



# BRIDGING THE DISCIPLINES

The growing complexity and demanding requirements of pension funds are increasingly calling for sophisticated solutions. **Paul Boerboom** of Avida International explains how his company offers a holistic approach to client needs.

**'If you sit** at the crossroads between three different disciplines,' Paul Boerboom begins, 'and apply this unique position in a traditional environment such as pension funds, it's not difficult to promote out of the box thinking.'

The founder and managing director of Avida International does himself a disservice. At the forefront of the burgeoning fiduciary investment consultancy market, and operating in an increasingly complex and crowded market, his Netherlands-based firm's clients boast over €100 billion in advisory assets. The three disciplines are pension and investments, management and strategy, and specialist cross-border M&A consultancy.

'There are many people out there who have wise things to say on strategic topics,' he says. 'Others are great with operational solutions. There are very few capable of building a bridge between those two levels.'

That is where Avida comes in. In recent years corporate CFOs have been increasingly rethinking their pension organisations and the impact of the firms' corporate balance sheet and P&L.

Further efficiency operations are creating economies of scale, with a high level of M&A activity, strategic alliances and fiduciary in and outsourcing.

For multi-national firms who have pension assets sitting in different locations around the world, the creation of economies of scale is realised with international asset pooling and building internal fiduciary service organisations (pooling of scarce competencies) inside a multi-national. These internal fiduciary service providers or 'investment centres' provide high level investment and risk

management services to pension trustees who are located in different countries around the globe. Avida International is specialised in assisting its clients in building high performing pension investment organisations.

Avida promotes a holistic approach, with particular emphasis placed upon relational and cultural considerations. 'When we come to a client,' Boerboom explains, 'you will never find a pre-defined solution in our back pocket. It is a question of listening, understanding the situation and considering the appropriate pension model for the specific situation.'

The key to success is finding 'the right cultural fit', creating an organisation tailored to particular concerns of all stakeholders.

**'For each of the different providers, we ensure you procure the best in field and find the right combinations.'**

This approach highlights the M&A strand of Avida's work – almost two thirds of M&A alliances do not meet client expectations after 12 months. Through helping trustees articulate expectations at the outset and paying a lot of attention to implementation issues, Avida believes such problems can be circumnavigated.

Boerboom says stakeholders must feel ownership of the model. 'It will typically take around six months to analyse, design and then implement something new,' he says. 'We select external transition managers, act as coaches for

the internal team, sometimes take on interim management, and we stay on for twelve months making sure that things run smoothly.'

One of the instruments has been the Pension Balance Scorecard. 'Once a year is up,' Boerboom explains, 'the scorecard allows us to measure performance against initial expectations – 50% of this can be analysed through KPIs and hard numbers. The other half is what I'd call rational value – considerations such as whether people are communicating properly and how pro-active partners are being.'

Avida places a high emphasis upon accurate management information. 'Getting adequate information on a monthly basis can be difficult,' Boerboom explains, 'but there has to be a way of getting indicators as to how your fund is doing. Funds have to be run like a real business.'

Avida's unique access to a large database of some 30 providers from all facets of (fiduciary) investment services is a key enabler in this process. Being able to mix and match in this bespoke fashion differentiates the company from other, more narrowly focused solutions. 'For each of the different providers, we ensure you procure the best in field and find the right combinations,' he says.

Boerboom might claim that such an approach is simple but, with pension funds undergoing unprecedented change, doing the simple things well can often be the most difficult task of all.

#### Further information

Avida International BV

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