



THE CASE FOR ADAPTATION

(Why Digital Transformation is not enough.)

Chris Colbert - Former Managing Director, Harvard Innovation Labs

Chairman - Fintech Americas



THE CASE





If the state of the universe
is in constant change...

And the state of society is in
constant change...

Then our companies
can only thrive by
being in constant
change...

and we can only
change our
companies by
constantly changing
ourselves.

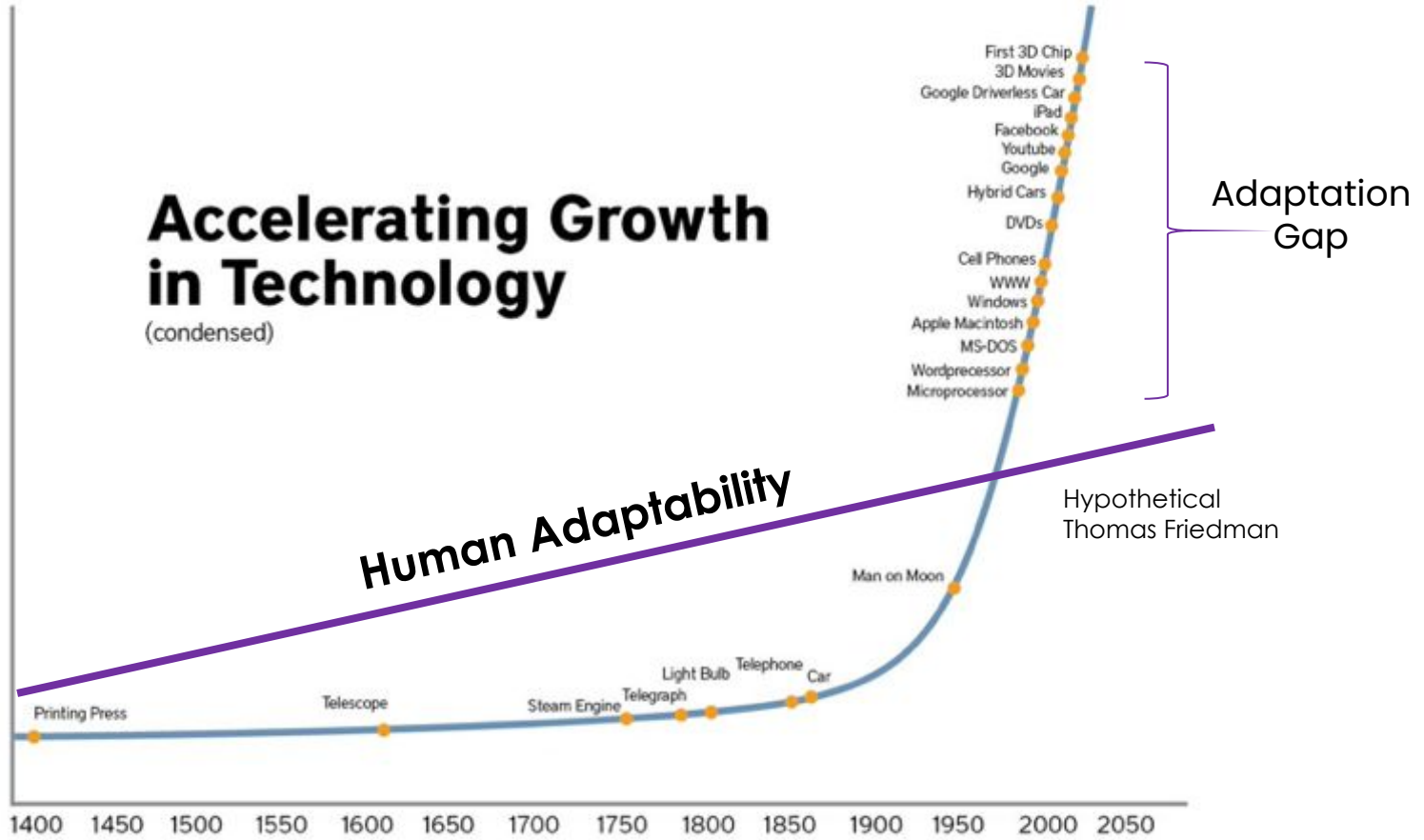
Transformation is a complete change in the appearance or character of something or someone.



MOORE'S LAW

Accelerating Growth in Technology

(condensed)



Hypothetical
Thomas Friedman

EXISTENTIAL THREAT
(FEAR)



ESSENTIAL OPPORTUNITY
(POSSIBILITY)

Motivations to adapt

WHICH MOTIVATION WILL YOUR ORGANIZATION PICK



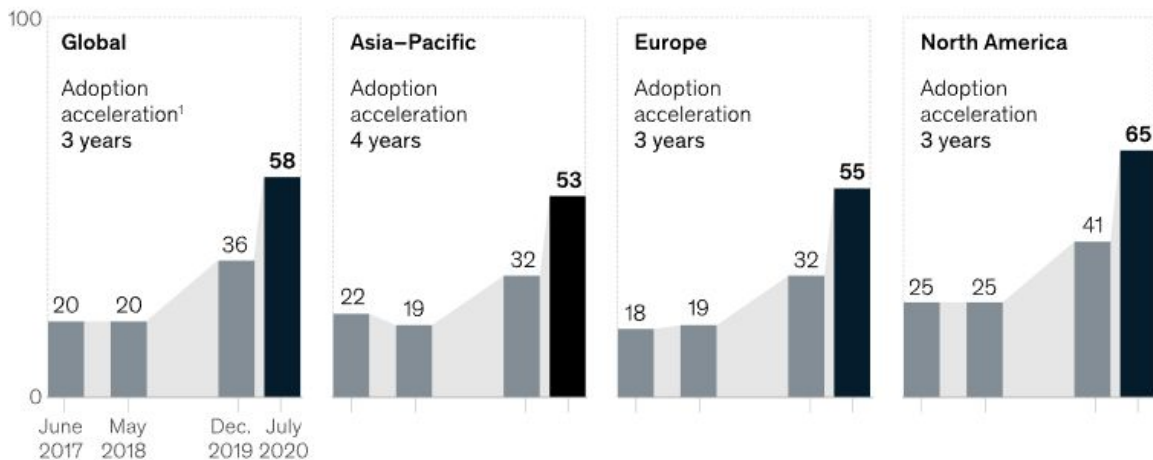


We know how to adapt.

The COVID-19 crisis has accelerated the digitization of customer interactions by several years.

Average share of customer interactions that are digital, %

■ Precrisis ■ COVID-19 crisis





AI

We will have to adapt **even faster.**



COVID

- A fear fueled choice to change our legacy ways
 - How we work
 - How we live
- Contained in a box
- An end



AI

- Not a choice
 - How we think
 - What we believe
 - What we do
- Two camps: Fear vs Possibility
- No box
- No end, until maybe the end...



