

# A strategy for **tomorrow**

Address delivered by

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to the

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The Westin Harbour Castle



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## A strategy for tomorrow...

Merci, et bon après-midi à tous. C'était une introduction trop élogieuse, et j'ai moi-même que de bons mots pour toi, Lili-Anna, ton équipe et tout le personnel de Centraide. You all have a true gift for making people feel welcome.

I appreciate this opportunity to talk about **what our two organizations share in common, and the future we're facing together**. Un futur que nous partageons.

But let me begin by thanking everyone here – on behalf of BMO and, I know, on behalf of the whole country – for your hard work and the total commitment you bring to it, year after year after year. What you do truly matters, and your dedication inspires us all.

When I try to define what differentiates United Way, the words you've chosen sum it up crisply: "We're local experts. We bring people together. We address root causes."

A similar clarity of purpose drives the organization I work for. And your ultimate goal, "building strong and healthy communities," is one we share completely.

Because a commitment to acting responsibly – to thinking about the broader impact of everything we do – is integral to any well-run business. A company's social license to operate depends on its ability to address the diverse needs of all stakeholders – customers, employees, shareholders and the communities it serves.

But there's an even bigger insight here – one that's constantly reinforced by the great example you set: Unless we collectively do all that we can to advance social and economic wellbeing, no business can expect to achieve sustainable growth.

Simply put, a healthy economy depends on healthy communities. La santé de l'économie dépend de celle des collectivités.

For our bank, it starts with a strong set of values – values I know we share in common with United Way – as we do with other businesses, with government, with charities and community agencies, with all Canadians who want to ensure that no one among us falls between the cracks or gets left behind.

Our two organizations go back a long way – more than a century for United Way, while BMO is marking its 200<sup>th</sup> year in business. Yet even as our fundamental beliefs remain constant, we recognize that the world changes. And right now it's changing faster than ever.

Le thème de la conférence est « la prévoyance » - Foresight, qui consiste à tirer parti de ce qu'on sait pour décider de la voie à suivre pour l'avenir.

Similarly, the idea BMO has been emphasizing is Forward – which reflects the same sense of priority.

We both understand that longevity depends on our ability to learn, adapt, change – and stay relevant to all of our stakeholders.

Cet après-midi, j'aimerais prendre quelques minutes pour explorer deux thèmes, two themes that I think both of our organizations – and ultimately, I hope, all organizations – are grappling with as we focus on helping people build a better future.

On the one hand, we have to be constantly looking beyond the horizon: progressing, evolving, staying agile as we respond to – and create – new opportunities.

While at the same time, the agility that moves us forward must be anchored by the responsibility we embrace today – by the fundamentals that don't change.

It's not one or the other. It's both. To me, this is the key to creating a strategy for tomorrow.

Permettez-moi d'aborder le premier thème; how we stay relevant to our stakeholders as their world is being transformed.

Over the past few years, people around the globe have experienced a great deal of uncertainty – and even anxiety – in the face of rapid, sometimes uncomfortable change.

We see debates over trade, and the agreements that govern the flow of goods and services, as well as people and ideas.

And as this morning's panel on migration underlined, millions of people are fleeing war zones or environmental threats, leaving their homelands behind to seek new opportunities and build better lives.

It seems as though everywhere we look, we can find a deep dissatisfaction with institutions that are failing to respond to the needs of the people they're meant to serve.



**Lisa Brodtrick**, Director of Aboriginal Banking, Alberta and Northwest Territories, BMO and Chief Stanley Grier of the Piikani Nation

No organization stands outside these currents of social, political and economic change. If organizations don't listen to what people are telling them – or if they try to impose what they believe are the right choices – they quickly become irrelevant. This is true for all of us.

### As a bank, we're asking the same fundamental questions that other concerned organizations are asking:

What do our stakeholders expect – starting with our customers, but extending to our employees, our communities and society as a whole? How do we address those expectations fully and responsibly? How do we adapt and deepen our relationships?

And most importantly, how do we adapt sustainably for our enterprise, and for all of our stakeholders – when the future holds so many challenges?

The world is changing so quickly, it can be hard to predict trends and decide which ones will gain traction over time. As people are empowered by technology, they have new expectations about how they want to consume products and services, how they'd prefer to access organizations, and how we should reach out to them.

Je suis certain que vous en êtes venus aux mêmes conclusions.

The digital world offers so many more channels for connecting with stakeholders – and new ones are emerging all the time. This dynamic environment is also creating new kinds of companies, many with innovative business models that are transforming the competitive landscape.

