

CHANGE MATTERS: HOW TO THRIVE IN FAST-CHANGING TIMES



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Welcome to our webinar on futurism, which I've called "How to Thrive in Fast Changing Times: Welcome to the 4th Industrial Revolution."

I'm Andi Simon, a corporate anthropologist and founder and president of Simon Associates Management Consultants. We specialize in helping organizations change. And these are very fast-changing times.

What I'm going to talk about today is important because many of our clients are beginning to see that the changes that are coming are more than just about technology or about business. They're really about the society in which we're living. And as an anthropologist, I'm particularly interested in how humans create stories and cultures around their beliefs, so that they can guide their behaviors into habits that make them comfortable. But change is something humans hate.

The 4th industrial revolution

In case you're not clear, the 4th industrial revolution is considered to be the current and

developing environment in which disruptive technologies and trends such as the Internet of Things, robotics, virtual reality and artificial intelligence are all changing the way we live and work. But it's really even much more than that, and we're going to talk about that today. I'd like you to think about it in terms of your own industry, your particular business, and your customers or clients.

Now, one thing to keep in mind as we're thinking about this is that there is a growing realization that the future is really much more important to humans than we have thought in the past. If you're not familiar with Martin Seligman, he's a professor of psychology at the University of Pennsylvania, and he writes about humans as futurists. He says that what makes Homo sapiens (the "wise man") unique is that we think about tomorrow. In fact, we take the stories in our imaginations about the future and the past, and we mix them up into the present. But by contemplating the future, we are able to create today. In fact, there's growing research that says it's only because we can see ahead that we change what we do now, even though the mystery of the future is truly uncertain, and as humans we want certainty.

There's a much more apt name for our species, Seligman writes. He suggests "Homo prospectus" because we thrive by considering our prospects, and we continuously revise our visualizations of the future. That is not inconsequential because as humans, we live in a state of illusion.

I'll talk more about the way in which the brain operates and how our cultures help us create a reality in which we can go about our daily living. But this quote, I think, is a great opener. It's from Joe Kaeser, President and CEO of Siemens AG: "The 4th industrial revolution is not just about technology or business, it's about all of us, our society."

There are some important observations that I hope you take away from this webinar. I want you to ask yourself, "What are the products and services we're going to need to serve our clients for the future? They are changing, just as we are. What does that mean for us?"

Talent and teams

Is your team ready for the future of work? Are you reskilling them or developing their skills? What kind of talent are you looking for — what you've always had or talent needed for the future? What kind of brand and style are you going to deliver? Are your people going to really embrace innovation and risk-taking? Are they going to be remote or on-site, global or local? What about mobile talent? And what's the technology you're going to need in order to enable them to be part of something — because they need to be, as well as being remote.

Culture

The third point is, do you have a culture that's innovative or controlling, competitive or collaborative? You really need to understand what your culture is now, and what it's supposed to become if you're going to thrive in the 4th industrial revolution. And how are you going to move it there? Humans hate to change and their cultures aren't much happier to do it either.

Disruptive innovation

Fourth, your ideas are not going to come from within your industry, regardless of what industry you're in, whether you're in engineering or manufacturing, whether you make pools or you make showerheads, whether you're in a service industry or you're attorneys, accountants or financial planners. It doesn't much matter. Your ideas are not going to come from within your own industry.

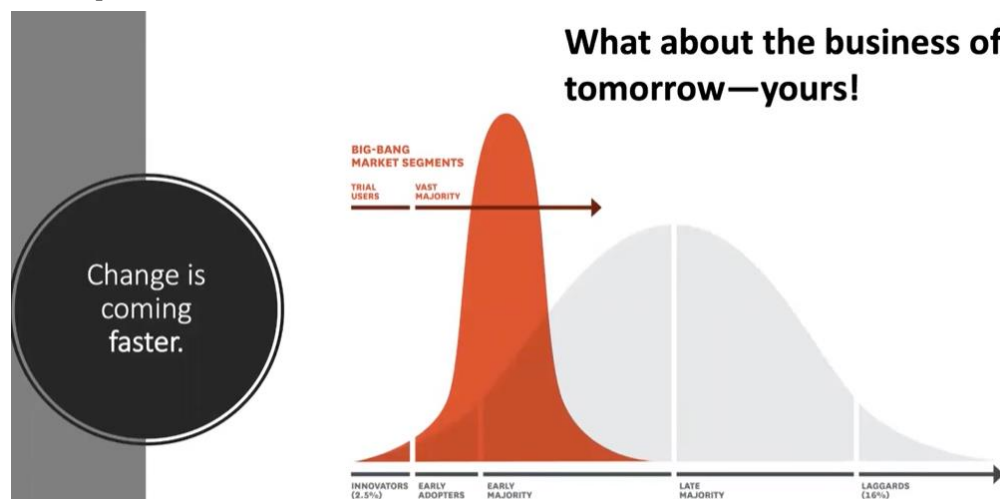
The problem with herds — and we're all herd animals — is that we talk to each other. There's a lot of group think, and you check on whether or not you're as good as the next guy or better. But you don't see what's coming at you.

