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AMA's Research Reveals Companies Are Not Ready to Ride the AI Wave

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AMA RESEARCH

AMA's Research Reveals Companies Are Not Ready to Ride the AI Wave

Companies are trying to incorporate AI in their processes. Page 4

FEATURES

DEPARTMENTS

Value Human Intelligence When Planning AI Strategy

With the advent of artificial intelligence applications such as ChatGPT in 2023, what will be their future in the workplace? As businesses contemplate whether they should incorporate AI into their processes, leaders must account for how their employees want to use this technology.

AMA surveyed executives to discover that many companies are not ready to take the best advantage of AI. As detailed in the cover article, while many companies across sectors are deploying AI to improve operational and administrative efficiency, there are even more that are falling behind. Smaller firms were only slightly less likely to leverage AI than midsize and large firms, suggesting that while larger firms may have the resources needed to onboard AI more quickly, smaller ones make up for this by being nimbler. However, in addition to relatively low uptake, respondents appeared to harbor a limited view of AI's potential, contrasting with marketplace realities. Only about a third believed AI will impact all major functions across the company.

Tomas Chamorro-Premuzic does a deep dive on how AI is affecting our personal and work lives. He says that while AI can be used to amplify human potential and address societal challenges, the key lies in our ability to strike a balance between innovation and ethics.

Antony Cousins lays out a roadmap for how companies can deploy AI using such guidelines as margins and stakeholder value.

Chris Kuntz says when it comes to AI, companies need to find a balance between technology integration and a worker-driven approach.

In facing the future with AI, you can look to AMA to help you build the expertise and employee confidence you need to successfully integrate it into your own business processes.

Christiane Truelove

Christiane Truelove
Guest Editor, *AMA Quarterly*

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1923 – 2023

Climbing the Slippery Slope of Artificial Intelligence

"If we knew a year ago what we know about artificial intelligence now, we would've better planned for it."

Professionals in many industries are saying this today—and even more may be saying it a year from today. That's how quickly AI is reshaping our world, and why it's difficult to keep up with the pace.

AI is a slippery slope because it will remain substantially uncharted territory for the foreseeable future—but that's why it's crucial to start climbing and keep going. It's been pervasive in countless aspects of our lives for years whether we've noticed it or not, and although AI has quirks and foibles and can't yet do everything humans can do, it's improving at lightning speed.

What does this mean for you and your organization? It means if you haven't developed a leadership strategy to help your team understand and leverage AI, to put concerns they may have about it in proper perspective, and to recognize the possible ethical concerns around it—then today is a good time to start.

That may seem like hyperbole, but AMA recently conducted a nationwide survey on the subject, the results of which are summarized in our report, *Artificial Intelligence (AI) is Booming but US Companies Are Not Ready.* Among its many interesting findings, only 43% of respondents said their companies plan to use AI, and less than a third have already leveraged the technology. Because of these and other results, the report suggests companies may quickly find themselves falling behind their competitors.

Despite the uncertainty, harnessing AI is just as much about leadership and communication as it is about technology. Such core skills have always been essential for organizations in meeting the challenges of new technologies—because whatever innovations come along, humans still have to work together to decide how to meet the disruptions and opportunities that go with them, negotiate how they are used, and decide how to align them with company goals.

Instead of focusing on jobs that may be lost, leaders must communicate that even though tasks may change, the most promising mindset is to explore how to best embrace and capitalize on AI in order to be more effective and successful.

Manny Avramidis
President and CEO
American Management Association

AMA's Research Reveals Companies Are Not Ready to Ride the AI Wave

BY DAVID CASE

The introduction of ChatGPT in 2022 has companies scrambling to figure out how to incorporate new AI technologies in their processes.

AI has infiltrated our lives in many ways outside of the workplace—such as our shopping experiences on Amazon, ads on Facebook, and choices of what to watch next on Netflix. But an August 2023 American Management Association (AMA) survey found that many, and perhaps most, U.S. companies are not ready for this disruptive technology. While employees are largely receptive to AI, companies lack strategic planning, governance, and training, our survey discovered.

How companies are (not) using AI

A Google search can unearth many articles about how companies are using AI. Aside from customer-facing applications, companies across sectors are deploying AI to improve operational and administrative efficiency. Some are using AI-powered accounts-receivable applications to extract data from invoices, match them with purchase orders, assess credit risk, follow up on overdue debts, forecast cash flow, and

update the ledger in real time—in short, to automate work that previously required sizable teams. In some HR departments, AI is screening candidates, streamlining onboarding, monitoring compliance, and assisting in performance management. In a few cases, AI-driven bots are even hiring and firing employees.

AMA surveyed 457 members and nonmembers in August 2023, targeting individual contributors (30%), managers (40%), and senior leaders (30%) currently

EXHIBIT 1

Does your organization currently leverage AI?

30% Yes

44% No

26% Not Sure

employed in the private or government sectors. Despite the examples of how some companies are using AI, the survey results revealed a very different reality. Many, and perhaps most, are falling behind.

Even with the vast constellation of available AI-powered applications, less than half of respondents (43%) said their company plans to use AI, and fewer than a third (30%) said it already leverages the technology (Exhibit 1). Forty-four percent of respondents' companies were not using the technology at the time of the survey, and roughly a quarter (26%) were unsure of its status.

Smaller firms (with fewer than 500 employees) were only slightly less likely (28%) to leverage AI than midsize (500 to 4,999 employees) and large firms (5,000+ employees), which reported 32% and 31%

uptake respectively. This suggests that while larger firms may have the resources needed to onboard AI more quickly, smaller ones make up for this by being nimbler. Alternatively, the relative balance between small and larger companies could indicate that fast-growing startups are capitalizing on opportunities to disrupt established competitors.

In addition to relatively low uptake, respondents appeared to harbor a limited view of AI's potential, contrasting with marketplace realities. Only about a third (31%) believed AI will impact all major functions across the company. The greatest proportion (44%) viewed it as exclusively affecting IT (Exhibit 2). Fewer than one in five thought it would affect finance or legal, where AI is rapidly making inroads.

Overall, the low engagement with AI could indicate that many companies are not prepared for the future, to the point where they will continue to risk being eclipsed by proactive competitors or tech-savvy startups. "We are still learning about the potential of AI and the impact it will have on both our professional and personal lives. It's an exciting time that is fraught with both risk and, equally important, opportunity," commented Manny Avramidis, AMA's president and CEO. "Our survey data serves as a wake-up call suggesting that companies are not ready, but they procrastinate at their own risk."

Scattershot approach

We found evidence that many U.S. companies are taking an ad hoc or even scattershot approach to harnessing and controlling the power of AI. Only about one in five (18%) respondents said that key business stakeholders have taken part in redesigning their company's processes using AI. Participation of senior stakeholders is paramount, given that effective AI solutions frequently cross departmental boundaries.

A similarly small minority (17%) said their organization has an AI strategy. Thirty-eight

EXHIBIT 2
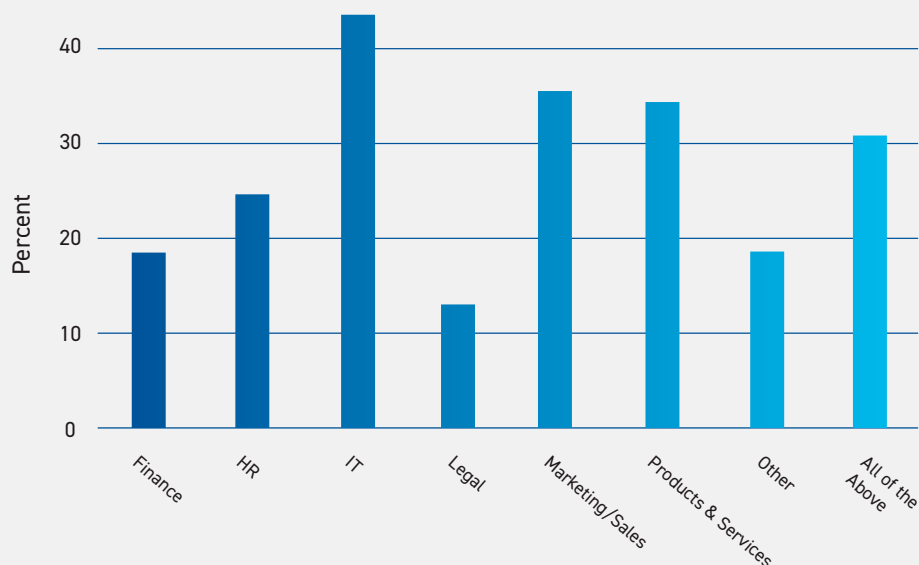### Which parts of your organization will AI impact? (check all that apply)

EXHIBIT 3
Does your organization have an AI strategy?

17% Yes

38% No

45% Not Sure

The takeaway

The bottom line is that there's an urgent need for a more proactive, systematic approach to handling AI, with stronger governance and centralized strategies. Leaders have a responsibility to effectively communicate, coach, and reinforce principles underpinning their organization's use of AI, especially considering that frontline employees are already using it in the workplace with few guidelines. The critical takeaway questions are: Are you ready for AI? Do you have the know-how and skills to use it safely and effectively? More important, is your leadership prepared to handle it? Is your organization missing opportunities due to its lack of AI knowledge?

Training at all levels is a key element in catalyzing readiness. AI is powerful and complex, with far-reaching implications for business and society, yet only 7% of respondents said they have received training on how to adopt AI across their organization. Eighty-nine percent—the greatest proportion of any response in our survey—said that training would be helpful.

The overwhelming interest in training may signal a recognition that workers who use AI will keep their jobs, and could replace those who don't. Senior leaders and managers who develop a thorough understanding of the technology understand the importance of governance and are better positioned to devise strategies that drive growth. And well-trained employees throughout the organization can more effectively help leverage AI and ensure that it remains within its guardrails. AQ

This article was condensed from the white paper "AI Is Booming, but Companies Are Not Ready." To learn how organizations and individuals can build practical knowledge about the opportunities, tools, risks, and rewards of AI, please visit www.amanet.org

percent said they lacked one, and nearly half (45%) were unsure. Of course, a strategy that has not been effectively communicated to employees is little better than no strategy at all (Exhibit 3). Roughly half the number of companies currently leveraging AI have a strategy, suggesting that many are driving without a map.

Governance is critical for any company that deploys artificial intelligence. AI models are valuable, in part, because they can see across massive data sets and make inferences that are beyond the capabilities of humans. But their workings are often opaque, and they can be tainted by the biases of the humans who train them or the material that forms the foundation of their knowledge.

In June 2023, researchers from academia and industry, led by the Harvard John A. Paulson School of Engineering and Applied Sciences (SEAS), launched a new research initiative aimed at promoting greater fairness in artificial intelligence-powered hiring platforms. These researchers have found that widely used talent-hiring models may accentuate biases that they are intended to eliminate. In August, the U.S. Equal Employment Opportunity Commission (EEOC) fined an organization to resolve charges that its AI-powered hiring tool rejected women over 55 and men over 60.

Despite these risks, our survey found that only 15% of organizations had implemented AI governance, and nearly half (48%) did not have such guardrails. Thirty-seven percent were unsure if guidance on AI use was in place, indicating that their organization had failed to adequately communicate the policy or had not yet established safeguards. This means that companies were roughly twice as likely to be leveraging AI as to have studied the risks and implemented safeguards. This finding suggests that many are not only navigating without a map, they are driving blindfolded.

Employees at the forefront

Meanwhile, only about one-sixth of respondents (16%) feared that AI would replace their job. Yet a closer look at the data indicates that people in nonmanagerial positions—who may handle the kind of complex but clearly defined work that AI excels at—were more likely to harbor such concerns (24%) than managers (16%) and senior leaders (9%).

While organizations may be slow off the mark, we found that employees are more likely to embrace AI, and despite the hype, only a small fraction see it as a threat. Forty-two percent said they were independently using AI tools without a centralized approach. That's twelve percentage points greater than the proportion of companies leveraging the technology.

Employees were optimistic about AI's benefits. Eighty-five percent believed that it could have a positive impact on their organization, although nearly a third (29%) do not trust managers to use AI fairly and with transparency, underscoring the importance of governance (Exhibit 4).

EXHIBIT 4
Do you trust managers to utilize AI fairly and with transparency?
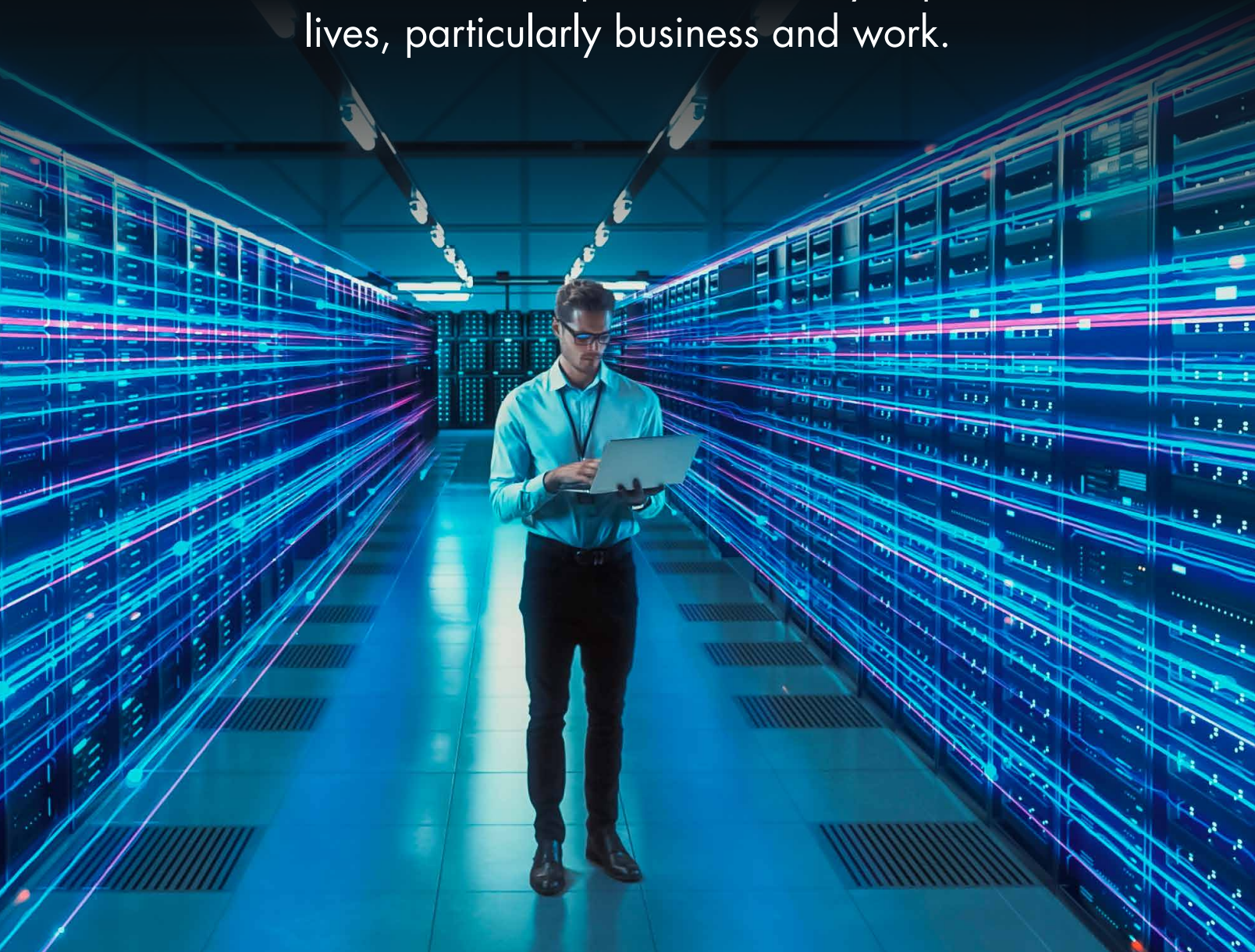
34% Yes

29% No

37% Not Sure

How AI is Impacting Our Lives

BY TOMAS CHAMORRO-PREMUZIC

In an era marked by never-ending technological advancements, artificial intelligence has emerged as a transformative force that permeates every aspect of our lives, particularly business and work.

