New Leadership
for a *Changing* World

Leadership Challenges in AI Implementation

Paper Two (of three)

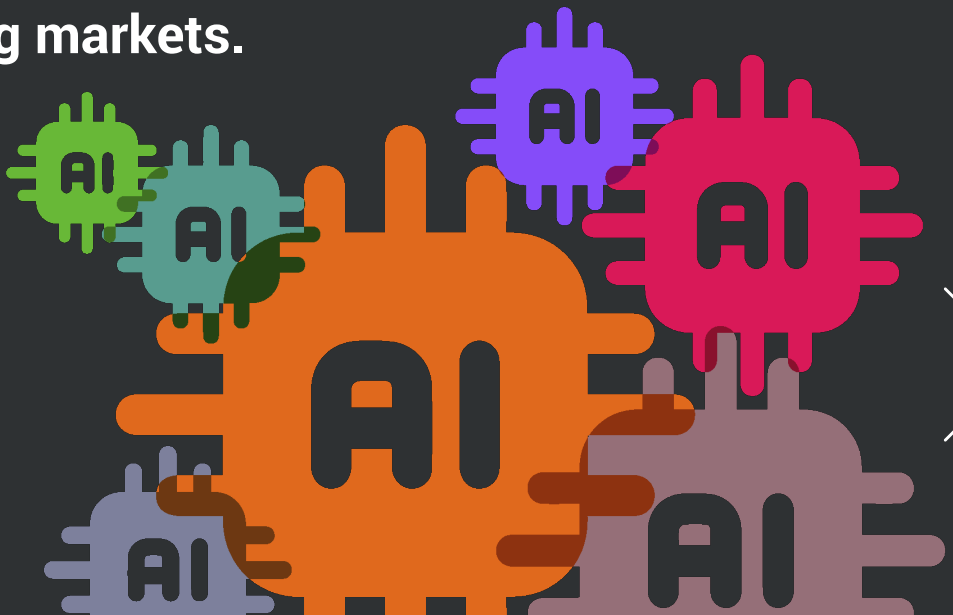


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The AI Horizon

Welcome to the second of our three-paper review on the opportunities and challenges for leaders emerging from the development and adoption of AI. In our first paper we reviewed its emergence during the latter half of the C20th and key technical aspects of its current and potential future manifestations.

In this paper we continue to explore specific challenges for leaders in adopting and extracting value from this still emerging technology. There has always been a key requirement for organisational leaders to scan the technological horizon and identify and utilize emerging technologies to at least keep pace with competitors, if not outpace them. From the emergence of jacquard looms, through the evolution of desktop PCs and enterprise application software, failing to fully capitalise on key technological innovations could spell disaster for an organisation. At the very least new technologies often established threshold capabilities that all organisations needed to master to remain relevant in evolving markets.



In this sense, AI is no exception, and most organisations will need to implement new technology to some extent to remain competitive. What is exceptional is the potential scale of change that AI enables, and its ability to fundamentally disrupt existing approaches to work, affecting all aspects of the operation of an organisation, and the activities and roles of all levels of employees.

Historically, technology development often affected those at the top of the organisations least. Their lives continued as a series of meetings where 'big' decisions were made, to be implemented in the rest of the organisation, hence it was the workforce that had to adjust to new modes of working. AI seems to be different, potentially disrupting the lives of leaders as much as the rest of their organisations.

Perhaps as never before leaders are faced with the prospect of having to change their outlooks, working practices and competencies to cope with and thrive in the AI driven organisations of the future.

In previous papers we have outlined key roles and responsibilities of leaders including the requirement for them to offer a compelling vision of the future to the organisation, to sponsor major change programmes, to build a supportive culture for change, to build workforce capabilities and skills and ultimately, to make the biggest of 'big decisions' – those which prescribe the future direction of entire organisations and the workforces within them. We will use these to help structure our analysis of how the role of leaders may be changing, and how appropriate leadership can drive the adoption of AI.