From pipeline to platform

If you haven't noticed, the Ubers and Airbnb's are platforms. They don't own anything, and they don't really push out a product. They connect people who have a need with people who have a solution. That is becoming a great way for you to solve client problems, regardless of what kind of clients or what kind of problems. Can you think like Uber?

Change is challenging

Change is challenging, for good reason. As you're growing up, your brain takes the data that comes into it and creates a story about yourself, and that becomes sacred. It's you. It's your story. And what happens is, as you go through life, you only see what affirms that story. You're very conforming. That's what confirmation bias is. You select what you think is a compilation to your story. It's a movie set in your head. So if I'm going to change that, I'm not changing my suit or what I eat at lunch. I'm changing the essence of who I am. So it goes much deeper.



In this illustration, the grey curve is the way business used to be. I always love to think about the Kodak Brownie camera that came out in 1906 and lasted until 1970. Everybody got a Brownie camera. You had 120 film it. You went into your dark room and you developed it. What's wrong with that? Well, look what happened. Digitilization came

along, and digital cameras eliminated film. Who would have thought? I remember arguments with friends who said, "A digital is not as good as...", and now the iPhone is replacing those cameras.

That long curve is what we expected companies to be for a long time. The red curve, we used to call a fad. It emerges, it surges, and it purges. You've got to think about all the things in business that are happening now. Things that are hot today aren't tomorrow. And things that we did 10 years ago, we're not doing now. And remember when AOL didn't take any ads? It was a chatroom. And it was a prodigy. Then there was Wang and Elisa...all kinds of things that came and then went.

So what does that mean for you? What you don't want to be is a Blackberry. Do you remember, we all had Blackberrys. That's how we did business. That was a cellphone. And then iPhone came along, and it's not a phone at all.

There was a great quote by the president of Nokia about three years after the iPhone debuted. He said, "We were so good, we never saw it coming." Then there's Blockbuster that could've owned Netflix. No more Blockbusters — well, there's one left. And Netflix itself has done extremely well as a platform and then tried to become a pipeline, which is doing well. And now it's got tremendous competition from all other kinds of platforms.

I heard somebody from Comcast say, "We got it all wrong. We thought it was all the channels. But it's not, it's what you push through it." And then there's Sears. Sears had a catalogue. It came out the same way Amazon did. It went west as the homesteaders went west. And as the railroads and the mail allowed us to buy things and get them delivered to wherever we were, it mimicked all the other retailers. And now it doesn't exist.

The brain hates change!

The thing you need to remember about us humans is that our brains really do hate change. The way the brain works is that once it has that picture in its head, and it's very comfortable with it, the amygdala, the oldest reptilian parts of the brain, literally fear, flee and appease new things. They doubt them. They're uncertain about them. This creates cortisol in the brain that says, "Oh, stop that. Go away." So, it's very hard to overcome the very nature of our being in order to change.

The second problem is that we don't see things as they are. We see things as *we* are. And we're, typically, the lion in the mirror, because that's how we see ourselves. And it doesn't matter what you are or where you are — your story about yourself is who you are, the hero. Now, once you're there, you are willfully blinded to anything else that doesn't affirm that. This makes it quite challenging.

My third point is that there's great research emerging from the neurosciences that we decide with our emotions and justify with logic. If you're not familiar with Judith Glaser's work on conversational intelligence, you might want to take a look at her TED talks. (She passed away a year ago.) But she did a great job on the WE Institute.

This is about the hardening part of the brain and how it feels and what you see matters a lot more than the data that's in there about whether you believe it or you don't. We're very, very into feeling, and gut — there is a lot of debate about it. But it's all connected.

You are your habits and your habits are you

Once you have that story in your head and you have your daily living skills down, you really become a product of well-honed habits. It's very efficient. It actually works really well. If you're a competitive swimmer, you just swim. You know how to swing that golf club really well after you've hit it 700 times. So the habits become a great way for us, efficiently, to do our daily living.

Remember, your brain uses 25% of the body's energy, and it doesn't want to use much more. But once you have those habits, they're really hard to change. And then your herd, your culture, is really happy keeping you there. Outliers, whistle-blowers, change agents are never appreciated.