In July 2023, the McKinsey Global Institute estimated that AI has the potential to add $4.4 trillion per year to the world's economy. From streamlining everyday tasks to revolutionizing entire industries, AI's impact is both pervasive and profound. As I have illustrated in my latest book, *I, Human: AI, Automation, and the Quest to Reclaim What Makes Us Unique* (Harvard Business Review Press, 2023), the more we depend on technology, the more we come to value the human and humane aspects of life. AI and related technologies provide us with a great opportunity to rehumanize organizations and society, cultivating the skills, values, and behaviors that make us unique. But this result is not a given, and must not be taken for granted. Instead, realizing the massive challenges and realistic risks we face should hopefully translate into appropriate changes and initiatives to allow us humans to thrive in the AI age.

WHAT AI IS AND IS NOT

Everybody talks about AI, but few people care to define it. As Brian Christian puts it in *The Most Human: What Talking with Computers Teaches Us About What It Means to Be Alive* (Anchor, 2011), AI refers to the simulation of human intelligence in machines that are capable of learning, reasoning, and problem-solving, or producing any output that seems indistinguishable from human activity. These machine systems analyze vast amounts of data to identify patterns and make informed, data-driven, and automated decisions.

AI encompasses various subfields, such as machine learning, neural networks, and natural language processing, but as defined by Ajay Agrawal in *Prediction Machines: The Simple Economics of Artificial Intelligence* (Harvard Business Review Press, 2018), it is always at its core a prediction machine, in the sense of generating a stochastic forecast from a given input, prompt, or problem and delivering output based on that forecast.

It is also useful to distinguish between narrow AI, which is designed for specific tasks (e.g., the Waze satellite navigation app, the Google search engine, and the Amazon recommendation algorithm), and general AI, which exhibits human-like cognitive abilities across diverse domains. To this date, generative AI (explained in "Generative vs General Artificial Intelligence" in the blog Caminao's Way) is the closest example we have of a consumer-facing version of AI that displays many elements of generic or general AI, in the sense of being a versatile tool for solving a wide range of unrelated problems and creating a rather rich and heterogeneous array of tasks, including coding, poetry, image creation, knowledge retrieval, and text summarizing.

Examples of AI abound in our daily lives. Virtual assistants such as Siri and Google Assistant utilize natural language processing to understand and respond to user queries. Machine learning algorithms power recommendation systems on streaming platforms (e.g., Spotify, Netflix, YouTube, and Hulu) and social media platforms (e.g., Twitter, LinkedIn, and Facebook), suggesting content tailored to our individual preferences (e.g., interests, personality, and values). In the healthcare sector, AI improves the diagnosis of diseases from medical images with remarkable accuracy. Self-driving cars employ AI to navigate complex environments and make split-second decisions. Algorithmic trading platforms fueled by AI make investment decisions worth trillions of dollars, accounting for 60% to 75% of the overall trading volume in the U.S. equity market, European financial markets, and major Asian capital markets, according to the blog Quantified Strategies. And as detailed in the book I co-wrote with Franziska Leutner and Reece Akhtar, *The Future of Recruitment: Using the New Science of Talent Analytics to Get Your Hiring Right* (Emerald Publishing Limited, 2022), most large employers use some form of AI, such as resume-scraping tools, video interview platforms, or applicant tracking systems, to turn thousands of job applicants into a manageable shortlist of potential employees. These examples underscore AI's versatility and potential to transform industries, organizations, and the choices we and other people make about ourselves and others.

> "At least for now, we are far less likely to lose our jobs to AI than to another human using AI. And even when AI eliminates entire jobs, it tends to create many new jobs in turn, and at a faster rate. These jobs tend to require more human and new human skills, which is why talent shortages continue to intensify."

AI'S IMPACT IN FOUR AREAS

Work. AI's impact on the workplace is profound, reshaping industries and redefining job roles. Although media headlines and business forecasts about the automation and elimination of human jobs are often gloomy, if not apocalyptic, so far a different pattern has emerged, not just with AI but also previous disruptive technologies. More than destroying or automating jobs, AI automates tasks within jobs, changing the skills constellation needed to perform them. This is why reskilling and upskilling represent such an important business and leadership challenge for the next decade, according to the World Economic Forum in "Reskilling Revolution: Preparing 1 Billion People for Tomorrow's Economy."

At least for now, we are far less likely to lose our jobs to AI than to another human using AI. And even when AI eliminates entire jobs, it tends to create many new jobs in turn, and at a faster rate. These jobs tend to require more human and new human skills, which is why talent shortages continue to intensify, according to *Forbes* writer Kweilin Ellingrud in "Thinking Differently About Talent in a Tighter Labor Market" in August 2022. The number of job vacancies as of November 1, 2023, says the U.S. Bureau of Labor Statistics, continues to outpace the number of job seekers.

Importantly, automation driven by AI has streamlined repetitive tasks, allowing human workers to focus on higher-level, creative endeavors. A future in which our digital twins handle most of our emails, online meetings, and PowerPoint presentations, while the analogue or real version of us is freed up to think, relate, and create, is no doubt appealing. Likewise, manufacturing processes have become more efficient, leading to increased productivity and reduced errors as well as better sustainability, as argued in the article "Understanding the Adoption of Industry 4.0 Technologies in Improving Environmental Sustainability" in the journal *Sustainable Operations and Computers*.

And, while not yet realized, AI has the potential to boost meritocracy, diversity, and inclusion by sanitizing performance ratings and helping organizations quantify the real value humans provide at work, as I wrote with Ben Waber in the *Harvard Business Review* article "Toward Fairer Data-Driven Performance Management" (December 2022). Furthermore, since AI can help us look for talent in unusual, wider places and identify new indicators of human potential, it provides a clear opportunity for advancing fairness, equity, and inclusion, according to my February 2023 article in *Forbes*, "How Artificial Intelligence Can Boost Diversity and Inclusion."

Consumer behavior. AI has revolutionized the way businesses understand and cater to consumer preferences, with digital marketing embracing various forms of AI as a tool for developing a deeper relationship with clients and customers and allocating their budgets more efficiently. Psychological targeting has been quickly transformed from an obscure and questionable "Big Tech" tool—associated with surveillance capitalism—to a common everyday experience, representing the normative interaction between consumer and brands.

Recommendation algorithms on e-commerce platforms, which suggest products based on browsing and purchase history, represent the most common interaction between AI and humans, who happily outsource hundreds of daily decisions to machines. Personalized marketing campaigns leverage AI to target specific demographics, boosting engagement and sales, and recent advances in generative AI allow companies to produce synthetic brand and media content, as well as create original images, videos, and campaigns. Most notably, our ability to get what we want—and sometimes even what we need—wherever we are, delivered to us, faster than ever, is testimony to AI's predictive powers for improving delivery, manufacturing, and foundational supply-chain processes.

Health. In healthcare, AI's potential is evident in disease detection, drug discovery, and personalized treatment plans. Machine learning models analyze medical data to identify early signs of diseases such as cancer, improving diagnostic accuracy,

> "Machine learning models analyze medical data to identify early signs of diseases such as cancer, improving diagnostic accuracy, not to mention speed."

not to mention speed. AI-powered simulations expedite drug development by predicting molecular interactions, potentially accelerating the creation of life-saving medications. For example, AI played a critical role in accelerating the design and deployment of the recent COVID-19 vaccine, and even in the early phases of the digital revolution and "big data" age, AI showed its powers for linking granular population level patterns to disease onset and epidemics.

Life expectancy, which has more or less doubled since 1900, according to "Our World in Data," and continues to rise in most nations, will no doubt be boosted by AI applications to health, medicine, and pharma. Equally important, AI is acting as a "personal health coach" in millions of people's pockets through the hundreds of apps and wearables that monitor our sleep, exercise, and biophysiological markers and provide customized personal feedback to improve our health hygiene.

Relationships. AI has also found its way into our social lives, impacting how we interact with others. Social media platforms employ AI to curate news feeds and show content aligned with users' interests. In fact, according to studies published in *Online Social Networks: Human Cognitive Constraints in Facebook and Twitter Personal Graphs* (Elsevier, 2015), social media networks replicate real-life networks, as well as allow us to connect with strangers that likely share our interests, networks, and values.

Stanford News shared in August 2019 that online and mobile dating sites, which are powered by AI, represent the most common way for meeting our romantic, sexual, and long-term partners. In other words, AI is the biggest matchmaker in the world. Likewise, according to *Time* in "AI-Human Romances Are Flourishing—And This Is Just the Beginning," many people confess to developing human-like relationships with chatbots, robots, or generative AI, which, though perplexing and creepy to some, may be an important antidote to loneliness.

PSYCHOLOGICAL BENEFITS AND OPPORTUNITIES

Productivity and creativity. One of the most significant benefits of AI is its potential to enhance efficiency and productivity across various domains. Automated processes

and data analysis enable professionals to focus on tasks that require creativity, critical thinking, and strategic decision making. According to Lisa Feldman Barrett in *Seven and a Half Lessons About the Brain* (Mariner Books, 2020), our brain is not for thinking, but for making economic and efficient predictions about the world, which increase its familiarity and preserve mental and physical energy. Since humans are lazy by design, AI, like any other technology (e.g., electricity, the wheel, Zoom, and the microwave), is a tool for doing "less with more." As such, AI is expected to be a major driver of productivity, improving efficiencies and work-life balance and pushing humans to nurture more creative, intellectual, and spiritual aptitudes.

Data-driven decisions at work and beyond. AI's ability to analyze vast datasets enables data-driven decision making, enhancing the accuracy of choices in both professional and personal spheres. Businesses can optimize their operations by leveraging insights derived from AI-generated analyses.

In everyday life, AI-powered apps help users make informed decisions, whether it's choosing the best route for a commute or selecting a restaurant based on reviews. As I observe in my July 2023 *Fast Company* article, "A Psychologist Explains 5 Ways to Tell Someone Is Biased," since humans are biased by design, outsourcing decision making to machines, when trained with uncontaminated and sanitized data rather than data that reflects past human choices or subjective human preferences, can improve fairness at work and in society.

Improving meritocracy and DEIB. AI has the potential to promote meritocracy and diversity, equity, inclusion, and belonging (DEIB). By removing human biases from decision-making processes, AI systems can evaluate candidates based on skills and qualifications rather than demographic factors. This can lead to a more equitable distribution of opportunities and resources.

To fulfill this promise, AI needs to be ethical by design, with competent and moral humans playing an active role in selecting and decontaminating AI's training data and optimizing models for what "ought to be" rather than what "has been." For example, when companies have ditched problematic AI tools, such as

chatbots gone rogue or algorithms that broke bad because they recommended a surplus of middle-aged White male engineers for internal leadership roles, ditching the AI does not eliminate such cultural preferences. Importantly, "white box" algorithms can always be tweaked and edited to replace unfair and inaccurate signals with some that increase both effectiveness and fairness, but it mostly requires removing humans from the stages of judging or evaluating performance in others.

RISKS AND DANGERS

Malicious uses. While AI offers numerous benefits, it also presents risks when misused for malicious purposes. Cybercriminals can leverage AI to launch sophisticated attacks, such as deepfake-generated scams or AI-driven phishing attempts, though I argue in the May 3, 2023 issue of *Harvard Business Review* (in: "Human Error Drives Most Cyber Incidents. Could AI Help?") that AI can also help to deter cybercrime. But as *MIT Technology Review* pointed out in March 2021 ("How Facebook Got Addicted to Spreading Misinformation), the potential for AI to create convincing fake content raises concerns about misinformation and manipulation.

inequalities, exacerbating existing biases present in training data. Additionally, the ease of accessing AI-generated content might discourage genuine creativity and curiosity, and AI-fueled social media platforms are augmenting our narcissism and antisocial behaviors, such as excessive self-promotion, unrealistic entitlement, and materialistic aspirations that are not coupled with a strong work ethic.

HOW TO BE HUMAN IN THE AI AGE

As AI continues to shape our world, it's imperative to maintain a human-centric approach. Humanism 2.0, as we might call it, involves using AI to enhance human experiences while preserving essential human qualities. This approach acknowledges that technology is a tool to augment, not replace, human capabilities. To ensure that the AI age is truly the human-AI age, we must prioritize empathy, ethics, and compassion. Designing AI systems with transparency and fairness in mind can mitigate biases and promote equitable outcomes. Education plays a crucial role in preparing individuals for an AI-driven future, enabling them to understand the technology's capabilities and limitations.

"Humanism 2.0, as we might call it, involves using AI to enhance human experiences while preserving essential human qualities."

Ethical concerns. Ethical considerations surrounding AI include issues of privacy, accountability, and transparency. AI systems that collect and analyze personal data raise questions about user consent and data security. Moreover, the accountability for decisions made by autonomous AI systems becomes complex, particularly in cases where the outcomes have far-reaching consequences.

That said, it is helpful to refrain from having double standards, whereby perfection is expected from AI while we are perfectly happy with a dismal status quo. For example, one self-driving crash and people are horrified—but according to the World Health Organization as of June 2022, 1.3 million people die each year courtesy of avoidable human errors, and we are OK with it.

