

# HOW CAN ORGANIZATIONAL PHILANTHROPY EXECUTIVES SHIFT THEIR INTERNAL CONVERSATIONS TO THE LONGER TERM?

Pearl Veenema

An essay contribution to  
***GHC Conversation 2010***

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P.O. Box 510257 ▲ Milwaukee WI 53203 ▲ 414-962-6696 ▲ [www.garyhubbellconsulting.com](http://www.garyhubbellconsulting.com)

# HOW CAN ORGANIZATIONAL PHILANTHROPY EXECUTIVES SHIFT THEIR INTERNAL CONVERSATIONS TO THE LONGER-TERM?

By Pearl Veenema

## Introduction

My interest in exploring this question stems from the realization that defining goals, strategy and measured results for the charitable sector are different from the best practice examples that shaped the late 1990's. Today's fiscal reality, instant push/pull communication opportunities, global context, competition for talented volunteers and staff, growing number of charitable organizations, donor accountability expectations and growing reliance on philanthropic dollars makes me feel challenged and excited as I consider the longer-term for my organization, profession and professional legacy.

While I am not ready to retire, I am thinking about the next 7-10 years and my vision to create a sustainable, best practice healthcare foundation (Hamilton Health Sciences Foundation)<sup>1</sup> serving Hamilton Health Sciences (HHS)<sup>2</sup> and the communities it is committed to serving.

Philanthropy is all about matching donors' interests to meeting human needs and the development of trusted, meaningful relationships. This is a constant. However, the forces of relentless change and the need to manage the business of philanthropy inspire me to think and act in a different way to achieve my professional and personal goals.

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<sup>1</sup> The Hamilton Health Sciences Foundation is a registered charitable organization that exists to support patient care, research and education across the Hamilton Health Sciences family of hospitals - Chedoke, Hamilton General, Henderson General, Juravinski Cancer Centre, McMaster Children's Hospital, McMaster University Medical Centre and St. Peter's Hospital. [www.hamiltonhealth.ca](http://www.hamiltonhealth.ca)

<sup>2</sup> Hamilton Health Sciences is a family of six unique hospitals and a cancer centre, serving more than 2.3 million residents of Hamilton and Central South and Central West Ontario. [www.hhsc.ca](http://www.hhsc.ca)

My essay examines scenario-based thinking for an envisioned future and the frameworks that can be utilized to assess and test assumptions. These frameworks will help me manage the internal conversations that I am having, and to share them with all who can become engaged to take action and deliver results.

## **The Issue**

In 2006, after a comparison to all academic health sciences philanthropy in urban cities across Canada, the potential to raise \$30 million in annual revenue was recommended as a directional goal. This was pre-recession. Now with the realization that it is unlikely that philanthropy will continue to grow at the rate of 7-9% annually (national average for all philanthropy), predicting when we can realize that objective involves more than percentage and trend line forecasting.

Currently we are just under 50% of that goal with a combination of philanthropy and partnership revenue. Irrespective of whether this was/is a realistic financial goal, the questions that I am compelled to ask are the following:

- What impact will the recession have on the ability to realize such a financial goal?
- What are the critical elements required within our Foundation to support \$30 million in annual revenue?

Based on updated research on the level of philanthropy within the communities we serve, it is reasonable to raise our sights and plan to realize \$30 million annually. The uncertainty is the time-line.

What are the critical elements that need to be in place?

The Foundation has a traditional blend of fundraising tactics and strategies that inform the comprehensive development program. Plans to integrate social media, cause-marketing initiatives and non-traditional partnerships are in its infancy. The board, volunteers and staff are still adjusting to the new matrix organizational model supporting four programmatic areas (pediatrics, oncology, cardiovascular/stroke and seniors/chronic care). To the healthcare consumer and donor, the Hospital's local and regional roles can be confusing and are complex.

## **Exploring Uncertainties and Predetermined Elements**

The fundamental uncertainty is predicting, accurately, when the economy will fully stabilize and individuals, corporations and foundations will feel comfortable making significant gift investments. In my opinion, regardless of the time imperative, organizational readiness is ongoing and the longer-term view for success will be centered on:

- A compelling case for support
- Leadership at volunteer and staff levels
- Robust donor potential pool
- Conducting business differently

## Envisioned Scenario

An approach to contemplating an envisioned future is to develop a scenario. Scenario based thinking is both a process and a posture. As described in the Global Business Network's (GBN) article; What If, The Art of Scenario Thinking for Non Profits<sup>3</sup>. "It is the process through which scenarios are developed and then used to inform strategy. After that process itself is internalized, scenario thinking becomes, for many practitioners, a posture toward the world – a way of thinking about and managing change, a way of exploring the future so that they might then greet it better prepared."