People don't like difference. They don't like things that upset their sense of purity. Outsiders are dangerous, they always have been — that's how humans both thrived and insulated themselves from new ideas until there was a crisis for the creative mind. Yes, we're going to have to adapt.

Women are achieving, in leaps and bounds

In some industries like accounting, 65% of the employees today are women. Over half the students in colleges are women. I deliberately put this in here because there are 400,000 women attorneys now. And they're moving up into the corporate hierarchies, even if they haven't hit the C-suite to the degree we would like. But 45% of the workforce are women and about 35% of those are the sole breadwinners.

So there's a whole different market that's looking at things in a very different way and is gaining control over income streams, the ability to manage their wealth. As these are beginning to change, so must we. But you have to ask yourself, are you ready for change? And if you are, how do you feel about the changes? Think about your daily life over the last week. Have you changed anything?

You really think you're innovative?

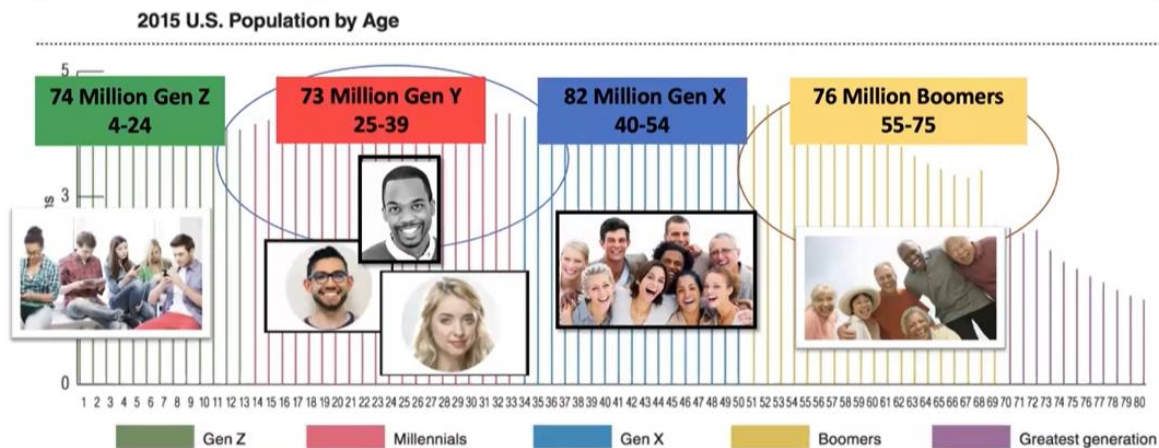
I used to ask CEOs in workshops where I was the speaker: "How many of you are innovative and change agents?" and they all said yes. Then I would ask them to tell me one thing they had changed in their company, and they couldn't tell me anything. We are really very good at creating the illusion but not necessarily the reality.

I started this webinar talking about the 4th industrial revolution, which Joe Kaeser said is not about technology and business but about society. Innovation is technological, social, economic, institutional, and all of the infrastructure parts that pull it together. It's much more than just technology, but we focus on the technology because it's tangible.

The power of demography

I now want you to think about demography and how profoundly it affects our lives.

Demography is Destiny – U.S. Demographic Trends



The Gen Ys, the Millennials, are going to represent 50% of the workforce next year, and that's globally. They are going to be replacing the Boomers. And look at the numbers and the percentages. 76 million boomers are all beginning to move into that stage of life where they're not quite sure what comes next. Many are retiring. Many are going into businesses. (You have no idea how busy we are at SAMC with clients who are 50-year-old wannabe entrepreneurs.)

People used to shop in retail stores, actually walk in and buy something, like jewelry. Those jewelry stores are pretty empty now. Young people go to BlueNile.com and buy what they like. They wear it, and sometimes they return it. But it's a very different business model. Tiffany's isn't doing so hot.

The Boomers really have different values and beliefs about how people should work. I had one Boomer client who was angry that he had to buy ping pong tables for his younger employees. He didn't understand why they worked from 9 to 5 and then would go play ping pong. Finally, they got him to play ping pong with them, and it wasn't so terrible.

How to get different generations to understand each other

The Gen X'ers have a challenge. We work with an anesthesiology group that is trying to help their Boomers and Gen Ys talk to each other. The Boomers were working as hard as they could to save for their pensions, and the Gen Ys just wanted to work 9 to 5 and not be on call. These were anesthesiologists...this was tough. The poor Gen X'er said, "Please help me translate."

So how do we build a bond between them so they can actually both get what they want? Not that easy. Many of those Gen X'ers are going to be taking over the businesses of

Boomers. Remember, 67% of U.S. businesses are owned and run by Boomers, and 80% of those are family firms. And that is all changing. As the Boomers are cashing out, they're not all passing it down to the next generation, many of whom don't even want it.

