

/ Hospital Foundations /



SECTOR SERIES 2022

Where do we
go from here?

CANADA'S NON-PROFIT SECTOR IS DIVERSE. AND YET, IT IS COMMONLY TALKED ABOUT AS A HOMOGENEOUS WHOLE.

This blunt approach to our sector is not only limiting, it also fails to adequately consider the unique characteristics and nuanced realities of the distinct sub-sectors that make it up.

In recognition of this diversity, KCI has developed a set of reports focused on each major sub-sector in Canada to explore where they go from here.

It's a timely undertaking.

Between the COVID-19 pandemic, the ever-evolving definition of who and what is charity, and the re-examination of Canadians' beliefs around issues like equity and reconciliation, it's hard to think of a time when a greater number of transformative factors have affected fundraising and philanthropy in Canada. Through this series, we examine how this convergence of factors is impacting organizations in each major sub-sector, as well as how they and their fundraising models are adapting to remain relevant in 2022 and beyond.

Finally, we would like to thank the many sector leaders from across the country who contributed their insights to this KCI Sector Series.

/ Hospital Foundations /

While the pandemic has been an exhausting time for Canada's hospital foundations, it has also been a period of significant growth, innovation and, in some instances, record setting fundraising results.

Whether due to the intense focus on healthcare or as a result of factors like growing wealth among certain Canadians and a desire to support community, many foundations reported some of their best fundraising years during the pandemic, with a number announcing the largest gifts ever made to their institutions over this period of time.

Against this backdrop, however, foundations have also been navigating significant challenges and uncertainties, some of which are expected to continue for the foreseeable future. Ability to access and engage hospital leadership and clinical staff whose focus has been on operations and patient care. Building relationships with major gift prospects, particularly new potential donors, without the ability to engage in person. Shifting, adapting, and creating programs and practices that respond to current realities. Maintaining healthy, high performing foundation staff teams and cultures.

But, as they look to the future, hospital foundations are boldly embracing both the challenges and opportunities facing them in an effort to further grow and develop healthcare philanthropy in Canada and to support the vision and plans of their hospitals.

/ Hospital Foundations /

1 / THE ELEPHANT IN THE ROOM? PRESSURE ON CANADA'S HEALTHCARE SYSTEM /

The word 'crisis' is being used by some as a way to describe the current state of Canada's healthcare system. And, given the backlog in provision of care, our aging population and the system's significant human resource pressures, there is no question it will continue to face significant challenges going forward. This situation is leading some to wonder about the willingness of donors, particularly transformational level donors, to give to a system that, at best, they may view as inefficient and ineffective and, at worst, as 'broken.'

At the same time, many take the view that this moment in time, including its inherent challenges, is an incredible opportunity

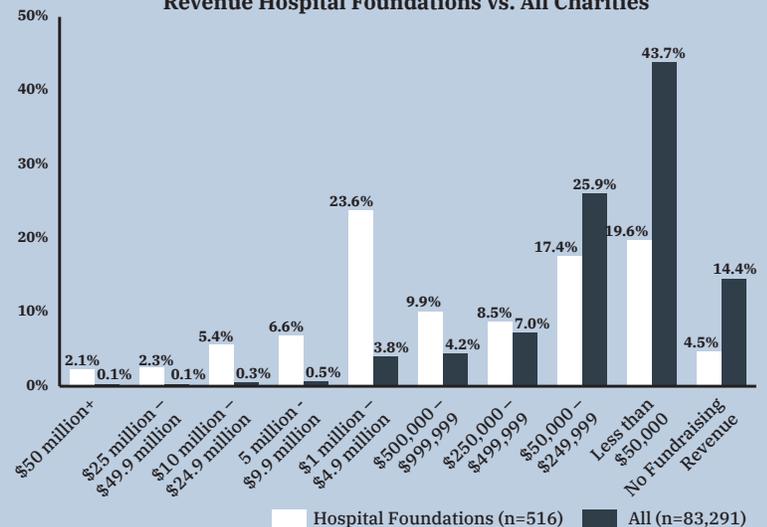
for healthcare philanthropy and that proactively considering and positioning philanthropy as part of the solution could strengthen, rather than weaken, the case for it. As hospitals tackle how to best deliver care and address pressures in the system, foundations and philanthropy can play an important role in bringing new models and practices to life. Innovations like artificial intelligence, home delivered care, or use of digital platforms are all opportunities that foundations can speak to donors about.

