospects with great influence. They have serious concerns about how the Hospital will fare and whether it is prepared. As reform rolls out from Washington, other members of the local philanthropic community may pick up on these concerns.

Less evident in the responses but mentioned were these issues:

- **The Hospital's role in caring for the disadvantaged and the Hospital's relationship with the (local health clinic).** *"They seem to be two ships that never meet." "Not clear why they are so separate now."*
  Only a few respondents mentioned the (clinic), but its presence in the community and its plans may warrant close attention. (See Section 5.6: Competition).

When asked whether a $5 million goal is possible, interviewees provided a range of answers.

"A good goal over three to five years."	*"It should be higher."*

"Very tough."	*"Probably low."*
"I think you will do better, but it's the right goal."	*"Too small."*
"It won't be easy."	*"About right."*
"If you get lucky."	*"I have no idea."*
	"I don't see why we can't do that."

Thirty-four respondents (60.7%) speculated that a goal of at least $5 million is attainable (Figure 14), and more than one in five (13 of 56 or 23%) said they think the Hospital should aim higher. Even though some think it would be challenging, only four respondents (7%) said they doubt

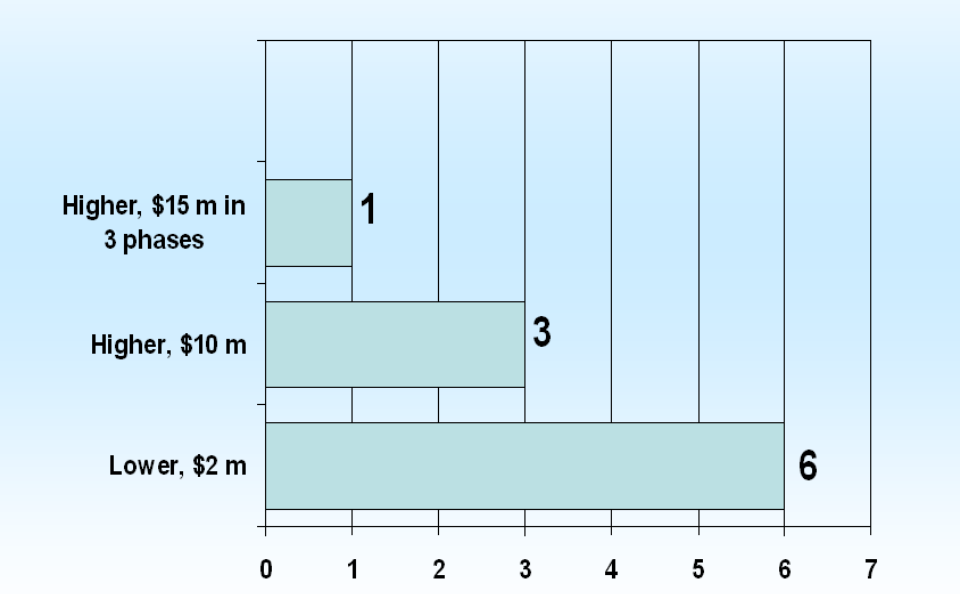


Figure 14. If your thinking differs from the $5M goal being proposed, what amount do you think is achievable?

such a goal could be reached. (Figure 15)

Of course it is easy enough to speculate on the giving habits and capacities of others; in actuality, until properly motivated, well informed and actually asked to give, not even the donor can say with certainty what form a gift will take. Moreover, speculation does not necessarily take into consideration the other factors that contribute to campaign success, such as adequate resources for fundraising. All the same, respondents' estimates do carry weight, especially when

they come from individuals with high capacity or with long and close connection to those with high capacity.

Perhaps most important of all is the timing of when a campaign goal is announced. Steps toward setting and announcing a campaign goal must be taken carefully, at the right time, and likely after initial gifts are secured. To maximize gifts that will come later, timing is everything.

Whatever the campaign goal, interviewees say it must be achievable.

"What this hospital desperately needs is some kind of success."

"We know we can't afford to fail."

"We won't get another chance."

This sentiment is not atypical; what was striking was the intensity with which it was expressed. This is additional evidence that the community perceives the Hospital as being at a turning point. Furthermore, it is in line with the need to maintain upward momentum and a positive, unified message.

There were suggestions but no clear front-runner for campaign chair.

"Nobody comes to mind."

"Nobody pops into mind."

