

Why the Wealth of Your Community Matters

What is the wealth of your community, and why does it matter?

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Healthcare fundraising is local. Many healthcare philanthropy benchmarking studies focus on types of institutions, staff, and bed size. While insightful, these measures alone cannot tell the whole story. For a full picture of philanthropic potential you must also understand how the wealth of your community influences fundraising.

Three data points from the Blackbaud Institute's *Vital Signs* report underscore why wealth is so important in our current climate:

- Fewer donor households are making overall philanthropic gifts, yet the cumulative gift amount from this shrinking number is higher.
- Health and hospital organizations experienced a 19% increase in the number of households giving with a whopping 93% increase in the amount received.
- Medical research had a drastic drop of 30% in number of households giving but still saw an increase of 14% in amount received.

To further underscore the relevance of wealth in reaching fundraising goals, it is important to understand that there are two statistically significant truths in healthcare fundraising—one you can control and one you cannot.

- ✓ Half of fundraising success depends on the things you do control—the leadership and organizational focus and behavior of the foundation.
- ✓ The other half is based on the amount of wealth in your donor communities.

Both seem straightforward, but a deeper dive will highlight why community wealth is so important.



Why Community Wealth Matters

Now that you understand how much geographic wealth affects philanthropy, it is important to unpack how this occurs. Although the extent of this impact is out of your control, it matters a great deal to your institution and influences your prediction of the fundraising success you can achieve.

Let's do the numbers.

In 2018 research, Blackbaud's data scientists analyzed data from 7,000 healthcare organizations. They studied hospitals, health systems, and supporting organizations to determine the impact of factors such as population, funds raised, community wealth, and philanthropic inclination on a community's total giving to healthcare institutions.

It might feel daunting that 50% of your fundraising is determined by a factor you can't control. However, understanding how to work with what you've got is crucial for continued success.

Let's see how this plays out in real life. In the chart below, Hospital A and Hospital B have very similar amounts of wealth in their communities. At first glance, this fact could lead you to assume that both hospitals will raise the same amount of money. But look at the funds that were actually raised. Even with the same bed size, Hospital C raised significantly more per bed than Hospital A or B. So what's going on here? The difference is in how the different hospitals addressed those factors that are within their control to affect the total amount raised.

Funds Raised Per Bed Comparison

Hospital	Total Community Wealth (Formula)	Total Beds	Funds Raised per Bed
A	\$4.6B	200	\$4,452
B	\$4.9B	220	\$4,802
C	\$5.0B	225	\$26,047

Knowing the wealth of your community and how it affects philanthropy can equip hospitals to:

Make informed comparisons.

A small rural hospital with limited community wealth should not benchmark itself against a metropolitan system with substantial wealth, even with the same bed size.

Set realistic goals.

Setting a goal that is too high and not realizing that goal can be damaging to the hospital's reputation and the success of future campaigns. Setting it too low leaves potential donations out of the mix.

Create tailored development efforts. Develop and tailor strategies to address "the other 50%" among hospital and foundation leadership.

Finding Success in the Controllable Aspects

When you know your community wealth, you can compare your organization to like ones. Then what? The controllable attributes, such as the amount of financial giving by hospital and foundation boards, prove absolutely critical to success. Focus on the factors YOU can control. Board membership is a great place to start when developing the controllable half. Likewise, employing a well-managed donor cultivation strategy—moving donors from identification to gift—also has a large impact on success. Since community wealth is largely fixed, your strategy must focus on what will have the greatest influence. Easing off the accelerator on newspaper articles and instead applying efforts to finessing governing boards, as well as transforming smaller donors to the biggest supporters are much more effective strategies.

Conclusion

There is no “one-size-fits-all” when it comes to raising money, but this valuable information can help you craft a plan that has worked in similar landscapes and can help you apply focus where it will have the greatest effect, especially when resources are limited. Your community wealth may be smaller or larger than expected, but you can learn how to succeed with what you have and maximize the impact of the factors that you do control.

Listen to the truth.

- ✓ One-half of your fundraising success is the amount of wealth of your donor communities. You, indeed, are limited or blessed by a wealthy—or not—region.
- ✓ One-half of your fundraising success includes those things that are in your control—areas we have labeled the “drivers of success”—such as human leadership and organizational focus and behavior.



About Blackbaud

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