Leveraging the Influence of Board Members

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Many healthcare organizations fail to fully engage foundation and governing board members to advance philanthropy. Some perceive fund development as a low-value, social endeavor that doesn’t merit significant leadership involvement. Many downplay the importance of the role out of concern that raising money is off-putting to board members. Others strip philanthropy from the governing board agenda and relegate it exclusively to the foundation board. Many allow a painful disconnect to exist between the roles board members are asked to fulfill and the roles these leaders have the passion, comfort or skills to do well. To realize the abundant potential philanthropy offers, it’s time to focus on meaningful board engagement across both the foundation board and governing board. To do so, organizations must embrace philanthropy as a noble endeavor, recognize philanthropy as a governance responsibility, leverage the power of social capital, tap into individual purpose and provide meaningful opportunities for involvement.

**Philanthropy is Noble**

Deep board member engagement in fund development begins by abandoning the transactional, fundraising paradigm of yesterday and positioning philanthropy as a purpose-filled, values-driven and noble endeavor. In advancing philanthropy, there is no tin cup to rattle, no arm to twist and nobody to coerce. Instead, board members have the privilege to foster relationships with like-minded people to fulfill a shared...
purpose. Arthur C. Brooks frames the value of this role in The New York Times; he says, “Donors possess two disconnected commodities: material wealth and sincere convictions. Alone, these commodities are difficult to combine. But fund-raisers facilitate an alchemy of virtue: They empower those with financial resources to convert the dross of their money into the gold of a better society.” (Brooks 2014)

**Philanthropy is a Governance Role**

Most discussions about boards and fund development focus exclusively on the roles and responsibilities of the foundation board. This is because most healthcare governing boards have viewed fund development as an ancillary activity, and many have fully delegated their development roles to the foundation board. This is understandable from a historical perspective since “fundraising” was often perceived as a softer, social endeavor, and donor contributions were often used to fund the “extras.” However, seizing the opportunity philanthropy presents means organizations must engage both foundation and governing boards to secure the breadth and depth of leadership commitment needed.

Philanthropy has strategic and fiduciary implications that necessitate its inclusion on the governing board agenda. Healthcare governing boards balance the need to meet expanding community healthcare needs with the reality of constricting financial resources. Strategic and fiduciary responsibilities dovetail as the board sets and executes upon strategy that requires adequate financial resources to power the plans. These complementary fiduciary roles have been increasingly difficult to reconcile as slim bottom lines reduce dollars to invest in the organization’s advancement, and the implementation of health reform brings additional financial risk as the way hospitals provide care and get paid for doing so fundamentally changes. In this new financial landscape, healthcare organizations must develop revenue streams that can ensure their vibrant future. With philanthropy delivering a strong return on investment and a reliable revenue stream, it merits the status of an essential revenue resource worthy of board attention and support.

Beyond the board’s financial and strategic roles, there is a third mode of effective governance that shifts the board from an “ubermanager” to a force to add significant value. This critical, third element is a “generative” mindset that seeks to create better approaches to further the mission, to drive innovation and to capture value. (Chait, Ryan, Taylor 2004) This generative mindset elevates the focus from holding the

organization accountable to driving consequential work. It is within this generative space that boards could find great resonance in advancing philanthropy as an opportunity to embrace the charitable underpinnings of the healthcare mission, to bring core values to life, to invite the community to take ownership and to secure dollars to drive new opportunities and greater impact.

Philanthropy is a governance role in which boards are uniquely positioned to add value. The book Governance as Leadership makes a distinction between work that requires “no” board, “any” board or “this” board. (Chait 2004: 170) Work that requires “no” board is often management work that has been sent to the board inappropriately or for rubber-stamping. Work that requires “any” board could be managed by any group of responsible individuals; for example, the board of another complex nonprofit could likely review the organization’s financial reports or policies effectively. Then, there is work that requires “this” board: it not only takes diligent and well-intentioned people but also requires those with care for the mission, sensitivity to the critical issues that impact its future and ownership of the outcomes. Under this standard, philanthropy is a high-impact board role because of the knowledge and passion needed to do it well.

Social Capital as a Strategic Asset

It’s no secret board members are uniquely positioned to enhance philanthropy. While boards almost always work as a collective body, some of the most impactful roles in philanthropy are tied to individual engagement and performance. Board members are ideally suited to initiate or cement significant relationships and to secure outsize gifts. Board members carry influence that isn’t duplicated anywhere else in the organization. Board members have unmatched credibility as advocates, since it is clear their only vested interest in the organization is in the community benefit it provides. Board members also tend to be true peers of potential donors who can inspire and challenge others through their own personal, financial, charitable gifts.