It will take many people and much discussion to determine the best campaign structure. For a list of all the names that were suggested for campaign chair and a campaign team, see Appendix B.

Interviewees know what they want in the ideal campaign team.

Although respondents came up with different names, these attributes surfaced repeatedly.

"A lawyer and an accountant."

"All the women on that committee."

"Major donors."

"Liked and respected."

"Easy going, generous, civic minded."

"Dynamic."

The same names surfaced repeatedly as likely top donors.

There was a tendency to look to the same individuals who have given generously to other local organizations, irrespective of their giving history or their interest in healthcare. This puts great pressure on a few individuals. If these individuals should disappoint, a campaign that depends on them could flounder.

The most frequently suggested names are listed in Appendix C, along with the number of times each individual was mentioned.

Some respondents have high expectations for "old (local) families."

"For credibility it would be very good to get some of the old-time families involved."

"They have lots of money."

XXX Hospital family members (the Rose Group) were the most likely to speculate that long-time (local) families . . . . should be in a position to make major gifts. With notable exceptions, this may not be the case. According to knowledgeable respondents, much of the (local) money is tied up in (confidential information) . If the campaign has a public phase, they should be part of it, but any expectation that they will carry the day or that more than a few of them will make more than a courtesy gift may be misguided.

Respondents mentioned at least seven challenges to campaign success:

Fiscal fragility: *"Nobody wants to write the last check for the Hospital.*

Battle fatigue: *"History of turmoil."*

Bond measure: *"Why do we need more money?"*

The economy: *"It's kind of iffy."*

Access to donors:	*"Reaching the demographic of the donor base."*
Limited community experience with capital campaign approaches:	*"A major difficulty will be helping the community understand the difference between annual and capital fundraising."*
National healthcare reform:	*"What happens to our community?"*

The bond measure figured especially high as a perceived obstacle to fundraising.

"I thought that was covered."

Why isn't the bond initiative enough?"

"So why do we need more money?"

"People thought they were getting a decent hospital. What representations were made? Don't tell people they misunderstood."

The repeated mention of this particular challenge means it will require special attention, and probably repeated exposure, to defuse it.

5.6. Findings and Conclusions about the Hospital's Competition

Other non-profits appear to have the community's heart and trust.

Even though there is no other local institution of comparable size and significance heading into a campaign, and even though the most favored organizations are all "pretty well set," some respondents expressed a concern that, as one individual put it, *"Other organizations have sucked the air out of the (community)."*

Non-profit organizations mentioned by respondents

Children's Causes	The Arts	Others
Organizations' Names	*Organizations' Names*	*Organizations' Names*

(Confidential discussion of competing non-profit organizations.)

When respondents mentioned local arts organizations, they tended to focus more on the impressive amount of philanthropic support they have generated than on the importance of their work.

The community's most popular philanthropic cause is the education of local youth.

"Children are the future of the county."

"Our priority is education. The hospital is in second place."

"In my heart, it's education."

"A lot of the community's energy goes toward education."

This apparent passion comes as something of a surprise, given that only 29 percent of local households have children. More than half (53%) of all local residents are at least 45 years old, and nearly one in five (19.1%) is 65 or older. At an age when many Americans start shifting their attention away from the young, the local philanthropic community appears to be doing just the opposite.

Meanwhile, the local schools only have 4,600 students compared to 6,260 local residents who are 65 years or over, yet study respondents indicated that children's charities are by far the community's biggest draw for philanthropy. A few respondents speculated that this may be due in part to the *"void"* left by the Hospital when the various controversies mentioned earlier in this report began to cast doubts on the Hospital as a deserving cause.

According to two respondents, there may also be an element of self-interest in the focus on education. (Confidential explanation here.)

Although the reasons for this focus on youth and education cannot be verified without additional research, the lesson for the Hospital and its fund raising is that the future of the community probably figures in the giving decisions of those local residents who have the highest capacity to give.

According to several respondents, the (Name of organization) is the *"most admired"* non-profit in the community, in part for the professionalism of its fundraising. Note that one member of the organization's board (Name) also appears on the list of potential campaign leaders or donors for the Hospital.

Also mentioned with admiration was the (organization's name), which has raised $3.6M for . . . . Note that no one on the organization's Board of Directors appears on the list of potential campaign leaders or donors for the Hospital.

Three other possible campaigns (and a Presidential election) may compete for the community's attention and dollars.