There is, however, a debate among foundation leaders about whether this sort of system-change and adaptation is the role of philanthropy, or whether donors will see it as the role of government. Regardless,

FY2020 DISTRIBUTION OF CHARITIES BY FUNDRAISING REVENUE – HOSPITAL FOUNDATIONS VS. ALL CHARITIES

Hospital foundations have become dominant players in Canadian fundraising, with 16.4% of foundations raising more than \$5M in FY2020, compared with 1% of Canadian charities overall.

FY2020 Distribution of Charities by Fundraising Revenue Hospital Foundations vs. All Charities



/ Hospital Foundations /

Canadians' feelings and perceptions about our healthcare system must be 'on the radar screen' for discussion, both among healthcare fundraising leaders as well as with hospital partners.

“*We and our partner hospitals will do our institutions a great disservice if we allow ourselves to not defend the importance of our healthcare system and talk about the significant role that philanthropy plays in innovating and catalyzing new ways to do our work.*

Ted Garrard, CEO, SickKids Foundation

2 / CASES AND MESSAGES THAT MEET THE CHALLENGES (AND OPPORTUNITIES) OF THE MOMENT /

Foundations must be prepared that the narrative about addressing the challenges created by the pandemic may cause donors to be focused on how to improve access, rather than the more typical fundraising priorities like research, education and capital. Foundations may find their ability to discuss broader issues and other priorities may be challenged over the next while and, as possible, incorporate into cases and messaging how their projects and priorities can be part of the solution.

A subset of the access narrative relates to ensuring equitable access to care. The pandemic has highlighted how some members of our communities are being left

behind by our healthcare system, which, combined with an increasing consciousness around equity in general, is leading to real interest in ensuring all Canadians have good access to care, another important factor for foundations to consider when crafting their case.

When it comes to Canada's community hospitals, many experienced some of their best fundraising years ever during the pandemic, and the post-pandemic period may be like no other for them to make a case about the need for 'the best care possible as close to home as possible'. Community hospitals are also proudly embracing their role in caring for their communities, "providing good solid incremental care that happens everyday" as one sector leader puts it. Community hospital foundations are incorporating these messages into their fundraising cases to take full advantage of the 'warm glow' associated with front-line, community healthcare across Canada.

/ Hospital Foundations /

3 / RELATIONSHIP WITH HOSPITAL PARTNERS: AN EVOLVING, AND INCREASINGLY INTEGRATED, ROLE /

Foundations and their leadership are increasingly 'coming into their own' in terms of their role as critical partners to their hospitals. Over the past decade, foundations have been much more integrated with their hospital partners, whether it be the CEO having a seat at the hospital executive table, fully integrated hospital and foundation marketing and communications strategies or joint priority planning.

Today, that integration is being taken even further, seeing foundations and their hospitals moving in total lockstep, particularly when it comes to major capital projects. In fact, foundations are playing a more significant role today in capital project planning, being brought to the table much earlier than they used to be. Additionally, they are becoming much more involved in advocacy efforts both in their communities as well as with municipal and provincial governments.

An emerging area of pressure for many hospitals and their foundations is the escalating cost of capital projects driven by the historic level of inflation. A further example of increasing partnership and integration, many are undertaking collaborative planning exercises involving

foundation and hospital leadership, both staff and board, to determine the pace and sequencing of projects and to ensure both entities are fully aligned on priorities and foundation fundraising capacity.

4 / EDI EFFORTS TOP OF MIND AND PERMEATE EVERY PART OF THE ORGANIZATION /

As already noted, there is a generally accelerating conversation in Canada about creating a more equitable and inclusive society. Given this, many hospital foundations are considering the implications of this conversation across the entirety of the organization, including the development of culturally sensitive and appropriate recognition, ESG driven investment policies, diversity of staff and volunteer composition and fundraising priorities that support diverse communities, among many others.

While this conversation continues to evolve thinking and mindsets, it is important to acknowledge that not every part of the country is in the same place in the conversation, nor are the specific nuances of it the same. Fundraisers in some communities say that the majority of their donors still hold fairly traditional views, particularly when it comes to naming and recognition. In communities with a large Indigenous population, the focus and conversation are revolving around Reconciliation.

/ Hospital Foundations /

For others, the emphasis is on ensuring diverse communities are represented and included. And for many, it's actually a combination of all of the above.