Gen Ys (Millennials) and Gen Zs

They are going to have 16 jobs before they retire. They have a very different set of what business is all about. But not many are actually becoming entrepreneurs. They just want the freedom and flexibility.

And then the Gen Zs. They're into college now and coming out. They have an 8-second attention span. They spend 3 hours a day on a computer but not for schoolwork or business. They love video games. E-games and e-competitions, if you haven't noticed, is a huge business.

Families have changed

There's the traditional family dinner (left) with lots of smiles, interaction, facial contact. Then there's the typical modern family dinner (right) with no facial contact or interaction at all. Everybody's in their space. Nobody's listening to mom. It's a very different kind of experience.



The implications for our society are important. 30% of Americans are depressed. But studies show that if you eat dinner together three times a week, there's less depression. Families also now are not cooking. The supermarkets are all changing. Raw goods, canned goods, are not selling as much as cooked goods. And in one store near me, at 3:30, 4:00, you can hear the mothers saying to the kids, "Pick out what you would like for dinner." Everybody has their own. And with all the Uber Eats and other meal deliveries, the restaurants are cooking for takeout and having it delivered. And don't be surprised if a 3D printer in the back of a truck makes a pizza for you. Lots of changes in the way we live.

U.S. marriage rate has hit a new low and may continue to decline

After World War II, everyone got married, had babies — which produced all those Boomers. But from the '70s on, the number of marriages percentage-wise have been in decline. Divorce has too. I know people who refuse to get married because their parents were divorced three times.

The whole family structure is changing. 40% of the children today are born from women who are not married, but not because they're low income. They're from all socio-economic levels. The age of marriage is rising, but it's changing as well.

Home ownership has also hit a new low

For generations, homes are where we had our assets, where we had our roots, where we had our lawns, where we had our status. Now home ownership is at a 50-year low. And the ability to find affordable housing has become a serious problem. But it's also interesting and important to realize that many of the people who might buy homes have lots of college debt to pay off. And sometimes, their parents are still paying off their own college debt.

The whole economy of homeownership is changing and how people live in homes, as well. Now, the percentage of young adults in their late-20s living with their parents is the highest it's been in 75 years. Often, they share the cost and help each other, parents and grown children, and it's not so terrible. And the parents aren't pushing them out. It's actually nice to have them at home, many say.

Customers' happiness depends as much on the quality of a company's engagement as the quality of the product or the service they are buying

Customers are increasingly open to companies using new technologies to improve their customer experience. In fact, they're open to lots of things. But they really want personalized, timely and connected customer engagement. It's about me. It's on time when I want it, and it's all about connecting with me.

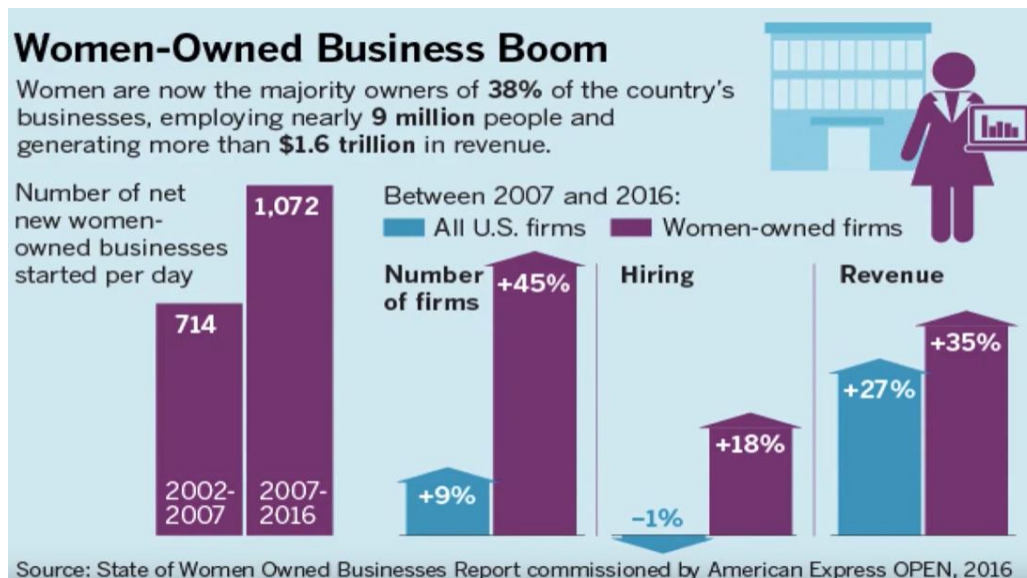
We had a professional services firm as a client, and the staff was angry that clients wanted to be able to contact them at 11:00 at night. Today that's normal. You do business at 2:00 in the morning. Ethics and trust are key to winning customer business and loyalty. But those words are changing as well.