These projects should be watched carefully and taken into consideration in all decisions about the timing of a possible Hospital campaign.

Parcel Tax

The greatest competition for a campaign may come from the possibility of a new parcel tax. Local voters have passed two parcel taxes before (Dates and amounts). The most recent tax was approved by XX percent of voters, with no organized opposition. Although the Hospital board has not yet approved another parcel tax campaign, this is expected to occur at (Dates)

The decision to pursue a new parcel tax comes at a crucial moment for fundraising. If voters approve the tax, local residents may conclude they have made their contribution to the Hospital through the tax, and need not give again. Meanwhile, there is speculation that passage of the bond measure could make voters *less* inclined to support another parcel tax. If the parcel tax were to fail, confidence in the Hospital would likely sag, making fundraising harder. Even though such a tax would make not even a ripple on the property tax bills of major donor prospects, the psychological impact could be important to the timing of a Hospital campaign.

Presidential Election

The 2012 election could draw philanthropic dollars away from a Hospital campaign as high-capacity donors turn their focus on their favorite candidates. Moreover, a significant election

always creates uncertainty about the future, causing donors to hesitate. Again, the timing of a Hospital campaign comes into question.

(Community Clinic)

At least three respondents who are familiar with the (clinic) said a campaign in the range of $X million is being planned for . . . . This, and the fact that it is the only other high-profile healthcare provider in the community, gives its progress some importance.

Despite the Hospital's significant contributions to charitable care, no study respondents mentioned this aspect of the Hospital's mission; at least for the present, public perception probably does not give the Hospital the same credence as the (clinic) in this regard. In a two-way competition between the Hospital and the (clinic), the latter might hold sway with some donors.

Respondents recollected that the (clinic) relies heavily on government grants, a fact that could influence donors either way. On the one hand, they may think the (clinic) requires less philanthropy than other institutions in the community. On the other hand, those who prefer private solutions to community problems or who factor in the impact of the economic downturn on the availability of government dollars may think the (clinic) should receive *more* help.

Three high-level study participants wondered aloud about the (clinic) during their interviews, asking why it is separate from the Hospital and whether there is any possibility of a joint campaign.

Community Center

A few respondents indicated that the Community Center is moving quickly and decisively to begin a campaign and that a Planning Study on its behalf is about to begin. Apparently, a goal has yet to be announced. Whatever the amount, the Community Center poses the least threat of the three possible campaigns mentioned here. It occupies a different niche than the Hospital, its goal is expected to be relatively small, and its mission does not generally engender the same passion as healthcare.

It does bear mentioning that a new Advisory Council for the Community Center includes at least three individuals (underlined) who were identified by respondents as potential leaders and/or donors for a Hospital campaign. (List of names).

6. SUMMARY OF KEY CONCLUSIONS

- The overwhelming conclusion is that people want to see peace at the Hospital. Local residents are *"weary"* of controversy. The situation is still fragile. Every effort must be made to avoid diverting the community's attention from urgent priorities. The goal should be to sustain the current perception of upward, positive momentum.

- Respondents are expecting a Hospital campaign.

- The timing for a campaign is the most promising it has been in years (*"It's obvious."*). This is primarily because of the general upswing in the Hospital's fortunes and public persona. However, to develop and upgrade donors can take years, many exposures, and a great deal of acknowledgement. The Hospital does not have years, so considerable advance work will be required, including:

    - Additional infrastructure for major-gift fundraising. This is consistent with the community's focus on annual and event fundraising.
    - Training to address the lack of campaign experience. *"This is a whole new challenge."*
    - Exceptionally careful and thorough communications.

- Most campaign leaders and major donors will not come from inside the Hospital family. Very few individuals among those who are closest to the Hospital have the capacity to set an example as major donors or to solicit major prospects as peers. This is not an insurmountable challenge, but it does mean that recruitment of campaign leadership, and cultivation of major prospects, will take more time and effort than is usual or might be hoped.

- While many respondents will give at the level of their financial ability, those with the greatest capacity will require significant cultivation and education.

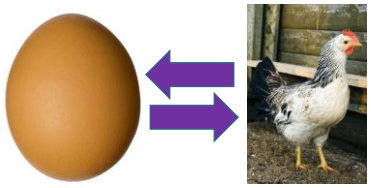
- A small number of individuals with high giving capacity will make or break a campaign. While it is *possible* to raise money from donors with less individual capacity and less allegiance to the Hospital, the amount of time and effort required to do so would make the undertaking much harder, less financially rewarding, and unlikely to succeed, especially given the Hospital's limited resources and experience.