Widespread anecdotal evidence lauds the influence of board members in advancing key relationships for philanthropy, but there is also quantitative information that validates this elevated effectiveness. A study at Virginia Mason Medical Center in Seattle, Washington, found donor prospects involved in the organization by board members gave gifts that were almost five times larger than those given by staff-connected prospects and after fewer interactions. (Jachim 2010) A study by The Advisory Board Company found “volunteers have a much easier time than staff getting
in the door” and points out volunteers successfully secure appointments on about nine out of ten attempts, while staff secure a meeting about two times for every ten attempts. (The Advisory Board Company 2009) Performance differences like this have considerable implications for the number of individuals an organization could involve and secure commitments from in a board-driven model.

Board members achieve heightened performance because of the “social capital” associated with their diverse network of social, civic and business connections. Harvard University professor and political scientist Robert Putnam explains “Whereas physical capital refers to physical objects and human capital refers to the properties of individuals, social capital refers to connections among individuals – social networks and the norms of reciprocity and trustworthiness that arise from them.” (Putnam 2000) Putnam says each person’s network is the embodiment of past success at collaboration, and these positive experiences working together provide the confidence to collaborate again. So, social capital, like all other forms of capital, has real and significant value.

Social capital serves a variety of important functions between trusted individuals. Most significantly, social capital can act as “social superglue” to foster collaboration or as “social WD-40” to facilitate interactions going smoothly. (Putnam 2000: 22-23) Social capital leverages the interconnectedness of people, acquired trust, shared values, social norms and moral obligations to allow people to effectively come together to advance shared objectives; and social capital is an essential commodity to amplify the voice of and secure access for the organization.

The concept of social capital is consistent with other findings about the most impactful roles of board members in fund development. A report from the Nonprofit Research Collaborative found, “board members serve two primary functions: helping the organization reach new prospective donors (access) and indicating the organization’s value to the community by their own association with the group (signaling)” (Nonprofit Research Collaborative 2012: 4) These “access” and “signaling” roles rely on social capital to extend trust in the board member’s reputation to become trust in the healthcare organization.

Having an authentic way to establish trust is especially important in a world where both trust and genuine relationships are a rare commodity. People today are overwhelmed with automated personalization and customized communication, and Stanford Social Innovation Review points out “people are growing increasingly intolerant of messages
from people they don’t really know...They are increasingly limiting their attention to messages from trusted friends and business colleagues.” (Simpson 2011) Having a board member cut through this noise to legitimize the nonprofit is irreplaceable.

Board engagement to foster relationships also helps overcome the idiosyncrasies of human nature. For example, the field of behavioral economics shows people do not behave *rationally* but behave *irrationally in predictable ways*. This leads donors to make emotional, intuitive giving decisions that they then validate logically to justify the decision. This same phenomenon extends to the power and influence of the solicitor. Harvard Business Review explains that “weak market forces exist” in the nonprofit sector that mean donor choice is “often influenced by personal relationships...rather than by organizational performance.” (Bradach 2008) So, demonstrated impact doesn’t mean much if you don’t have the connectivity of the right person to carry the message.

Ultimately, the sum of each board member’s social capital and personal network creates a powerful force for connectivity with donors and an organic, vibrant and ever-expanding circle of friends for the organization.

**Purpose Trumps Obligation**

When board members utilize their social capital to advance the organization, they use their own reputation as collateral to vouch for the organization. This is a commitment few would make out of simple obligation. It is an undertaking that won’t be fulfilled simply because it was on a punch-list of things a board member should do. Instead, extending oneself in this way must be consistent with a board member’s values and individual purpose.

Most board members serve to achieve a positive impact, to advance their core values and to pursue their passion—and achieving full engagement requires tapping into this individual purpose. Building engagement on a platform that respects individual purpose creates a new board engagement paradigm that shifts the focus from a litany of tasks to check off to deeper motivations to fulfill.