This reality, and the complexities and sensitivities around this topic, mean there is no one-size-fits-all approach. Rather, it is incumbent on every foundation to take the time to find the right focus for itself and its hospital partner, rooting direction and decisions in values and collaborative engagement with all members of its community.

5 / GOOD, OLD-FASHIONED FUNDRAISING SUPPORTED BY MODERN TOOLS AND TECHNIQUES /

“*[the pandemic] gave us the opportunity to enhance our personal stewardship. The response to our efforts has made us rethink our approach, leading us to have less of a focus on treating every donor the same, but to reach out individually with very personal and meaningful interactions.*

Anissa Hilborn, President and CEO,
Joseph Brant Hospital Foundation

“*[Recognition and naming] is about a synergy of values between donors and institutions. It's now more than just understanding donors' passions and interests. We need to understand what their values are and if they align with the Hospital and the Foundation.*

Karen Fowler, President and CEO, St. Boniface Hospital Foundation

/ Hospital Foundations /

A by-product of the pandemic has been a renewed focus, as one sector leader put it, “on a return to good old-fashioned fundraising and relationship building”. In the early days of the pandemic, many foundations doubled down on their stewardship efforts, implementing very personal and individualized activities. Many say that thanks to this experience, they plan to recalibrate their relationship building to focus on very personalized activities and experiences rather than large events.

Like all charities, hospital foundations also developed greater capacity to fundraise and engage virtually during the pandemic. And like all charities, virtual tools and techniques will remain part of the cultivation and communication mix as the pandemic comes to an end, given the high levels of engagement, positive feedback, and wider geographic reach generated by this engagement mechanism.

A unique undertaking created by one research and teaching hospital foundation was the creation of ‘virtual expeditions’ that saw physicians presenting about a particular area of research. In some instances, the foundation had up to 900 people tune in. They tied presentations to a theme of the month (e.g. cardiac, diabetes) and immediately following one presentation, one participant made a \$100,000 gift to the research program.

A number of hospital foundations have also introduced door to door campaigns, and a good many are reporting great success with them. They are complementing these ‘throw back’ strategies, however, with modern day tools and techniques, including investments in further developing digital capacity.

6 / REALLY, REALLY BIG GIFTS: KEY TO FUTURE SUCCESS /

“We’ve started a number of conversations regarding transformative gifts in the last year. As we begin to engage the next generation taking over family businesses, we are seeing encouraging signs that their sights may well be set beyond their parents in terms of philanthropy.”

Angela Chapman, President and CEO,
VGH & UBC Hospital Foundation

Some of the largest transformational gifts to healthcare in Canada have been committed over the past two years. Sector leaders, believing this phenomenon is driven in part by growing wealth and stage of life, anticipate this to continue, if not accelerate, over the coming years.

/ Hospital Foundations /

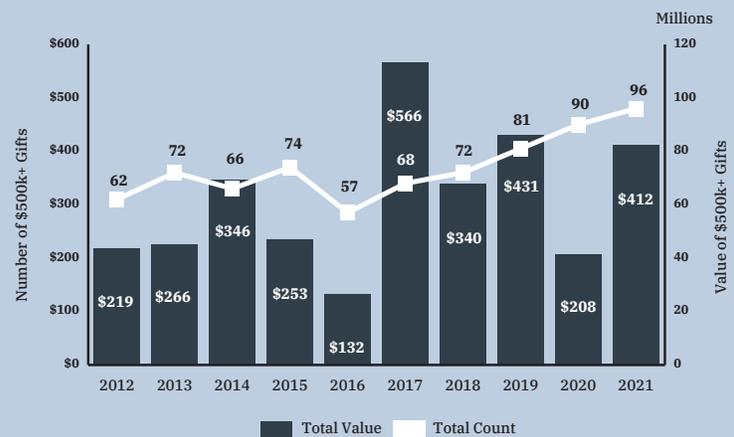
Today, transformational donors expect to bring more than money to the table and are increasingly emerging as integral thinking partners who want to contribute knowledge and expertise to the idea or problem at hand. This focus on co-creation, not just the size and designation of the donation, is creating a shift in how these donors are engaged. Emerging from the pandemic, expect to see more and more donor interest centred around groundbreaking research, solving healthcare challenges and enhancing access and equitable care.

Developing the case for a bold vision and the big ideas that will attract transformational investment demands complex cross-functional planning and a layering in of external perspectives and major donors. Fostering effective planning, managing cross-disciplinary investments, describing projects and their impacts, and bringing different parts of the hospital into conversation demand foundation staff who can act as conveners, coordinators, and catalysts for collaboration. Hence, foundation staff skilled in facilitation, storytelling and making the case both inside and outside will be increasingly essential.