- The original proposition for a campaign focus—that is, inpatient room renovations—will not have nearly the success of a campaign focused on emergency care.

- By drawing a thematic link between the Emergency Department and the other two most frequently mentioned giving opportunities, Surgery and Diagnostic Imaging, it may be possible to broaden the campaign focus and to invest prospective donors with a greater sense of urgency about giving.

- The CEO's role is always important – but even more so at this hospital than is usually the case. The reasons are several: a) Major prospects have reported that before they will commit to a gift, they want certain assurances—and typically they will want them from the highest authority and from someone with significant healthcare experience; b) Hospital and Foundation board members have limited access to top prospects, whereas the CEO always has greater access by virtue of the position; c) in the wake of years of controversy associated with the hospital, sought-after community volunteers are more likely to say yes if the CEO personally asks them to get involved; d) resources available to the campaign are limited; e) a first-ever campaign always requires extra attention; f) the vast majority of study respondents expressed high regard for her. The CEO's participation is vital.

- Donors with the highest capacity have not acknowledged any cause-and- effect relationship between the level of their generosity and the Hospital's financial future. Instead, they want evidence that the Hospital has a viable financial future before they will commit to giving. Only one astute respondent said, "This hospital is never going to make it on its own." Few others articulated any connection. The irony in their reticence to commit is that truly significant giving could produce the financial stability they seek; as healthcare costs go, this hospital does not need that much. Educating the philanthropic community about the importance of its role will be vital to securing support.

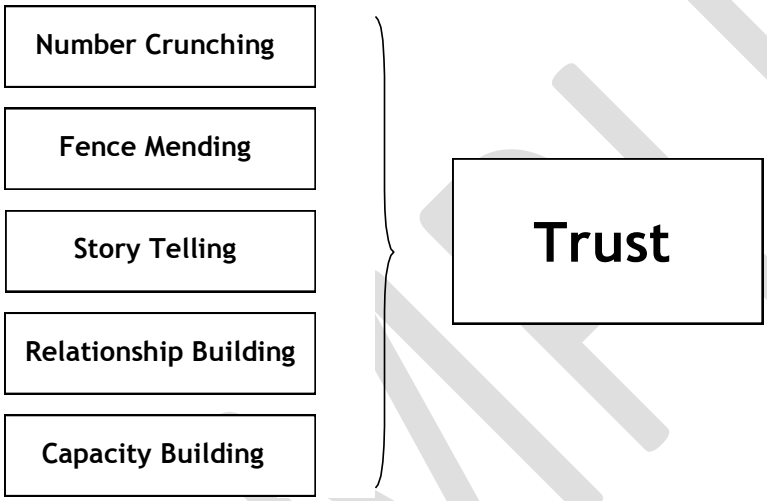


- Steps for setting and announcing a campaign goal must be taken carefully, at the right time, and only after initial gifts are secured. Timing is everything.

- Especially given the leadership's limited experience, a campaign team will require an extra measure of "the right stuff:" Passion, sound judgment and instincts, the ability to learn, access to the right people, no conflicts of interest, discipline, and the time to commit.

- The Hospital has perhaps the most valuable asset an organization can have for campaign success: The philanthropic community and the Hospital's own family believes strongly in its importance. *"It's needed!"*

- In summary, we believe that a campaign is possible, but it will require a great deal of groundwork:
    - Further enhancement of the community's growing trust.
    - The right messages, compellingly crafted.
    - More than the average effort to cultivate major donors.
    - Careful selection and preparation of volunteers and staff.
    - Great care and precision in the campaign's structure and execution.



7. RECOMMENDATIONS

The following recommendations are drawn from an analysis of the findings and from the leadership's response, in the preliminary reporting process, to this analysis.

7.1. Factors Critical to Success

Continued peace

Without a doubt our strongest recommendation is that you commit to maintaining, and building on, the perceived state of relative "calm" currently associated with interpersonal relations within and among the Hospital, the Hospital Board and the Foundation. Any return to the discord of recent memory, or any new upheaval, would erode confidence in the Hospital, distract the community from the Hospital's upward momentum and the positive nature of the campaign, cause important donors to withhold or decrease their support, perhaps irretrievably damage the campaign's outcome, and set fundraising back for the foreseeable future. As one well-informed respondent put it, there must be "no sharp elbows."