In our industry, much of the conversation has focused on financial technology or fintech companies, and their potential to disrupt traditional banking. But what's disruptive is not so much the technology itself – the fact is we're developing new solutions as well, more securely and at scale. Far more significant is what these new models suggest about how people want to interact with banks or with any large organization.

I imagine you're looking at the rise of crowdfunding – or social media appeals that inspire thousands of people to support someone in need – and asking whether donors to United Way's broader, higher-impact initiatives may want the experience to feel more direct and personal.

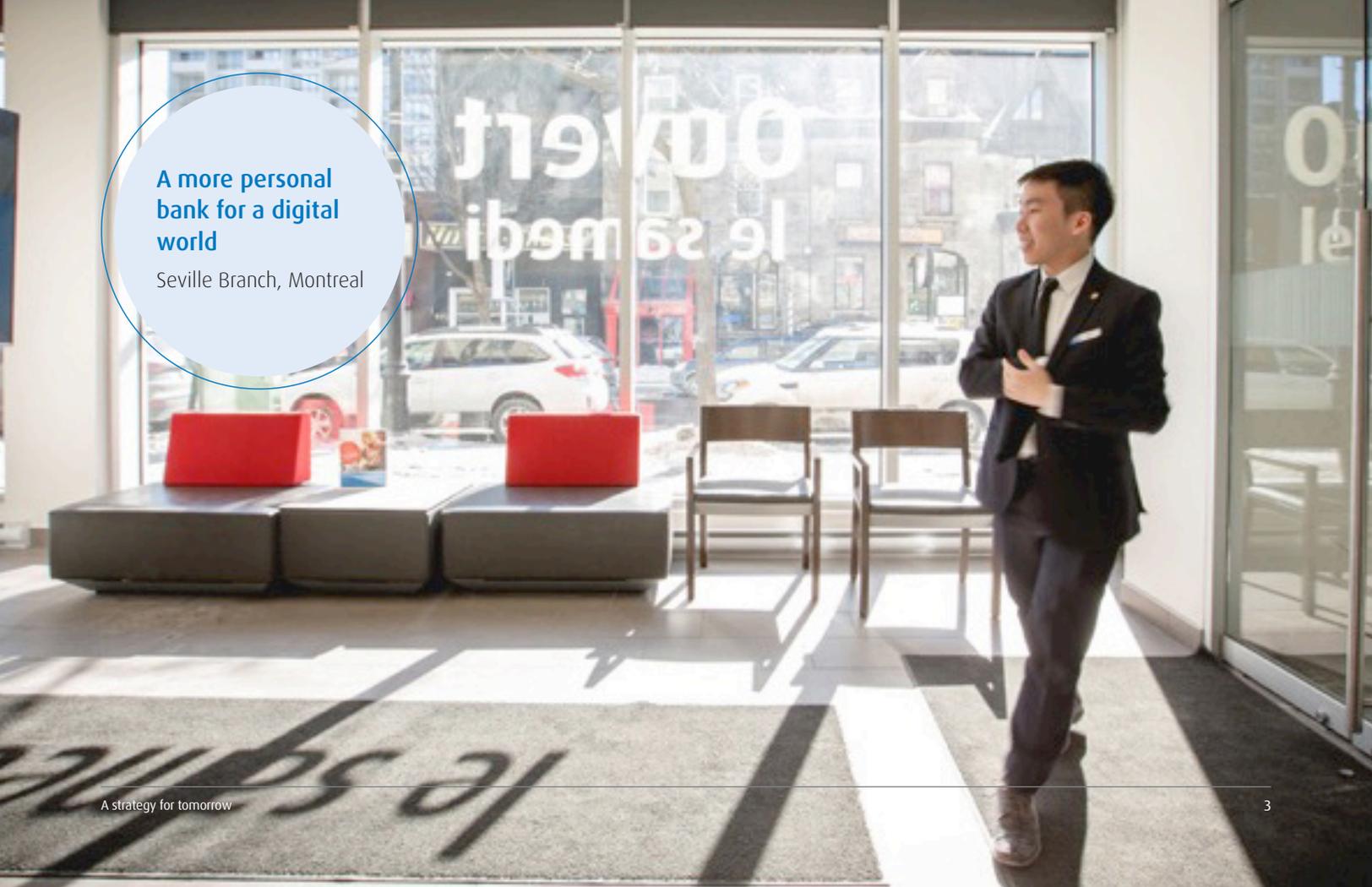
Then there's the challenge of connecting with people in the workplace, which I know has been so important to

your fundraising. Going forward, how will we reach people in virtual workplaces, whether they're telecommuting, remoteing in, or roving as digital nomads.

