

**University of Geneva**  
**Geneva Finance Research Institute**  
**Master of Advanced Studies in Finance**  
**First GEMFIN Cohort 2021-2022**

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## **Smart Luck**

I would like to congratulate all the graduates gathered here today.

You are making history out of a diverse and talented group of 18 students representing 18 nationalities with 8 female participants.

These are all amazingly lucky indicators as my Chinese friends would say!

When it comes to the idea of luck, there are intriguing common beliefs across cultures and languages. For example, the number 18 is a very auspicious number in the Chinese world. Pronounced in Cantonese (yāo bā), it is associated or rhymed to the words “going to prosper” (yào fā). And there is a Jewish custom of giving monetary gifts in increments of 18, thus symbolically blessing the recipient of the gift with a good long life or luck. Interestingly, in Hebrew, the phrase for ‘congratulations’ is Mazel tov, which means good luck.

It is a delightful day to celebrate with your parents, families, and friends your academic achievement in such an outstanding setting, with the same views as MM Biden and Putin had a little over a year ago. We all wish they were still here talking!... We are all very lucky to be here.

I am especially honoured to be with you today at the inaugural commencement for the very first cohort of the Geneva Master of Advanced Studies in Finance from one of the world’s most preeminent research institutions in Finance.

Thank you to your esteemed faculty, Professor Hau and Professor Scaillet, and in particular, to Dr. Paserman, who kindly asked me to address you today.

It is a great privilege to share perspectives with you from my professional life as you set out on your own journey through the dynamic and exciting world of finance. In fact, finance was the last place I wanted to be in when I was your age. So please do not consider this as advice. A famous commencement speech (which was never given but became an urban legend) says “Advice is a form of nostalgia. Dispensing it is a way of fishing the past from the disposal, wiping it off, painting over the ugly parts and recycling it for more than it’s worth”.

Dr Paserman has requested from me a talk of 15 minutes. I realized she must be someone who sets the bar very high so I will do my best to meet the challenge.

I have been introduced as coming from the Fintech world.

I could talk to you about many things, especially how each business I am involved in today breaks new ground and has great stories to share.

A story such as why the blockchain driven revolution in asset management will soon make what you've learned irrelevant. How entirely new categories of assets, unthinkable yesterday, will become digital, investable, and tradeable by you and me. And what are called today cryptos are just the tip of a huge digital iceberg.

Perhaps I could share with you how deficiencies in the Markovits portfolio optimization model are improved with new cross-asset class multi-constraints analytical tools.

Or why crowdfunding is democratizing individual investor access to the world's largest asset class (over \$160 Trillion), residential real estate - in Switzerland, 36% of homes are owned by those who live in them; 18% in Geneva. The lowest in Europe.

How gamified applications of behavioral finance can improve the relationship between an investor and her/his advisor by removing their personal biases towards risk.

Or again why new platforms will at last allow individuals to take back data ownership of their public and private pension savings in a coherent and transparent way.

But those topics are best left to a dedicated lecture or even better, I hope, to your appetite for entrepreneurship and a lifelong desire to learn.

Instead, inspired by behavioural science, thanks to you-know-who, I will go in a different direction, trying to make sense of professional achievement.

A quite illusory task.

I suppose when having checked my LinkedIn profile on your way, you wonder how I got thus far today. This after a succession of degrees, each in a different country, from France to the UK, then to the US... a sequence of professional chapters, from starting as an investment banker in the US and Asia to management consultant in 3 continents, to 4 chief executive roles, including for 3 banks, and now Fintech investor and advisor to the Swiss Innovation Agency, operating partner with investors and entrepreneurs, boards chair and director.

Some would say I must be super smart... others, super lucky...

But how about practicing **smart luck**?

Aware of what Daniel Kahneman and Amos Tversky call the hindsight bias, I will attempt a definition of smart luck - the thread through which I have woven my way through the business of finance. As Nassim Taleb (the author of *The Black Swan*) says, 'past events will always look less random than they were.'

I will start with you, GEMFIN graduates.

You are no doubt very smart completing a masters' degree within an institution older than Harvard.

And you are also very lucky, venturing as pioneers into a newly launched degree, becoming now the first alumni to turn to and to build on the multi-disciplinary and collaborative fabric that is so necessary in today's ultra-specialized world.

So welcome to the smart luck club ... you did not know you were members of!

What is the secret sauce of smart luck? yours, mine, and potentially everyone.

Believe it or not, there is actual empirical psychology research on it.

So based on this research and my own observations, I see five necessary conditions that set the stage for smart luck.

They are not magical recipes and I warn you to apply your dose of scepticism.

That said, again with my dose of hindsight bias, I can relate my practice and my life experiences to them.

1. Look for and create opportunities, whenever and whichever,
2. Listen to your intuition,
3. Engage in self-fulfilling prophecies through positive expectations,
4. Adopt a resilient attitude that transforms bad situations into good ones,
5. Hang out with people with whom you share mindset and behaviour traits

So first, broaden and grab ‘chance’ opportunities.

That means embrace change and the unknown.

Let me take a parable from a well-known psychologist, Professor Wiseman (in his book *The Luck Factor*).

Imagine living in the centre of a large apple orchard.

Each day you venture into the orchard and collect a large basket of apples.

The first few times it won’t matter where you decide to visit.

All parts of the orchard will have apples and so you will be able to find them wherever you go.

But as time goes on it will become more and more difficult to find apples in the places that you have visited before. And the more you return to the same locations, the harder it will be to find apples there.

But if you decide to always go to parts of the orchard that you have never visited before, or even randomly decide where to go, your chances of finding apples will be dramatically increased.

Smart luck is no different.