Collaboration between the Campaign and Foundation

In keeping with best practices, the two should be seen as working together. We recommend that the campaign be called The Hospital and Foundation Capital Campaign. Campaign gifts should be deposited into a sweep account at the Foundation and then routinely transferred to a matching account at the Hospital, with the process managed by the campaign for continuity. Both the Hospital logo and the Foundation logo should appear, side by side, on all campaign materials. This unified approach will demonstrate professionalism and mutual goodwill, both of which are essential to reassuring longtime supporters and gaining the confidence of the philanthropic community.

Continuation of Foundation events

These events keep the Hospital in the spotlight, giving newcomers a way to get involved and giving long-time supporters a sense of continuity and purpose. Most importantly, they send the message that annual needs and the activities which support them do not go away just because there is a campaign. ***A donor's gift to the campaign should be seen as an additional, special expression of caring, not a substitute for annual support.***

Adherence to standard campaign practices

As unique as this community is, successful campaign practices are not. The same techniques and

steps to achieve campaign success have been used by countless hospitals—because they work. They are tried and true. Follow them carefully. Success depends on it. These practices include:

Sequential solicitation. Secure the largest gifts first: the lead gift, leadership gifts and major gifts. *Then* pursue the next level down in amount: the major and special gifts. Finally, seek smaller gifts, typically from the community as a whole.

Similarly, secure gift commitments from the inner family (board members, executive staff, physician leaders, employees and volunteers) before reaching out to prospects who have less of an affiliation with the Hospital.

This progression reflects the capital campaign principle of "top-down and inside-out" fundraising, which is the standard for endeavors of this kind, and the key to campaign success.

Precise timing. To maximize gifts, consciously select, and wait patiently for, the most opportune time to begin speaking in public about the campaign and especially about the campaign goal. ***If you talk about the campaign and its goal too soon, you will limit your potential for gifts.***

Emphasis on top prospects and large gifts. As much effort and expense can go into securing a mid-range gift as a large one. Approach the right prospects for the right amount. Aim high.

Adequate donor cultivation. Effective fundraising is all about relationships, especially at the upper levels—and relationships take time and care. Monitor every activity to make sure donors and prospects are fully informed, in a way that targets their individual interests and concerns. Give them sufficient time to think about what their gift will accomplish and how much they truly can give.

The goal should be to ensure that donors are fully motivated to give at the highest level of their ability. *The importance of this recommendation cannot be overstated.* This "go-slow-to-go-fast" approach is important for all donor constituencies—community, boards, medical staff and employees—but it is especially important with top donors. Preparations to solicit a major donor should include:

- repeated personal contact and thorough information carefully delivered to motivate and inform the prospect
- a donor and prospect management system that includes gift strategies and

relationship management

- thorough donor research to ascertain individual capacity, specific interests and needs, and appropriate gift strategies
- *individual* cultivation and solicitation plans tailored specifically for each prospect, based on knowledge of the individual, his or her ability and interest in giving, and existing relationship with the hospital
- clear, well-planned solicitation in the right setting, usually with two individuals presenting the gift proposal.

Strategically timed solicitations. It is tempting to rush to the "ask." Make sure the donor is truly ready to commit.

Recruitment of *key* individuals as volunteers. Experience shows that when people are actively involved, they give more. At the same time, because staffing for the campaign is likely to be limited, we recommend that you limit the number of campaign volunteers and standing committees. Go for quality, not quantity; put the emphasis on involving individuals who are highly respected in the community and who are known for their capacity to make and influence significant contributions. The goal in this regard is to make yours the "must-support" campaign in the community.

Major gift strategies as the campaign focus

While the Foundation maintains its longtime role, the campaign should focus on major gift strategies. All the most successful campaigns do.

As valuable as annual gifts and events are, a reliance on them by the campaign would limit your success in the long-run by compromising your ability to secure maximum individual gifts. For example, during the early months of the campaign, and perhaps for as long as a year, limit the number of social gatherings with key prospects where the purpose is to seek support in a group setting. This will serve two primary purposes: to meet the Hospital's ongoing needs, irrespective of the campaign, and to honor donor wishes as to how their gifts should be used. Every effort should be made to match donor interests with Hospital and fundraising initiatives, and thereby maximize total contributions overall.