With that encouragement to take a leap and create a scenario for exploration, I have developed the parameters as follows.

## The Scenario

By 2015, the development program has measurable key performance indicators demonstrating that donors have identified the Foundation/Hospitals as their top healthcare charity of choice in support of specialty care in the region. Partnerships, developed through cause marketing, supplier industry to the hospitals, third-party events and joint regional foundation fundraising campaigns, are contributing sustainable annual income - at least 15% of annual revenue. The major and planned giving programs are generating 60% of annual revenue and are fully supported by future pledge-based income. The Foundation has in reserve a designated fund with at least 1 years' operating income. Volunteer composition is regional and representative of the communities we serve. The CEO succession plan is formalized with a minimum of two internal candidates. The overall cost per dollar raised at \$.20 allows for opportunities to invest in people and programs to grow annual revenue.

## Conversation Begins

With the scenario developed, it created an array of feelings and thoughts - should I advance it? Is it realistic? Is it unrealistic? How best to assess?

The traditional SWOT analysis process felt restrictive. I wanted to keep it in a dialogue and storytelling mode. From a brief literature scan, previous and current experiences, three frameworks emerged: Outside-In Thinking; Blackstone Partners Evaluation Criteria and Measures of Success; and Ken Hubbell's Restored and Reshaped Scenarios were thought provoking tools to explore the scenario.

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<sup>3</sup> What If? The Art of Scenario Based Thinking: Diana Searce, Katherine Fulton and the Global Business Network community (ref -page 8 & 12) [http://www.gbn.com/articles/pdfs/GBN\\_What%20If.pdf](http://www.gbn.com/articles/pdfs/GBN_What%20If.pdf)

## Implications/Strategic Agenda – Outside-In Thinking

As proposed by the GBN article “thinking from the outside-in begins with pondering external changes that might, over time, profoundly affect your work”.

Utilizing the driving forces, I can readily see the viable application to test the direction and assumptions in my envisioned future statement.

## Driving Forces

Constituencies	Individual, Corporations, Private and Public Foundations, Rotary, Clubs and Societies and small businesses
Customers	Smaller charitable foundations purchasing services
Communities	Presence in all communities we serve by geography and ethnicity
Competitors	Other charitable foundations in the region and global fundraising and micro-economic projects
Partners	HHS Hospital, media in all formats, other foundations in the region not necessarily health care and those globally focused - Clinton/Gates as examples related to population health
Regulation	Local Health Integrated Network system preserved through changing governments
Social	Recognition of the 25% local community living at the poverty level, next generation engagement and Diaspora
Technological	Rapid changes enabled through all social media applications and telecommunications
Economic	Slow economic recovery/fragile global economy/ decreased manufacturing base and growing small businesses with less than 50 employees
Political	Municipal, provincial and federal elections planned

## Strategic Agenda

On March 2, 2010, the HHSF Board had its Annual Retreat. The agenda was focused on the development of 3-5 overarching goals that will inform the strategic plan for the next 5 years. I anticipated that the goals would be:

- Revenue generating and expense management for a preferred return on investment (ROI)
- Sustainability
- Best practice – governance, fundraising tactics, developing staff and leadership, creative partnerships and engaging the next generation of philanthropists
- Tangible evidence of a growing culture of philanthropy internally and externally in support of HHS/4 fundraising pillars

Not surprising, the significant areas of focus pertained to:

- Branding
- Higher quality donor relationships
- Enhanced partnerships
- Analysis of the sustainability of the traditional events
- Sponsorship programs and optimal fundraising revenue generation

All to position the Foundation as a charity of choice for investment.

The consultant at Blackstone Partners<sup>4</sup> utilized the following evaluation criteria as we explored the emerging themes and goal focus. While many of the criteria are worthy of consideration, I naturally gravitate to the ones that are **highlighted**.