Amplifying dark side tendencies. AI's potential to amplify human tendencies, both positive and negative, is a significant concern. As I illustrate in *I, Human*, AI can reinforce impulsivity by offering instant gratification and validation through social media. Bias in AI algorithms can perpetuate societal

In the grand tapestry of our lives, AI has woven threads that touch virtually every domain. Its transformative power is evident in the workplace, consumer behavior, healthcare, and social interactions. While AI offers immense benefits in terms of efficiency, data-driven decisions, and greater equity, it also carries risks that demand careful consideration.

As we navigate the complexities of the AI age, embracing a human-centric approach is paramount. By using AI to amplify human potential and address societal challenges, we can shape a future where technology and humanity coexist harmoniously. The key lies in our ability to strike a balance between innovation and ethics, ensuring that the AI age is truly a testament to our shared human values. AQ

Tomas Chamorro-Premuzic is an organizational psychologist, author, and entrepreneur who works mostly in the areas of personality profiling, people analytics, talent identification, the interface between human and artificial intelligence, and leadership development.

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A Glimpse into Our AI FUTURE

BY ANTONY COUSINS

Without the understanding that humans bring, the output of AI will always be flawed.

Imagine this: You wake up not at an arbitrary time set on your alarm but at the optimum time given your sleep cycles. Your coffee, just the way you like it, is waiting for you. Your voice assistant tells you the headlines relevant to you and informs you that your first meeting is delayed, giving you an extra 10 minutes to get ready. While your autonomous vehicle navigates you to the office, you're entertained and informed by memes, posts, and articles that have been carefully curated and time-limited to safeguard your mental wellness. When you arrive, facial recognition admits you immediately and the elevator takes you to your floor. At your desk, your AI executive assistant provides an overview of emails it already responded to overnight and actions for which it needs your approval. It suggests some thought leadership content relevant to your day and blocks the required time before your meeting. Your deep-focus music mix kicks in.

Can you spot the moment that this story became make-believe? Yes, you got it—no matter how far technology in our personal lives advances, our experience of technology in the workplace always lags behind. There are some good reasons for this. As individuals, we have already accepted that access to leading-edge tech comes at a cost—often our personal data is sold to power advertising. But corporate IT departments can't trade confidential IP as easily as we trade our browsing history. Or can they?

WHY ARE WE TALKING ABOUT THIS NOW?

Before we get into the current situation and our near-future potential, we need to look at why we're talking about AI. After all, haven't we had AI for years?

The AI we've become familiar with has made all sorts of shopping and viewing recommendations to us, as well as making predictions about future events, based on complex data, classified text, and other content. These tasks were often narrowly defined and required us to provide the AI with very specific direction and lots of feedback for the best results.

However, everything changed in November 2022 with OpenAI's release of GPT3.5, a large language model (LLM) significantly more sophisticated than anything before it. To help explain what a leap this was, I'll use the model of maturity suggested by Stephen Covey's Seven Habits of Highly Effective People, which has often been used to categorize employees within three levels of maturity—dependent, independent, or interdependent. Since

AI is now becoming part of our workforce, this model can help us explain what's happened and what's coming next.

Our use of AI so far has only been at this first level of maturity. AI has been entirely dependent on us to know what to do and what a good outcome looks like. However, with GPT 3.5, we hit the second level of maturity. With its increased understanding of the complexity and nuance of human language, AI can now carry out significantly more complex tasks than before and does not need a team of humans to provide feedback on that specific task. AI is now capable of independently carrying out tasks, much like a human employee. It can write emails from simple prompts, rewrite emails to be shorter or snappier, create works of art, songs, and poems, provide strategic advice on complex technical problems, or just write code for you. AI is now ready and waiting to be asked to do many different tasks that previously only a human could perform—and for many of them, it can perform better.

While we're all still identifying uses for this technology and integrating them into our workflow, this is not the most advanced application of AI. That will come when we start developing multi-agent systems. At the third level, AI is capable of acting interdependently with other systems, including other AI systems, and does not need to know specific directions, just the end objective. Rather than asking it to write some code, you could ask it to build an app capable of specific functionality. Rather than asking AI to create some marketing copy, you could ask it to generate a certain number of leads for a certain budget, and it would create a whole campaign.

Level of AI Maturity	Human Maturity	Definition
Level 3 – AI Autopilot	Interdependent	Self-identified broad range of tasks, no feedback required
Level 2 – AI Co-pilot	Independent	More complex tasks, less specific direction required
Level 1 – AI Assistant	Dependent	Narrowly defined tasks, specific direction and feedback required

> "AI provides much faster routes to more and new revenue, with significantly greater upside potential than standard cost-cutting tactics, which have finite and diminishing returns."

SOUNDS GREAT, BUT HOW DO WE GET THERE?

It seems like technology providers announce new integrations of level 2-type AI "co-pilots" every day. Content creation, summarization, explanation, suggestions, and similar applications of AI are coming in every new release. But each AI iteration will require new ways of working and will have cultural, financial, legal, and ethical implications as well as the obvious potential cost increases. With so many different potential applications, how do we prioritize what to use AI for?

Consider two factors: your margin and stakeholder value. Applying AI in a way that either decreases your costs through automation or increases revenue will have a beneficial impact on your company's margin. However, if you use it to automate processes that were previously conducted by humans, such as support, and your clients are aware of the change, they're going to put downward pressure on the price they pay for your services because they know it's costing you less to provide them. The table below demonstrates this point and provides a simple prioritization matrix that focuses on increasing revenue and perceived value over cutting costs.

There are other reasons to focus on AI initiatives that increase revenue or perceived value. The first is that initiatives that prioritize value creation will be more readily adopted by employees, especially in organizations with profit-sharing or other top-line performance incentives in place, than initiatives that cut costs, especially if those cost-cutting measures result in fewer jobs. SAG-AFTRA brought Hollywood to a standstill, and won, because of this very issue. The second reason is that AI provides much faster routes to more and new revenue, with significantly greater upside potential than standard cost-cutting tactics, which have finite and diminishing returns as well as the risks of adverse staff reactions and downward pricing pressure from customers.

WHEN DO WE GET TO AUTONOMOUS AI?

Almost all the AI being implemented right now is level 2 AI "co-pilot" type applications. However, the capability of the models we're already using supports level 3 AI "autopilot." So why haven't we seen more advanced offerings? There are two key reasons. First, it's not easy to build a scalable product that turns probabilistic and inconsistent (by design) text-based responses from a language model into a more deterministic output that an application can use and enable a user to interact with. Second, the legal and ethical implications that arise from providing AI with the ability to make decisions, and act on them, is still being thought through in many industries. We will see these issues start to be resolved in 2024. So we can expect even bigger leaps in capability in the next few months, requiring even more consideration of the technical and cultural impacts.

Stakeholder Value		Decreased Cost	Increased Revenue
	Perceived Increase	Priority 2	Priority 1
	Perceived Decrease	Priority 3	Not possible

Margin

```
┌─────────────────┐
│  Define Value   │
└────────┬────────┘
         │
         ▼
┌─────────────────────────────┐
│ Identify Capabilities & Models │
└────────────┬────────────────┘
             │
             ▼
         ╱─────────╲
        ╱           ╲
       ╱  Do you have ╲
      ╱  the data and  ╲
      ╲  can you use it? ╱
       ╲               ╱
        ╲             ╱
         ╲───────────╱
        No        Yes
```

Do you have the data and can you use it?

No → Buy or License Data

Yes → Implement Models
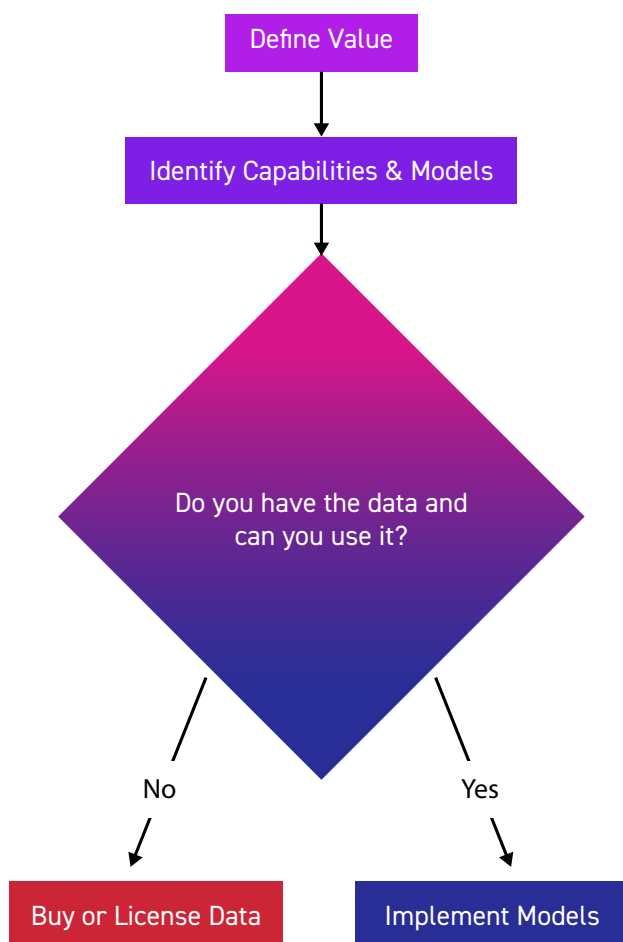
CULTURAL CHANGE RATHER THAN TECHNOLOGY ADOPTION

Yes, there will be significant cultural impacts if you want to exploit AI to the fullest. For example, the young adults currently in education are building a fundamentally different relationship with AI than the one we (or I, at least) was brought up with, where HAL 9000 and *The Terminator* were the dominant cultural references.

For younger people today, though, AI is the best study partner they've ever had. By the time the next generation is finished with their education, they will be masters in exploiting AI and will have no concerns in doing so. We must ask ourselves, however, what this new generation will lack as a result of relying on generative AI for their homework assignments, book reports, and exam prep. Will they have the same level of creativity or critical thinking? Will they be able to judge the difference between good output and great output as well as those of us who have faced the "blank page" problem hundreds of times?

Be prepared to have to train for creativity, design thinking, and critical thinking in a way we've not had to do before. Know that

doing so, and embedding creativity into your culture, will have a much greater positive impact on your business than previously, given the much stronger relationship we now have between imagination and revenue potential powered by AI. Don't hire fewer junior people because you think AI can do their jobs. Hire more, because they come with an army of AI co-pilots and they're not afraid to use them.

AUTOMATION BY AI VERSUS COMPANY VALUE

Commercial and open-source AI can offer massive benefits to an organization. They'll also be used by your competitors, so how do you create differentiation? It will be increasingly necessary to develop or fine-tune commercial models on your own data, for two reasons: control and protection of your IP and the perceived value of your business.

It is likely that AI vendors will want to use your data to improve their services. They may even incentivize you to do so with discounted prices. This approach has long been a part of standard terms of service. The new risk is that through the use of generative AI, the IP you input to a system may now become part of someone else's output. If there are AI capabilities you want, but you can't share the relevant data with a third-party provider for whatever reason, you'll have to build that capability yourself.

Second, in a future where AI offers us greater productivity gains than the invention of the steam engine, you can be sure that every board member, shareholder, and journalist will be interested in your development and application of AI. "We use ChatGPT!" might not cut it. You'll need an AI strategy. Many of the topics covered above will feed into that strategy, but ensuring a sustainable supply of proprietary data and the necessary legal and ethical approvals to use it in training AI should be at its core. The flowchart above will help you think through your route to data, working back from the value you want to be able to create. Your technical teams can help you fill in the details. Don't have technical teams? Well, that should be the first step of your AI strategy.

WHAT DOES ALL THIS MEAN FOR THE FUTURE OF WORK?

If every business is now using AI to automate the tasks that humans used to perform, what do humans do?

We still have a critical, but different, role. Based on our experience, we know when to push back on a request from a client or colleague or purposefully exceed a brief, and this ability will remain a key part of our value and purpose. Without that understanding, the AI's output will always be flawed. So where AI may take more responsibility for the what and the how, we humans will still be responsible for the why. AQ

Antony Cousins is the executive director of AI strategy at Cision.

AI-POWERED TRAINING

From Onboarding to Retention

BY CHRIS KUNTZ

AI can be used to improve onboarding and ongoing training, helping employee retention.

A Deloitte survey released in October 2022, "State of AI in the Enterprise," Fifth Edition, found that more than 90% of companies believe AI-powered learning will be important for their organization's success in the next three years. By leveraging AI-powered personalized learning, real-time feedback, and data-driven performance evaluations, and identifying training needs, organizations across industries can create a more efficient, effective workforce.

AI-powered training can help drive success throughout an employee's tenure, from onboarding to continual learning to enhancement of the everyday work experience. At the same time, AI-powered training drives operational efficiencies by measuring training effectiveness and, as a result, providing hard data on the ROI of a training program.

The ability to track a training program's ROI is no small thing when one considers the investment made in training by U.S. companies. According to Statista's November 2023 report, "Expenditure Breakdown in the Training Industry in the United States from 2016 to 2023," "companies active in the U.S. training industry had a combined annual expenditure in terms of training staff payroll of 63 billion U.S. dollars and spending on outside products and services amounted to roughly 10 billion U.S. dollars."

Effective training is especially important in industries experiencing significant labor shortages, such as manufacturing.

The traditional method of measuring training effectiveness has largely been to survey trainees following their completion of a training course. This subjective approach doesn't provide the hard data needed for true measurement. By contrast, AI-powered training approaches can measure actual on-the-job performance and correlate that back to the training completed for that job, creating an accurate picture of the effectiveness of that training.

ONBOARDING—HIT THE GROUND RUNNING WITH AI

Employee onboarding is crucial to any organization. An employee's first impression of a workplace can set the tone for their entire experience with the company. An engaging and informative onboarding process can improve job performance by setting up workers for success.

Effective onboarding programs also can boost employee engagement and have been shown to:

- Reduce employee turnover
- Cultivate existing and new skills

- Integrate workers more quickly
- Foster long-term employee satisfaction
- Create the foundation for workforce development

OPTIMIZING ONBOARDING WITH CONNECTED WORKER TECHNOLOGY

In manufacturing, many companies are using modern connected worker technology to transform and optimize how they hire, onboard, train, and deliver on-the-job guidance and support. AI-based connected worker software provides a data-driven approach that helps train, guide, and support today's dynamic industrial workforces by combining digital work instructions, remote collaboration, and advanced on-the-job training capabilities.