Continuous communication within the ranks

Fundraisers everywhere tell tales of major gifts lost when a prospect, approached from more

than one direction, asks: "Don't you people talk to one another?" If anyone on the campaign team has had contact with a key prospect, campaign staff should be notified. If anyone intends to approach a prospect, the team should be told in advance and the process managed. Keeping one another informed should become second nature.

"Stretch" gifts from the Hospital family

In deciding whether and how much to give, top prospects often want to know that every board member has given and that the medical staff, senior management team and other members of the workforce have also given. Moreover, Hospital family gifts should be at the highest capacity possible for each individual. This is seen as a measure of loyalty and dedication and an indication of the institution's strength. If the family cares enough to give as much as possible, others will too.

Strategic involvement by the CEO

The CEO's participation is always important to a hospital campaign. At this hospital especially, no one else can do the job.

Adequate resources

As became clear during the study process, the Hospital currently lacks the personnel necessary to mount a successful campaign. An indication of the need for professional counsel is apparent from the extensive extra involvement requested by the Hospital and provided for non-study activities during the period of the study. Similarly, the amount of time required for clerical assistance during the Planning Study is a fraction of what is needed during a campaign. In addition to human resources, a capital campaign also requires printing and postage, events for cultivation and celebration, thank-you gifts, and other investments.

A culture of philanthropy

When philanthropy is embraced and supported throughout the organization, and when leaders at all levels support it vocally and through their actions, a campaign is more successful. Most organizations find that this requires a conscious and pro-active effort across time. Your campaign will benefit from additional time dedicated to this goal. The more that philanthropy is woven into the life of the organization, the more successful it becomes and the more benefits it brings to patients and the healthcare professionals who care for them.

An eye on the long view

Whatever success is achieved in *this* campaign will influence fundraising efforts for many years to come. Reach as high as you can, yet set a goal that can certainly be achieved and may even be surpassed. Success will create success.

A unified voice

The consistent use of carefully crafted messages, by everyone involved in the campaign, will eliminate any possibility of conflicting rumors in the community, prevent missteps (such as premature announcements), and contribute to donor confidence.

A uniformly *positive* message

All Hospital and Foundation board members, senior managers and medical staff leaders must be expected, at all times, to speak supportively of the campaign in their business and social networks. They should convey a sense of stability, collaboration, and optimism. If the decision is made to move forward, the campaign should be an exciting, uplifting experience for all. Providing basic talking points is a good way to start.

7.2. Recommendations for Donor and Community Awareness and Outreach

Share general results of the Planning Study with key respondents.

As soon as possible after this report is accepted, schedule visits with key study participants to present the results. Tailor each presentation to the individual's interests and concerns. This is your next opportunity to continue building relationships with your most important prospects.

Thank stakeholders again for their assistance with the study and communicate the importance of their opinions in planning for the campaign.

Share basic results, carefully choosing details appropriate at this time for the broader community. For example, it would definitely be premature to mention any dollar goal, even a potential goal, during the Quiet Phase.

Arm all campaign volunteers and relevant staff with talking points.

Make sure everyone on the team understands these points and can apply them effortlessly. Consistent use of these talking points will prevent misunderstandings and leaks that could damage the campaign. Review and modify the talking points only as needed, no more often than is absolutely necessary, to avoid confusion.

Modify the early-stage case statement for campaign purposes.

This process should begin as soon as the decision is made to conduct a campaign. Changes should address:

- Questions and concerns raised by respondents in the Planning Study
- Interests and priorities expressed by prospective donors in the study interviews
- Community misperceptions about the hospital that were identified in the study.
- Relevant changes that have occurred in the Hospital's situation since the document was written for the Planning Study
- The case for support of each giving opportunity that will be offered to donors during the campaign. In other words, make the case separately for each giving opportunity, with at least a paragraph devoted to each item or type of item. The goal should be to have compelling text ready for use as needed in individualized gift proposals.

Develop a strategic community and outreach plan for the campaign.

