



Seeking to Become the World's Best Children's Charity: the Case of the Children's Miracle Network Hospitals

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Abstract:

Children's Miracle Network Hospitals is an American charity that for over 35 years has been focused on helping children needing medical care. Based in Salt Lake City, Utah, USA, it has operated a well-managed, highly ethical nonprofit organization addressing the health needs of U. S. and Canadian youngsters. Over the past decade, it has expanded its services and fund-raising to Australia, the UK, and Ireland. In becoming one of the world's leading charities for children, its initiatives support medical care, research and education programs that save and improve the lives of millions of children annually.

"If you want others to be happy, practice compassion. If you want to be happy, practice compassion." — Tibetan Monk, Tenzin Gyatso, The 14th Dalai Lama

I. Introduction:

This hugely successful nonprofit organization, Children's Miracle Network (CNM), has impacted for good the lives of many families in which parents needed assistance when facing the debilitating effects of their children's medical suffering. It provides medical visits for more than 31 million children annually, treating an average 62 children every minute. All funds that are raised go to hospitals affiliated with the Children's Miracle Network (2022).

When CMN was launched in 1983, the organization produced one main "telethon," show that was broadcast live by all the television stations in its small network. Viewers watching children with health deficiencies and injuries of all kinds were invited to donate to their local children's hospitals to support local children in similar health

situations. Television was rapidly expanding in the United States and live TV was in its early stages. The founders broadcast their little production live for 21 hours, an experience I well remember as a new, young professor in Utah. It broadcast live 40 minutes of national and 20 minutes of local coverage each hour urging viewers to call and donate. Viewers would make a live telephone call and commit to donate an amount of their choosing, afterwards mailing checks written directly to the children's hospitals in each area. The founders and its board envisioned it being similar to other such charities such as Make-a-Wish Foundation, March of Dimes, and Ronald McDonald House Charities.

During that first year, the organization raised a total of nearly \$5 million. Then it entered into an exponential growth phase as it adopted more partners, and innovative fundraising and awareness programs. It raised \$12 million the second year, then \$29 million the third year, and so forth (Glauser, 1999). By 2003, the organization was operating in every market in the United States and Canada (Winters, 2003) with more than \$230 million raised in various communities under its umbrella to support programs and services administered by member children's hospitals. In 2006, the network included 75 corporate sponsors, 200 television stations and more than 135 radio stations (Palmetto, 2009). Still today, it seeks to fill the financial gaps many hospitals face annually and has raised more than \$7 billion, most of it \$1 at a time (Children's Miracle Network Hospitals, 2022).

Mission & Vision:

CNM's mission is to save the lives of children by raising funds and awareness for children's hospitals and foundations throughout the world. Its vision is



“to become the world’s best children’s charity” and these two purposes have continued to motivation and direct all aspects of the organization’s operations.

Core Values:

CMN’s organizational operation is guided by three core values:

- Kids Come First: Children’s Miracle Network makes decisions in the best interest of children.
- Funds Stay Local: Monies raised through CMN programs stay in the community where they are raised.
- Integrity, Transparency, Efficiency: Children’s Miracle Network is committed to building trust with its stakeholders and the public through all aspects of its operations.

Organizational Governance and Operations:

In order to achieve higher returns on investment of its resources, fulfill its mission and realize its vision, the CMN organization strives to run on best business practices such as acquiring and building a strong human capital base, and creating performance-based goals and objectives. Also, it operates on principles such as integrity, transparency, and efficiency.

Management Team:

Children’s Miracle Network is run by a team of professional and other specialist staff members. These leaders are drawn from corporate, public, and nonprofit sectors. The staff operates the organization to enable it realize its vision, mission, goals and objectives. The team provides leadership, direction, training, material, and other forms of support to various groups and individuals involved in fundraising and awareness initiatives. The organization still operates out of its international headquarters in Salt Lake City, Utah. Beyond the majority of employees being based in Utah, there has been a small operation across the country in New Jersey serving the greater New York area and surrounding markets, along with a few in other nations.

Operating Budget:

The operating costs of Children’s Miracle Network are paid for by hospital membership fees and corporate underwriting, which allows 100 percent of dollars raised to go directly to member children’s hospitals. When a hospital joins the network, it pays a small annual membership fee for the right to a given market. This right makes the

hospital the recipient of CMN’s resources and programs such as radio and television stations, the programming, the corporate campaigns, and all the money raised in that market area. These fees make up less than half of the organization’s operating budget. The rest of the budget primarily comes from a handful of corporations that generously underwrite the organization’s efforts. The organization also accepts donations-in-kind for its operations, such as hotel accommodations and airfare. These donations are accounted for in the organization’s financial statements at estimated fair market value as revenues when donated and expenses when utilized.

Fundraising and Awareness:

According to the author’s interviews with CMN executives, donations to Children’s Miracle Network come from individual and corporate gifts, volunteer projects that generate funds, employee fund-raising efforts, and many other creative initiatives. The organization utilize the “low-dollar, high-volume” fundraising strategy, in which most of its donations come from donors generally giving a dollar or two at a time, at grassroots levels. As a result, even the poorest segment of the society could still afford to give to the nonprofit. In some cases, employee donors get their donations increased by matching gifts from their employers, especially in cases where employers sponsor matching gift programs. Thousands of special events and grassroots fundraisers are conducted year-round through a coalition of premier children’s hospitals, media partners and corporate volunteers working together to promote healthy kids in their communities (Woodworth, 2012).