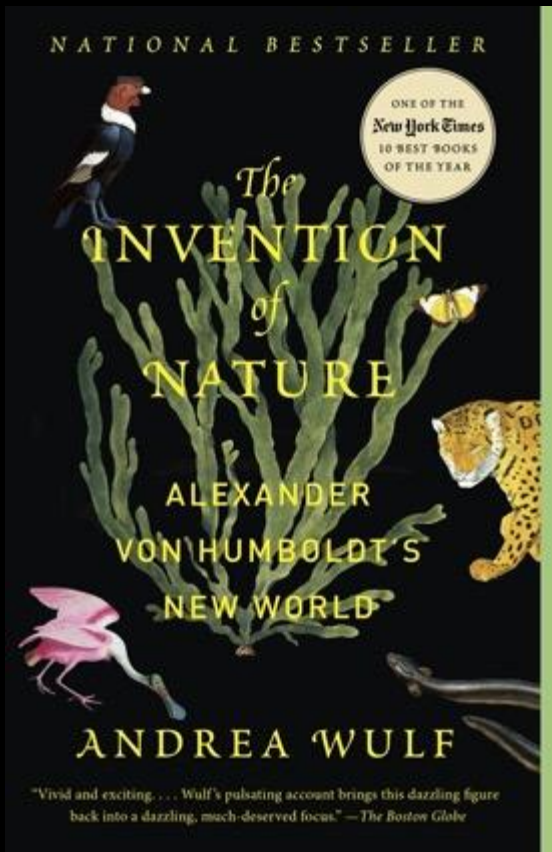
AI will **insinuate** itself into every aspect of how we live, work, and play, and we will need to **insinuate** our values and principles into AI.