Strategic outreach and messaging is important before, during, and after the campaign. Target your communication efforts to particular segments, such as current and potential donors, current and past board members, physicians, hospital employees, and other community stakeholders. Outreach strategies include:

- Case materials for presentation to donors
- Templates for specialized and targeted materials for individual prospects
- Regular campaign updates, such as a campaign e-newsletter
- Renderings and other visual representations
- PSAs and other media to support the campaign
- A short campaign DVD or slide show
- Carefully-timed press releases
- Campaign cultivation and stewardship events

Consider the following audiences as outreach plans are developed:

- Campaign Steering Committee and other campaign committees
- (Community) citizen opinion leaders
- (Community) family members: Hospital Board, Foundation Board, hospital staff, physicians and volunteers.
- Major donors and prospects
- Current and lapsed annual donors
- Grateful patients and families
- Vendors and business partners
- Foundations
- Potential business and corporate donors
- Community organizations, such as Soroptimists, Rotary and Kiwanis
- Community members at large
- Any other stakeholder group that may have significant interest in, and impact on, the Hospital.

Ameliorate competition for donor dollars, and enhance the Hospital's philanthropic appeal, by highlighting the Hospital's role in serving the disadvantaged and educating local youths.

Other local non-profits have earned what one interviewee called "the community's heart" by addressing these two areas of community need. Greater visibility for the Hospital's existing work in these areas, and perhaps an expansion of activities aimed at motivating and preparing local high school and middle-school students for a career in health care, are recommended.

*When the time is right, u*se the Hospital Web site to support campaign activity and facilitate online giving to the campaign.

A growing number of donors visit an organization's Web site in making their decisions about a significant charitable gift. One recent study reports that as many as 64 percent of donors do this before making a gift. Landing pages optimized for campaign keywords (e.g., campaign, gift opportunities) might be an important contact point for some donors.

APPENDIX A: LIST OF STUDY INTERVIEWEES

Hospital Board of Directors

(Names)

Hospital Foundation Board of Directors

(Names)

Medical Staff

(Names)

Hospital Senior Management

(Names)

Other Hospital "Family" Members

(Names)

(Community) Community Members

(Names)

APPENDIX B: CONFIDENTIAL LIST OF SUGGESTED CAMPAIGN LEADERSHIP

SUGGESTED CAMPAIGN CHAIRS

(List of names)

SUGGESTED CAMPAIGN TEAM MEMBERS

(List of names)

APPENDIX C: CONFIDENTIAL LIST OF POTENTIAL MAJOR DONORS

All of the following individuals were mentioned by at least one interviewee when asked who might make a significant contribution to a campaign for the Hospital (The number of mentions appears in parentheses next to the name). This list is useful in understanding the community's perceptions and expectations about their neighbors' ability and willingness to support the Hospital.

Please note that, in this and other such studies, there is no known relationship between how often a name is mentioned by respondents and the individual's actual ability or inclination to give. At the same time, it is hoped that the suggestions provided by the respondents may help campaign leaders anticipate and manage speculation, learn about possible personal connections with major prospects, and begin to identify *possible* donors.

As a courtesy to the individuals named below, ***please keep this list entirely confidential.***

INDIVIDUALS

(List of names)

BUSINESS OWNERS

(List of names)

APPENDIX D: Hospital Planning Study Questionnaire

1. **Do you receive your health care at XXX Hospital?** Yes No

   Comments_____

2. **What are your overall thoughts and opinions about the Hospital?**

   A. Very Positive B. Generally Positive C. Neutral D. Generally Negative E. Very Negative E. Undecided at this Time

   Comments_____

3. **In your view, what are the community's perceptions of the Hospital?**

   Comments_____

4. **How would you rate the effectiveness of the Hospital's leadership?**

   Administration: Very good ____ Good ____ Fair ____ Poor ____ Don't know ____

   Hospital Board: Very good ____ Good ____ Fair ____ Poor ____ Don't know ____

   Foundation Board: Very good ____ Good ____ Fair ____ Poor ____ Don't know ____

   Comments_____

5. **How important to (Community) do you consider the future of the Hospital to be?**

   A. Very important. B. Somewhat important C. Not very important D. Not at all important.

   Comments_____

6. **Having seen the case statement, do you think it makes a compelling argument for supporting the Hospital with philanthropic gifts?** Yes No

   Comments_____

7. **What are your thoughts and opinions about the possible giving opportunities described in the case? How compelling do you think they will seem to prospective donors?**

Comments_____

8. **Does any one of these possible giving opportunities stand out for you as being especially compelling? (On a scale of 1 to 5 with 5 being the highest)**