The vital role of vision

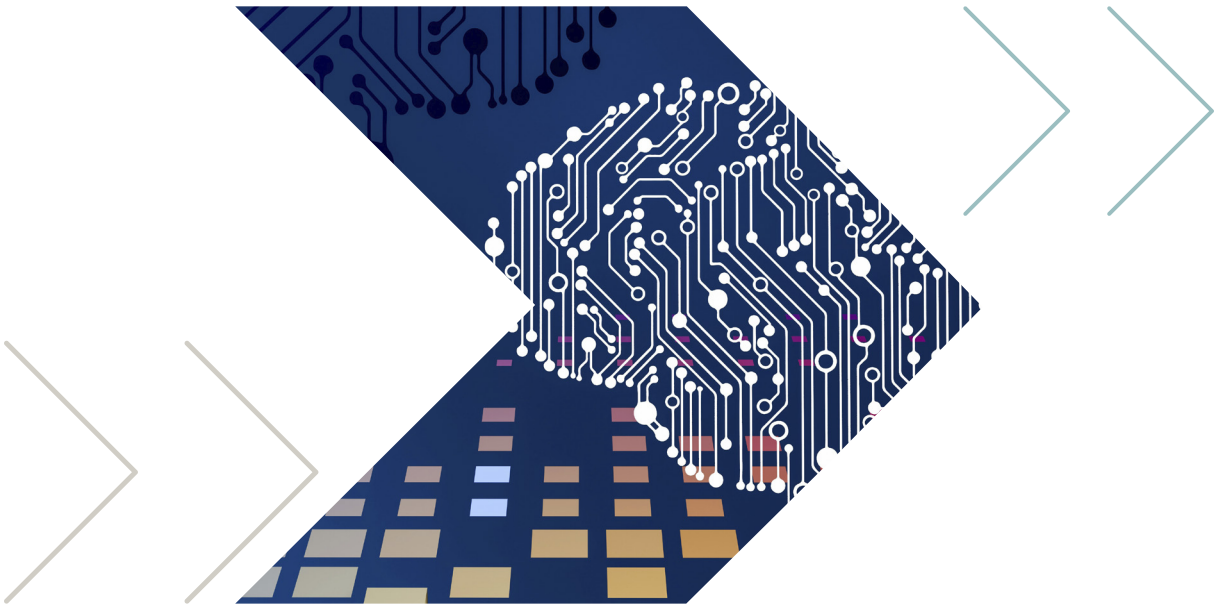
Leaders are expected to have a clear vision for their organisation, proving confidence, direction, and a sense of meaning for employees. This becomes even more important in periods of significant change and disruption.

Given its current ubiquity, and the uncertainty around the full implications and impact of AI, perhaps the most immediate requirement for leaders is to develop a clear vision of where and how AI fits into their organisation, now and in the future. Leaders must have a view, they must provide an opinion even if it is, at this stage, that AI does NOT play a transformational role in the immediate future of their organisation.

The first challenge for many leaders will be developing a sufficient level of knowledge (if not expertise) in the field to develop an informed view. It is almost inevitable that such leaders will be sending members of their workforce to be trained up in the use and deployment of AI, but perhaps they need to start with themselves. Attending training courses, and doing so visibly, perhaps even collaboratively with those lower down the organisation, may be the very best way to role model the type of behaviours expected in the new AI empowered organisation. Leaders will have to deal with their own egos. Acknowledging ignorance is not necessarily something that comes easily to many leaders, who may have achieved their position by staying one step ahead of the rest of the organisation.

There is also a need for honesty – whilst for many AI may radically enhance their competencies, capabilities and quality of work life (with optimistic opinion leaders like Elon Musk going so far as to suggest that AI is coming to take the '80% of your job that you hate'), for some it will mean radical and often unwelcome changes to their roles, responsibilities and working practices. Further there may be demoralising mistakes and missteps in the adoption of AI - it's not all going to be smooth sailing.

In an era of authentic leadership, leaders must be open about the challenges and the potential disruption to working lives that may result. As in so many other situations, this stresses the role of leader as chief communicator in an organisation, requiring a genuine communication campaign, over an extended period, using a variety of different media and messages to clearly convey the vision for AI and its likely impact on the organisation.



