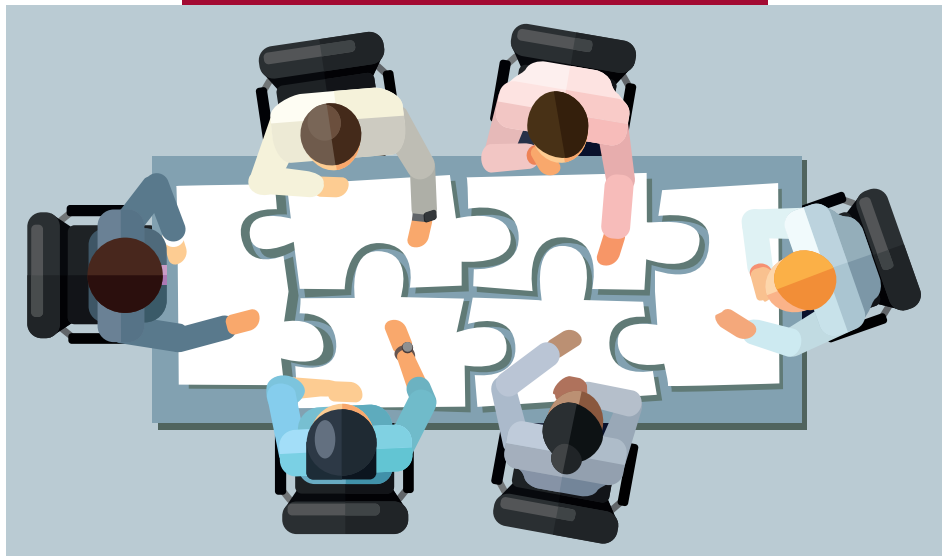


# Trustee Insights

## BOARD DEVELOPMENT



## When Hospital/Health System and Foundation Boards Intersect

Collaborating on a shared vision can boost effectiveness and efficiencies

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**T**imes are clearly changing. Amid historically high labor costs and evolving care delivery and reimbursement models, hospitals and health systems are looking beyond cost-cutting to strengthen and sustain services for their communities. Leadership is being increasingly strategic about identifying and leveraging areas that can support the financial health of their organizations.

Yet, where there is change, there is opportunity. One available revenue resource that is often overlooked and underutilized is philanthropy: voluntary, charitable giving from individuals, businesses and foundations. Philanthropy is a high-ROI revenue generator compared with patient care revenue and delivers about a 4:1 return with a mature program, according to the Association for Healthcare Philanthropy 2022 [Report on Giving](#). As a result, philanthropy is becoming ever more important in helping hospitals and health systems fund facilities, technology, services and programs integral to fulfilling their missions.

Increasing connection and collaboration between hospital and health system boards and their foundation

boards can help maximize an organization's ability to raise philanthropic support within their communities. As cost pressures and revenue reductions persist, philanthropy has become a must-have rather than a nice-to-have, and it is in the best interest of organizations to determine how each board can leverage its expertise and influence and work in conjunction to help support financial sustainability.

### Ensuring Role Clarity

To successfully leverage the value of both boards, it is first important to outline the roles and responsibilities of each board to illuminate where they are distinct and where they overlap.

First and foremost, both groups should exhibit an understanding of and a commitment to the fulfillment of the organization's mission and play an important role in articulating the vision to the community. Members serve as ambassadors for the organization within the community and in communicating community needs within the organization.

Hospital and health system boards are responsible for overseeing the operations of the health care organization. They set goals and monitor organizational performance, ensuring the provision of high quality, safe and efficient care that is accessible to all communities served. While hospital boards are becoming more involved in advocacy

work and philanthropic efforts, these responsibilities have not always received meaningful attention due to competing responsibilities, time constraints and a perception that these roles are not their purview.

This, however, is changing as hospitals join systems and multi-tiered governance structures are created. In many cases, the strategic and financial oversight that once belonged to the local hospital board now falls under the responsibility of a regional or system board. This shift provides an opportunity for those members serving at the local level to expand their role in and attention to those responsibilities best suited at the local level such as quality, community health, advocacy and philanthropy.

The foundation board's primary purpose is to raise funds to support the organization in fulfilling its mission. Board members individually and collectively partner with the philanthropy team, executives, clinicians and other allies to identify, engage, solicit and steward current and potential donors. They serve as ambassadors in the community, telling the hospital's story and promoting the organization's vision for impact with potential supporters.

### Building on Shared Opportunity

While each group has distinct areas of responsibilities, the real opportunity to maximize the two boards' competencies and influence lies in the areas where they intersect — advocacy and philanthropy.

Since influential community members tend to sit on hospital and foundation boards, both groups

bring significant social capital that can be leveraged to promote the vision of the organization and to raise much needed funds to support the mission. It is in this realm that hospital board members can best add new value beyond the traditional expectations of their role, since many have not fully utilized their objective influence to engage those in their business, social and civic networks to support the health care organization.

## The real opportunity to maximize the two boards' competencies and influence lies in the areas where they intersect — advocacy and philanthropy.