As workers become more connected, manufacturers have access to a new rich source of activity, execution, and tribal data. With proper digital tools, they can gain insights into areas where the largest improvement opportunities exist. Today's industrial workers embrace change and expect technology, support, and modern tools to help them do their jobs.
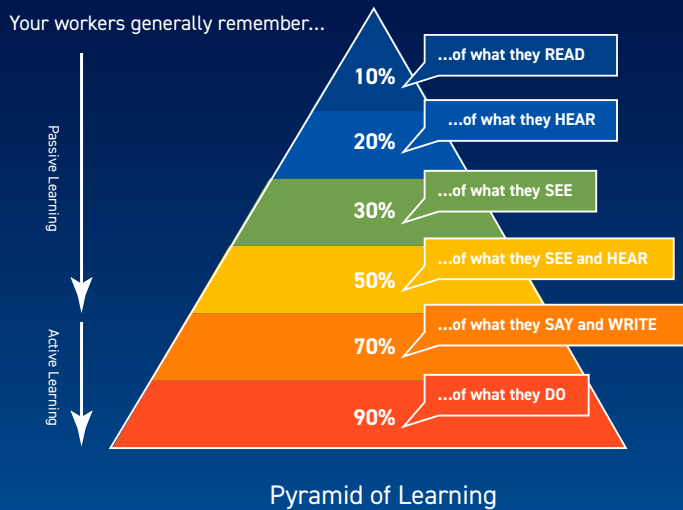
The AI-based connected worker solution we have at Augmentir (where I am vice president of strategic operations), delivers continuous learning and development tools to optimize onboarding training for a rapidly changing and diverse workforce. Built-in reporting for skills management and job proficiency allows managers to accurately track and manage skills, certifications, and qualifications for their teams. AI-based analytics help companies better understand their workforce and make informed workforce development decisions.

USING AI TO OPTIMIZE ONGOING TRAINING

To remain competitive, companies must continuously reskill and upskill their workforce. One way to achieve this is by operationalizing learning—taking a more systematic approach to training and workforce development rather than treating it as a one-time event.

According to McKinsey's December 2022 report, "The State of AI in 2022—and a Half Decade in Review," companies that embrace AI-powered learning reduced training time by up to 50% and improved learning outcomes by up to 60%. AI-powered solutions make learning more accessible, engaging, and effective; and by integrating training and learning solutions into the everyday operations of the company, they can create a culture of continuous learning and improvement. In fact, here at Augmentir we've seen manufacturing companies use this approach to reduce new-hire onboarding and training time by up to 72%.

Learning in the Flow of Work

Your workers generally remember...

Passive Learning

Active Learning

10% ...of what they READ

20% ...of what they HEAR

30% ...of what they SEE

50% ...of what they SEE and HEAR

70% ...of what they SAY and WRITE

90% ...of what they DO

Pyramid of Learning

With AI, organizations can incorporate more learning processes into the everyday workday of their employees—essentially bridging the gap between knowing and doing. This "active learning" aligns with the Pyramid of Learning model (see above) that illustrates the different stages of learning and the relative effectiveness of each.

With active learning, the learner actively engages with the material, often through problem solving, discussion, or application of the knowledge while they are on the job.

In general, active learning is considered more effective than passive learning in promoting a deep understanding and retention of information. Therefore, leaders often strive to design learning experiences that involve higher levels of active learning, moving beyond the lower levels of the pyramid and promoting critical thinking, creativity, and problem-solving skills.

This approach can be implemented with mobile learning solutions that leverage connected frontline worker technology and AI to provide industrial workers with bite-size, on-demand training modules that they can access on smartphones or tablets. These modules can be customized to each worker's skill level, making it easier for employees to learn at their own pace.

Additionally, AI-driven learning solutions offer:

Personalized learning. AI-powered learning, when customized to an employee's skill level, not only allows people to learn at their own pace but also get training matched to their experience level.

For example, novice workers may be required to watch a microlearning video as a safety prerequisite to performing a task, whereas a more senior worker with the appropriate level

of job experience and proficiency may not be required to watch the learning video.

Performance-based learning. AI-powered solutions provide workers with hands-on learning experiences that are customized based on their actual job performance. These experiences can be delivered through a variety of content mediums—rich media, self-help guides, microlearning videos, and even augmented reality (AR) experiences.

Real-time feedback. AI-powered solutions can monitor workers' performance in real-time, providing instant feedback to help them improve and giving them access to content that can help resolve workflow issues.

AI can also help with the assessment of employee performance. Traditional performance evaluations often rely on subjective assessments from managers. Conversely, AI-powered performance evaluations can provide a more objective and data-driven assessment of performance, while also providing a more accurate picture of an employee's strengths and weaknesses.

BLENDING SKILLS MANAGEMENT INTO THE FLOW OF WORK

On their own, digital work instructions deliver standard work guidelines but fail to consider the unique skills of each worker. Standalone skills management programs may offer a highlight reel of the skills and certifications of employees but neglect to capture performance in real-time to provide accurate skills evaluations. Nor do they offer the personalized training content needed to ensure workers perform their absolute best. To optimize training, a blended approach is recommended.

A vivid example of the value of this approach may be found in manufacturing, where the challenges—for example, the talent shortage and the Great Resignation—resonate with other types of companies. In the past, standalone skills management systems were sufficient for two reasons:

- Turnover was infrequent, so line supervisors knew everyone on their team and their current skills and endorsements. This made it easy for the supervisor to assign work safely and optimally.

- Investments in training, reskilling, and upskilling were performed either in a one-size-fits-all approach or through a purely subjective or anecdotal approach.

Currently, however, a different situation exists. Line supervisors are dealing with team members they don't know well, new employees are starting every day, and experienced ones are leaving. This creates safety issues and makes it difficult to optimally assign work. Not only are the workers variable, but their skill levels and certifications are a constantly moving target.

An integrated, closed-loop skills management system is the solution for this era of high workforce turnover and

absenteeism. Skills management solutions that combine skills tracking capabilities with connected worker technology and on-the-job digital guidance can deliver significant additional value. Data from actual work performance can inform workforce development initiatives, allowing the company to target training, reskilling, and upskilling efforts where they have the largest impact.

Connected worker solutions that combine skills management with digital work instructions, collaboration, and knowledge management are uniquely suited to optimize today's variable workforce. AI-generated insights are pulled from patterns identified across all work activity in real time. These insights identify where new and experienced workers may benefit from either reskilling or upskilling.

This combination of smart digital technology can also leverage training resources, such as instructional videos, written instructions, or access to remote experts to deliver personalized guidance for workers to perform their best. These tools intelligently work together to help assign workers to procedures based on required skill levels.

IMPROVE THE TRAINING, IMPROVE THE WORKER EXPERIENCE, IMPROVE RETENTION

Augmentir knows from our clients that industrial work comes with an immense amount of stress. If employees do not receive the right level of support, this stress can lead to increased errors, poor work performance and, eventually, burnout. And this is not an issue faced only by manufacturers; at the end of 2022, as reported by E. Beth Hemphill for Gallup in "Uncomfortable (but Necessary) Conversations About Burnout," 76% of employees overall experienced some form of workplace burnout. This not only affects performance and productivity but much more, including engagement and employee retention.

To offset employee burnout, managers should aim to:

- Reduce employee stress

- Remove roadblocks, ensuring their workers have the proper tools to complete their tasks

- Ensure workers are a good match skill-wise for the work they do

- Give workers a say in how the work is completed

- Empower workers to believe that the work they are doing is valued and important

In Gallup's "State of the Global Workplace: 2023 Report," 79% of employees did not feel engaged at work. This same poll found that most employees don't find their work meaningful and do not feel hopeful about their careers.

When it comes to supporting workers and battling workplace burnout, there is no one-size-fits-all answer, and many organizations are realizing that taking the same approach

for "desk workers" does not account for the many and uniquely different needs demanded by frontline or "deskless" workers. Managers must keep in mind these needs when combating and detecting burnout and boosting employee engagement.

AI and machine learning-based technology, combined with a worker-centric approach, can help tremendously in this respect, accounting for the human element in operations while still taking advantage of innovations.

Manufacturers can use the capabilities of connected worker platforms—digital software tools that help improve the way humans work in industrial settings—and AI to take a proactive approach to reducing stress and preventing employee burnout. By taking highly granular connected worker data and using AI to filter out the unnecessary portions, industrial operations not only can improve tasks and productivity but also better support and empower frontline workers.

The principles on which these initiatives are built apply to nonindustrial settings as well. Organizations across industries can use AI to engage employees by taking these steps:
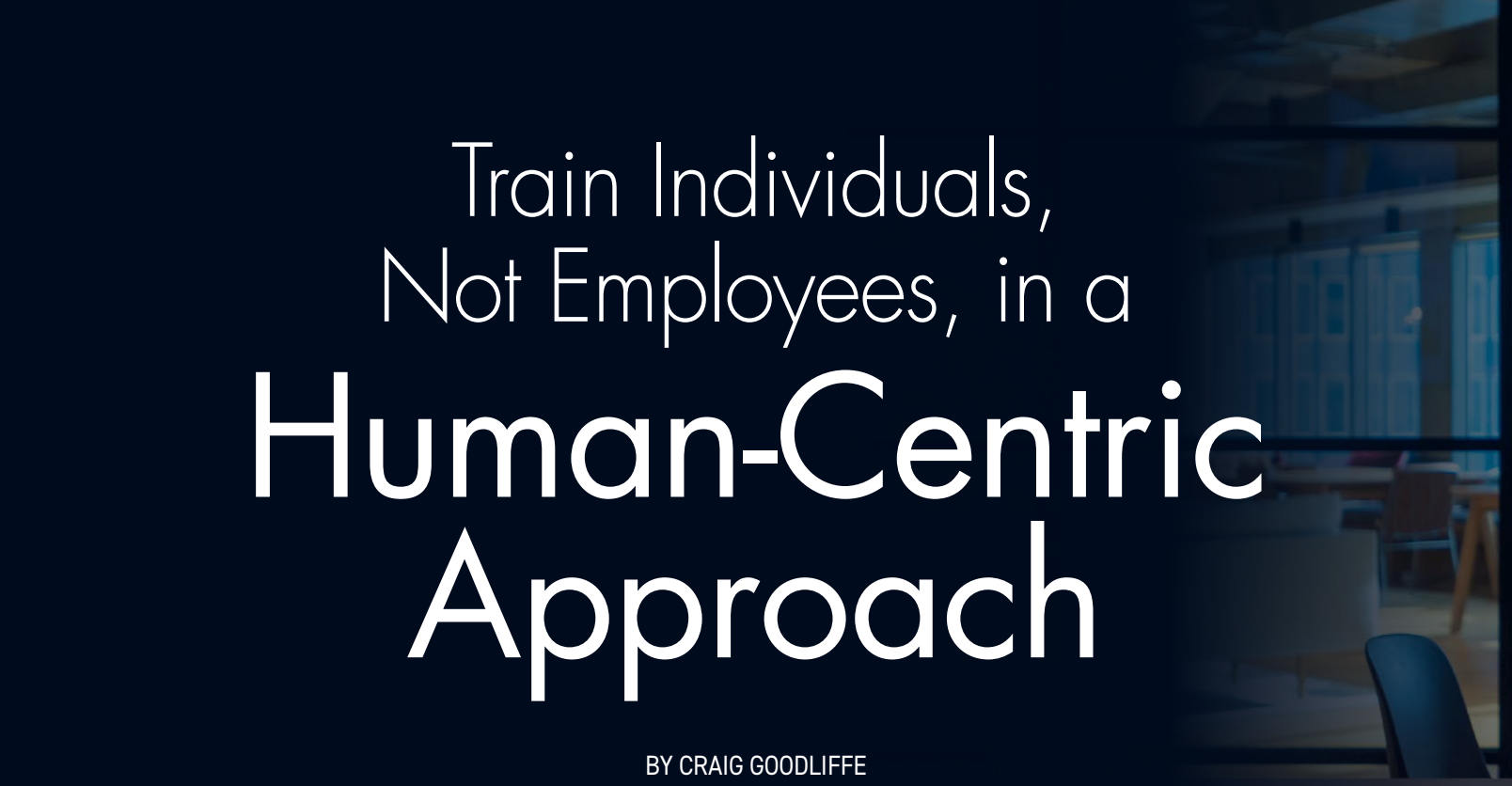
- Creating communication touchpoints and streamlining communication

- Pairing workers and tasks based on skill level

- Suggesting training and certification opportunities for upskilling workers

- Creating feedback paths so employees have a say in how tasks are completed

To complement AI and software platforms, companies can implement tools such as wearable devices, mental health applications, and more to aid in engagement efforts. Finding the right balance and combination is key for knowledge exchange and conversation, making employees more engaged within the team.

USE AI TO EMPOWER, NOT REPLACE

In conclusion, it's important to take advantage of new technologies and implement them where needed, but technology by itself is not the answer. Finding a balance between technology integration and a worker-driven approach is key, and it is paramount that the true needs of the workforce are not forgotten. Although AI and machine learning-based technology can help tremendously with detecting and reducing employee burnout, it has its limits and can only do so much. Technology cannot replace how workers feel and how they interact with management on a day-to-day basis. And at the end of the day, AI can only augment employees. It should be used to empower them, not to replace them. AQ

Chris Kuntz, vice president of strategic operations for Augmentir, is an experienced executive and entrepreneur with a background in enterprise software and high-tech marketing.

Train Individuals, Not Employees, in a
Human-Centric Approach

BY CRAIG GOODLIFFE

Employers must stop looking at employees as "assets" for the company, and instead see them as the individuals they are. Your employees are, first and foremost, people.

People have emotions. When they feel taken care of, they are more likely to return that treatment with gratitude, loyalty, and strong performance.

Unfortunately, too many companies value the bottom line over anything else, blinding themselves to the fact that there are other factors that are pivotal to their success. If you push your employees too hard to be productive and have high levels of output, they may feel burnout. In the long run, this approach could cost more money than it produces, as high rates of employee turnover mean additional spending to train and onboard replacements.

UNDERSTANDING THE IMPORTANCE OF EMOTIONS IN THE WORKPLACE

In recent years, many workplaces have focused more on the concept of emotional intelligence, or EQ. As defined by Lauren Landry in a 2019 article for Harvard Business School, "Why Emotional Intelligence Is Important in Leadership," EQ is "the ability to understand and manage your own emotions, as well as recognize and influence the emotions of those around you." This

has become an important leadership skill in the business world because it is an essential facet of several responsibilities, such as conflict resolution and empathy.