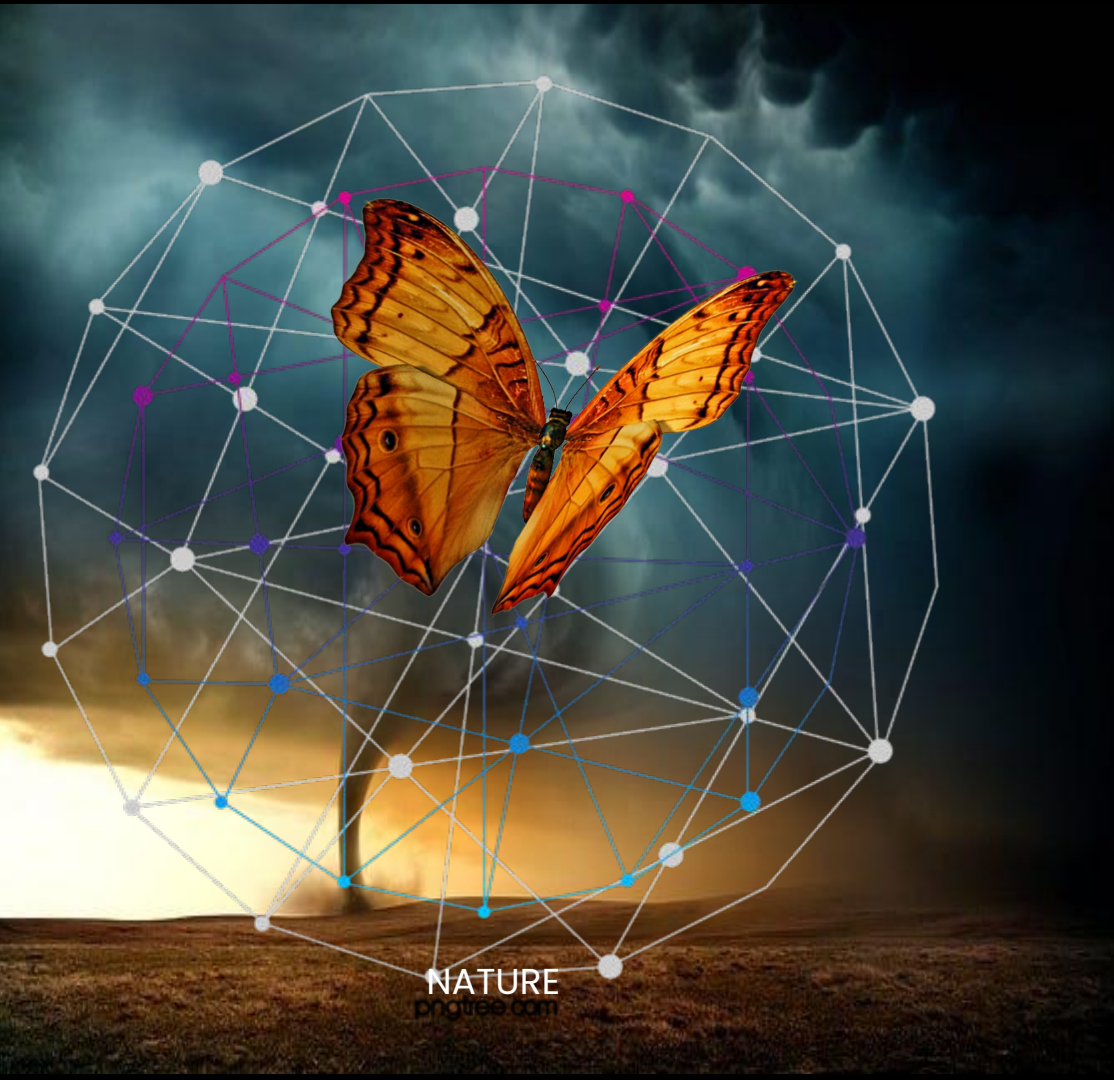
ARE YOU CONVINCED



THE METHOD







NATURE
pngtree.com



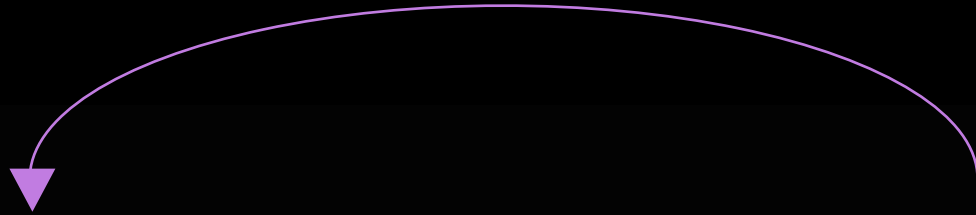
HUMAN NATURE

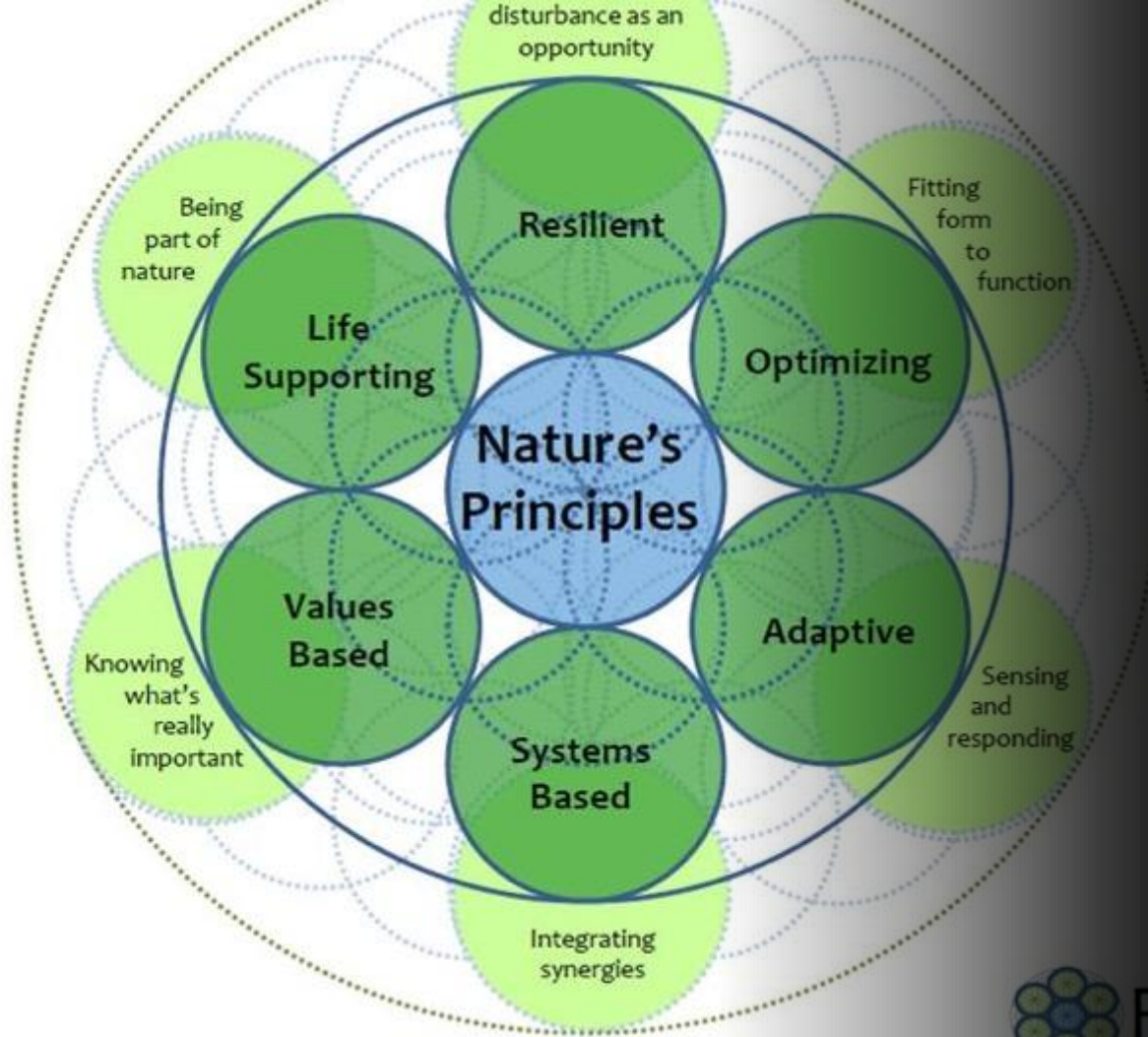


THE FINANCIAL
INDUSTRY



DIGITAL
TECHNOLOGIES



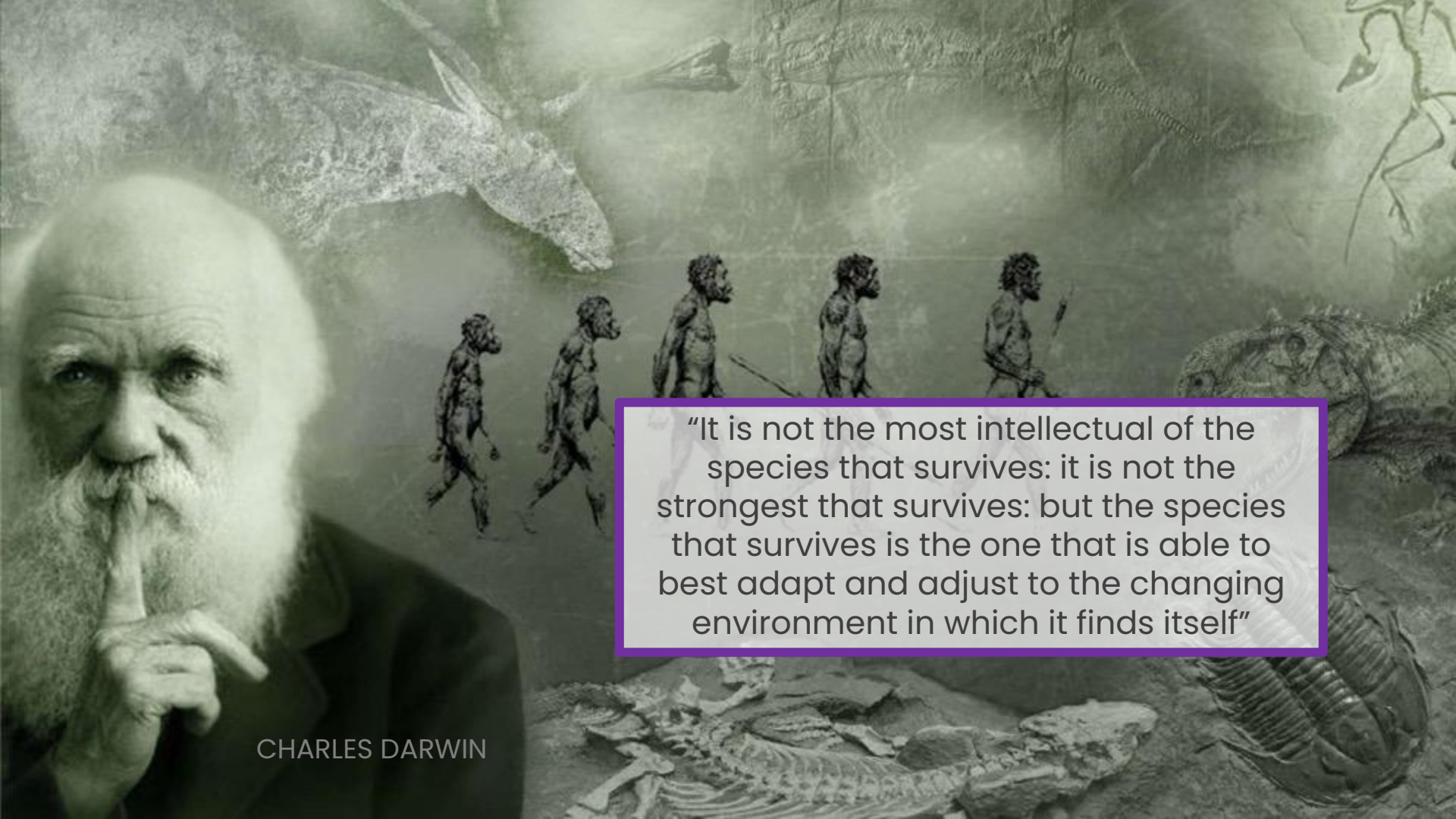


Learn from Mother Nature & Mother Universe



IS YOUR COMPANY A BOX OR SYSTEMS CULTURE





“It is not the most intellectual of the species that survives: it is not the strongest that survives: but the species that survives is the one that is able to best adapt and adjust to the changing environment in which it finds itself”

CHARLES DARWIN



TUATARA

PSYCHOLOGICAL

PHYSICAL

PHYSIOLOGICAL

PURPOSE



DNA

A close-up photograph of a lizard, likely a spiny-tailed lizard, with blue and green scales and a crest of white spines on its head. The lizard is perched on a dark, textured log. The background is a soft-focus natural setting with green and brown tones.

Adaptation is the innate capacity of any entity to continuously respond to environmental change in order to ensure its continued existence.