Children’s Miracle Network Hospitals:

Children require specialized medical attention that is different from that for adults. For example, they require special equipment designed to fit their small bodies. Children’s hospitals exist to provide this specialized medical attention by equipping themselves with pediatric staff, medicine, and technology (TCH, 2005). Unfortunately, the costs involved with the quality care given at children’s hospitals such as well-trained staff, advanced equipment, research, and intricate treatment, are enormous. The nonprofit CNM raises funds to enable its member hospitals defray some or most of these costs.

These hospitals treat children for all forms of diseases and injuries, including pediatric trauma, asthma, broken bones, accidental injury, cancer,



heart and muscular diseases, birth defects, cerebral palsy, sickle cell anemia, cystic fibrosis and pediatric AIDS. Also, they treat children needing heart, lung and other organ transplants. In addition, they educate families about health lifestyle issues like child safety seats, helmet safety and bicycle safety. In general, they devote 60 percent of their services to children under age six and 25 percent to newborns who require the most intensive nursing and medical care of all patients. In addition, these hospitals train 60 percent of pediatricians in the United States and Canada.

State-of-the-Art Care:

According to multiple sources regarding CMN, children need specialized care and equipment that only children's hospitals can provide. The network's partner hospitals provide state-of-the-art medical care, and latest technology and techniques to address the unique health needs of children, from child-sized surgical equipment, neonatal incubators, child post-traumatic emotional support programs and emergency vehicles to the world's top pediatric specialists.

Education:

CMN's hospitals keep millions of children out of the hospitals each year through community outreach, prevention and awareness programs. These programs teach parents and children about healthy lifestyles, safety and disease prevention by focusing on initiatives such as accident prevention, bicycle safety, healthy eating, asthma clinics and immunizations. Through public education media outlets such as television and radio, these hospitals design, produce, broadcast and promote awareness programming concerning health, welfare, and development needs of children.

Cutting-Edge Research:

Children's Miracle Network hospitals conduct critical pediatric research in several areas such as childhood cancer, cystic fibrosis, heart surgery, organ transplants, pediatric AIDS, and neonatal intensive care. Over the years, the hospitals have pioneered many breakthroughs in pediatric medicine, including cancer treatments, brain surgery, prosthetics and organ transplant techniques. Research findings continue to improve treatment options and save and improve the lives of millions of children.

Fund-raising Partners:

Various types of partners in CMN's network include large and small business

corporations such as the huge Disney empire that joined early on, plus Marriott Hotels and Walmart (Cook and Samson, 2007). National television stations include Country Music Television, The Golf Channel, and more participate. Internet support derives from partners like Yahoo!, MSN, iTunes, and more. *US News & World Report*, along with hundreds of other media systems also assist in fundraising. An early Pennsylvania State University report found that many medical schools and additional education institutions add their support (PSMSHMC, 2009).

Networks of radio stations offer sponsored programming like Radiothon to raise funds and awareness for the essential services provided by children's hospitals. Collectively, they reach tens of millions of U.S. household listeners annually with their heartfelt stories of children treated at their local CNM hospitals. These programs feature child patients and survivors of various diseases and injuries, as well as celebrities and radio-talk hosts. Listeners are invited to donate to their local hospitals to support the featured children or thousands of other children in similar situations, in their local communities. These programs are effective tools in raising funds and communicating the everyday miracles that happen at children's hospitals.

Impact and Achievement:

Children's Miracle Network has grown dramatically since its founding in 1983, from a televised fundraiser in a small studio to one of the world's leading children's charities, helping millions of children each year. The organization's affiliate hospitals provide the finest medical care, life-saving research, and preventative education to help 17 million children annually overcome diseases and injuries of every kind. Funds raised by CMN are used to ensure that children's hospitals have the resources they need 24 hours a day, 365 days a year. Children's Miracle Network has long-enjoyed a 4-star (out of 4) rating from various agencies that evaluate charities based on various factors, including the percent of their revenue that is actually spent on their charitable programs. It has about 90 percent of its revenues directly going to charitable causes. The organization also met The Better Business Bureau (BBB)'s Wise Giving Alliance Standards for Charity Accountability.

Challenges Ahead:

Despite its remarkable achievements, Children's Miracle Network has tremendous undertakings to yet accomplish. The need still



exists, both within current countries of operation and other numerous markets around the world, that the organization has yet to enter. Within today's countries of operation, parents devastated by sudden loss of income are often postponing care that could prevent an illness—simply because they can't afford a doctor's visit or a needed prescription. As a result, about half of all children's hospitals are seeing an increase in emergency visits. What's more, 70 percent of children's hospitals have had to give more charity care and take on more debt. And yet perhaps over half of hospitals in the network are receiving fewer charitable contributions annually. The money just isn't coming in fast enough to help all children who need miracles, especially given the global economic difficulties in the "Great Recession" of 2008-9 and the economic downturn during the COVID-19 pandemic that wreaked havoc in nations across the globe, including the United States from 2020 into the present day (CGAP, 2022).

In order to sustain its growth, the organization has to always be looking for additional innovative and successful "Big Idea" fundraising programs. To meet the needs of more children, CMN hopes to cultivate new fundraising and awareness partnerships, initiate more gifts and provide more funds for the care of children throughout the world. The future, while challenging, is also promising.

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NOTE: Original research for this article was prepared with several of the author's graduate students, including major contributions by MBA candidate John Oirya. It draws on various internal organizational information sources including annual reports, press releases, and corporate websites for both Children's Miracle Network and Walmart Stores, Inc.

AUTHOR BIO: Dr. Warner Woodworth is a global social entrepreneur who's helped raise more than \$1.4 billion over three decades for combating poverty and reducing human suffering. He's linked many investors to achieving social and economic impacts while authoring eleven books and 260 articles. He holds an M.A. and Ph.D. in organizational behavior from the University of



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