

Guiding Principles for Operation Growth



- Aggressive growth is needed.
 - Aggressive growth is defined as quadrupling fundraising for member hospitals over the next ten years (\$1 Billion by 2022).
- Investment is needed fund growth.
 - As the number of corporate partners, programs and new initiatives grow, we will need to invest in people, technology, tools, training and resources for hospitals to drive fundraising.
 - Investment will need to scale up with fundraising growth.
 - Improvements in implementation and economy of scale will help to drive costs down and efficiency up as fundraising initiatives mature.
- Growth must be achieved responsibly at a reasonable cost.
 - Efficiency is important. However, we should not be so slavish to keeping costs extremely low that we lose sight of the impact that could be made to help more kids by spending slightly more.
 - Charity ratings agencies established .25¢ per dollar raised across all fundraising programs as the maximum acceptable cost. Anything above that amount causes ratings to be lowered.
 - CMN Hospitals' cost has been in the .11 - .13 ¢ per dollar range for more than five years and we will continue to seek high efficiency and effectiveness.
- Accountability is critical
 - If hospital membership fees increase, fundraising must also increase. If fundraising decreases, fees must decrease.
 - The annual Partnership Value Report will demonstrate accountability to every hospital's leadership.
- Predictability is an important consideration in a new model.
 - The current operating model is based on network-wide fundraising results. It lacks relevance to individual market performance, which can vary widely.
 - A model based on individual market performance will be more predictable and make budgeting simpler.

- “Potential” for fundraising should be examined in a new model.
 - A measurement for “potential” should be developed to ensure national partnerships are being implemented consistently and keeping national partners engaged.
 - However, uneven distribution of national corporate sponsor locations and event organizers creates uneven opportunity and potential for success.
 - Should every hospital pay a fair share of the national expense if the opportunity and potential results are unequal?
- *Funds Stay Local* has been a hallmark of CMN Hospitals for 30 years.
 - Many consider this a sacred tenet and key to raising funds through Children's Miracle Network Hospitals' partnerships and programs.
 - Fee increases needed to support aggressive growth could price some out of the network. Payment options may be needed.