ADAPTATION



TECHNOLOG



DNA

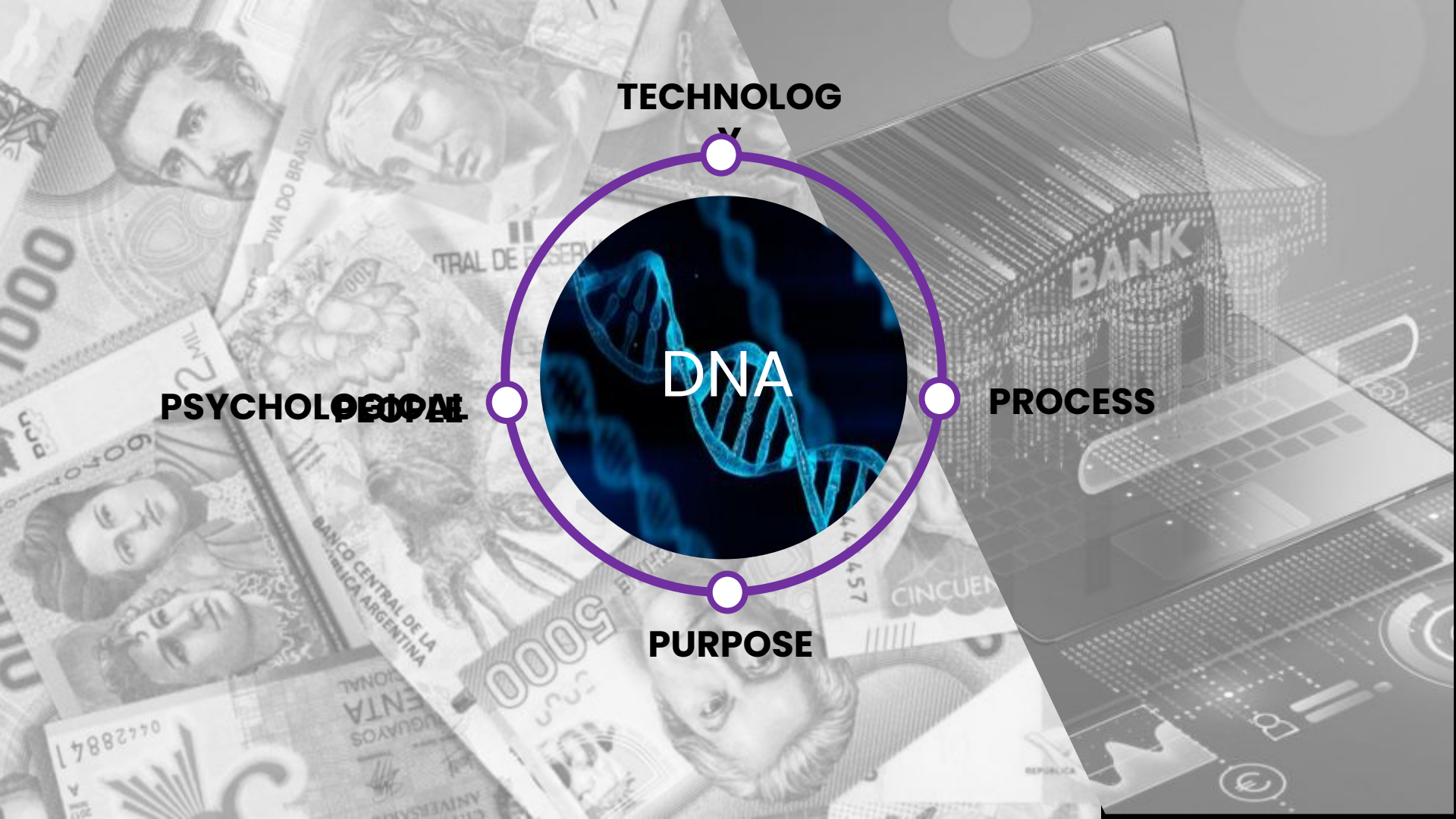
PSYCHOLOGICAL



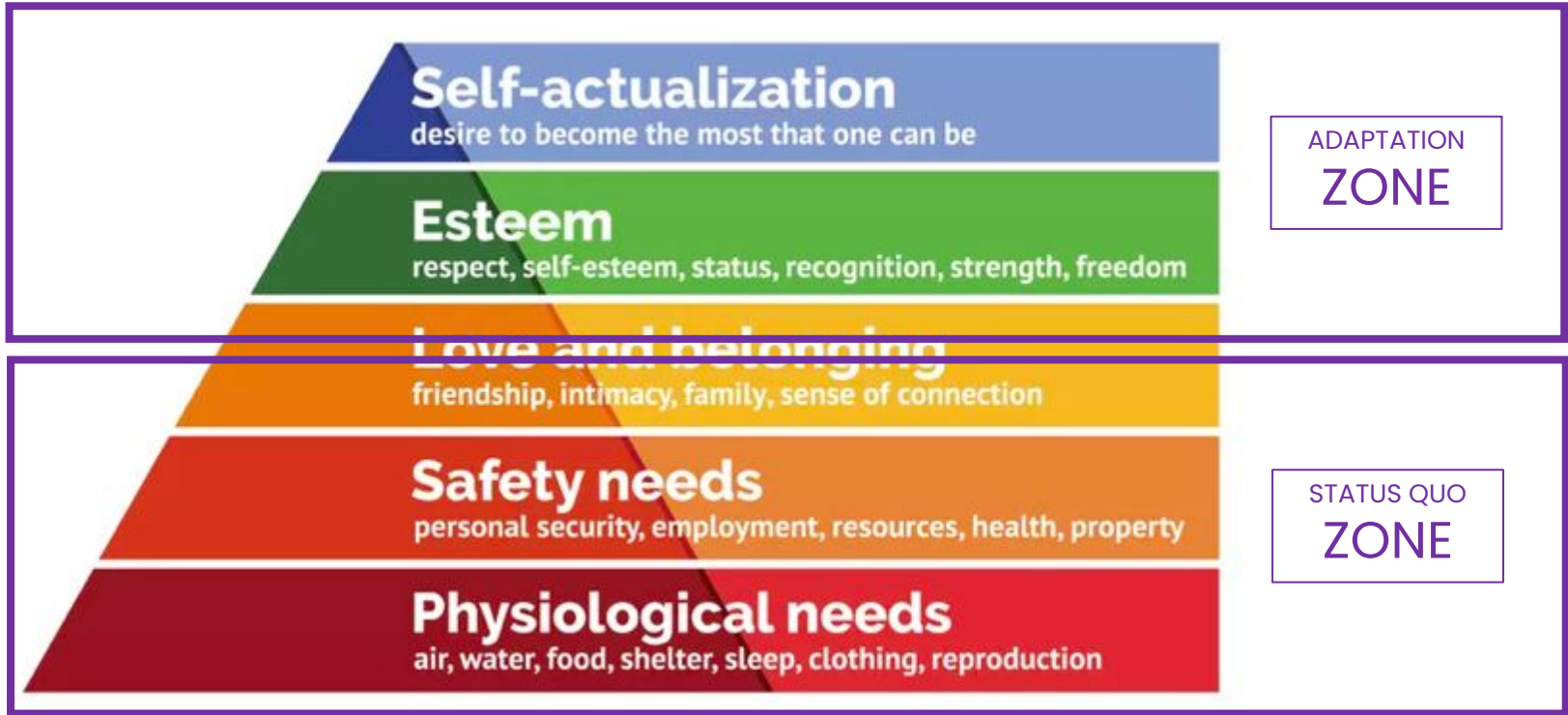
PROCESS



PURPOSE



Maslow's Hierarchy of Need



WHICH ZONE IS YOUR ORGANIZATION IN



“Those that thrive are quick to read and act
on weak signals of change...”

...They have worked out how to **experiment rapidly** and frequently not only with products and services but also with business models, processes, and strategies...

...They have acquired the skills to manage complex multistakeholder systems in an increasingly interconnected world...

...And, perhaps most important, they have learned to unlock their greatest resource: **the people** who work for them.”

**TECHNOLOG
Y**

PEOPLE



DNA

PROCESS

PURPOSE

The FA Adaptive Culture Framework™



PROFESSIONAL DEVELOPMENT GROUP



= DEFINITIONS



= ACTIONS



= INACTIONS



= EXPRESSIONS



= MOTIVATIONS



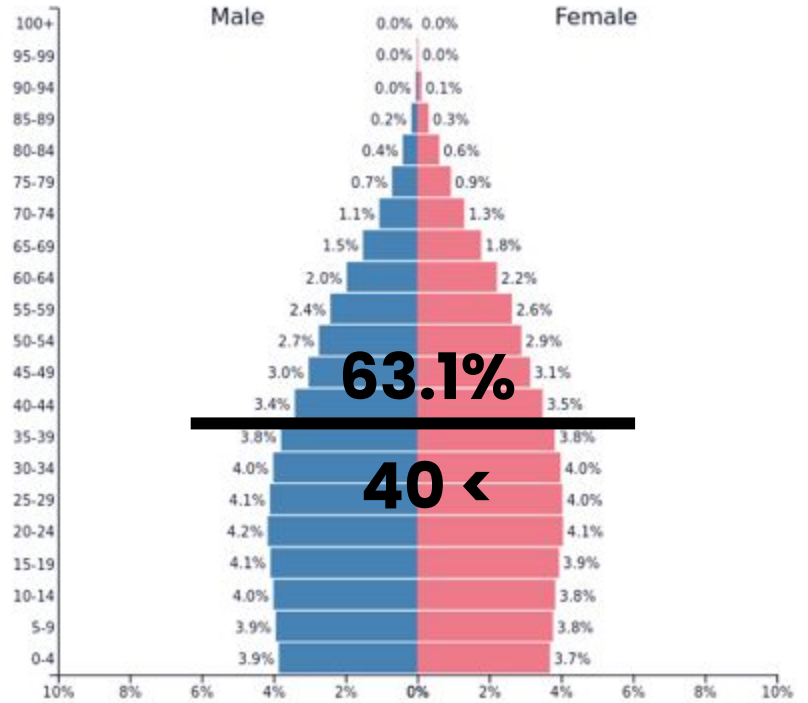
= MEASURES

A glowing blue DNA double helix structure is shown against a dark blue background. The DNA strands are intertwined, forming a classic double helix shape. The lighting is soft, highlighting the texture of the DNA. The text "The 7 Laws of Infinite Adaptation" is centered over the DNA structure in a white, sans-serif font.

The 7 Laws of Infinite Adaptation



Law #1: decode your customers



63.1%

40 <



NEED?

REGRET?

SEEK?

DOUBT?

FEAR?

ASPIRE?

WANT?



Create **real-time** feedback loops.