**1. Strategic Alignment & Accountability**

- *Does the strategic direction support and advance the achievement of our Mission and Vision?*

**2. Integrated**

- *Will the proposed direction improve the extent to which all parts of our Foundation are connected and work with one another?*

3. Sustainable

4. Quality Services/Products Enhanced

5. Anticipated Impact

6. Improve Work Environment

7. Aligns with HHS Vision and strategy

**8. Enhances Partnerships**

- *Does the proposed direction make use of, and leverage our partnerships?*

9. Risk Management

10. Consistency

11. Realistic

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<sup>4</sup> Blackstone Partners is a boutique firm of dedicated management consultants [www.blackstonepartners.ca](http://www.blackstonepartners.ca)

## 12. Challenge

- *Does the proposed direction 'push us' to a new level of profile and performance as an organization?*

## 13. Creative, Innovative, Fun

## 14. Donor Focused

- *Does the proposed direction help the organization to better align with the donor and reflect what they are looking for?*

## 15. Environmentally Relevant

## 16. Geographically Unique

## 17. Transformative

- *Does the proposed direction enable us to transform what we do and achieve new levels of performance?*

### Leading Indicators (7 Measures of Success)

Another framework that appeals to me is the result of extensive research detailed in *7 Measures of Success*<sup>5</sup> for best practice organizations as published by the ASAE (American Society of Association Executives) and The Centre for Association Leadership research outcomes. The research model was adapted from Jim Collins *Good to Great* and *Built to Last*. The framework consists of the following:

#### Commitment to Purpose:

- Customer service culture
- Alignment of products and services with mission

#### Commitment to Analysis and feedback

- Data-driven strategies
- Dialogue and engagement
- CEO as a Broker of Ideas

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<sup>5</sup> 7 Measures of Success published by ASA & The Center for Association Leadership 1575 I Street, NW Washington DC 20005-1103 Copyright 2006 by The Center for Association Leadership (Foreword by Jim Collins)

Measure 1: A Customer Service Culture (pg 24)

Measure 2: Alignment of Products and Services with Mission (pg 28)

Measure 3: Data-Driven Strategies (pg 38)

Measure 4: Dialogue and Engagement (pg 44)

Measure 5: CEO as a Broker of Ideas (pg 49)

Measure 6: Organizational Adaptability (pg 55)

Measure 7: Alliance Building (pg 60)

## Commitment to Action

- Organizational adaptability
- Alliance building

I can readily see application of these elements to test my assumptions and thinking in the proposed scenario.

While the outside-in thinking model (GBN), *7 Measures of Success* and the Blackstone Partners criteria are valuable tools to test assumptions in the 2015 look ahead scenario, there is another strategic approach that is of interest.

In 2009 Ken Hubbell, President, Ken Hubbell and Associates, proposed four possible futures scenarios – RESTORE, RESHAPE, REPAIR and RETRENCH.<sup>6</sup> The scenarios based on RESTORE and RESHAPE support my belief about the current reality and are workable future scenarios. While the geographic references are US centric, they are appropriate for Canada.

In the **RESTORED** scenario there is a most positive view predicting high levels of philanthropic resources and a base for growth, innovations and resiliency.

### Scenario 1: RESTORED

- Economic recovery from 2008 recession is smooth, disruption and employment ease.
- Philanthropy and government explore new links to focus joint innovation on intractable problems.
- Philanthropy resources are constrained for 2009 but return to high levels after 2010.
- Corporations reinvest and social networking and customized-technology gain advantage.
- Individuals rebuilding nest eggs, slow return as donors.
- Veteran executive staff stay and lead thru short down cycle to seed renewal, move on to volunteer.
- Large capital campaigns slowed but recapture pace and energy by 2010.
- New focus on America brings new shared commitment and increased sense of meaning and hope.
- Much of 3<sup>rd</sup> sector begins to embrace new shifts to energy efficiency, “green” ways
- Slow and steady changes toward diversity; new voices and younger allies accepted.

In the **RESHAPED** scenario the reality is a slower economic status to 2012, however new alliances, optimism and a convergence of communications and technology provide a more positive view to shape the future.

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<sup>6</sup> Shape Shifting in Philanthropy: 2009-2015 Reconsidering the Short-term Future of Philanthropy in America by Ken Hubbell, January 2009 [www.kenhubbell.com](http://www.kenhubbell.com)

## Scenario 2: RESHAPED

- Continuous economic doldrums prevailed as deficits took a bite from federal and state funds.
- The federal government invested trillions between 2008 and 2011 to re-ignite the economy but the recovery was sluggish.
- Government funds had rebuilt infrastructure, schools, and community facilities but few resources for direct service.
- Philanthropic resources at the largest private foundations eroded to the lowest levels in decades.
- Corporations invest in marketing, mergers, donate time, goods.
- Individuals save and delay charitable gifts.
- Many non-profits struggling and safety net porous.
- Large intermediaries and institutions pass on costs to “customers” to survive lengthy downturn.
- After 2010 several new alliances reshape a collective actions agenda in the US around educational excellence and new energy jobs.
- Economic stress has stimulated a new openness to collaboration and bringing in young people and letting them direct new social networking outreach, fundraising.

Further, Hubbell proposes that within these futures, leadership must consider the response to the following questions as they consider the changing landscape for all scenarios.