For that matter, how do we reach anyone, when the marketplace is oversaturated with messages, and people are overwhelmed by information? And how do we protect the information they share with us against cyber-attacks or inadvertent breaches?

At the same time, as we move at a pace that can make interactions feel impersonal, people are often looking for a human connection that makes all the difference. As banking shifted to the web and then onto customers' mobile phones, there was a lot of talk about the end of bank branches. Now we're saying, "Not so fast." There's still a profound need for face-to-face connections.

And that really points to the bigger issue we're all wrestling with: What dimensions of change do we embrace, creatively rethinking old models – and on the other hand, what should we hang onto and strengthen? Despite past success, can we always count on a repeat performance? What if a new generation starts to drift away, seeing us as their parents' bank – or their parents' charity?



**A more personal  
bank for a digital  
world**

Seville Branch, Montreal

This is the risk faced by even the most successful organizations: the potential loss of relevance. And for all the questions I've been asking today, one thing is certain: we need to listen closely to our stakeholders – and listen differently – to be sure we understand what's relevant to them.

Of course, being more engaged with our stakeholders also means changing how we work. Cet engagement signifie changer notre façon de travailler. As a result, organizations in every sector find they have a surplus of skills in some areas, and a shortage in others.

In the case of BMO, we're investing in training as traditional roles change and new ones emerge. We're also fostering creativity, encouraging our people to rethink processes and replace existing models.

Digital technology enables us to deliver the fast, intuitive service customers are looking for. They can handle day-to-day transactions quickly and conveniently, whether paying bills or moving money between accounts. And that's great for both of us.

Only it turns out customers still have times when they want to talk to a person. And from our perspective – how are we supposed to build human, trusting relationships with people who may never come into a branch?

Let's have a show of hands – how many people have visited a bank in the past week – not just to use an ATM, but all the way inside, where the humans are?

That's about what I expected. Now let me ask a different question: How many of you want to have a relationship with a bank that you trust?

A lot more hands now. And that really illustrates what we are both looking for, isn't it?

At BMO we love to say that we're creating a more personal bank for a digital world.

And I think many of the insights we're gaining apply equally to the people you're trying to build relationships with – donors, partners, volunteers and the various constituencies you work with across the country. What we're all looking for are new ways to connect, to get people's attention in the middle of busy lives, to be relevant.

So I thought I'd share a bit of the thinking we've been doing on the customer of the future – or more correctly, the people of the future.

For starters, the next generation is coming of age in a world

that's more than mobile-enabled – it's **mobile-pervasive**. Post-Millennials will of course want to do everything on their smartphones – and they'll want it to be easy. So mobility will become more and more vital for any organization that connects with people.

We're also seeing the emergence of what we call **digital care**. Today's customers expect robust, 24/7 service from anywhere in the world. And they want it across multiple platforms. Text messaging. Live chat. Social media. Online support. We need to be there – always, ready to connect, providing a satisfying experience every time.