HOW CONNECTED IN REAL-TIME IS YOUR
ORGANIZATION TO YOUR CUSTOMERS



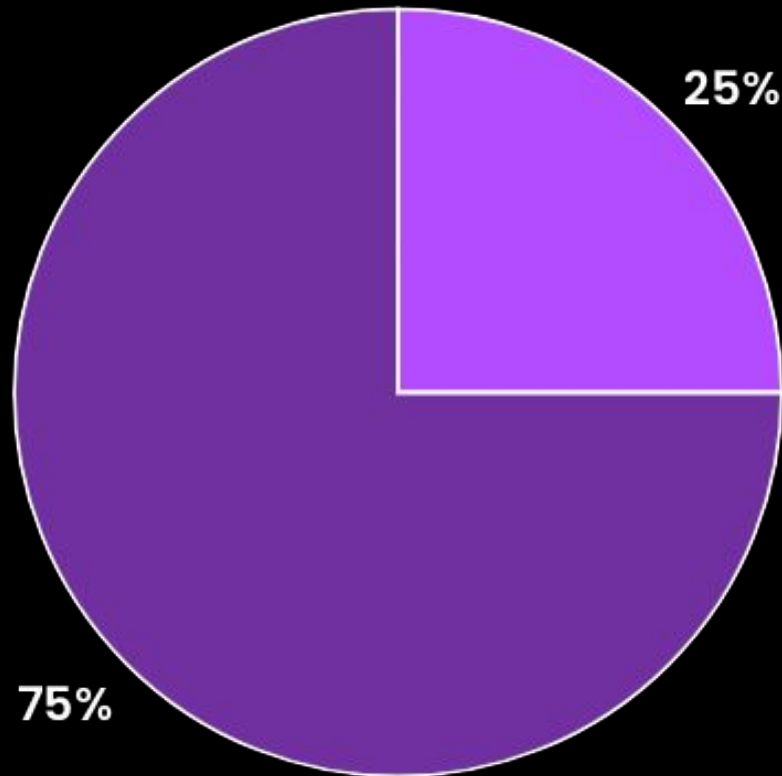
The background is a complex collage. On the left, there are several banknotes from different countries, including a 10000 note, a 2 MIL note, a 50000 note, a 50000 note from Argentina, and a 50000 note from Chile. On the right, there is a futuristic digital interface with a blue and purple color scheme, featuring a grid pattern, a laptop screen, and a glowing 'BANK' sign. The overall theme is finance and technology.

Law #2: decode and
recode your organization.

A silhouette of a person in mid-air, jumping or running, against a vibrant sunset sky with orange, yellow, and blue hues. The person is wearing a long-sleeved shirt, pants, and sneakers. The text is overlaid on the image.

Mindsets and behaviors are the
root of all actions, all decisions
and all consequence.

EMPLOYEE BEHAVIOR CHANGE PROPENSITY




■ FOR ■ AGAINST

EXISTENTIAL THREAT
(FEAR)



ESSENTIAL OPPORTUNITY
(POSSIBILITY)

Motivations to adapt.



Law #3: Define and motivate the right skills, mindsets and behaviors

The right skills, mindsets and behaviors necessary to continuously adapt:

THOUGHT	FLOURISHING	STEM	CREATIVITY	ACTION
Conceptual Skills Problem Solving Abstract Thinking Analytical Skills	Emotional Intelligence Interpersonal Intrapersonal Fulfillment & Happiness	Tech Proficiency Coding Fundamentals Conceptual Tech Computation Thinking	Creative Analysis Symbolic Thinking Literary Analysis Arts Analysis	Communication Visual Verbal Written
Rationality & Reason Critical Thinking Logical Reasoning Information Literacy	Existential Intelligence Mindfulness History of Humanity Existential Inquiry	Scientific Literacy Scientific Thinking Scientific Method Essential Models	Creative Expression Mediums for Creativity Creative Strategies Imagination Skills	Collaboration Organization Skills Leadership & Initiative Negotiating Skills
Systems Thinking System Mapping Mental Models Global Systems	Physical Well-being Habits Sports & Exercise Nutrition Literacy	Mathematical Reason Numeracy Data Analysis Financial Literacy	Innovation Mindsets Exponential Organizations Future Thinking	Morality & Ethics Moral Reasoning Practical Ethics Global Responsibility

Create a motivating context.



amazon

DAY 1



The Journey to i.

Impact
Innovation
Interdependence
Individual

The Journey to i.



Redefine job
performance



HARVARD INNOVATION LABS UNIVERSAL ADAPTATIVE BEHAVIORS

Raise the Bar

Make learning and adaptation a core competency and requirement

Start with Why

Understand strategy before action

Get Outside

Connect constantly with the environmental conditions

Think Sideways

Seek to integrate and collaborate on everything. Nothing is discrete. No boxes.

Don't Look Back

Take risk, eschew legacy thinking and convention, be open to fail.

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec



Law #4: Create an adaptive dashboard



LEARNING
GROWTH

ADAPTIVE
BEHAVIORS

ALIGNMENT

TRUST

WELL-BEING




Law #5: Take down the walls

You
Your team
Your organization



THE ENVIRONMENT





You
Your team
Your organization

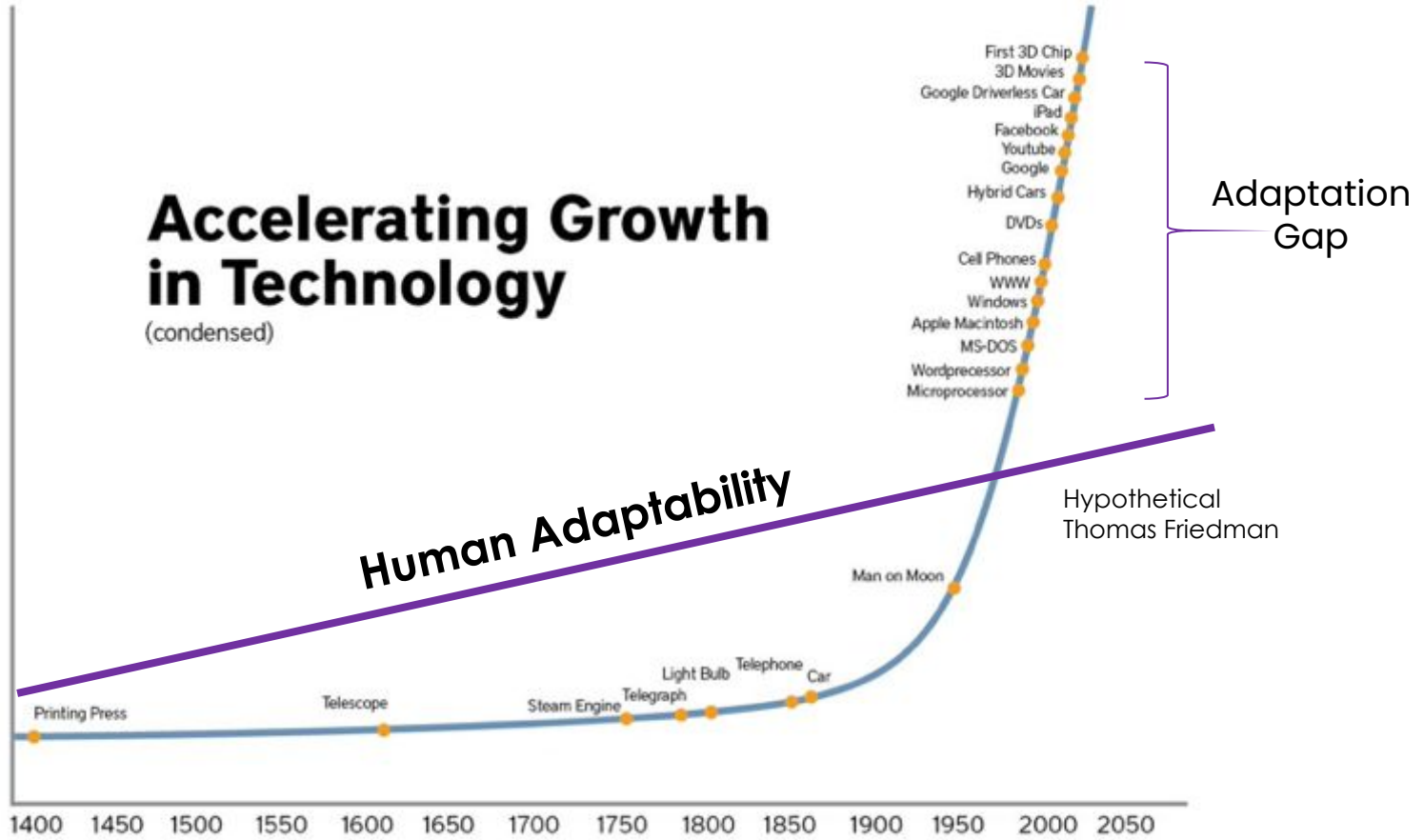
Internal Departments
Other Peers
Customers
Competition
Disruptive Technologies
Employees
Partners
Macro-economics
Geo-political dynamics
Existential threats

