

# Viewpoints



## Thinking Ahead



Tim Hodgson

The **Thinking Ahead Institute** is a global, not-for-profit think tank committed to changing and improving the investment industry for the better. Tim Hodgson, head of the Thinking Ahead Group 2.0 at Willis Towers Watson, talks about the Institute.

**The launch of the Thinking Ahead Institute is January 1, 2015. Tim, why have you gone down this path?**

**TIM:** Change is coming to the investment industry, whether we like it or not. We can have that change imposed on us by regulators or we can create that change ourselves. That's a key reason we've created the Thinking Ahead Institute. We're on a mission to improve the investment world for the benefit of the end saver, the end investor.

I've often been quoted as saying the investment industry has been developed by the intermediaries for the intermediaries, and I acknowledge that we are an intermediary. But collectively we've lost sight of the end saver, whose savings we are entrusted with. We are meant to be transporting and growing those savings across time – affordably, securely and fairly – however we can lose focus and concentrate on short-term returns and the latest new product.

Certainly, there's a new mood in society about what is fair and what isn't. The Thinking Ahead Institute will provide a forum for key players in the industry – primarily major asset owners and asset managers – to identify industry challenges and find solutions in a collaborative way to ultimately engender positive industry change.

**What will we see in the early days of the Institute?**

**TIM:** At the moment we're working on the 'State of the Industry' which is documenting who does what to whom in the investment industry and how. This paper, which will be the first one released to Thinking Ahead Institute members, describes the present industry, how it works as a complex system and then looks toward the future. While we will make some observations about how the future could evolve, we will do so in a way that allows us to engage members and draw from their collective wisdom as to the most likely future scenarios.

We're also close to completing a paper on culture and leadership. Implicit in everything I've said so far is that our industry has a problem that needs fixing and if you accept that argument, then it follows that we need a new culture and a new style of leadership to lead us forward from this point, rather than sticking with the status quo.

We're also thinking about the potential impact of digital on the investment world, executive compensation, time horizon and the compounding of returns and whether that leads to different vehicle or mandate types. Plus we're thinking about limits to growth and the underlying theory of how the investment world works.

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**It sounds intriguing. Is this representative of what members are likely to see from the Thinking Ahead Institute? What will the Institute stand for?**

**TIM:** We've always believed in learning from as many areas as possible to improve the investment industry and the benefit we can bring to end investors, through all our thought leadership. Our goal is to engage and challenge people to drive new thought patterns and processes.

The Institute itself I believe stands for three key things: First, the belief in the value and power of thought leadership to create positive investment industry change, second finding and connecting people from all corners of the investment industry and harnessing their ideas and third, using those ideas for the benefit of the end saver.

While Willis Towers Watson is the main sponsor, the Institute is not for profit. Asset owners and asset managers can join as members and pay an annual subscription fee and the combined resources are spent on research devoted to improving the value proposition that the investment industry provides to its customers.

We currently have seven people based in the UK, who link in with two colleagues in Australia and two in the US. We're recruiting for some more key people but we'll also draw on the expertise of Willis Towers Watson colleagues. Importantly, we're very much hoping that Institute members will actively engage in the research program by supplying resources where they are able, to devote some of their own time to a particular research project that they feel strongly about, as an example.

At the time of writing (January 2015), we have 22 organisations who've committed to joining and we're hopeful to add one or two more before we go live. In terms of breakdown, they comprise 10 large asset owners and 12 asset managers from Australia, France, South Africa, Netherlands, the UK and the US.

**What would members in Asia-Pacific get from the Institute that they couldn't get elsewhere?**

**TIM:** The Thinking Ahead Institute isn't one-way traffic. Not only will our members have access to the Institute's thinking before it goes public but they'll be involved in our research and thinking process that will underpin a thought-provoking research agenda for 2015. We've also scheduled three roundtable discussions throughout the year in different corners of the world to give members the opportunity to discuss and engage with us directly. In addition, we'll be having one-to-one meetings with members so that we can discuss how the research can be applied in their own context. ■

**Published thought leadership paper**

Below is a major research publication produced by the Thinking Ahead Group 2.0, which acts as full-time executive of the Thinking Ahead Institute and delivers the Institute's research projects.

**Stronger investment theory**

A critical review of mainstream investment theory and its impact on mainstream investment practice, followed by an alternative framework that addresses the inherent complexity of the investment world.



[www.thinkingaheadinstitute.org/en/Library/Research-and-Ideas/Stronger-investment-theory](http://www.thinkingaheadinstitute.org/en/Library/Research-and-Ideas/Stronger-investment-theory)

**Become a member of the Thinking Ahead Institute**

The Institute is open to large institutional investors who share our passion that we need to create industry change to benefit the end investor. For further information about the Thinking Ahead Institute, please visit [www.thinkingaheadinstitute.org](http://www.thinkingaheadinstitute.org).

This article was originally published in the February 2015 issue of *Vista*, our legacy e-newsletter for institutional asset owners and professional investors in Asia. Since 2016 we have been distributing periodic e-news under **Asian Investor Digest**, instead of *Vista*, which highlights the latest investment publications and insights from Willis Towers Watson.