

Doing well by doing good

The 7 benefits of a meaningful corporate social responsibility program

You want to be a good community player — but you need to attract new patients, retain top staff and manage your bottom line. A corporate social responsibility program may be the shrewd solution.



The challenges facing your medical group practice expand daily. Regardless of declining reimbursement, rising costs and regulatory pressures, your organization is dedicated to improving people's health and well-being. That mission is reflected in corporate social responsibility (CSR) — an extension of the health care industry's core business activities and another way your medical group can contribute to the community.

CSR is the strategic creation and maintenance of socially meaningful programs, products or services that improve competitive context, enrich employees, make positive contributions to the community and enhance an organization's public profile. CSR is:

- Traditional corporate philanthropy — cash donations and/or noncash resources;
- Social outreach and support;
- Free services to underserved populations;
- Public and professional education;
- Environment and sustainability programs;
- Employee volunteerism;
- Establishment of nonprofit entities or foundations; and
- Partnering with nongovernmental organizations and agencies.

To succeed, a CSR program must be aligned and integrated with your practice's business objectives and core competencies. For example, leaders of Proscan, a multisite imaging center headquartered in Cincinnati, established a foundation that, among other things, provides free mammograms to uninsured, low-income women. This program relates directly to the organization's core competencies and generates goodwill that

enhances patient loyalty and attracts new patients.

CSR must consider all stakeholders: employees, communities, patients and patient-advocacy groups, customers, investors, industry organizations, suppliers, government and nongovernmental agencies.

The case for CSR

CSR can benefit your group practice in at least seven ways.

It extends efforts to improve patient care and benefit the community — Professionals in medicine choose their careers to help others. Many have a strong desire to give back to the community. Patients, grateful for the care they or a family member receive, often wish to express gratitude via donations to further research, care and education.

A CSR program legitimizes charitable activities and directs donations to a specific cause.

For example, in 2006, Cincinnati Eye Institute (CEI), a 45-physician ophthalmology group practice, formed a nonprofit entity with the mission to “preserve, restore and improve sight.” It conducts research, trains eye care professionals, educates the public about vision-related issues and provides eye-care services to underserved populations. Don Holmes, executive director of the Cincinnati Eye Foundation, said, “We wanted to give back to our community in ways that transcend delivery of quality eye

care. The dominos don’t start to fall until the nonprofit entity is set up [in this case, a foundation]. With it in place, the charitable activities are legitimized and donations have a place to go.”

A nonprofit entity allows a physician group to contribute to the community by:

- Sponsorship/funding of community services and outreach;
- Community education;
- Medical education;
- Clinical and/or basic research;
- Provision of health care without regard to ability to pay; and
- Promotion of healthy living.

It’s good for business — Myriad studies show a causal link between CSR and revenue generation/profitability.¹ A good reputation helps attract and retain patients. In turn, this can help your group invest in the best technologies, reduce costs and draw top clinicians and staff.²

In 2005, two Harvard researchers demonstrated how CSR can be good for business at a home furnishings store in New York.³ They found that when one of two identical towels, placed side by side, carried a label stating it was produced with “good labor standards,” shoppers purchased it at a rate of 10-20 percent above pre-experiment levels, even after the price on the “fair labor” towel was raised.

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Recommendations for CSR initiatives

- Give your organization plenty of time to establish and run a nonprofit entity. Projects require extra help and program leaders. Volunteer staffing must be adequate to accomplish the task. Can you take advantage of administrative resources already at hand?
- Ensure that you have a common vision, concern or goal and leaders willing to volunteer their time, energy and resources to the project.
- Ensure that the organization’s goals, purposes and programs are clear and agreed to in as much detail as possible.
- Do some basic research on how to start a nonprofit entity. Are there other organizations in the region active with the same issue or that have similar programs? This will clarify whether there is a need for a new program and identify groups to work with and potential competitors for resources and clients.
- Decide what form the organization will take: corporation or an unincorporated association, a membership organization or a directorship organization. Determine whether the organization meets the IRS criteria for 501(c)(3) tax-exempt status. IRS Publication 557 may be helpful for this step.⁷