The background is a complex collage. On the left, there are several banknotes from different countries, including a 10000 note, a 2 MIL note, a 50000 note, a 50000 note, a 50000 note, and a 50000 note. On the right, there is a digital interface with a blue and purple color scheme, featuring a grid of data points, a laptop, and a smartphone. The word "BANK" is visible in a stylized font on the digital interface. The overall theme is finance and technology.

Law #6: Teach and learn

Accelerating Growth in Technology

(condensed)

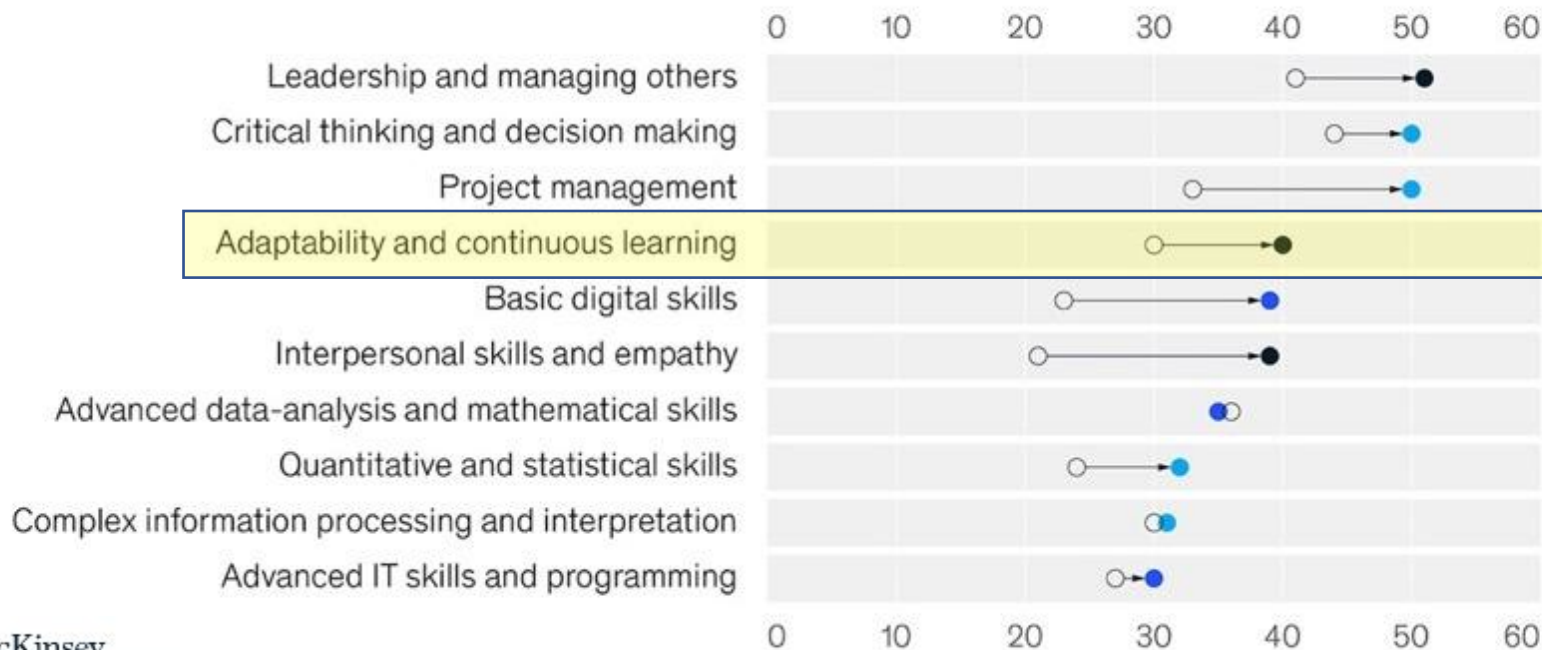


Hypothetical
Thomas Friedman

Adaptation
Gap

Skills that companies have prioritized to address through reskilling,

● Social and emotional skills ● Advanced cognitive skills ● Technological skills 2019 ○ → ● 2020



"Learning agility, emotional flexibility, and openness to experience are all part of a multidimensional understanding of adaptability."