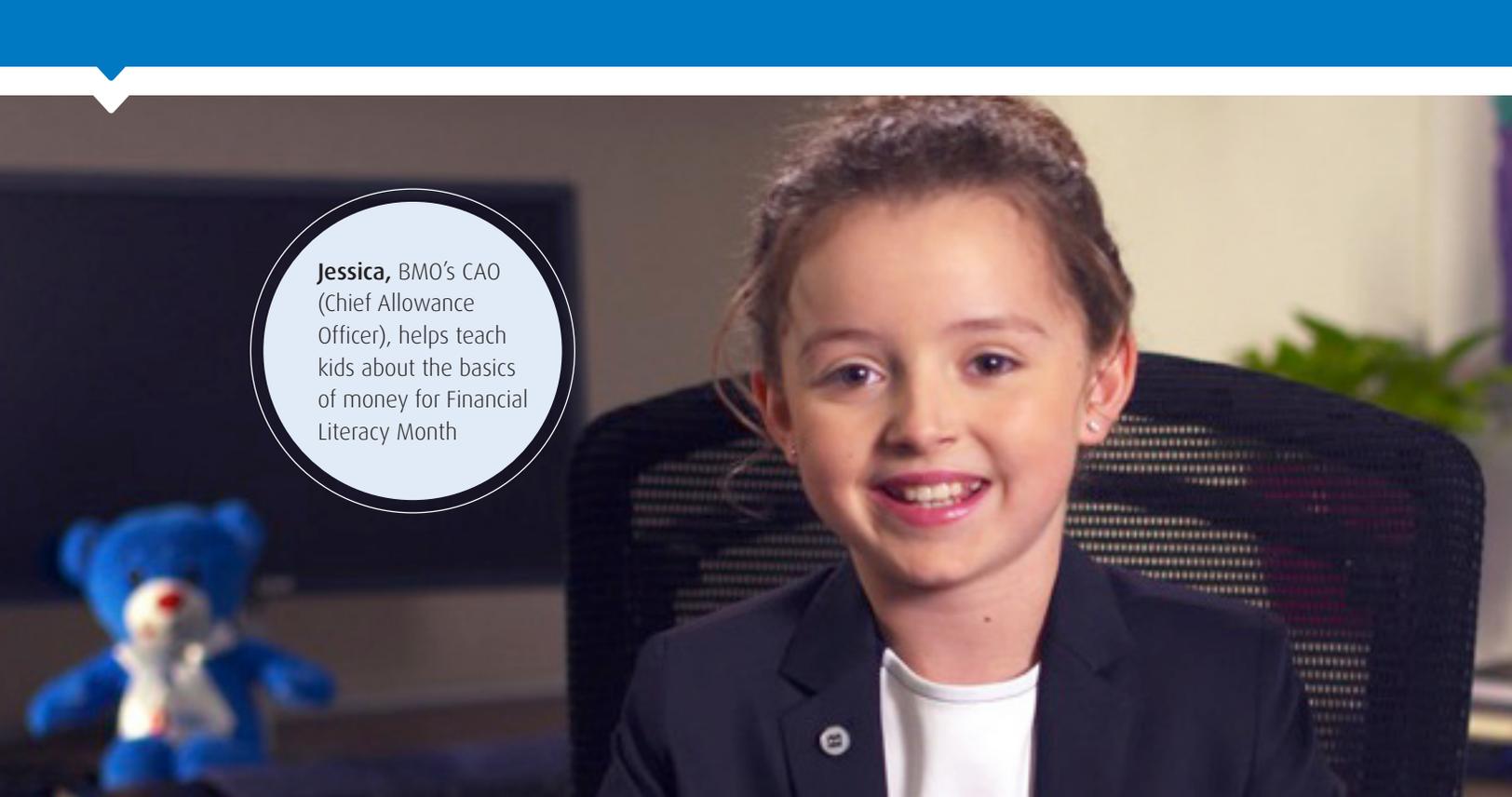
Looking to the broader social context, we all have to adjust to the emerging **gig economy**. More and more young workers, whether by choice or circumstance, earn a living through a series of flexible "gigs" – either with short-term contracts or as self-employed entrepreneurs. Life in the gig economy may mean you're a freelance designer by day, a bartender at night and that you teach yoga on weekends.

From a banking standpoint, we talk about the need to treat these new kinds of customers equitably compared to those who have full-time jobs. And we have to keep in mind that the gig economy carries with it unique financial pressures – especially when it comes to savings and investments. These are considerations for United Way as well, whether you're connecting with this group as potential program workers, donors or volunteers.

We're also very aware of the rise of the **sharing economy** that's being defined by Uber and Airbnb. In our industry, we're seeing the emergence of peer-to-peer lending, where individuals or businesses who want to borrow money are matched directly with lenders through an online platform. And we could see a comparable shift in charitable giving, as people opt to connect directly around the delivery of social services, or on community-building initiatives.

A final trend we've been tracking is the changing perception of **expertise**. The basic notion of who is an expert has changed as people increasingly look for advice from peers, or those who feel like peers and seem to "get" it. We can no longer count on keeping stakeholders informed and engaged through traditional channels and platforms. Many will look for insights from their preferred news sources, or from "likes" and recommendations on social. I guess it goes without saying: we all need to be engaging in those spaces as well.

**The new expectations set by the digital economy are changing – and challenging – how all of us operate. And the key question, as Daniele likes to say, is: "Do we have the courage to disrupt?"**



**Jessica**, BMO's CAO (Chief Allowance Officer), helps teach kids about the basics of money for Financial Literacy Month

To which I'd add: **Do we also have the courage of our convictions – are we still committed to what really matters?** Because as people embrace new possibilities, they also want continuity. They want to trust that the basic values they believe in remain intact.

**Which brings me to my second theme – how the agility that keeps us relevant must, at the same time, be grounded in responsibility, and in the fundamentals that don't change.**

Responsible companies have always understood that the value they create must extend beyond the cash register. A successful business strategy, to be sustainable, must include a commitment to creating positive impact for all stakeholders, for society generally, and for the planet.