Gartner has some wonderful research in light of personalization, timeliness, and the human need to connect with other humans. 72% of customer interactions will involve machine-learning, chat-bots and mobile messaging in two years. It's getting there. The expectation is that it will improve customers' satisfaction, help the support team, and reduce support volume.

We had one great client with sales people who had no sales coming. They were using the telephone to reach their buyers, who bought in the same way they had bought before. The only problem was that those buyers had retired, and the sales people hadn't noticed. And the new people were 30-somethings, and they didn't use the telephone. In fact, they didn't even pick it up. So our client didn't realize that business was going to be coming from different channels now, and how their sales people converted leads into sales was going to change as well. The whole nature of the interaction was changing. So on the one hand, we want personalization and technologies, but not you calling me and interrupting me and pushing an ad out at me on TV.

Women are now the majority owners of 38% of U.S. businesses

The post-2008 recovery was in many ways driven by women opening up their own businesses. You can see the number of firms, the hiring they've done and the revenue.



This is a significant impact. Now, some are sole entrepreneurs, and I'm guessing some of them are hairdressers or nail salons. But there are a whole lot more that are opening up online businesses and successful high-tech companies. You have to listen to some of our podcasts with these women. They are really knocking socks off. And they have no idea why there are limits. They are just making it happen.

The way we live is changing

The housing we're in and how we interact with our parents in those homes — all of that is changing. So is the workplace. It was not that long ago that we worked in cubicles, in boxes. Contrast that with the Clif Bar factory which has bicycles hanging from the ceiling, a huge amount of light and a big open space. But I will tell you that I was in a restored factory in San Francisco that was a software engineering recruiting firm with a similar open space and not a lot of privacy, and at 9am when the workers started their recruiting, they put earphones on, grabbed their Macs and walked around that great big space to find privacy.

57 million U.S. workers are part of the gig economy, freelancers. There are permalancers who will never go back inside. A third of the workforce are freelancers who work at home: distributed, decentralized, remote...and they're happy. I met one who was an Uber driver, had an Airbnb and was a software engineer and was never going to work inside. He said, "I'm paying off all my college debt and I'm enjoying life my way."

Managing minds, not people in cubicles

Corporations are now using decentralized workers. Many women whom I'm interviewing

for my podcast specialize are helping companies organize for decentralization. Some are thinking of it as a recession-proofer. Others are realizing that they need talent but don't necessarily need them in their office all day, all the time. Decentralization gives them much more flexibility, which brings into question how to manage them.

Are they billable-hour folks? Are they hands and production? What's equally important is managing minds. What are your clients paying for...the time, the hands, or the mind, or all of them? In one of my presentations, people asked me, "What does it all mean? In the past, you produced something. You were a pipeline, not a platform. And you produced something that someone bought. You made it, and it was bought. Now, we have a platform that connects everything, and we manage the minds that help you do better. But if/when the bots come and replace us all what will we be doing?"

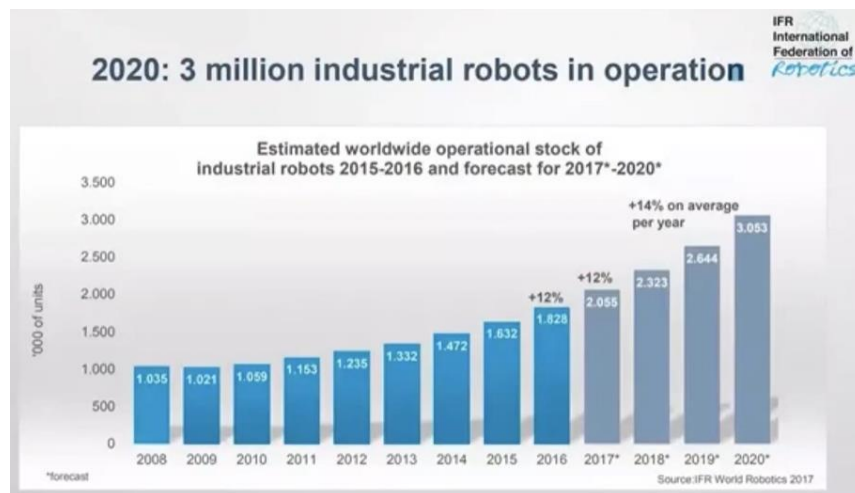
I met a guy on a plane coming back from Seattle who was responsible for communications to the digital workforce for Accenture. I don't know his exact title, but he was telling me how he had to build a brand where employees were empowered and enabled to become digital workers.