COUNT AND VALUE OF \$500K+ GIFTS TO HOSPITAL FOUNDATIONS

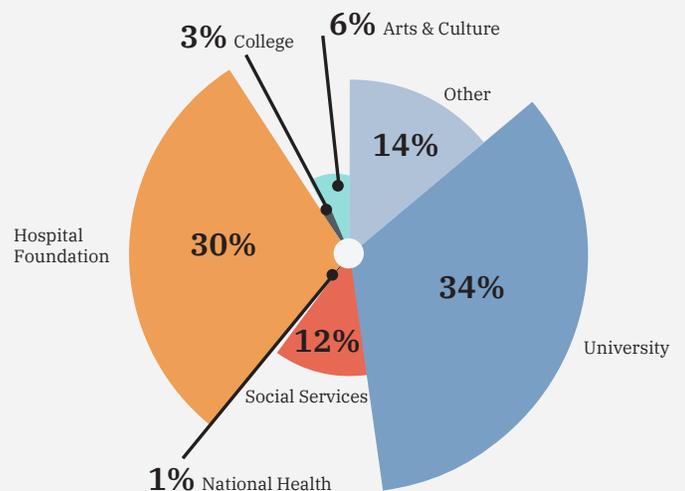
Hospital foundations attract some of the largest gifts in Canada, second only to universities.

Count and Value of \$500k+ Gifts to Hospital Foundations (2012-2021)



Source: KCI

Value of \$500K+ Gifts by Sector (2012-2021)



Source: KCI

/ Hospital Foundations /

7 / PEOPLE, TEAM AND CULTURE ARE TOP PRIORITIES /

Like every sub-sector, hospital foundations are reporting that many of their staff teams are exhausted and so, leaders are putting a major focus on their people and culture, making both a top priority.

Competition for outstanding fundraising talent has been a perennial challenge in fundraising, but it is especially so as we emerge from the pandemic. The past two years have been stressful for fundraising staff teams, and leaders continue to try to strike the right balance between supporting physical and mental well-being with a relentless and ongoing need for results and productivity.

The need to focus on developing teams will only intensify as these shortages converge with a concurrent demand for more sophisticated, highly skilled major gifts leaders capable of facilitating cross-functional conversations. Leaders wonder where they will find people with the skills, experience and resilience to hit the ground running, and navigate a whole new set of demands.

Talent management going forward is unlikely to be a one-size-fits-all approach. Strategic and empathetic leadership will be required to simultaneously foster a collective team purpose while accounting for individual workplace expectations. Managers must engage staff in individual conversations about how to rebuild motivation and engagement for the next chapter of work.

8 / BOLDLY MOVING FORWARD /

The post-pandemic period could be a major turning point for health care philanthropy in Canada. As hospitals seek to innovate health care delivery and address the needs of the communities they serve, the role of their foundations will be more critical than ever.

Hospital foundations will become even more significant partners, as reliance on philanthropy will only continue to grow. In addition, increasing complexity will demand further integration of the fundraising function into all aspects of the hospital, as foundation leaders seek to meet to both meet the demands of donors as well as raise the funds required to support the bold plans of their hospital partners.

With more adaptive approaches to donor relations, increasing personalization around asks, hybrid working environments and an increasing focus on diversity, there is tremendous need and potential for hospital foundations to evolve, grow, and help author a new chapter in the evolution of healthcare philanthropy in Canada.

About KCI

We are Canada's leading consultants to the non-profit sector with professionals across the country in fundraising, strategy, research & analytics, and executive search.

Our core purpose is to inspire and enable organizations to raise money, to make the dream of better communities and improved lives a reality. And through our nearly 40 years of experience, we've helped thousands of organizations craft their strategies, build their teams, and raise billions of dollars in the education, health, social service, arts & culture and religious sectors.

In doing that work, we firmly place our focus on values and people... both ours and yours. We are proudly and resolutely guided by our core values: the highest integrity in all our actions; commitment to excellence and innovation in everything we undertake; openness to new ideas; and collaborative and respectful relationships with our colleagues and our clients. We hire to these values and live them every day. And because we know the future won't look like the past, we hold capacity building, knowledge sharing and insight creation at our core.

We have made it our business to know What's Next.



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