For business leaders, exhibiting emotional intelligence with their direct reports will be pivotal in the employees' success in the workplace. As reported by the University of Warwick in a study published in December 2015, "Happiness and Productivity," employees considered "happy" were around 12% more productive. Therefore, it is in the best interests of organizations to prioritize their employees' mental well-being.

Still, business leaders often mistakenly believe that employee emotions are a series of binaries. Too many companies think employees are either "happy or sad" or "satisfied or unsatisfied," when the truth is that an employee's emotions fluctuate within a range of feelings on a daily basis. An employee could feel happy but a little frustrated one day, and entirely unmotivated the next. The goal of any employer is to keep employees near the upper half of this range as much as possible.

One of the most important realizations that every employer must come to is that each employee is different. The strategies

that keep one employee feeling fulfilled and engaged in the workplace might not work for others.

A good place to start is to consider what makes you feel most engaged. A strategy is more likely to feel authentic if it comes from a place of personal connection. Beginning with methods that work for you will create this necessary feeling of authenticity, but it cannot be a one-size-fits-all solution. Take the time to ask your employees what works best for them.

INVESTING IN EMPLOYEE EMOTION DURING THE TRAINING PROCESS

It is important to focus on employees' emotions as early as possible in their time at the company. From day one of the training process, take steps to make your employees know that you care about their emotional well-being and success in the workplace. Remember, training is often the first real impression they get of the company culture, so it is essential to show them from the beginning that they are valued as an individual in the workplace—and maintain that commitment.

To emphasize employee emotion in the training process, companies can take some simple steps to ensure new hires are invested in the workplace's culture. For example, they can set up mentorship programs, which pair new hires with established employees, to give them a resource to turn to if they are struggling in the workplace. Additionally, establish upfront that you have a policy of open communication by taking honest feedback from new hires. They bring experience and

perspectives from previous workplaces that can be used to benefit your own business.

FORMING A CONNECTION IN A REMOTE OR HYBRID WORKPLACE

Unfortunately, many of the training strategies that were once effective in the in-person workplace are no longer a potential keystone in the new remote and hybrid ecosystem. The COVID-19 pandemic revealed that many office jobs could be conducted as efficiently, if not more so, by employees working from home.

However, many employers fear the potential disconnect between employees, leaders, and the business as a whole. Rather than seeing employees face-to-face, leaders are now seeing their team through a computer screen—if at all.

Perhaps the biggest loss that companies face in the remote ecosystem is activities such as icebreakers and team-building exercises, which are a direct investment in workplace culture. Although companies can attempt to replicate these activities in a virtual environment, it is much more difficult to get employees to engage with these exercises when they are not in person. Thus, it is important to find other ways to foster a positive employee culture.

Adapting to the remote ecosystem simply means embracing the challenges this new style of work presents. Instead of resisting the new paradigm and attempting to restore things to the way they were, employers should make a conscious effort to adapt to the circumstances. The most obvious way to do this is through frequent one-on-one meetings. Show employees that their

Generally, there are five ways employees can feel compensated for their work. Of course, money is one of them, but employers must not forget time off, self-expression, leadership, and the ability to help others. Some methods will work better for some employees than others, but a good rule of thumb is to offer a combination of all these forms of compensation and, if possible, adjust the balance to meet each employee's needs.

HELPING EMPLOYEES WITH THEIR INDIVIDUAL GOALS

One of the most important things a company can do to show employees they are valued is to respect their goals and allow them room to grow. Strong leaders understand that their company is not the final destination for many of their employees, but merely a stop along their journey. When you are willing to help employees grow beyond the direct duties of their role—such as by delegating additional responsibilities or even offering a mentorship for non-job-related topics—it shows that you value them beyond their direct contributions to the company.

Business leaders must also realize that the way each employee defines "happiness" can change over time. While someone might be happy in a particular role or at the company at first, they could grow tired of the arrangement. Strong leaders can see when this happiness is waning and make adjustments and accommodations to restore the feeling of satisfaction.

However, there may come a time when an employee is simply no longer a good fit for the organization. This is not necessarily the fault of the employer or the employee—people change and grow, and as they do, a job that might have been perfect for them could leave them feeling unfulfilled. You must be willing to help these people grow beyond your organization, as it will allow both you and them to feel more fulfilled.

MAKING A POSITIVE IMPACT ON YOUR EMPLOYEES

Finally, remember that energy is infectious. As a leader in the workplace, you must be willing to give your very best every day. If you are experiencing and showing negative feelings, chances are your employees will start to feel down themselves.

On the other hand, if you constantly feel excited and energetic, this enthusiasm could also rub off on those in your workforce. Although bad days do happen, try your best to make a positive impact on your employees daily.

At a time when employee retention is more important than ever, companies must recognize their employees not just as cogs in the machine but as individuals with emotions, goals, and aspirations. By better understanding and caring for employees' emotions, as well as helping them achieve their goals, you can make your workplace environment healthier and more conducive to employees doing their best work. AQ

Craig Goodliffe is the founder and CEO of Cyberbacker, a company that aims to provide

input is valuable by giving them ample opportunity to share it. During the training process, check in regularly with employees to ensure they are comfortable as they transition into their roles. Even afterward, continue to meet regularly to keep the lines of communication open.

UNDERSTANDING HOW COMPENSATION AND HAPPINESS ARE RELATED

Another common mistake companies make is thinking that they can buy their employees' happiness. Employee satisfaction is not as simple as paying people more or giving them small incentives like a pizza party. Although these methods of showing your appreciation are nice and can bring a temporary increase in morale, the effects are just that: temporary.

When it comes to displays of appreciation, it's crucial to avoid tokenization. If employees think the act of appreciation they're shown is simply "throwing them a bone," the effects on employee morale could be more negative than positive. If an employer seems inauthentic with its show of appreciation, employees could begin to think of them as cheap and manipulative—exactly the type of perception the company is trying to defeat.

Therefore, the most important quality an employer must have when showing appreciation to employees is authenticity. If you're going to recognize someone with an award, don't just send a simple email—enthusiastically announce it at a team meeting. If you're rewarding employees for hitting their performance goals, make the reward something they actually want and can use. Don't be afraid to survey your employees from time to time to ask what rewards will be most meaningful to them.

Developing a Generative AI Strategy

BY NITIN MITTAL AND TOM DAVENPORT

When new technologies enter the business realm, they catalyze interest in their potential to create efficiencies, drive innovation, and shape the businesses of tomorrow.

With the arrival of generative AI and the immense potential it promises, organizations stand on the brink of dramatic transformation.

Business and public awareness of generative AI has grown dramatically in recent years with the release of large language models (LLMs), which startled many with their capacity to take in natural language prompts and output coherent, conversational replies. Applications that access LLMs (e.g., ChatGPT) captured the imagination, but generative AI is not simply a sophisticated chatbot representing another incremental step in the trajectory of technology. Instead, it is a business-disruptive force, bringing the automation of human cognition into the workforce and throughout the enterprise.

Given the potential, companies across industries are making significant investments in generative AI to deliver business outcomes and competitive differentiation. The race is on, as it seems likely that businesses with a first-mover generative AI advantage will capture a disproportionate share of the market. Still, preparation and caution are virtues, and to orient an enterprise for a future with generative AI, what's needed is clarity on the capabilities and understanding of the business value, as well as a strategy for developing and deploying generative AI use cases.

WHY GENERATIVE AI IS DIFFERENT

Generative AI is a subset of AI characterized by its capacity to take a human input (e.g., a prompt that is a question, gives instructions, or includes code snippets, etc.) and output coherent responses or solutions referencing data at scale across a range of modalities, including text, images, audio, video, code, and 3D models.

It is different from other types of AI in three primary ways. First, it does not require human agency to progress, in that the model can learn by itself over time. Second, it can mimic human cognition in a way no other AI can. And third, the input is not a program language. Rather, the input is natural language, and the output modality mimics human language and the ability to imagine.

Importantly, there is enough variability in the outputs that they can approach a kind of creativity that is unconstrained by the human limitations of speed and scale. For example, a user could ask a generative AI model to create an office layout design that aligns with the business branding and mission statement. The model output could come in the form of an image, video, or even 3D rendering of a space, and the model could also be asked to explain how the branding and mission statement are reflected in the output. This is not just a matter of creative thinking. The model could be prompted to generate tens or even hundreds of designs at a speed and scale exceeding human capacity.

Today's moment with generative AI owes to a convergence of advanced hardware availability, AI capabilities, the integration of these capabilities across an organization's tech stack and, crucially, the ability of non-technologists to directly engage with generative AI tools. It has the potential to disrupt nearly every aspect of the organization, with powerful use cases that can transform operations, influence customer behavior, and create entirely new business models, products, and services. To help inform strategies that guide organizational investment and to understand the business value generative AI can create, organizations should begin with clarity on the archetypes for generative AI application.

SIX ARCHETYPES FOR GENERATIVE AI USE CASES

The transformational impact from generative AI will grow out of these six application archetypes:

Consumer-facing, general purpose. These generative AI models are the popular tools that are built and trained on internet data and made available to the public for general purposes (e.g., LLM-powered chatbots such as OpenAI's ChatGPT or Google's Bard).

Productivity and personal use. These generative AI models augment individual productivity, whether while working or for personal benefit. This may take the shape of use cases such as writing assistants, document query capabilities, automated summaries, and virtual assistants (e.g., Microsoft's 365 copilot).

Business software usage. Generative AI models can be trained for a specific application and integrated with existing enterprise software platforms and solutions. For example, enterprise resource planning (ERP) systems that manage daily business operations can be augmented with generative AI, delivering natural language navigation of complex interfaces, generating financial documents, and autonomously addressing identified issues while escalating critical scenarios to a human in the loop.

Software engineering. Generative AI can be used to autonomously develop software code for business applications. This archetype helps IT teams accelerate their work and address complicated tasks such as configuring and maintaining code across platforms and annotating code for human developers (e.g., AWS CodeWhisperer).

Business-to-consumer applications. Generative AI models can permit new ways of personalizing and targeting customer engagements. Using generative AI to enable hyper-personalized communications, product recommendations, and customer support can have a significant impact on customer satisfaction, retention, and value. An example of this archetype is found in the partnership between NVIDIA and WPP to develop a generative AI-enabled engine for creating commercial content and brand advertising.

Purpose-specific use cases. Some generative AI-enhanced models are accessed or built by organizations for domain- or sector-specific use cases. Trained on enterprise data for discrete applications, these models leverage the capabilities of generative AI to address select challenges or opportunities unique to a specific enterprise. As an example, a large retailer may train and deploy a model to autonomously negotiate vendor contracts under a certain size, freeing up human capital to focus on larger, higher-impact vendor agreements.

With this understanding of generative AI archetypes, the enterprise is equipped to take the next step in its strategy development and inspect the value that could grow out of each archetype, modality, and use case. There is great potential for first-order business outcomes, including cost reduction, process efficiency, revenue growth, accelerated innovation, and the discovery of new ideas and insights. The benefits may be cross-cutting or specific to a business unit. Sales teams may see opportunity to unlock customer engagement in business-to-consumer applications; human resources professionals may identify use cases that enhance productivity; and IT teams may desire a tool to accelerate software engineering. Business units will voice varying needs and innovative ideas, and the applications are limited only by the imagination.

Conceiving the archetype and value in this way, enterprises are prepared to make informed decisions around the approach to enabling these models (e.g., build in-house versus acquire from a third-party and customize in a secure environment). To be sure, like all AI, generative AI raises questions around risk, governance, and compliance. As such, an informed generative AI strategy necessarily will account for the trustworthiness of the tools, methods, models, and frameworks that are deployed.

CONSIDERATIONS FOR RISK AND TRUST

While enterprises today are still evaluating and experimenting with generative AI, first movers are heading toward production and deployment at scale. This subtype of AI is still relatively new, and along with exploring the capabilities, organizations are learning to navigate the risks around things such as

> "While generative AI outputs are susceptible to inaccuracies (aka "hallucinations"), companies are discovering ways to mitigate these limitations by leveraging supplemental technologies and process guardrails."

security, privacy, and reliability, as well as the implications for AI governance and regulatory compliance.

Some of the concern around generative AI may be rooted in risks associated with publicly available LLMs and perhaps less so with models trained on enterprise data in secure environments. While generative AI outputs are susceptible to inaccuracies (aka "hallucinations"), companies are discovering ways to mitigate these limitations by leveraging supplemental technologies and process guardrails.

Ultimately, trustworthiness is an essential component of a value-driving generative AI strategy, and as such, use cases need to be considered across the domains of impartiality, responsibility, accountability, privacy, transparency, explainability, and safety and security. A framework can help in this regard. Deloitte leverages its Technology Trust Ethics framework internally and with clients to evaluate the risks associated with emerging technologies and make decisions on whether and how to implement tools that unleash capacity, efficiency, and growth. Assessing risk informs necessary changes to processes, human capital training and hiring, and technology evaluation and acquisition. These important changes enable AI governance, which in turn supports compliance and trustworthy technology. Every generative AI use case is different, and each should be assessed and reassessed with a mind toward risk mitigation.

MOVING FORWARD WITH A GENERATIVE AI STRATEGY

With emerging technologies, the road to adoption can be unclear at first. However, by viewing generative AI through the lens of archetypes for application, businesses can begin to craft a strategy for building, adopting, and deploying this transformational technology.

These are still the early days of generative AI, but the technology is maturing quickly. The enterprises that can seize the first-mover advantage with generative AI can find powerful differentiators and outsized market capture. A strategy that accounts for the archetypes, outcomes, and risks can set the organization on the path to realizing the greatest potential from this business disruptive force. With this, the core question shifts from "What can this model do for my business?" to "What can I do with this model by training it on enterprise data in a secure environment with trustworthy guardrails in place to generate something that is meaningful in my business context?" AQ

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The Hidden Workforce

Big Tech's Debt to Data Labelers

BY MATTHEW McMULLEN

Even as AI takes industries by storm, the workers whose labor provides the data remain in the shadows.

Every day, headlines trumpet new and astonishing developments in artificial intelligence (AI). These achievements include digital voice assistants such as Alexa and Siri and the latest sensation, ChatGPT-4. However, as we applaud this meteoric rise of AI, we overlook the unsung heroes fueling this revolution—the vast workforce tirelessly annotating the data that ensures our algorithms can think, learn, and adapt.

The process of data annotation involves transforming our rich and contextual understanding of everyday items into numerous illustrative examples so that AI can grasp the abstract concepts that seem intuitive to us. Simplifying our complex world for AI consumption is no easy feat. A "shirt" to us is laden with context and cultural understanding. For AI, it's an abstract concept that requires countless examples to decipher.