This is that 4th industrial revolution. It's changing society. It's empowering employees digitally. It's about increasing productivity but fostering innovation, collaboration and creativity. It's making all this happen for a hyper-scale workforce of 400,000 employees. Accenture's internal IT organization is developing, enhancing and deploying an array of capabilities to Accenture people globally.

How are you preparing your staff for the changes?

Now, this is a very important question because if your staff are resisters, the changes are going to be very difficult to implement. Learning how to change is a skillset not much different than learning to play golf or tennis or some other sport. If you view it that way, you can get your staff ready for the changes in such a way that they may actually enjoy it.

In 2020, next year, 3 million industrial robots will be in operation. How will robots affect your business? Are you thinking robotics? Everybody's complaining about the shortage of talent, the shortage of people, so why aren't we thinking about how to use robots? And then how will you manage them?



There is a hotel in Japan — Henn na in Tokyo — that is completely run by robots. You check in very much like using an ATM or a check-in at an airport. But the problem they had is that they had to fire 200-plus of their robots because they needed actual people. So it's a balancing act. The chef in the restaurant is a robot. This is quite interesting and important for you because there's an entire hotel that's doing it, robots. What are you doing with it?

The Internet of Things


With the Internet of Things, everybody's putting in sensors. The oil and gas industry is putting sensors throughout the entire supply chain so now they can manage things remotely with much more certainty about what's going on. By 2020, more than 26 billion devices will be connected , with an economic impact of \$4-11 trillion.

Blockchain

We've done several On The Brink podcasts with people who are big into blockchain and not just in cryptocurrency. What is it, you might be asking? Basically, blockchain is a digital ledger that keeps a record of all the transactions taking place in your network. All the information is transferred via chains of blocks that are encrypted, meaning that they cannot be altered. You get a key, and the only way information comes in or out is if you allow it.

For instance, if you're in the construction business, how easy it would be for your title searches, proof of performance, completion of job, payments...everything to be handled via blockchain. You don't have to go to the bank. You don't have to send out any paper.

WHAT IS BLOCKCHAIN TECHNOLOGY?



The infographic consists of five columns, each with an icon and a text description:

- Column 1:** Icon of a computer monitor with a folder icon. Text: "A digital ledger that keeps a record of all transactions taking place on a peer-to-peer network".
- Column 2:** Icon of a server rack with binary code (0001, 0110, 1100). Text: "All information transferred via blockchain is encrypted and every occurrence recorded, meaning it cannot be altered".
- Column 3:** Icon of a globe with nodes connected by lines. Text: "It is decentralised, so there's no need for any central, certifying authority".
- Column 4:** Icon of a cloud with a document icon. Text: "It can be used for much more than the transfer of currency; contracts, records and other kinds of data can be shared".
- Column 5:** Icon of a padlock on a document. Text: "Encrypted information can be shared across multiple providers without risk of a privacy breach".

Source: IoT World News

Beef farmers out in Wyoming are using blockchain to track and trace grass-fed beef from the farm where the cows actually grazed to the slaughterhouse to your table, because they want to make sure that the supply chain is not corrupted by manufactured beef.

As you can see, blockchain can be used for much more than the transfer of currencies. Records and other kinds of data can be shared, and the encrypted information can be shared across multiple providers without a risk of loss of privacy. In Zug, all of your tax information, all of your identification, is all on your block.

Everything is really going blockchain. And if you think about it as hype, you're mistaken because this technology is definitely coming. There are 400 blockchain projects underway at IBM, and banks are really investing heavily in it too. And slowly but surely, you're going to see a situation like Venmo where you're not going to need a checking account, an ATM or anything. It's the digitalization of the entire supply chain.

If this isn't your business area, just think about following an object from when it's produced then tracked and traced all the way through to the end user. You'll know so much more. You'll be able to control it. You'll be sure what you're buying. You'll watch out for fraud. And when you think about the efficiencies that can be achieved, it is just outstanding, and it's happening.

The rise of autonomous vehicles

Amazon is already hauling cargo in self-driving trucks developed by Embark. I will tell you that the car has become nothing more than a computer within a box, and if we can get it right, self-driving can really protect us in many different ways.

At SAMC, we had a client prospect who was in the trucking industry in Pennsylvania. He had 150 trucks and not enough people to drive them. He said, "I can't wait for self-driving cars," and the trucks are going to grab onto it in a second. But think of the changes that will come for the entire industry. (By the way, the person who rides along in the autonomous vehicle truck is called a flashback. They want to get rid of them.)