Balancing Risk and Reward in AI Implementation: the transformation plan

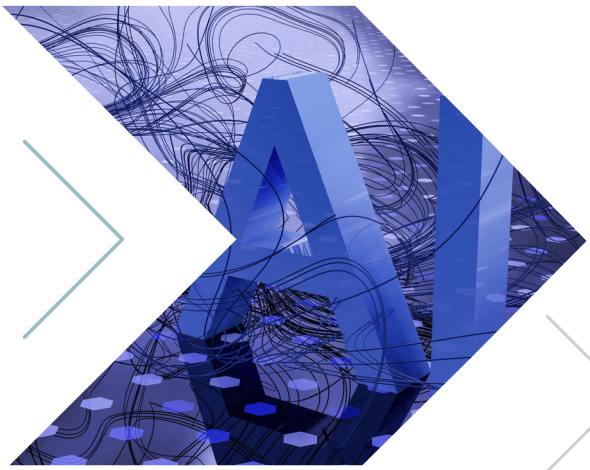
AI is, at least initially, unlikely to impact all aspects of an organisation. Its implementation is likely to be piecemeal, with ad-hoc, one off project directed at specific products and services, functions, divisions or geographies. To some extent, they will be experiments.

But, according to some research, there is a significant danger here. In their paper "Building the AI powered organisation', McKinsey Partners Fontaine, McCarthy and Saleh, note the danger of the ad-hoc approach, particularly one focused on experiments at the peripheries of organisations. In some ways this piecemeal approach makes sense, these are likely to be relatively lower risk and lower cost experiments without the potential to disrupt the core of the organisation. But this approach does not fully leverage the potential power of AI and is unlikely to provide evidence of the true potential of AI in an organisation.

Further they sensed a perception amongst leaders that AI is a 'plug and play technology with immediate results'. This rarely proves to be the case, results are mixed, outcomes uncertain and implementation projects run over in terms of cost and time leading to disillusion.



Their research suggests 'many organizations' efforts are falling short', with only 8% of companies surveyed applying AI in 'core practices that support widespread adoption' where the most benefit might be generated, and the true potential of AI might be evidenced. Given the limited outcomes of existing small scale, low risk experiments, they do not provide a firm foundation to build momentum and the supporting culture necessary for the widespread adoption and use of AI to reconfigure whole organisations and potentially business eco-systems.



There is, therefore, a delicate balance of risk and reward that leaders need to negotiate in their early initiatives. Big enough to show the full potential of AI, small enough not to risk the entire organisation should they fail.

Creating a culture to support the rollout of AI

Fontaine, McCarthy, and Saleh note in their paper that in AI projects and programmes, ***"technology is not the biggest challenge. Culture is",*** with the most formidable barriers to the success of such projects being 'cultural and organisational'.

Leaders play a critical role in influencing the culture of organisations; its values, norms, beliefs and required behaviours, particularly through role modelling.

Indeed, some theories of leadership suggest that this is the very reason they achieve positions of leadership – they are the most representative (the best role model) of the existing beliefs and views of the group.

In genuinely transformational, organisation-wide projects (such as those anticipated for AI) this can be a very specific challenge for leaders, who have achieved their position by exemplifying an existing culture - they 'live and breathe it', they know how to work within existing modes of behaviour and operation, they understand existing structures and approaches and can work out how to exploit them better than anyone else in the organisation.

