

INSPIRATION

Keith Ambachtsheer

Turning big ideas into workable practice keeps
Ambachtsheer motivated

By Leigh Doyle

“I got into this industry, as most people do, by accident,” admits Toronto-based Keith Ambachtsheer, who today is well known for his ideas on pension governance and how to reform the system. He maintains that two elements have shaped his approach throughout his esteemed career: the practical application of ideas and influential writer and consultant Peter Drucker.

Ambachtsheer was studying economics at the PhD level at McGill University in Montreal when he left full-time studies to work in Sun Life Financial’s investment department in 1969. It was in this role, he says, that he first began looking at how to turn ideas into reality. His job was to assess whether or not the emerging field of investment theory could be used to actually manage funds.

“In the 1970s, I became a follower of Peter Drucker after reading his book *The Pension Fund Revolution*,” he explains. The book raised two fundamental questions for Ambachtsheer. In whose interest should the pool of money from pension contributions be managed? And how do you manage that pool in the best interests of that party? “Drucker was raising issues decades ahead of everyone else,” he says. “These questions have set my track professionally ever since.”

Armed with Drucker’s approach to pension governance and a desire to be innovative with investment theory research, in 1985, Ambachtsheer opened KPA Advisory Services, which provides strategic advice on finance, governance and pension issues to plan sponsors, institutional investors, governments and other organizations. Six years later, he co-founded CEM Benchmarking, which now benchmarks the organizational performance of some 400 major pension funds around the world.

In 2005, Ambachtsheer co-founded and became director of the Rotman International Centre for Pension Management at the University of Toronto, which sponsors research on building better pension fund organizations and improving pension legislation and

regulation. The centre has partnered with major funds such as the Ontario Teachers’ Pension Plan, the Caisse de dépôt et placement du Québec and AustralianSuper, as well as the World Bank Treasury, to explore pension issues. To date, it has published more than 60 research papers in its *Journal of Pension Management*.


This fall, the centre is launching an in-depth education experience for pension fund board members: the Rotman-ICPM Board Effectiveness Program. “It’s totally unique,” Ambachtsheer

says. “The idea is to create a global club of thought leaders from funds around the world.” The intensive, interactive four-and-a-half-day course is open to members of long-horizon investment institutions. The goal is to have these members work together to address the challenges their funds face and return to their organizations with practical ways to implement change.

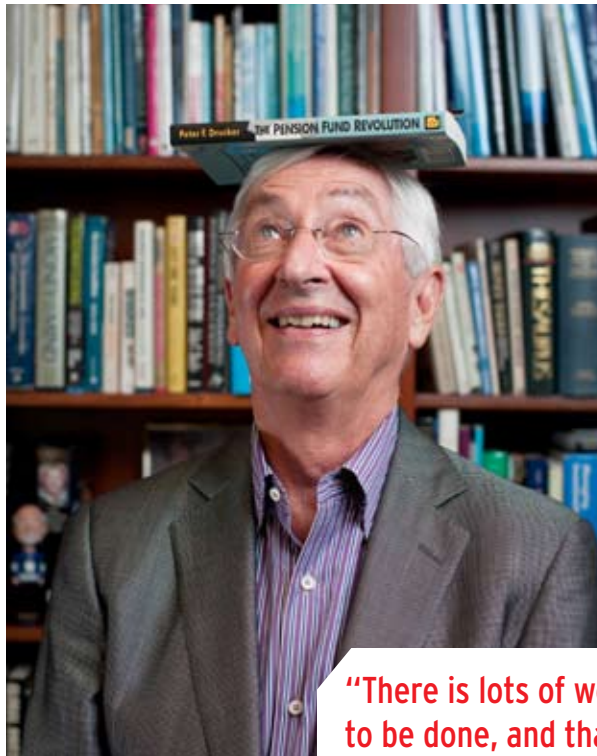
Ambachtsheer is also an active voice for Canadian pension reform. “We have a shot at doing it right with the pooled registered pension plan (PRPP) system,” he says. “But we could also screw it up easily.” He sees challenges with the current proposal, such as maximizing participation without burdening

employers, designing an effective default fund and creating one national oversight body. The biggest challenge, he adds, will be ensuring that participants—not other

stakeholders—of PRPPs realize the greatest financial benefit.

In the summer of 2005, Ambachtsheer had the chance to talk one-on-one with Drucker before Drucker passed away that fall. He asked Drucker how he thought the pension industry had done in the 35 years since *The Pension Fund Revolution* was published. “He said it could have been a lot worse, but it needs to be so much better,” Ambachtsheer recalls. “There is lots of work to be done, and that is my inspiration.” 

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