

► Large Multi-Affiliate Nonprofit Gains Improved Focus and Custom Social Screening

Organization:

Large multi-affiliate nonprofit organization operating in the Southern Indiana area

Solution Provided: A comprehensive program including asset allocation, investment management, administration, and planned giving vehicles

Key Benefits:

- A disciplined, well-diversified investment program featuring custom social screening
- Turn-key planned giving vehicles, including charitable gift annuities
- Reduced administrative burden
- More time to focus on meeting the needs of current affiliates and cultivating new affiliates

How can a large charitable organization with multiple affiliates free up time to take the program to the next level? This was the problem faced by the Executive Director of just such an organization located in southern Indiana. The organization's charter is to provide investment management and other donor-related services to 200 different affiliates in the southern Indiana area.

A variety of challenges were keeping the organization's Executive Director from focusing on her most important tasks: stewardship for current affiliates and expanding services to new affiliates. Her most pressing challenges were limited social screening for affiliates, an extremely time consuming reporting process, unitization software that had reached capacity, and a lack of time to develop new programs to meet the needs of affiliates, such as planned giving vehicles like charitable gift annuities.

As the organization grew and its needs changed, the Executive Director decided it was time to consider new approaches. She knew that if she found a partner who could help her apply a more strategic approach to the program while relieving her administrative burden, she could spend her time providing better programs to current affiliates and cultivating new affiliates.

In mid-2004, her organization met with SEI to learn more about SEI's integrated asset management and administrative solution.

A TAILORED APPROACH TO INVESTMENT MANAGEMENT

The solution SEI offered would allow the organization to provide a custom investment approach for each affiliate based on that affiliate's unique spending requirements, risk tolerance and overall financial objectives. This was very appealing to the Executive Director, who had only previously been able to offer limited, boxed asset allocation models to the affiliates. In addition, SEI would handle all the unitization, sub accounting and reporting down to the individual affiliate level, regardless of the size of the affiliate.

A SOLID, PROVEN INVESTMENT PROCESS

SEI's program was particularly interesting to the Executive Director because of the manager-of-managers investment process. She had read about how these programs could provide improved diversification, performance consistency and administrative ease, and wanted to understand more.

As one of the leading manager-of-managers, SEI aggregates all of its clients' assets, more than \$130 billion, to attract world-class investment managers. SEI then combines the best managers in each area to create best-in-class mutual funds. SEI's investment professionals continuously monitor these funds to ensure all managers are meeting expectations. The result for investors is a sound, well-diversified program including the significant fiduciary protection that comes from a proven investment process.

“We were able to offer social screening services that could be customized down to the individual affiliate level. In addition, social screening is offered across SEI’s entire program, so diversification is not impacted.”

— Carolyn McLaurin
Director of SEI’s Nonprofit Unit

The Executive Director Realized SEI’s program would allow the organization to participate in new investment styles and asset classes while providing risk control through style and manager diversification. “Our recommended program for this organization featured 22 different managers, while their former investment program had only 11. In addition to our proven process, we bring transparency and accountability for results,” says Carolyn McLaurin, Director of SEI’s Nonprofit Unit.

MEETING THE SOCIAL REQUIREMENT OF EACH AFFILIATE

The Executive Director had been struggling with the lack of ability to customize social screens to meet affiliate demand. There seemed to be a lack of investment products available to screen at lower asset levels and those available were costly, eating into critical asset growth. Additionally, the need to screen socially seemed to be limiting the organization’s ability to diversify. The social screened mutual funds available provided only basic screens, were not customizable and were expensive.

“We were able to offer social screening services that could be customized down to the individual affiliate level. In addition, social screening is offered across SEI’s entire program, so diversification is not impacted,” according to McLaurin.

ADMINISTRATIVE SIMPLIFICATION

The Executive Director knew that solving her administration woes could make a tremendous difference in her ability to achieve her mission. Her staff was spending two weeks per month consolidating transaction, asset and performance reports from 11 managers. Not only would SEI create custom reports for each affiliate, but they could offer new, turn-key programs for planned giving. “By leveraging SEI’s off-the-shelf programs, the Executive Director would save the cost of development and the time to administer these programs, freeing her and her staff for more strategic, impactful activities,” says McLaurin

“By leveraging SEI’s off-the-shelf programs, the Executive Director would save the cost of development and the time to administer these programs, freeing her and her staff for more strategic, impactful activities.”

— Carolyn McLaurin
Director of SEI’s Nonprofit Unit

Now that the SEI solution has been in place with the multi-affiliate organization for about a year, the Executive Director has been able to put her efforts toward those important activities she didn’t have time for before. “Our solution has allowed her to spend time visiting the 400 other potential affiliates in her area, and to make sure the current affiliates receive the programs and customer service levels they deserve” says McLaurin.

SEI Investments Management Corporation (SIMC) is the adviser to the SEI Funds, which are distributed by SEI Investments Distribution Co. (SIDCo.) SIMC and SIDCo are wholly-owned subsidiaries of SEI Investments Company. For those SEI Funds that employ the 'manager-of-managers' structure, SEI Investments Management Corporation has ultimate responsibility for the investment performance of the Fund due to its responsibility to oversee the sub-advisers and recommend their hiring, termination and replacement. Custodial services provided by SEI Private Trust Co., a federally-chartered thrift. ©2005 SEI Investments Developments, Inc. This piece focuses on the experience of one client, other's results and/or experiences may vary. Investing involves risk, including loss of principal. There is no guarantee the objectives discussed will be met.