This company, Filld, I think is very clever. It delivers gasoline to your home, to your car, to your boat. It's like combining a filling station with home heating oil delivery, and making it available for you wherever you are. Uber's doing it too. You pin where you are and Uber shows up to fill you up. It's competitive in price. They're not making as much money on the gas as you might think, but they charge you a flat fee from \$3 to \$8 depending on what time of day and how much surge there is. Think about how easy this is. Time and convenience and personalization is really what's being delivered here.

Bots and AI changing the tax season

Everybody's got to do taxes, and how many ways can we really streamline the process. So now it's being brought to you in the form of automated data entry bots, which allow people to enter data from receipts and bills. Just scan them in, although I'm fascinated by how many people have trouble using their cellphone as a scanner. It works really well. All you do is review their input, approve it, then it gets sent to accountants. No more hours spent doing repetitive tasks.

The following graphic captures the changes that are coming and that are here already.

Imagine Bots and Annie the Accountant

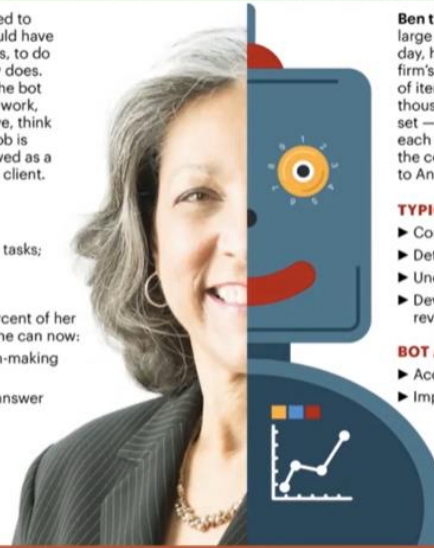
DENVER BUSINESS JOURNAL

Annie the accountant used to gather data herself. It would have taken weeks, even months, to do the work Ben the bot now does. Now that Annie has Ben the bot working on the mundane work, she has time to be creative, think about solutions and her job is more exciting. She is viewed as a strategic partner with the client.

ANNIE THEN
Mundane, mind-numbing tasks; number crunching.

ANNIE NOW
Ben frees up 40 to 50 percent of her time by analyzing data. She can now:

- ▶ Use her expert decision-making abilities.
- ▶ Use logic or reason to answer questions.
- ▶ Become a strategic advisor.



Ben the bot is a virtual employee of a large Denver accounting firm. Every day, he gathers volumes of data for the firm's clients. He can analyze thousands of items in a data set and compare it to thousands of other items in a second data set — which in the past could not talk to each other. Ben then puts the results of the comparison in an email and sends it to Annie the accountant.

TYPICAL TASKS

- ▶ Compare 10k items
- ▶ Detect patterns
- ▶ Uncover anomalies
- ▶ Develop predictive models to project revenue

BOT ADVANTAGES

- ▶ Accuracy
- ▶ Improve fraud detection

Sources: Raik Hoffmann, KPMG advisory director Denver Ignition office; Mark Belfance, Ernst & Young Denver managing partner; and Duane Squier, EKS&H IT director.

This is from KPMG. Annie, the accountant, used to gather data herself, and it would take weeks, even months, to do the work. Ben the bot now does it. Now that Annie has Ben the bot doing the data work, she has time to be creative, think about solutions. Now her job is more exciting. She's viewed as a strategic partner with the client.

Ben the bot is actually a virtual employee of a large Denver accounting firm. Every day, he gathers volumes of data from the firm's clients, analyzing thousands of items in a data set and comparing it to thousands of others in a second data set, which in the past could not talk to each other. Then Ben puts the results of the comparison in an email and sends it to Annie the accountant. He compares 10k items, detects patterns, uncover anomalies, develops predictive models to project revenue, is accurate and improves fraud detection. And Annie now is a strategic advisor. She went to college, got trained, got certified, got a CPA, and now she can use it.

How secure is cybersecurity?

All of this, however, is leading to a lot of security issues. If you're not paying attention to cybersecurity, you should, because attacks via compromised Internet of Things devices are opening up enormous possibilities. With all of these data collecting sensors, we now have those who are going to hack us. We have cloud security issues. Moving to the cloud appears to be safer, but it's not hard to get inside and hack you and go right up to your cloud.

Everywhere you look, things are backed up in bad ways, there are hacks on machine learning and AI, attacks against cryptocurrencies and blockchain systems, and Sandbox-evading malware and ransomware. On and on. And the cyber-breach victims are small and mid-sized businesses.