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It's strategic — When linked to your practice's core strategy, CSR could give your organization a competitive advantage.⁴

Patients prefer it — Studies have shown that when price and quality are equal, consumers would switch brands or retailers if a company is associated with a good cause. Patients prefer to obtain health care from caregivers and organizations engaged in good works. Customers prefer to buy from companies that are socially responsible. CSR increases patient loyalty.⁵

It's good public relations — CSR extends your practice's good works and shows investors, stakeholders and the public connections between their concerns and your services. It demonstrates that your physicians and staff care about their fellow citizens. CSR generates trust.

It enhances employee recruitment and retention — People want to work at a company with values and ethics that they admire. CSR can help create a culture of trustworthiness and enhance productivity

— so much so that it's become a way to compete for talent. The Cincinnati Eye Institute found that staff morale improved after its foundation started a free clinic for the underserved, according to the foundation's director of development, Amy Scrivner.

It enhances innovation and creativity — CSR challenges an organization's personnel to connect core capabilities with a socially responsible outcome. For example, General Electric's Ecoimagination program charges company engineers with developing energy-efficient, environmentally sustainable products.⁶

How do you adopt CSR at your practice?

Seek approval early from the Internal Revenue Service (IRS) if you're forming a separate entity — The IRS can and does ask a lot of questions to ensure that an entity has a true charitable purpose. Award of its

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tax exemption could take up to a year.

Have a committed board and consensus across the organization for the nonprofit's mission — Develop the mission in steps, gathering input from both physicians and administrative leaders. Opinions may differ about what the nonprofit should do.

Carefully develop and plan the nonprofit's activities — Make sure the programs are realistic with the resources available.

Consider your financial and human resources — If you seek to establish a separate foundation, ensure that you have enough physicians, employees and patients. There are no rules on how large your practice should be to set up a foundation, but without sufficient resources to operate and maintain a separate entity, the task will be challenging, to say the least.

Develop a strategic plan — You need to set goals to accomplish the mission over the long term. Your leaders must decide how much the nonprofit should raise and how it will spend its funds. Infrastructure must be built, policies and procedures established, and marketing/communications plans created.

Develop a fund-raising plan — But take care about access to your patient database. Privacy rules set by the Health Insurance Portability and Accountability Act require that patients sign a separate consent form to enable your nonprofit entity to access their data for fund-raising purposes.

Donations from patients are often emotionally driven. Patient donors can be self-selecting: They find you, not the other way around. For example, Scrivner describes a patient born with nearly no sight in one eye who underwent successful surgery in the remaining sighted eye. He was so gratified by the procedure that he donated \$10,000 to the CEI Foundation's Roselawn Eye Clinic for the underserved.

Unfortunately, outside donors — individuals, corporations, vendors — may believe that a physician group already has enough money and doesn't need contributions to a separate nonprofit entity. You must craft a strategic plan to overcome that perception.


Your physician group may have to support the nonprofit's establishment and operating costs for a time. That's when buy-

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in — psychological and financial — is put to the test.

Develop a communication plan — The public will want to know about the charitable benefits your nonprofit provides to the community. They'll want to know that it's backed by dedicated health care professionals. Your communication plan will need to leverage the nonprofit's relationship with the physician group.

Seek the help of corporate and community partners — Cultivate community partners and funders that share your nonprofit's objectives. These alliances bring resources, ideas and volunteers, enhancing the chance of success.

CSR activities are strategic initiatives that create a competitive advantage, boost employee recruitment and retention, and provide powerful public relations instruments. But more important, they're the right thing to do. 

e-mail us: Does your organization have a corporate social responsibility focus? Tell us at connexion@mgma.com

notes

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