McKinsey

**Focus *less* on what to learn, and *more* on why
and how to learn.**

WHAT DID YOUR ORGANIZATION LEARN
YESTERDAY





Law #7: Adapt your Purpose

**TECHNOLOG
Y**



PEOPLE

PROCESS

PURPOSE

What your employees want



Mastery, Autonomy, **Purpose**

Recognition, Appreciation

Connection, Team-ness

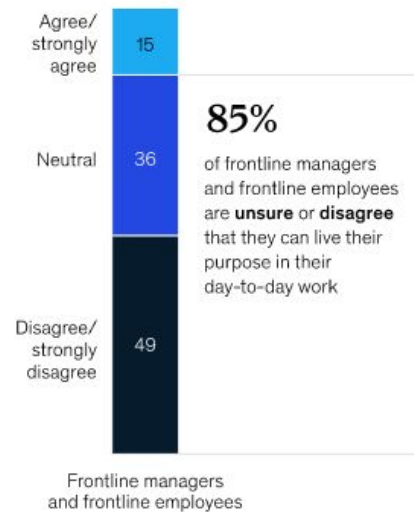
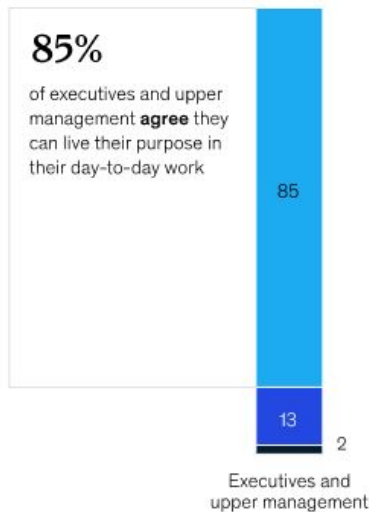
Trust, Psychological Safety

Tools

85%

A stark 'purpose gap' exists between upper management and the front line.

Living your purpose in day-to-day work, % of respondents



Source: McKinsey Individual Purpose survey, August 2020 (n = 1,021)

What should the purpose of a bank be?

Today

Discrete generic products

Closed systems

Low value add personnel

A monolithic box

KYC as compliance

Back office biased

Enabling capital & commerce

Future

Integrated, personalized experiences

Open platforms

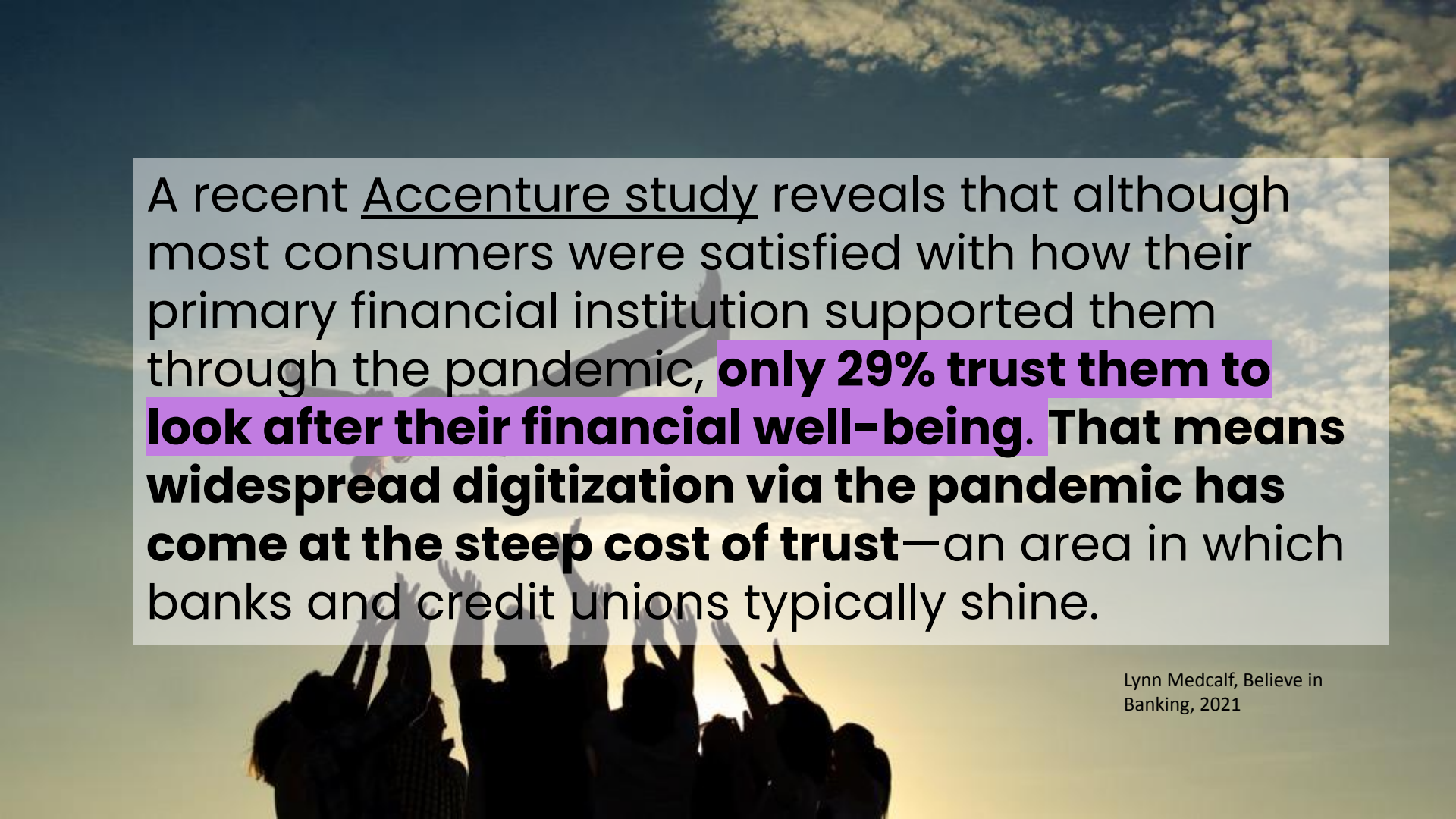
Smart people – smart systems

Societal, integrated hub

KYC as competitive advantage

Interface driven

Financial well-being



A recent Accenture study reveals that although most consumers were satisfied with how their primary financial institution supported them through the pandemic, **only 29% trust them to look after their financial well-being.** That means **widespread digitization via the pandemic has come at the steep cost of trust**—an area in which banks and credit unions typically shine.

Lynn Medcalf, Believe in
Banking, 2021

HOW CAN YOU MAKE YOUR
ORGANIZATION'S PURPOSE MORE
MOTIVATING?



What should the purpose of a Central Bank be?



STABILITY



WELL-BEING

THE CASE





If the state of the universe
is in constant change...

And the state of society is in
constant change...

Then our companies
can only thrive by
being in constant
change...

and we can only
change our
companies by
constantly changing
ourselves.

TECHNOLOG
Y

PEOPLE

DECODE
CODE
RECODE

PROCESS

PURPOSE



“The illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn.”

Alvin Toffler, Futurist
Author, Future Shock, 1970

A glass of water is centered on a dark, reflective surface. The background is a dark teal color with a subtle, grainy texture. The glass is partially filled with water, and its reflection is visible on the surface below it. The text "Infinite Adaptation." is overlaid in white, sans-serif font, centered horizontally and partially overlapping the glass.

Infinite Adaptation.

AN ESSENTIAL OPPORTUNITY

THE CASE FOR ADAPTATION



(Why Digital Transformation is not enough.)

Muchas Gracias