We did a podcast with Michael Davis, an expert in this area, who told us about a chain of pizza restaurants that got hacked. First, the hackers took information about their clients and their credit cards, and then they realized that the bookkeeper was putting the money into the bank through the same system. So they stole the money, and then they came back to the pizza chain and said, mafia-style, "We want a monthly fee to keep you secure from other hackers." Now they basically own them.

Nearly 50% of the businesses experienced ransomware in 2016. I use that number because it truly shows you that it's coming fast. The average bill for a data breach is \$7 million. 60% of small businesses go out of business within six months of a cyberattack. And 60% of the breaches are due to human error. So if your non-technical staff is trained to understand basic social engineering, phishing and so forth, your company will be much more prepared when the inevitable happens. But your folks really have to protect access to their email. Just everything is open for all kinds of problems.

Embracing the future

How might you and your clients embrace AI, blockchain, machine learning, Internet of Things, online services, managing minds not hands, robots, real-time data analytics, bots, digitalization and generational changes? I'll go back to the initial observations I had. What are the products and services you're going to need to serve your clients in the future? How do you develop your talents and your teams? What kind of culture are you going to have that can embrace the changes and leverage them?

Are there cross-industry convergences? Are you learning from robotics? Are you learning from new technologies? And how do you go from a pipeline to a platform so you can connect solutions to each other to help your clients?

To illustrate, I use two accounting firms because I'm doing lots of work in accounting, and I was curious how they were doing. The first one is called Furlane in Austin, Texas. It has 37 employees and no offices. This was a survey of accountants to see who are the most innovative. And this firm is 100% virtual. It relies on technology for literally everything, even the most basic communications between staff. Their founder, Marjorie Adams, said, "If we can define the logic to a process, we'll automate it."

It takes a 70/30 approach to adoption. The firm needs only to be 70% ready for a change, and the rest will be figured out. Adams said everyone feels that they have input and influence on the tech stack, which immensely increases the buy-in.

The second accounting firm example is Armanino in San Ramon, California. They have 1,000-plus employees in 10 offices. This one has really gotten into blockchain. They said at first, only in the area the big four had the ability to invest in. Now, large regional firms like Armanino are following suit. Armanino opened its blockchain practice this year, in 2019, and created a blockchain lab that's already available for client use across a range of industries. Indeed, for a firm that's so invested in its cybersecurity, expanding into blockchain services made sense, such as distributed ledger technologies to predict the future of online security.

How will you change your organization?

How do you do this? At SAMC, we specialize in helping organizations change. I'll start by saying you really need to think about whether or not your folks are in a type-x organization where you control them, drive them, have processes and rules, and compel them to do the right things. Or, do you have a type-y organization where you believe that people should be empowered. They collaborate well and don't compete to create results.

Every organization has a type of culture. How you believe your culture exists and how you believe people operate within it will influence how you will change it. Here's what you should think about, though. Humans hating to change are mimics. And so we say that I will change my mind and my behaviors if I see my leaders, colleagues and staff behaving differently — and people mirror each other unconsciously. They also bond that way. Remember, we're herd animals, so it matters.

The second point is, "I'll change my mind and my behaviors if I understand what is being asked of me and it makes sense." The why? matters a lot here. Remember the congruence between a story in your head and what you're seeing. It's what they believe and why they have to change. So you're really pushing something new into that story, and your people have to figure out why it matters.

Then there's "I'll change my mind and my behaviors if you develop my talent and skills. I can learn new ways to do things if you invest in me." And they can, but don't think this is a training program where you send them out, get them trained, bring them back and hope it works. They'll have more knowledge, but no new place to do it. And people aren't going to be outliers. So you need to change the organization's structure, the way you do things. Your staff will need words and recognition in the way you celebrate achievements.

Organizations that think a little training will work or hiring some new people will work, it's much more complicated, because we live at work 8, 10, 12 hours a day. And that's what we mimic, and that's how we get our habits, and that's how we feel we belong. And for humans, belonging is more important than being.

But have fun too. You'd be amazed how, when people turn work into a little play or fun, they do far better. They relax. When we use Innovation Games® with groups, every time we put people into game mode, they become very clever and creative, and they change. Put them back into work mode, and it's much more serious. The risks are higher. They're afraid of losing their job. You'd be amazed what a little fun and relaxation can do to build a new you.

My closing thought

This came to me from somebody I love dearly, and it went like this: Yesterday is history, tomorrow a mystery. Today is a gift, that's why we call it the present.

So now that you're in the present, I want to thank you for letting me join you, and I hope you've enjoyed this future study. It's really fun to think about it. And I know you're going to enjoy doing it. Have a great day.

The future's coming, fast. Are you ready?

At SAMC, we can help you assess your culture and help you change it for the future so that you don't just survive but thrive. We welcome your reaching out to us.

Thank You!

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