Moreover, the granularity of instructions needed often borders on the surreal. A layperson might laugh at the thought of a 43-page guide on labeling shirts. But in the world of data annotation, such depths are imperative. Everyday quandaries become monumental tasks, from identifying a shirt's primary hue to differentiating between a bowl's utility and aesthetic value.

DIVING INTO THE SHADOW WORLD OF DATA VENDORS

When we think of AI, the tech giants immediately come to mind. But behind these luminaries are lesser-known entities powering the AI engine. Data vendors operate in places such as Kenya, Nepal, and India. They function like a traditional call center, managing complex projects with teams of hired workers. On the other hand, platforms act as digital bazaars, where gig workers peddle their data-labeling prowess.

Often, successful AI vendors shield their operations behind a cloak of secrecy, because the methods of annotating data reveal too much about their treatment of workers. And, as we marvel at the success stories of the tech giants, we must also reckon with the veiled nature of the AI industry. While the opacity safeguards proprietary AI initiatives, it can also mask a questionable objective, such as exploiting annotators by offering

subpar compensation for detailed, rigorous work, showcasing a more unscrupulous pursuit of a competitive advantage within the AI world. But whispered industry insights reveal a staggering fact: Potentially millions of workers labor in the shadows, perhaps a billion, annotating our AI futures.

Data labeling extends far beyond generative AI such as ChatGPT. It underpins various AI applications, fueling the global data collection and labeling market, projected to reach $47 billion by 2030, according to a November 2023 report by KBV Research ("Global Data Labeling Solution and Services Market Size, Share & Industry Trends Analysis Report By Type, By Labeling Type, By Sourcing Type, By Vertical, By Regional Outlook and Forecast, 2023 – 2030"). From training autonomous vehicles to navigating robot vacuums safely, human expertise remains indispensable for AI's progress.
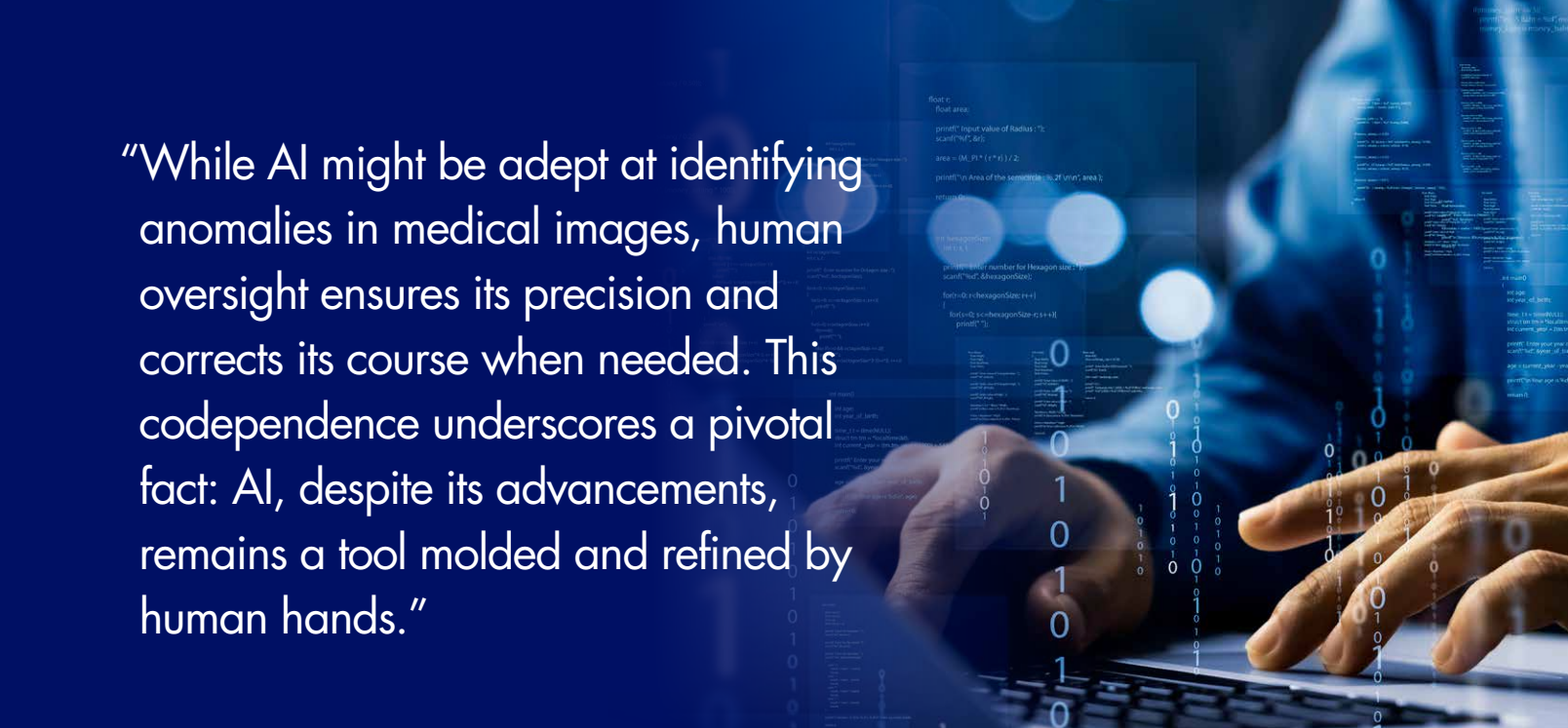
BEYOND THE GLITZ AND GLAMOUR OF AI

The AI industry, marked by its inviting digital voice assistants and staggering valuations, owes its inception to the tireless labor of human data labelers. Despite being foundational to AI, many developers see data annotation as a fleeting necessity: Gather labeled data, perfect the model, and then move on. Yet, beneath the surface, there's a vast, often overlooked world where data labeling, frequently outsourced to places such as Kenya, employs workers for wages as low as $2 an hour. These data workers' pivotal role in shaping AI cannot be understated. But tragically, the industry often marginalizes and undervalues them.

Recent scrutiny over data labeling and annotation practices has drawn attention to ethical vulnerabilities, especially concerning the exploitation of low-wage workers in developing countries. These workers, often serving as the backbone for data labeling, may lack a comprehensive understanding of their rights and the implications of their contributions.

ADDRESSING THE ILLUSION OF AI'S BRILLIANCE

As we marvel at AI's breathtaking capabilities, we must acknowledge its inherent limitations. While AI can imitate human discernment, thinking, and processes, its performance hinges on the quality of the data it receives. Let's dispel the illusion of AI's brilliance—it leans heavily on human-crafted data. The old adage "garbage in, garbage out" holds true for AI applications, as its output reflects the quality of the data it processes. Large language models (LLMs) may generate seemingly genuine information, but this façade can crumble when faced with deceptive inputs, demonstrating AI's lack of true cognition and emphasizing the importance of human intervention in its training.

Data labelers and content moderators aren't just contributors, and to undervalue their role isn't merely an oversight—it's an affront to fair labor and a blind spot in our grasp of AI ethics and constraints. We must not only acknowledge but fervently champion their indispensable contributions.

> "While AI might be adept at identifying anomalies in medical images, human oversight ensures its precision and corrects its course when needed. This codependence underscores a pivotal fact: AI, despite its advancements, remains a tool molded and refined by human hands."

DECODING THE HUMAN-AI TANDEM

Times have changed. Not long ago, professions such as radiology trembled at the thought of AI usurping human roles. The reality today paints a more collaborative picture. While an AI might be adept at identifying anomalies in medical images, human oversight ensures its precision and corrects its course when needed. This codependence underscores a pivotal fact: AI, despite its advancements, remains a tool molded and refined by human hands.

Even the pandemic has been a testament to AI's inherent limitations, with machine-learning models, initially perceived as self-sufficient entities, showing cracks under the unanticipated surge in divergent human activities and preferences, according to Will Douglas Heaven in the May 2020 *MIT Technology Review* ("Our Weird Behavior During the Pandemic Is Messing with AI Models"). These unforeseen circumstances have emphasized the crucial role humans play in fine-tuning and recalibrating these models, ensuring their continued relevance and accuracy. It is through this mutualistic tandem that the full potential of AI can be realized, allowing for a future where technology and humanity co-evolve, leveraging each other's strengths to navigate through uncertainties and complex times.

THE ROCKY TERRAIN OF COMPENSATION

Given the intricate nature of the work of data labelers and the skill it takes to perform such tasks, we encounter another pressing concern: the precarious nature of data labelers' earnings. Their tasks vary wildly, from minutes-long assignments to hours of meticulous work. The nebulous nature of compensation, exacerbated by global disparities and shifting demand, casts a shadow over the profession.

International guidelines and emerging standards such as the International Labour Organization (ILO) and the ILO Tripartite Declaration have made strides in advocating for worker rights, fair wages, and benefits. These guidelines call for businesses, including data vendors, to implement ethical practices that ensure workers are compensated fairly, have the freedom to associate and collectively bargain, and are provided with social security and a safe working environment.

However, a glaring discrepancy exists between these well-intentioned guidelines and the on-the-ground reality faced by laborers. When workers' efforts to secure better working conditions were not only ignored but actively suppressed, it exposed the limitations of existing international standards. According to a July 2023 article in *Time*, "Gig Workers Behind AI Face 'Unfair Working Conditions,' Oxford Report Finds," rather than engaging in dialogue when faced with a potential strike, certain companies chose to exercise their power to quell dissent. High-level executives were flown in to deal with the situation, and the leader of the strike was summarily fired for allegedly putting business relationships at "great risk."

The message is clear: The laborers are expendable, and their demands for fair treatment are secondary to any company's business interests. This high-handed approach not only undermines intentional guidelines but also sends a discouraging message to employees everywhere, questioning the efficacy of collective bargaining and the quest for better working conditions.

While international guidelines are a step in the right direction, enforcement and accountability remain significant hurdles. Regulatory bodies, clients, and the public must ensure that companies don't just pay lip service to these standards but

implement them in spirit and action. Our collective goal should be an industry where international standards aren't merely checkboxes to tick. Rather, we are all holding companies accountable for lapses.

BOUND FROM EXISTENCE

Data vendors maintain strict control over workers' ratings, reviews, and feedback, according to Seats2Meet.com's Martijn Arets in "Research on Platform Based Reputation Scores Contributes to an Inclusive Labor Market." Such monopolized ownership of information not only deprives workers of their professional reputation but also can hinder their mobility and career advancement. If workers decide to transition away from their current employment, they would effectively be starting from scratch, losing all the reputation and credibility they built over time.

The same laborers who are advancing AI technologies often find themselves caught in contracts that virtually bind them out of professional existence. The crux of the issue lies in the strict contractual agreements and terms of service that these workers are compelled to sign. The contracts often grant the data vendor exclusive ownership over critical components of a worker's professional identity. The loss of control over this professional data handicaps these workers, leaving them unable to negotiate better terms, seek higher-paying opportunities, or even defend against sudden account closures. This creates a perilous cycle where laborers have limited career mobility and advancement prospects, confining them to a data vendor's reputation and ability to provide work. These contractual constraints thwart immediate career advancement. In an age where personal branding and reputation are increasingly vital, these workers face the unnerving reality of existing as mere cogs in a machine, unable to claim ownership of their own work histories and achievements. As a result, they are virtually bound out of a broader professional existence, limited to the walled gardens of the data vendors they work for.

Further adding to the cloak of secrecy, service providers frequently use code names for clients, making it difficult for data labelers to even know for whom they are providing services. This practice denies them the opportunity to ask for references, network within their industry, or use their experience in a meaningful way to advance their careers.

The contractual constraints workers face don't just stifle individual career growth; they have far-reaching implications for the socioeconomic development of entire regions and generations. When a significant portion of the workforce is engaged in work that does not allow for career mobility, skill development, or fair negotiation of wages and working conditions, the long-term impact is a stagnating labor market.

Moreover, when an entire generation of workers is tied to such restrictive contracts, the collective skills and professional capabilities of that generation can become narrowed and underutilized. Without the ability to grow professionally, transfer skills, or shift careers, these workers are often stuck in a loop of low-wage, low-skill jobs, which in turn can create a "brain waste" scenario. This undermines national competitiveness and productivity, depriving economies of fully engaged workers who can innovate and lead.

A CALL FOR RECOGNITION AND REFORMS

As we stand at the crossroads of AI's potential and ethics, shifting our narrative is paramount. AI is not solely a product of cutting-edge algorithms and vast datasets; it's a testament to human dedication and ingenuity. The fervor surrounding AI's capabilities should be complemented by a genuine acknowledgment of the individuals laboring behind the scenes. It's imperative to champion their rights, ensure fair compensation, and highlight their indispensable role in this digital renaissance.

In light of this comprehensive review, it is clear that data labelers face a plethora of challenges that demand urgent attention. Enterprises that engage AI vendors have a critical role to play in championing labor standards, ethical sourcing, and sustainability. The path to reforms starts with these businesses deliberately choosing service providers committed to fair labor practices, from transparent pricing and wages to robust benefits and support programs.

Another area that warrants immediate action is the recognition and professional development of data labelers. These workers are not just cogs in a wheel, but vital contributors whose skills are becoming increasingly specialized. The existing system, which often marginalizes them and hinders their career mobility, is unsustainable.

A call for recognition must coincide with action: Systems for transparent and portable reputations, fair wages based on experience, and genuine opportunities for skill development and career mobility must be instituted. The AI odyssey is as much about the human spirit as it is about technological prowess. As we propel into an AI-infused future, it's our collective responsibility to ensure that this journey champions innovation and the dignity and value of every contributing individual. It's crucial to view these calls for reform not in isolation but as interconnected elements that contribute to a worker's overall well-being and job satisfaction. Whether it's dealing with sensitive content or maintaining workforce diversity, the time for piecemeal solutions is over. We need a comprehensive approach to reform that addresses the varied but interconnected challenges faced by data labelers. `AQ`

Matthew McMullen, senior vice president and head of corporate development at Cogito Tech, drives key technology partnerships, seeks technology alliances that elevate our human annotators' service delivery, and crafts policies for responsible AI growth.

Using AI to Create
Innovation and Collaboration

BY JASON DOWNIE

When planning to implement AI and create a culture of innovation, start now because you will never be finished.

Enterprise AI adoption is on the rise. As quickly as tools such as ChatGPT and Bard hit the mainstream, executives began asking how AI could be leveraged within their businesses to automate tasks, streamline processes, and create efficiencies. But while using AI tools is generally an intuitive process, integrating AI tools into a company's culture and infrastructure is much more complicated—but it isn't impossible. In fact, we are nearing a precipice where this will be an essential part of doing business, and those who don't embrace the tech will be left behind.