It is easy to exhaust opportunities in your life. Keep on talking to the same people in the same way. Keep taking the same route to and from work. Keep going to the same places on vacation.

However, when you seek new or even random experiences, you introduce the potential for new opportunities.

My wife will tell you that I am never satisfied by the status-quo; it probably explains why we’ve had a rather nomadic life. Why also that I grabbed opportunities presented to me by ‘chance’ encounters in search for the next life experience, the next chapter of my life book.

One of my favourite books by Jacques Attali (*the Nomadic Man*) argues that nomadism, meaning the possibility of movement, innovation, the search for new opportunities and the abstraction of a destination, is “the essence of mankind”.

As we are now referring to digital nomads, maybe we are digitally increasing our odds for more opportunities – or are there algorithm-driven models that already affect randomness?

Second, allow ample room to your intuition.

A quote attributed to Albert Einstein, "The intuitive mind is a sacred gift, and the rational mind is a faithful servant. We have created a society that honors the servant and has forgotten the gift".

What intuition seems to be most of the time is when you have expertise in an area, that somehow the body and the brain have detected a pattern that you haven't consciously seen. Jazz musicians who compose music in front of an audience are using their intuition, backed by years of practice. So-called rational approaches to management typically ignore the importance of intuition, and underplay the potential that the intuitive mind can contribute in areas as diverse as decision making, creativity, team working, entrepreneurship, business ethics and leadership.

My day-to-day interaction with entrepreneurs also amazes me how this intuitive alertness shows in their ability not only to see patterns where others see chaos, but also to make new connections that haven't been made before. The skill of intuitive pattern recognition isn't available to everyone, but neither is it a special gift: it comes with experience, practice, learning, and constructive feedback. Scientific research in areas such as evolutionary psychology, cognitive neuroscience, and brain imaging are taking important strides forward in understanding the biological basis of the intuitive mind.

Third, project and believe in yourself. But also, be realistic in your expectations - there is only so much one can do.

Doubts and anxiety about one's own capabilities destroy possibilities. Be an optimist!

I have never met a pessimistic entrepreneur. Their self-imposed prophecies occur when their own expectations influence their actions. A positive mindset accompanies anticipation for positive outcomes. Studies show that overconfidence (yet cautious or realistic!) increases productivity and improves teamwork.

Just imagine a business, a society or a project filled with low confidence.

Academics from the Universities of Warwick and Cambridge business schools studied over 60 years of management research on corporate executives and company performance. They concluded there may be small differences in skill among corporate leaders, implying that beyond a certain C-suite level, randomly selected executives are likely to perform as well as their high performing peers.

From my experience at these senior corporate levels, I can confirm that it is more attitude, and especially confidence and intuition, than qualification.

Fourth, don't fall into victimhood when tough times happen.

Learn from survivors who think and go beyond.

When you choose to look for opportunity in your adversities, you are guaranteed to find them.

If you can't, look harder. Just see the glass half full. When you adopt the perspective that everything is a learning experience, there are no winners or losers.

For example, my chance encounter with Jerry White, the founder of an NGO co-recipient of the 1997 Nobel Prize for Peace, got me involved as a Board member in his peer-to-peer rehabilitation work for landmine survivors. Not only did I have firsthand evidence of '*Getting up when life knocks you down*' (Jerry's book title) but also how powerfully life-changing, interactions with like-minded people can be.

So, my last smart luck principle, the fifth: choose wisely who you hang out with.

Emotions are contagious. Optimism. Pessimism. Fear. Confidence. Ambition. Resignation.

Be intentional about spending more time with people who have a positive outlook on life and less time with people who don't. It may well be the singular most critical factor to your future smart luck.

It is probably a reason why I enjoy so much being around entrepreneurs.

Seeing others achieve goals, or fall and get back up, makes us believe we can.

So, the more effort you put into meeting people and exploring different opportunities, the higher will be the *probability* of serendipitously meeting someone who will expand your possibilities.

In other words, planned serendipity comes from our thoughts, behaviors, and actions.

It also comes with preparation, persistence, and dedication.

In a nutshell, smart luck.

It is about increasing your chances of being at the right place at the right time.

In our world today with its startling succession of 'black swans', we need lots of smart luck, we need you. And you need to start practicing now ... Having run marathons, I can say they are not as hard after a few months of training. But if I had to run one tomorrow, I would freeze.

In closing, I would like to tell you the life story of one of your predecessors, an alumnus of your university. You will recognize the dimensions I talked about.

Born in 1761, orphan at a young age, he left Geneva at 19. Fascinated by America and full of positive expectations, he emigrated to Boston and started a bartering venture. He then worked as a French tutor at Harvard College, followed by stints in farming, and property development to attract Swiss settlers. Most enterprises were unsuccessful; his first wife died; and he thought of coming back to Geneva, but he forged ahead. His second wife was the daughter of a well-established US Navy officer. After becoming a US citizen, he entered politics to reach a seat at the US Senate, then at the US House of Representatives founding one of the most prominent Committees of the Congress until today; he became Secretary of the Treasury under Thomas Jefferson then under President James Madison; as of today, he remains the longest serving such Secretary (13 years). His next chapter was diplomacy as special peace negotiator with Russia and Britain, then ambassador to France and Britain. Later in life, he founded New York University and several leading public organizations surviving to this day. He died in New York at age 88 in 1849.

Also known as the Swiss American Founding Father, his name is Albert Gallatin.

His life could be an inspiration of smart luck practice.

I will give the last word to one of his dearest friends, President Thomas Jefferson saying

*"I find that the harder I work, the more luck I seem to have"*

So please embrace your smart luck...

and once again Congratulations, Mazel Tov!

Thank you all very much.