Companies that fully understand this also recognize their obligation to lead by example. And the larger enterprises across this country can be counted on to do just that. Let me take the example of the company I know best.

For starters, we're more engaged than ever with our stakeholders. We've identified best practices globally and adapted them for the financial services sector, using surveys, panels and other tools to more systematically gain stakeholders' points of view and register their concerns – not just to manage risk, but so we can respond in meaningful ways on the issues that matter to them.

We've also expressed BMO's commitment as a responsible company more formally. In the past year, we introduced a set of sustainability principles. We are focused on social change, financial resilience, community-building and environmental responsibility.

These principles complement and extend BMO's promise to customers – We're here to help – and reinforce the deeper sense of responsibility that informs all aspects of our business strategy.

By giving them due prominence – positioned right alongside the strategic priorities that convey how we intend to grow – we confirm that sustainability is integrated into how we do business, manage risk and create value. We're simply stating explicitly what was always implicit in our actions as a responsible company.

As I mentioned, BMO is in its 200<sup>th</sup> year of business. Only two other companies listed on the TSX have marked this milestone: the Hudson's Bay Company, founded in 1670, and Molson Coors, whose Canadian roots go back to 1786. For your part, I know you can trace the origins of the United Way movement back through Red Feather, the Community Chest – and back even further to grassroots community charities founded in the mid-19<sup>th</sup> century.

The beliefs that define us have a long history. And they also reinforce why it's perfectly natural for a banker to be speaking to the national conference of a charitable organization.

Because a bank can't do what we do for millions of customers – take deposits, provide loans, help people launch businesses, create jobs, buy homes, pay for their children's education, plan for their later years – we can't do any of this without strong, healthy communities.

No business can thrive independent of its social context. In addition to our 14 million customers, we have 45,000 employees – that's 45,000 households that depend very directly on BMO's success.

By the same token, we all depend on organizations like yours to help those who need some extra support in getting from today to tomorrow.

United Way has always provided a national voice on social issues, and mobilized diverse organizations to collective action. Now, with pressing challenges facing communities across Canada, it seems the United Way movement is uniquely positioned for even bolder action.

**And be assured, you won't have to do it on your own. You have an incredible value proposition, one that has the power to change organizations. You've certainly changed us...**

Last year, over 92% of us across BMO participated in our Annual Employee Giving Campaign. Lili-Anna mentioned that our charitable donations totaled \$29 million. What I like to point out is that more than \$21 million of it came from our employees. And I'm happy to say more than half of that was directed toward United Way/Centraide.

Experts who track these things tell us our participation rate is in the miracle range. All I know is how privileged I feel to work with such an amazing group of people every day. Our annual giving brings the whole bank together around a goal that's not about us – but it says everything about who we are.

Et c'est vous que nous devons remercier pour cela.

BMO's relationship with United Way has helped to shape the culture of our bank. We have a lot of very generous people in a company that's long been defined by our commitment to fairness, equity and evening the odds. And you've enabled us to channel our sense of responsibility – in ways we couldn't possibly have done on our own – to where it can have the most lasting impact... en batissant nos collectivités.

**As we gauge our impact beyond the balance sheet, we know we're not alone. In every city where BMO does business, here's what we value in you:**

- How you ensure our community investments have the greatest possible impact, with every dollar put to the best use.
- How you lead the way in understanding community needs better than any other organization.
- And then of course your deep knowledge of local issues, your accreditation of agencies and programs, the way you tackle systemic issues like poverty and inequality, guided by solid evidence and research.
- And above all, how you engage our employees in causes that matter to them.

This meeting of minds cements one of the best partnerships – and friendships – two organizations could hope for, l'un des meilleurs partenariats (et l'une des plus grandes amitiés) dont deux organisations puissent souhaiter.

We share a common objective – to help people realize their potential and achieve their goals. You expect that same sense of shared purpose from any company you approach to be a potential donor, sponsor or partner, as you should.

Corporate responsibility has a vital role to play in driving Canada's economic well-being and the health of our communities – which in turn drive sustainable business growth. Understanding this basic truth is the key to developing a strategy for tomorrow.

But of course I'm speaking to a group of thoughtful, committed people who've come together to talk about foresight.

So I'll just close by wishing you every success – over the next two days and beyond – as you shape your future plans. And know that we're here, as always to help you make them happen. Nous sommes ici, pour vous.

Merci. Thank you.