Before diving into how AI can be implemented into a company's culture, it would be helpful to identify some of the initial hurdles of AI implementation.

For one, security is generally the most pressing concern and is associated with the biggest risk. While companies are drafting policies to ensure employees know what they can and cannot do or access regarding AI, management is responsible for enforcing the parameters. However, this evolving technology does not have finite best practices, nor do all the platforms have safeguards in place. Therefore, treading lightly in highly sensitive verticals is advised, and ensuring security is a top priority. This requires an initial deep dive and ongoing communications between the IT team, management, and representatives from all departments.

The other top concern is knowledge and education across the organization. While some people may have surface-level knowledge of AI, others may be greatly educated and already elbow-deep in AI activations. So, with varying levels of understanding, policies and counsel must meet employees where they are to ensure there is comprehension and cohesion across all business functions. In addition, it is likely that some people may feel threatened by the technology (and widespread predictions) and concerned about job security. In short, robots and technology cannot replace human intelligence, but the fear that they can is a highly contagious mindset.

Now, onto culture...

CHECK THE COMPANY'S DNA

To gain perspective on how easy or challenging it may be to implement AI into an existing culture, start by checking the company's DNA. Where is the company right now in terms of maturity and talent? Where does the business want to go, and what is the roadmap to get there? Are innovation and agility currently intertwined within the threads of the existing business structure?

Answering these initial questions will provide a pulse of the current environment. Understanding the DNA and the general tone of acceptance or resistance to change will help identify transformation paths and potential friction along the way. Essentially, understanding the current DNA will shape organizational planning at the outset and lead to effective strategies for guiding AI implementation.

For a company culture to successfully embrace new technologies, it must be flexible and agile and instill a philosophy that supports experimentation, learning, and innovation. These attributes really come down to the three Ps of any successful business—people, process, and platforms—and set the foundation. Without alignment within the trifecta, rolling out AI will likely be a struggle met with resistance, which will extend the timeline and increase the need for additional resources.

LET'S START WITH THE PEOPLE

It is essential to have the right teams with the right skills in the right places. If the right people are on board but lack some skills or education, offer continuous learning opportunities and upskill those individuals at the very beginning. This initial group will likely become the "go-to" experts and internal advocates. They should be provided with an arsenal of resources, educational materials, and data to guide decision making.

If some of the people involved in the process are seasoned professionals, they may be more likely to show signs of resistance and may need a bit more support to encourage them to embrace change. This is often done by reinforcing or even creating (although it takes quite a bit of time and a lot of focus if this doesn't exist) a culture of psychological safety. Psychological safety is when employees feel safe enough to take interpersonal risks, speak up, openly disagree, and speak their minds without fear of negative consequences. In a corporate environment, this is about encouraging all to share their concerns without fear of being reprimanded or losing their job simply for speaking their mind (if, of course, it is done so with respect).

In all cases, leadership must empower teams and encourage them to demonstrate a willingness to try new things. This will require alleviating doubts and fears and showing the shared benefits to all of a successful rollout.

As mentioned, some may be concerned that AI will take their job. It is the leadership's responsibility to remind everyone that AI does not replace humans. Instead, AI is a tool that can create efficiencies and streamline processes, which can elevate the organization as a whole. In some circumstances, AI may help employees improve their own performance and remove menial tasks from their to-do lists. And, of course, each person within an organization is responsible for their own career. Since AI is here to stay, they might as well learn to live with the tech and

make the most of the benefits rather than resisting or being paralyzed or demotivated by a fear of the unknown.

One more thing from the leadership perspective: Being able to clearly and succinctly communicate the goals and objectives of the implementation—through various media—is an essential part of the implementation strategy. This communication must be ongoing to be effective and accompanied by educational materials, shared successes, and challenges that may arise along the way. Keeping everyone informed will keep the goals top of mind and push everyone to continue moving in the same forward direction.

IDENTIFY THE PROCESSES

Preparing for AI adoption may require the organization to refine existing processes and create new ones. This begins with an assessment and understanding of all processes that may be impacted and the interconnections and dependencies within. Then the adjustments and new requirements can be identified.

A healthy 360-degree view of an organization's infrastructure is a perfect starting point. Identifying systems, integrations, and how information and data flow will reveal any inefficiencies, breaks, or the potential for errors. Giving all teams involved with processes a voice in this conversation is the only way to truly understand the various perspectives and how everything works in tandem.

For most organizations, the most critical process to review and refine will be risk management. Risk management regarding AI ensures brand safety, addresses AI hallucinations, and pinpoints additional functions within processes that would benefit from a human-in-the-loop. Addressing brand safety and AI hallucinations really is where humans can be required as a fail-safe and to provide an extra layer of protection against misinformation. Making everyone aware of these risks and how they are mitigated can provide a sense of security.

Throughout the review and refinement of processes, maintaining agility and integrating change management practices will support a smoother transition and, hopefully, garner support and internal buy-in.

ADOPT AND ACTIVATE THE RIGHT PLATFORMS (AND PARTNERS)

The last part of the three Ps is platforms, and let's also throw partners into the discussion. The philosophy and tools that power the organization's infrastructure and platforms will determine the success of AI and innovation, and the right partners will be able to support these initiatives.

Culture and the current environment drive the philosophy behind platform and partner decision making. The company's vision and values should be within the DNA and transcend into choosing (or adjusting) the right platforms and partners. Using the DNA as a compass will help narrow the options and result in a more cohesive organization overall.

When evaluating platforms, cloud-based solutions provide ownership of the tools and data required to power AI tech. In addition, the flexibility and scalability of cloud-based tools make it an ideal foundation to support AI and its changing capabilities as the technology matures. However, deployed cloud solutions must be secure and rigorously tested to ensure efficacy. This needs to be addressed when evaluating risk and crafting business continuity plans, and all business units involved should be invited to contribute to security and contingency planning.

So, what are the determining factors for embracing and implementing AI?

In short, here is a non-exhaustive list of three requirements companies need to own to embrace and implement AI across an organization. Take this as the starting point, and remember, everything must align with the bigger business objectives for it to actually work.

Test and learn philosophy. Providing the space and safety for testing and learning shows that mistakes are possible but taking calculated risks is embraced as long as the outcomes and resulting learnings are not lost in the process. This mentality shows that everyone, at every level, is capable of making mistakes but also willing to embrace and apply the lessons.

Ongoing communication and collaboration. Keep the lines of communication open and encourage cross-company collaboration to troubleshoot, solve new problems, and identify new, smarter ways of doing things.

Education driven by purpose. Rather than offering random workshops or ad hoc opportunities to upskill, offer role-specific training and educational tools and resources with a specific function. Invite individuals to participate and explain how the skills and resources can help their performance.

When planning to implement AI and create a culture of innovation, here is the bottom line: Start now because you will never be finished. AI and other technologies will always be evolving, shifting, and impacting every business function, from procurement to marketing. And since culture is driven by humans who are also continually changing, everything must remain flexible while continuing to push ahead.

Rather than pushing back due to the fear of the unknown, aversion to risk, or lack of education, take small steps (and sometimes it's two forward and one back). If you don't move forward, you will be faced with the challenge of falling behind sooner rather than later. AQ

Jason Downie is the U.S. CEO, Making Science.

Grappling with the
MONOLITH OF
AI

BY KEN GAMAGE

The recent advances and ensuing hype cycle of artificial intelligence focus on the enormity of the impact that AI will have in the near future and on most everything.

The shadow of human consciousness has conjured itself up digitally from breakneck computational speeds and self-learning lines of code, feeding on a freeway of data.

Despite the term "AI" being coined in 1956 by a mathematics professor, recent exponential advancements in AI have even mainstream culture screaming that it is *now* that we are in the midst of AI's true first draft—a blueprint of disruption with many unwritten chapters ahead. Question marks and leaps of faith dot our collective mind. Where are we going with AI? Who is AI's artist? How can we shape AI? Will AI complement human "thinking"? How do we use AI symbiotically in our organizations that are people-first? A towering monolith has emerged in the town square, and we don't quite know what to make of it.

The temptation to leap too far ahead in this supercharged AI hype cycle is fierce. Here, we hypothesize that AI will reach a pure union with human consciousness as the logical end game of AI's self-awareness (lest we forget that the term "neural networks" of AI reflects the neural networks of the human brain). Undoubtedly, this is a utopian interpretation. Conversely, a dystopian view has many of us afraid of AI, galvanized by the same moral panic in response to the mass adoption of the telephone, the internet, the telegraph, and even the bicycle.

Taking this mental leap, unbeknownst to us, positions our collective thinking inherently under a behavioral economics microscope, revealing the ailment of cognitive bias. If we downgrade the forecasting task to more mundane decision making, this biased outcome remains the same. Humans are able to take a limited set of experiences and pieces of info and data (often skewed to what is most recent) and use this incomplete picture as a launchpad to make a decision against a predicted outcome. It is rife with bias and invented narrative, which is fine in some situations but not in others. AI, on the other

> "We simply cannot risk being outpaced by others who may sooner realize the countless possibilities that human-AI symbiosis in decision making offers."

hand, when applied correctly, can be quite good and efficient at rationally assessing and predicting in a relatively consistent manner.

Decision making and "thinking" are what make us human, but for several decades, behavioral economics has challenged the classical assumption that we act and think in an exclusively rational manner. Behavioral economics accepts the good, the bad, and the ugly—that we as humans think and make decisions within both rational and irrational modes of thinking or a blend of the two. One of the chief obsessions of behavioral economics is finding clever ways to optimize the expected utility or, put in plain language, nudge us toward better outcomes that are more certain. It comes as no surprise that the majority of us are terrible at statistical thinking, assessing risk, and evaluating losses versus benefits or are biased by whatever news article we were most recently exposed to.

The list of cognitive biases that behavioral economics has unearthed runs deep. Research reveals that as individuals, we make approximately 35,000 decisions every day. That is an immense cognitive load to carefully think through. Try making a left-hand turn at a busy intersection while remembering a sequence of seven numbers. Not easy. You can imagine the sheer number of impulsive mental shortcuts with varying degrees of risk we take to maintain workplace efficiency.

For those of us in the management world, the gravity, resources, and financial tectonic plates behind some of our decisions are to be tended to with exceptional care and self-awareness. We simply cannot afford to make bad decisions. Yet with equal gravity, we simply cannot risk being outpaced by others who may sooner realize the countless possibilities that human-AI symbiosis in decision making offers.

A recent report by *MIT Sloan Management Review* and Boston Consulting Group indicated that 57% of responding companies are piloting AI and 59% have an AI strategy. That is not to say that organizations should dive in headfirst for the sake of "doing AI." We decide as individuals and organizations where and how to use AI, so it is prudent to take a long, reflective view of their

current and future states and apply a behavioral economics lens across tasks, projects, processes, and strategies to see where AI might help complement our work.

When we find clear inroads to opportunity in leveraging AI, we should reflect soberly about any risks or counterfactuals that we should mitigate before rolling it. Clement Delangue, CEO and co-founder of Hugging Face, mentioned at Dreamforce this past September that companies should consider building AI themselves to solve client problems while ensuring compatibility with enterprise platforms. Start small with a system that is closed, share with internal regulatory groups, and then scale. Last but not least, keep in mind the magnitude of what is possible. Be creative. Be flexible.

Here are some examples of areas companies might consider exploring:

Nudging and decisions support. As conveyed thus far, behavioral economics reveals that despite the volume of decisions an organization and its individuals make, we are all prone to an array of cognitive biases. "Nudging," introduced by Richard Thaler, is a way to influence people's decisions in a predictable way without restricting their choices. AI "co-pilots" can be used to design and implement nudges for everything from financial decisions all the way to employee mental health. We can think of this intervention as something personalized, at the business unit level or at higher orders of decision making. Level up decision making using game theory principles (mapping out strategic or competitive interactions).

Data analysis. It goes without question that AI's ability to trove through endless reams of information and identify patterns and relationships eclipses what we mere humans can do. We are bad at crunching numbers and statistical thinking; AI excels in this area. Let's focus on the storytelling and contextual aspects of the analytic work.

KPI co-pilot. Combining decision support and data analysis, a KPI (key performance indicator) AI co-pilot already installed at early adopter organizations can not only tell us when KPIs are

forecasted to depart from baseline "business as usual," but also help us diagnose what is driving that change of performance and suggest next steps for course correction or further acceleration. The prerequisite here is that your organization's data and tech are organized appropriately and there is internal alignment on KPIs.

Predictive intelligence. AI can be used to build predictive models that incorporate your organization's data, behavioral insights, consumer data, sales data, marketing data—and the list goes on. Trained on these datasets, AI models can help forecast how people are likely to make decisions in various situations. For example, it might predict consumer choices (or what factors influence a consumer's choice and by how much), stock market behavior, company policy adoption, or inventory bottlenecks.

Simulation of alternative perspectives. Using LLMs (large language models), AI can help assess policy, legal documentation, or any type of communication by simulating various stakeholder perspectives. Imagine producing an RFP and having AI review it from various perspectives as an estimation of how the reader might interpret it. We can then take it to the finish by tailoring our materials more tightly to the appropriate audience.

Diversity, equity, and inclusion. Provided we can optimistically push past the current hurdles, there is much to be gained from a DEI perspective. Extending the previous use case, we can also use AI to understand how diverse groups of people might decode and interpret communications from the vantage point of their lived experience and cultural context, course-correcting common hegemonic assumptions and biases.

There are caveats. Today's AI (or any cultural artifact, for that matter) is not bias-free and typically reflects the dominant culture's ideologies, attitudes, and values. To compound this issue, LLMs have been trained only on English and Chinese languages to date. The key here is to make space for diverse employees at your organization's AI table. Adopt the mindset that those most impacted by AI should have the loudest voice in its upfront development.

Human resources. Employee motivation, engagement, and retention are crucial for organizational success. There is often a gap between what we perceive is happening and what is actually happening. Working with AI allows us to analyze behavioral data to understand the drivers and detractors of employee job satisfaction and tailor management approaches accordingly. Why wait for an exit interview to find out about an employee's job dissatisfaction? AI can help highlight the canary in the coal mine.

Risk management. All of the use cases listed here mitigate risk in some capacity. But using AI explicitly to evaluate and score risk across myriad operational processes (e.g., supply chain or inventory issues, competitive threat, economic headwinds) and decisions could be an invaluable standalone function.