   Patient Room Renovation _____

   Emergency Department _____

   Surgery Center _____

   Electronic Health Records _____

   Diagnostic Imaging _____

   Nursing Education _____

   Endowment _____

   Healing Environment/Gardens _____

   Comments_____

9. **If a campaign can contribute $5 Million to these projects, the hospital can do what it thinks should be done at this time. Does this seem like a challenging yet attainable goal for the Hospital at this time?** Yes No

   Should we aim higher or lower? Higher Lower **If your thinking differs from what is being proposed, what amount do you think is achievable?** $_____

10. **Generally speaking, how supportive of the Hospital would you be if such a campaign moves forward? Talking positively? Helping if asked? Making a gift?**

    A. Very supportive B. Supportive C. Somewhat supportive D. Not at all supportive

    Comments_____

11. **Can you see yourself contributing to an endowment for the hospital, either as a part of this campaign or in addition?**

    Yes No

    Comments_____

12. When you think of XXX Hospital and what it takes to do a successful campaign, what strengths do you see that will make the campaign successful?

Comments_____

13. On the flip side, what challenges do you foresee for a campaign?

Comments_____

14. The leaders of a capital campaign must have stature in the community, leadership skills and organizational abilities. Who in the community comes to mind for you as having the necessary qualities to lead such a campaign to success?

Names _____

_____

15. If you yourself were the Chair of this campaign, who else would you want on your team?

Names _____

_____

16. *Without making a commitment,* is this a project you could see yourself supporting as a volunteer? Yes No

If yes:

As you know, people give to people in a capital campaign. Would you be willing to visit any selected prospects or open any doors to potential donors on the Hospital's behalf? Yes No

17. Who can you name who should be among the "top 5" donors to a campaign for the Hospital?

#1 Prospect: _____
#2 Prospect: _____
#3 Prospect: _____
#4 Prospect :_____
#5 Prospect: _____

18. What individuals, foundations or corporations can you name that you think are probably capable of making a gift of $50,000 or more to such a campaign?

#1 $50,000+ Prospect: _____
#2 $50,000+ Prospect: _____
#3 $50,000+ Prospect: _____
#4 $50,000+ Prospect:_____
#5 $50,000+ Prospect: _____

19. What other endeavors in the community are you aware of right now that might compete with the Hospital for campaign leadership and donor support?

Possible competition _____

20. In order to get a sense of how much can be raised for the Hospital, we're asking each person to reflect on the level of support they might consider giving. *Without committing yourself*, at about what level of gift could you see yourself considering? _____

21. **Are there any specific changes, additions or deletions to the plan that might influence the level of support you would consider?**

Comments_____

22. Do you have any other comments, concerns, questions or thoughts concerning the project or the Hospital at this time?

APPENDIX E: Checklist of Findings, Conclusions and Recommendations

5. FINDINGS AND CONCLUSIONS (Page 9)

5.1. Findings and Conclusions about the Study Process (Page 9)

- ❒ Identifying, inviting and scheduling top prospects proved more challenging than usual. (Page 9)
- ❒ The interviews provided an opportunity for cultivation as well as for deriving answers. (Page 9)

5.2. Findings and Conclusions about the Study Group (Page 10)

- ❒ A reliable sampling of capacity and interest required more interviews than usual. (Page 10)
- ❒ Respondents tended to fall into two broad groups with differing capacity and attitudes. (Page 10)
- ❒ The vast majority of respondents said they have used the Hospital for health care. (Page 12)
- ❒ Most study participants were in their 60s, 70s and 80s. (Page 13)
- ❒ Most of the philanthropic community lives in the same neighborhoods. (Page 13)
- ❒ While everyone wants to have the Hospital in the community for emergencies, those with the highest capacity to give tend to want it primarily for backup. (Page 14)
- ❒ Four other local populations were not polled. (Page 14)

5.3. Findings and Conclusions Related to the Community's Perception of the Hospital (Page 16)

- ❒ Interviewees across the board said they value and appreciate the Hospital. (Page 16)
- ❒ All respondents think the Hospital's future is important or very important. (Page 16)
- ❒ Most respondents praised the Hospital's patient care. (Page 18)
- ❒ Almost every respondent recollected past Hospital controversies. (Page 18)
- ❒ Respondents said they think the Hospital is now recovering after years of uncertainty and turmoil. (Page 19)
- ❒ Participants said the Hospital Board has shown "improvements." (Page 20)