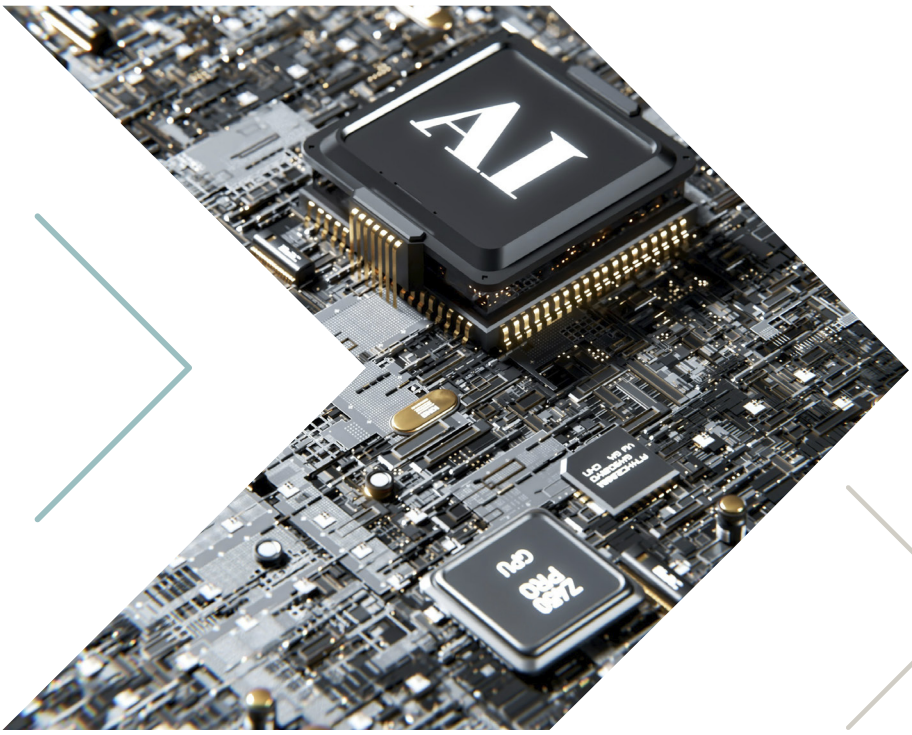


But now they are potentially expected to role model a radically different set of values, norms, and beliefs, to visibly challenge existing ways of working, to move away from the very behaviours and approaches that have made them successful in the past:

A senior leader, growing up in the marketing and sales function of a retail bank, the organisation's previous belief in the value of a personal, human centric approach to customer management -'if you call us to complain, you don't talk to a 'bot', you talk to a person' - has been the very basis for their personal success as its champion, and the success of the company in differentiating itself from competitors and achieving sustainable competitive advantage. Can they be open to a radically different approach? Can they be the first to advocate handing over these delicate relationships to the 'black box' of AI? Will they have the courage to potentially wipe out the organisation's key competence to fight on a levelled playing field with every organisation running its customer management through AI?

As with almost every new technology and major transformation programme, the workforce will be nervous, out of its comfort zone, concerned about their future, worried about the potential disruption to work practices they know (if not love) and ultimately their ability to pay their mortgages or children's school fees.

The need for that overarching vision, the clear description of the why and how, the honest review of opportunities and the potential challenges of AI will be crucial, again emphasising the role of the leader as chief visionary, communicator, and role model for the rest of the organisation.





A critical lever identified in previous research has been the role of the leader in **publicly incentivising change**, identifying individuals and groups who best represent these new modes of working and rewarding them, publicly.

Senior leaders will have to work closely with HR departments in reconfiguring existing performance review and reward structures, as roles and responsibilities change in the new world order of AI.

Building Capability

One of the first questions leaders are likely to ask themselves is do we have the right mix of skills and talents in the existing workforce to execute our AI strategy?



If we have talked about a 'talent war' in the past, it's about to take on the full fury of battle as organisations vie for the best talent in AI. Even Microsoft was recently willing to poach senior talent from one of its own investments (OpenAi) to secure the leading talent in the sector. Recruitment and upskilling will take on new importance in ensuring the workforce has the appropriate mix of skills and competencies.

This may take the organisation into new recruitment fields - given the huge range of disciplines involved in the development and deployment of AI, organisations may find themselves recruiting linguists, cognitive scientists, and social scientists for the first time. Again, these new hires need to find a culture that is nurturing to their often very different outlooks, skills, and contributions.

Inevitably then, AI implementation will be a challenging period for senior leaders. Identifying the right places to start with AI, ensuring that ad-hoc experiments are part of a bigger vision of AI adoption, assessing these experiments in the appropriate way, dealing with (often very significant) failure and mistakes, managing their own expectations, creating a supportive culture and reconfiguring the workforce are all challenging enough individually, but taken together, they pose a huge challenge for those in the senior team.

At the same time, these leaders may need to reject the very behaviours that have made them successful to date, ensuring that they too feel nervous, anxious and out of their comfort zone at precisely the point when the organisation needs their vision and confidence like never before.

In our next and final paper, we start to examine life after implementation, how the fundamental role of the leader may change in the new AI empowered organisations of the future.



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What next?

We would welcome an opportunity to meet with you and engage further and believe in building relationships over the long haul.

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Chris is a Partner and has a wealth of experience leading senior search assignments across infrastructure, consumer services, life sciences and technology sectors both in the UK and internationally.

Additionally, Chris has advised clients on Board transition, effectiveness, and a broad range of leadership solutions.

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