When assessing risk, people may tend toward thoughtful rational thinking versus impulsivity, but the mental load that accumulates after making several decisions throughout the day dulls rational thinking and makes way for more irrational, quick decisions around risk. All of this is modulated with the speed at which risk assessment is needed and the magnitude of impact. That's pretty scary. AI does not get fatigued and can consider the psychological biases that affect risk perception, leading to more accurate assessments of risk and pointing us toward opportunities. It is then up to us to pull the trigger toward action.

Knowledge management. By now we are all well versed in this area. With ChatGPT propelling a lot of the momentum of today's AI hype cycle, search and retrieval AI engines and knowledge bases can help managers quickly access relevant information and summarize documentation. This makes it easier to critically digest. The caveat here is finding a way to consistently track the source and credibility of knowledge, an area that requires human judgment on balance to keep AI in check. We are far from having a solution to AI watermarking citations still.

Workflow optimization. AI can streamline workflows by automating task sequences and ensuring efficient process execution. As discussed throughout, AI does not hit decision fatigue and can ensure that step-to-step machine and human hand-offs are moved correctly while assessing risk and opportunity at forks in the road. An obvious application is supply chain management, including inventory management and demand forecasting or project streams that require input from several organizational units.

As you can see from this relatively short list, there are a variety of possible applications. AI is already a highly flexible and adaptive technology, so we can achieve the greatest success by balancing the human and AI experience in an optimal manner. These two poles are complementary. As we entertain the idea of bringing AI into the organizational equation, managers and leaders must be mindful of how employees will perceive these advancements and ensure you're anchored to trust. Trust comes from transparency and control. You can concretely change things if the AI program you're venturing to install is not providing the outcomes you want. Ensure that value pluralism and participatory design are at the heart of the initiative. There is no room for moral sleepwalking. As much as we should focus on performance and efficiency, ensure that you are equally scaling privacy and ethics with your technological rollouts, making sure that you pull in your organization's store of interdisciplinary perspectives.

Last but not least, as these new tools and processes are rolled out, use an empathetic behavioral economics lens to view how AI will be used, adopted, and perceived as it assimilates into organizational culture. Looming far above our office walls, the mainstream narrative runs wild. It tells us that AI is something that is happening to us. It should be reframed to explain that we are doing something to and with AI. It is a tool that we have the agency to shape and mold to our benefit. AQ

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5 Strategies to Boost Innovation in REMOTE TEAMS

BY SHIELA MIE LEGASPI

Innovation—the lifeblood of progress—is essential for remote teams to not only survive but thrive in the workforce.

Remote work is nothing new, but according to the Pew Research Center's February 2022 Social & Demographic Trends Project ("Covid-19 Pandemic Continues to Reshape Work in America"), remote work became a common reality for many organizations with the 2020 pandemic. Three years later, it is still a hot topic for both employers and employees.

As the world adapted to new challenges, businesses embraced the flexibility and global talent pool that remote teams offer. However, along with the benefits come unique hurdles that can hinder the creativity and innovative spirit that fuel progress. Gallup noted in a January 25, 2023 report ("U.S. Employee Engagement Needs a Rebound in 2023") that only 32% of workers are engaged with their work. That compared with 36% in 2020, according to NPR ("America, We Have a Problem. People Aren't Feeling Engaged with Their Work," January 27, 2023).

While trying to increase engagement may seem difficult, there's one lens that could help: innovative behaviors. Recent findings show that innovation may be the key, as engagement closely correlates with innovative behaviors in all organizations. To implement strategies that foster a culture of innovation, leaders must transcend physical boundaries and instead embrace collective creativity in a way that surpasses the digital barrier.

FOSTER A CULTURE OF PSYCHOLOGICAL SAFETY

Before any good work can begin, people need to feel safe. According to Maslow's hierarchy of needs, safety is just as important as basic physiological needs. Nothing can be improved or built upon unless this need is met.

In remote work, where physical interactions are limited, the need for psychological safety in particular becomes even more pronounced. Psychological safety refers to the belief that team members can express their ideas, opinions, and concerns without fear of retribution or judgment. Creating an environment where individuals feel comfortable taking risks and sharing their thoughts freely is essential for fostering innovation.

A psychologically safe workspace promotes open and transparent communication, enabling remote team members to voice their perspectives, offer creative solutions, and challenge the status quo. It empowers employees to take calculated risks, knowing that their efforts will be met with understanding and support, regardless of the outcome.

Leaders must lead by example to foster psychological safety, meaning they must actively listen to their team members,

ask questions that encourage constructive feedback, and demonstrate receptiveness to diverse viewpoints. Acknowledging the value of every team member's input fosters a sense of trust and belonging.

Leaders can also establish clear communication channels and protocols to ensure that team members have avenues to express their ideas and concerns without reservations. For example, they can implement an anonymous form on their internal communication drive for people who have complaints about something. And organizations can send monthly surveys to employees about how well the company is doing on different aspects of their culture.

Psychological safety not only boosts individual confidence but also enhances team collaboration. When team members feel safe to speak up, they are more likely to engage in beneficial discussions, share knowledge, and collaborate on innovative projects.

Remote workers who are provided with the opportunity for ownership will want to perform better. When companies allow them the space to speak freely, remote teams can tap into their collective intelligence, unleashing a plethora of creative ideas that drive innovation and propel the organization forward.

CREATE A VIRTUAL INNOVATION CORNER

One of the biggest benefits of having a physical workplace is "water cooler conversations."

These conversations not only allow team members to bond and create relationships, but also allow leaders to informally speak with employees to either congratulate them on a job well done or address something quickly that needs improvement. They also give people a way to think aloud and brainstorm ideas that they then can work on individually or collaboratively.

Creating a virtual innovation corner will provide people a space to foster those "water cooler conversations" and encourage spontaneous interactions and creative conversations.

The first step in creating a virtual innovation corner is to identify the right collaboration tools and platforms that suit the team's needs. The platforms should allow real-time communication, file sharing, and interactive brainstorming features. Popular tools such as virtual whiteboards, collaborative documents, and messaging apps can prove invaluable in simulating the spontaneity of face-to-face interactions.

For example, a company that uses an instant messaging tool can incorporate a thread titled "general" or "brainstorming." When you create these designated threads, employees are more likely to collectively use them and have spontaneous conversations that increase engagement.

It's important to note that text messaging should not be one of the official ways that employees have these conversations. This approach often blurs the line of work-life balance and could become a stressor for employees.

To ensure engagement in the virtual innovation corner, leaders need to set the example and use it to throw ideas around. They can ask employees for their thoughts on different ideas and ask them to explain why something may or may not work. This thread must be kept open for continuous contributions and

"Encouraging team members from different departments and expertise levels to participate can lead to diverse perspectives and innovative solutions."

discussions to ensure that innovation is not confined to specific time frames or only when a leader initiates a conversation in an existing thread or starts a new one.

An inclusive and cross-functional approach to the innovation corner can further enhance its impact. Encouraging team members from different departments and expertise levels to participate can lead to diverse perspectives and innovative solutions, as this diversity of thought often proves to be a potent catalyst for creativity and problem solving.

Moreover, team leaders can take on the role of facilitators, guiding discussions and providing support where needed. Recognizing and celebrating the efforts and contributions of team members within the innovation corner can also reinforce a culture of innovation and motivate continued participation.

CONDUCT (BETTER) VIRTUAL TEAM-BUILDING ACTIVITIES

Virtual team-building activities provide a valuable opportunity to strengthen relationships, boost morale, and nurture a collaborative spirit among team members who may be geographically dispersed. Building a strong sense of camaraderie and cohesion within remote teams is essential for fostering innovation and maintaining high-performance standards.

To ensure the success of virtual team-building activities, leaders must go beyond the typical icebreakers and rethink the approach. Here are some key principles to consider when conducting better virtual team-building activities:

Purposeful planning. Each virtual team-building activity should have a clear objective tied to enhancing teamwork, trust, or problem-solving skills. Align the activities with specific organizational goals to ensure that they contribute meaningfully to the team's overall performance.

Engaging and interactive format. Opt for activities that encourage active participation and create a dynamic atmosphere. Virtual escape rooms, interactive quizzes, and collaborative online games are excellent options that promote engagement and fun while fostering teamwork.

Inclusivity and diversity. Consider the diverse backgrounds, interests, and preferences of remote team members when selecting team-building activities. Ensure that the activities are inclusive and accessible to everyone, regardless of their location or time zone.

Hybrid approach. For organizations with both remote and onsite employees, adopting a hybrid approach to team-building activities can help bridge the gap between the two groups. Integrating virtual and in-person elements allows everyone to participate, fostering a sense of unity across the entire workforce.

Consistency. Team-building should be an ongoing process, not a one-time event. Establish a regular schedule for these activities to maintain team connections and continually strengthen the bonds among remote team members.

Feedback and adaptation. Gather feedback from team

members after each virtual team-building activity to gauge its effectiveness and identify areas for improvement. Use this feedback to tailor future activities and ensure they align with the team's evolving needs.

These team-building activities help team members to bond with each other and with leaders, allowing for spontaneous interactions outside of the workplace and encouraging psychological safety because there's no risk involved. They also encourage team members from different departments to communicate when they wouldn't otherwise have a reason to. These activities lay the groundwork for a cohesive and motivated team, fostering an environment in which innovation can thrive and propel the organization toward its goals.

CELEBRATE AND RECOGNIZE INNOVATIVE ACHIEVEMENTS

Recognizing and celebrating innovative achievements within remote teams is a powerful driver of motivation and engagement. Timely acknowledgment of creative contributions reinforces their significance and communicates the organization's appreciation of the efforts of remote team members. Leaders who make recognition visible to the entire team through transparent communication channels will inspire others to follow suit and strive for excellence.

There are different ways to celebrate and recognize innovative achievements. Leaders can provide tangible incentives, such as gift cards or professional development opportunities, to showcase their appreciation. It can even be something as simple as recognizing "wins" in the company's weekly meetings to ensure that everyone shares their achievement.

Encouraging a culture of peer recognition is equally important. When leaders establish an environment where team members acknowledge and celebrate each other's innovative efforts, they foster a sense of camaraderie and create a supportive ecosystem for continuous innovation.

Celebrating and recognizing innovative achievements within remote teams plays a pivotal role in driving motivation and fostering a collective pursuit of excellence. By nurturing a culture that values innovation and encourages creativity, organizations empower remote teams to push boundaries, explore new ideas, and drive transformative innovations that propel the organization toward its goals.

ESTABLISH VIRTUAL MENTORSHIP PROGRAMS

A final strategy to boost innovation in remote teams—and therefore increase employee engagement—is virtual mentorship programs. These programs offer a unique opportunity for knowledge sharing and guidance, transcending physical distance and enabling remote team members to access invaluable mentorship relationships.

A virtual mentorship program pairs seasoned mentors with aspirational mentees seeking to develop their skills and excel in their roles. Through these digital connections, mentees gain access to a wealth of experience and valuable insights, empowering them to navigate challenges and seize new opportunities with confidence.

To establish virtual mentorship programs, organizations must be purposeful with their mentor-mentee pairings and have a clear objective for the program. Aligning mentees with mentors who possess relevant expertise and shared interests will create meaningful and productive relationships.

An interesting approach to virtual mentor programs can be to include a few reverse mentorships, in which younger generations share insights and knowledge on topics they are experts on with older generations.

However, once the virtual mentorship programs are created, it's important to consider time zones and schedules and make sure the mentors and mentees meet at consistent times to ensure success.

Ultimately, virtual mentorship programs serve as catalysts for remote team members, empowering them to connect with experienced mentors and allowing them to continue to learn and encourage brainstorming for innovation.

The implementation of strategies that foster innovation plays a pivotal role not only in improving remote team performance but also in cultivating employee engagement. Embracing a culture of creativity, driven by these five strategies, empowers remote team members to thrive in their roles and enhances their sense of belonging and fulfillment.

Collectively, these strategies drive innovation within remote teams and contribute to a deeper sense of engagement among employees. As team members feel inspired to contribute their ideas and skills, they develop a stronger sense of purpose and ownership, aligning their individual goals with the organization's broader vision.

Ultimately, by prioritizing innovation and encouraging remote team members to actively participate in the creative process, organizations unlock the full potential of their workforce. A culture that values innovation boosts remote team performance and fosters a cohesive and engaged workforce, paving the way for continued success and growth in the rapidly evolving landscape of remote work. As organizations embrace these strategies, they lay a strong foundation for a thriving remote workforce that is prepared to navigate future challenges and embrace new opportunities with resilience and ingenuity. AQ

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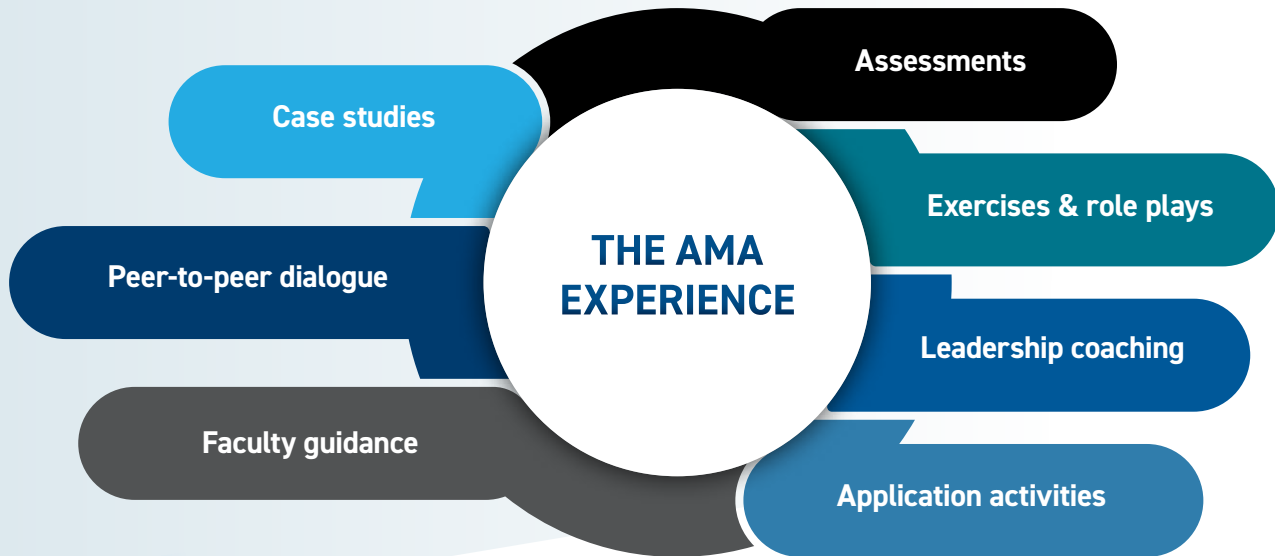
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