

Making the Leap to an Outsourced Chief Investment Officer

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AN INTERVIEW WITH **SANDRA HAWKEN**, PRESIDENT & CEO, AND **DONNA INCH**, DIRECTOR OF FINANCE & ADMINISTRATION, OF THE HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL FOUNDATION.

How does a “smallish” not-for-profit organization with 21 people on staff manage a \$100 million endowment? For the past two years, it has been with the added guidance and support of BULLWEALTH’s **Julian Smith** and **Kevin Van Dyk**. While they were initially brought in by the Chair of Holland Bloorview’s Investment Committee to assist in a search for a new international (non-U.S.) equity investment manager, the quality and scope of the analysis of the Foundation’s existing portfolio impressed the Investment Committee and led to the unanimous decision to engage BULLWEALTH and its investment advisory and consulting solution for the Foundation’s investment portfolio.

MOVING AWAY FROM STATUS QUO

Sandra Hawken is the President & CEO of Holland Bloorview and **Donna Inch** is Holland Bloorview’s Director of Finance & Administration. They both agree that they are fortunate to have a sophisticated Investment Committee with a deep concentration of senior executives in the financial services sector. “These executives ask really excellent questions,” says Donna, “and they wanted historic context to determine if we were making the right decisions.”

Sandra expands on this thought by noting how these executives work with BULLWEALTH to gain these different contexts. “Working with BULLWEALTH has enabled us to broaden our scope when considering a change of investment managers. They also provide a deeper level of sophistication. The Investment Committee understands that, as volunteers, they simply wouldn’t have time to do this work on their own. We’ve been able to take our investment decisions to the next level, making dramatic changes that have been exciting and positive – that we likely wouldn’t have even considered without them.”

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MANAGING RISK AND REACHING CONSENSUS

It is understandable that most not-for-profits are risk averse and put an emphasis on capital preservation. Sandra is clear to make the point, “no one wants to be the volunteer or staff member who makes a decision that loses charity money. It’s a great responsibility.” Yet both Sandra and Donna have witnessed a real change in how their decision-making process happens. Specifically, notes Donna, there used to be a lot of great discussion, but it was sometimes difficult to reach a decision without detailed information to review alternatives, or to allow for proper analysis of the results. Holland Bloorview’s Investment Committee is made up of a diverse group with a range of investment orientations that result in rich conversations. The addition of BULLWEALTH’s data and in-depth analysis, along with manager and overall portfolio advice, now allows conversations at either end of the risk continuum to reach consensus. “It’s a wonderful decision-making process to observe,” she says.

While all the decision-making power still resides with the Investment Committee, adding BULLWEALTH’s extra layer of expertise works well for everyone involved. Sandra and Donna aren’t just relying on their personal experience and/or their network of volunteers, and the Investment Committee is happy to demonstrate good governance by making the best decisions for achieving its objectives.

The members of Holland Bloorview's senior staff are also clearly energized by the fact that their quarterly Investment Committee meetings always have full participation and no challenge meeting quorum. "At every Investment Committee meeting, we learn something new," explains Sandra. "For example, the committee was recently interested in alternate investment solutions, and BULLWEALTH provided information and brought in speakers to help provide some background." A regular meeting includes both Julian Smith and Kevin Van Dyk making presentations, and being prepared to answer those tough questions posed by an engaged, motivated Investment Committee. She acknowledges that both sides regularly challenge each other, but feels that everyone who participates gets a lot out of the dialogue and walks away with a better understanding of the issues discussed.

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OFFERING A COMPETITIVE ADVANTAGE

The Holland Bloorview Foundation is about to go into a new campaign and part of this effort will focus on fundraising to grow the Foundation's endowment base. It's at this point that Sandra can envision the partnership with BULLWEALTH as being an important part of the conversation when looking for endowed gifts. "It will be a benefit to be able to let donors know that we have an intelligent, diversified portfolio that achieves its objectives. Last year, there were some charities that suffered net losses in a tough investment market. Our Foundation did not."

Sandra and Donna know there are a lot of other not-for-profits with more sizeable endowments that don't outsource, but their advice is that not-for-profits of all sizes could benefit from an investment advisory and consulting relationship. Donna sums up their positive experience of working with BULLWEALTH to help staff and volunteers negotiate risk versus non-risk conversations. "Adding a third party makes it less of a negotiation and more of a robust, honest and sophisticated conversation." Sandra adds, "I had never used an organization like BULLWEALTH, but it only took one meeting for me to be a convert."

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