- How well do our current approaches and strategic assumptions hold up in each scenario?
- Which scenario(s) will support our current vision and which ones would be threatening?
- How will our group, agency, institution or foundation maintain our comparative advantage in each future?
- How will competitors and allies be able to adapt in each case? Are we prepared if they don't survive?
- How could we cooperate in new ways to shape our goals in the scenarios? Are there a few strategies that work well for the people we serve in the two scenarios?
- If our organization can sustain or recreate itself through innovation, what will it need to do in 2010 to make this happen?

I am thinking about the comparative assessment using the two scenarios and the above questions as a discussion with management and the Strategic Planning Steering Committee to challenge the 2015 scenario.

## Organizational Effectiveness

Presently, organizational effectiveness is measured on four overarching goals:

- Fundraising and expense management
- Developing a culture of philanthropy

- Developing high-performing volunteers and staff
- Building infrastructure support

These goals work for iterative annual plans as the organizational model changed from a traditional foundation structure with an overall board and programs supporting an array of annual, major and planned giving programs, to decentralized fundraising pillars by programmatic councils. The current landscape calls for a higher level of strategic goals.

Readiness to embrace the longer-term goals requires innovative thinking, collective focus on shared accountabilities among board and staff, tolerance for measured risk taking, investment in people/ programs and adaptability. As I reflect on my internal conversations, it feels much more comfortable to work within scenarios and the creation of story maps with milestones along the way to measure impact and the need for course redirection.

I envision that the above thinking and frameworks will be reflected in the dialogue and debate enabling a focus on the development of the overarching strategic goals and supporting tactics.

### **Philanthropy Impact**

At an HHS organizational level, I am thinking about stability of dollars raised to support ongoing equipment needed to deliver care and even more funds raised to support the specialty clinical areas and research. In addition, contemplating how the Foundation's operational sustainability can be resilient to external factors that may threaten ability to invest in HHS and the community.

At the donor level, they are realizing their investment mission and vision and philanthropy is seen as an enabler to a healthier community.

In a perfect scenario, the above realities and impacts will be recognized at local and regional levels. A significant enabler will be local and regional representative volunteer engagement and participation on the Board and Fundraising Councils.

### **Close and Committing to Action**

While I can take personal responsibility for translating internal conversations into action, they will fall short of expectations if the Board, volunteers, staff and HHS leadership are not aligned and in agreement with the envisioned scenario.

Perhaps most importantly, donors and potential donors need to be engaged and informed partners to contribute to any planned success.

I look forward to presenting these concepts and the envisioned scenario as a back grounder to the dialogue that ultimately will result in lofty, inspirational and achievable goals.

## ABOUT GHC CONVERSATIONS

Annually, Gary Hubbell Consulting convenes and hosts a small hand-picked group of social sector professionals from throughout North America for three days of intense dialogue and critical thinking. We strive to create a thought-provoking, mind-opening, and stimulating conversation about philanthropy, organizational leadership, and the sector as a whole. This deep exploration of the nature and challenges of the philanthropic environment is intended to engage, inform, and inspire senior leaders to be catalysts for change in their own organizations and communities of influence. With each GHC Conversation, we seek to establish the seeds of a continuing and enriching network that nourishes us as individuals and helps each of us change how we converse, inspire, and seek new dimensions of philanthropy. This essay is one contributed for *Conversation 2010*.



## Conversation 2010 Participant Bio

### **Pearl F. Veenema, FAHP**

President & CEO  
Hamilton Health Sciences Foundation  
40 Wellington St. N.  
Box 739, LCD 1  
Hamilton, ON L8N 3M8  
905-577-8226  
veenema@hhsc.ca  
www.hhsc.ca



Since August 2007, Pearl has been President & CEO of the Hamilton Health Sciences Foundation. The Foundation raises philanthropic gifts to support one of the most comprehensive healthcare systems in Canada, providing specialized services to patients from pre-conception through to aging adults.

Pearl began her healthcare career in nursing and has had extensive experience in healthcare administration, public affairs, marketing and as a patient representative. In 1999, Pearl decided to focus her career in development where she has been a Chief Development Officer for a small foundation, Managing Director of Campaigns for a \$500 million campaign in Toronto and Vice President Advancement for the Toronto General and Western Hospital Foundation.

She is a Fellow of the Association for Healthcare Philanthropy (AHP) and a Certified Fund Raising Executive, CFRE International. In both organizations she has served as Chair. Currently Pearl is Chair, AHP's (Madison Institute).

Pearl attended *Conversation 2009* in Phoenix, AZ.