Bestselling business author Dan Pink’s book “Drive” says the secret to achieving a high level of individual performance is in meeting the individual’s deeply human needs. The book explores four decades of scientific work on human motivation to illuminate three specific elements that motivate people. He says each person’s own, intrinsic, inner
drive pushes him to seek autonomy to direct his own life and control his own decisions, mastery to learn and create new things and purpose to do better by himself and his world. He says true motivation to action depends on first meeting these three very basic, human needs. (Pink 2011)

Gallup research further validates a universal desire for our individual lives to have a purpose and to matter. When asked, "How important to you is the belief that your life is meaningful or has purpose?" an astounding 98% say it is important to them. They want their lives to make a difference. They want meaning. They want purpose. (Wagner and Harter 2007)

There is a difference between collective purpose and individual purpose. The board has a collective purpose to support the mission of the nonprofit healthcare organization. However, the aim here is to connect to each board member’s individual purpose that reflects her own values and her vision of the impact she wants to make on the world. Organizations uncover the purpose of each individual board member through asking key questions, such as:

- What first kindled your interest in our mission?
- What personal experiences have you had with the organization?
- What do you believe in and care about that connects you to the mission here?
- What are your core values that could be extended through this work?
- What impact do you want to have on this work and on this world?
- What about our mission gives you hope or joy?
- What legacy do you want to leave here?

Having one-on-one, meaningful conversations with leaders moves you from having a group of undifferentiated members to discovering the magic found in each unique and passionate individual. It allows you to find out what motivates each person, moves her or makes her want to get engaged. It provides an audacious opportunity to fundamentally change the way you partner with your boards.

**Enable Advocate Success**

Few leaders agree to serve on a board because they want the opportunity to ask others for money, and you know many of your board advocates do not feel comfortable in the...
role of “asking.” (BoardSource 2012) In fact, 59% of board members express being uncomfortable asking others to give, and they share two primary concerns:

• Damage to their relationships by asking for a gift
• Failure because they don’t “know how” to successfully engage others.

This first concern often stems from a perception that asking for money will involve coercion, quid pro quo or pressure tactics. The second concern is common because board members tend to be high-performing people who don’t want to be “set up for failure” by not having the resources to be successful. However, given the importance of engaging board members to build relationships, this gap must be bridged.

Development executives, along with board leaders, must proactively enable the success and confident participation of members by providing actionable information and tools to demystify development, to place the role in context and to address specific situations to support success. Board members also need to be empowered with the understanding their relationship-building work does not need to be done with expertise but with authenticity: A board member’s peers do not value having someone who is an expert in asking; they seek a genuine conversation with a person they trust. In advocating for the organization, there is a very simple formula from the sales world that is relatable to a board member’s development role. The gist is that a board member’s role is never to convince anyone to give but is to present an opportunity and listen to understand the donor’s intentions and needs. Forbes magazine expresses the idea simply as “SEA”:

• Sincerity: Listen without an agenda
• Ethics: Don’t aim to talk someone into anything but to uncover intent
• Asking: Serve others by asking questions to aid their decisions.

(Michaels 2011)

Board members deserve to participate in value-added activities that are also aligned with their own strengths, talents, comfort zone, interests and constraints. Simply, there doesn’t need to be a one-size-fits-all, lockstep approach to board roles in fund development. High value activities for board members might include:

• Crafting the organizational case for support to explain the rationale for giving
• Identifying those with likely interest and financial ability to participate
• Qualifying interest to ensure someone is genuinely a good prospect
• Sharing stories of individuals whose lives were touched or changed
• Illuminating that the organization is a nonprofit for community benefit

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• Making introductions or otherwise opening doors to those in their network
• Educating prospective donors about the organization vision and initiatives
• Engaging current and prospective donors in the life of the organization
• Asking donors to make a financial commitment to support the mission
• Stewarding donors to demonstrate thanks and fidelity in fulfilling their intent

Given the broad spectrum of meaningful development activities, board members should be able to choose amongst various roles to create their own engagement plan—rather than having everyone fulfill a set list of responsibilities such as 1) identify 10 prospects 2) make five face-to-face visits 3) fill one table at the gala.

A Call to Purpose-Driven Action

It is time to prioritize board engagement to achieve a new level of impact for your organization. This requires recognizing philanthropy as a governance role that merits being on the agenda of both the governing and foundation boards. It entails leveraging each board member’s valuable, personal networks to gain access, build trust and amplify the message of the organization. It requires tapping into each member’s personal purpose to harness real motivation. Finally, it requires commitment to align opportunities with board members’ natural strengths, to give them the ability to choose how they will participate and to provide them with resources and support. By changing your board engagement paradigm, organizations can experience deeper connections with donors and more meaningful partnerships with some of the organization’s greatest advocates.


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