There are several leading practices that can leverage the shared space of hospital boards and foundation boards. These include:

### Facilitating Joint Strategy Retreats

Holding joint strategy sessions provides an opportunity for increasing connection and leveraging the competencies of both boards. As the role of health philanthropy pivots from *expanding* the budget to *offsetting* critical investments that are already reflected in both the organizational budget and strategic plans, coordination between the boards can drive critical alignment between philanthropic work and organizational strategy.

For example, the hospital board's role in shaping and affirming strategy enables it to bring foresight

around which service lines and programs will require significant investment, what impact could be achieved and the timeline and path to execution. Having access to this information will, in turn, enable the foundation board to proactively position and plan for outside campaigns or funding initiatives to support the greater vision.

Joint sessions would also provide time for both boards to get to know one another better, to build trust and

to develop a deeper understanding of what each group brings to the table in terms of competencies and skill sets. In addition, it provides uninterrupted time to engage in in-depth strategy discussions and to identify where there may be additional opportunities for the groups to work more closely together.

For example, foundation board members might provide information on the planning or execution of a campaign. By enabling hospital board members to better understand the arc of fund development work and when and why expanded board participation is needed, hospital boards will be in a better position to effectively advocate for the organization. Because most often members of the hospital board are well connected in the community, having them associated with the campaign can also bring additional weight and legitimacy to the funding effort beyond what foundation board members already bring.

### Coordinating Around Recruitment

Coming together to surface, vet and prioritize a list of board candidates

for both the hospital board and foundation board can add significant value. Collaboration enables both boards to have a more expansive view of how each prospective board member's competencies, connections, expertise and other attributes could best add value to the overall organization in advancing strategic opportunities and in overcoming current obstacles. Joint selection also enables more effective conversations about the strategic movement of members from one board to the other to carry forward knowledge/expertise, to create continuity and to advance strategic opportunities.

Boards that come together to identify potential board members also unlock access to a broader organic network of prospective leaders to consider for each board. However, boards that recruit and select together must understand and bear in mind the differences in competencies and commitments required for service in each venue. For example, hospital board selection is heavily driven by specific operational oversight competencies, skill sets and expertise while foundation board selection is heavily driven by mission embrace, competencies, community connectivity and influence.

Harnessing the power of shared selection and recruitment enables the organization to optimize the placement of community leaders in the board role where they are best positioned to add value.

### Creating Interlocking Directorships

Having select board leaders simultaneously serve on both boards can strengthen understanding, commu-

nication and collaboration between the two groups. Hardwiring thoughtful crossover enables board leaders to share important updates on what their respective boards are working

## TRUSTEE TAKEAWAYS



- More challenging times call for creative strategies to support the financial sustainability of health care organizations.
- Hospital and foundation boards have distinct roles, but also share competencies that can be used as a strategic advantage for the organization.
- This intersection of competencies can be found in their roles with advocacy and philanthropy.
- Boards can use these shared competencies in a number of leading practices: affordability and value.

on and to help identify opportunities to work together more closely on specific issues. In addition, simultaneous service by board leaders can promote perspectives that might not be represented by others on the board. For example, a foundation board chair sitting on the hospital board is in a good position to advocate for all board members to include the hospital amongst their own charitable priorities.

This type of interaction not only can increase individual rates of giving, but also has the added benefit of increasing the probability that others would commit their philanthropic dollars to the organization. Large donors often use board participation in giving as a metric by which

they gauge leadership commitment to the organization. If the hospital board is not supporting the organization, it sends a strong message to others that those who are closest to the cause do not believe in it enough to invest in it.

### Exchanging Board Meeting Summaries

Exchanging board meeting summaries is another way to strengthen communication and alignment across boards. Simple, one-page summaries outlining key areas of discussion and actions taken during meetings can be an effective way to share what each group is working on. For example, hospital board meeting summaries are a great way to help foundation board members better understand the organization's strategic priorities and operational activities and can provide specific examples of what the system is doing in support of the communities it serves. By the same token, foundation meeting summaries can position the hospital board to know who the foundation seeks to engage in order to provide strategic introductions or to assist in deepening relationships with external partners.

### Crafting Cohesive Stories

Each board can add value in shaping a compelling and cohesive external case for charitable support. The hospital board brings a deep understanding of the strategic rationale for key initiatives as well as the health care organization's capability and commitment to execute. The foundation board often brings insights on what moves and motivates donors to invest in the health care mission.

By bringing together the various perspectives, knowledge and stories that exist within each board, the organization is better positioned to share a vibrant and robust investment prospectus with potential donors and partners.

### Realizing Opportunity

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Significant opportunity sits at the intersection of today's pressing need for additional, low-risk reve-

nue streams to support health care alongside the changing role of the local hospital board. Now is the time for community hospital boards not only to reposition their collective partnership with the foundation board but also to elevate their own personal participation in advocacy and philanthropy to engage the community. Leveraging the insights, expertise and influence of both boards can create a source of needed sustainability and competi-

tive advantage.

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