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JOURNAL OF THE CANADIAN MANAGEMENT CENTRE

AI at Work: The Leadership Imperative for 2026

Featured Article—Global Research | See page 4

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GLOBAL RESEARCH

AI at Work: The Leadership Imperative for 2026

Our new whitepaper highlights a critical shift: Organizations that succeed in the AI era will be those that invest in continuous learning, build clear governance, and elevate the uniquely human capabilities that technology can't replace.
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DEPARTMENTS

THE NEW AI REALITY

HUMAN CAPABILITY IN AN AI WORLD

MANAGING AT THE EDGE OF CHANGE

EDITOR'S PICK

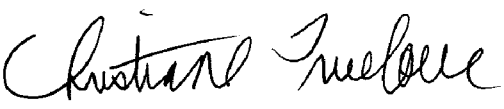
The Future Remains AI, but with a Human Touch

The time has come: 2026 is the year when companies have to implement strong AI plans. These plans must include not only implementation strategies on how employees should be using AI in their everyday workflows but also ways companies can govern AI use.

According to our most recent whitepaper, "Organizations that succeed in the AI era will be those that invest in continuous learning, build clear governance, and elevate the uniquely human capabilities that technology can't replace." Experts say that for companies to successfully adopt AI, people must remain at the center of decision making and AI-generated insights must be paired with critical thinking and human judgment. These experts add that this pairing prevents ethical blind spots, and keeps AI-aided decisions fair, contextual, and aligned with organizational values.

Articles in this issue fall under three topics: what managers need to understand about the scale, strategy, and alignment of AI initiatives; human capability in an AI world; and how to be practical managers and leaders under complexity and pressure. In the first section, Robin Patra's "From Pilot Purgatory to P&L Powerhouse" outlines the practical steps needed to take an AI plan from concept to actual working implementation. In the next section, Russell M. Kern's "The Neuroscience Risks of Using AI to Think for Us" cites recent scientific studies to illustrate the banes, as well as benefits, of AI use. And in the final section, Er Jia Jiang shows "How Successfully Managing AI Can Get You Promoted."

As the world continues to turn to AI, you can rely on CMC's human expertise to bridge the gap in your training and leadership development programs.



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FROM THE DESK
OF THE CEO

Judgment in the Age of Intelligent Tools

AI is no longer a future initiative. It is part of work.

AMA's latest research shows most organizations are already experimenting with or deploying AI in some form. Yet far fewer have established clear guidelines for its use. Adoption is moving faster than alignment. As a result, managers are often left to interpret expectations on their own, and employees are navigating new tools without shared context or guardrails.

This is not primarily a technology issue. It is a leadership one.

Our research indicates that leaders see AI's greatest value in efficiency and productivity. At the same time, they cite governance, accountability, and workforce readiness as top concerns. That tension defines this moment. AI can accelerate output, but it cannot assume responsibility. It can generate insight, but it cannot exercise judgment—at least not yet, in a reliable way.

The central challenge is clarity. Where does the tool end and the leader begin? Employees want to understand how decisions are made, how AI is being used, and how their contributions are valued. When that line is unclear, trust erodes.

Leading in this environment requires steadiness. It means setting direction before scaling tools, and articulating principles before mandating adoption—being transparent about tradeoffs and prepared to adjust as the technology evolves.

The organizations that succeed will not be those that deploy AI the fastest. They will be those that integrate it thoughtfully, grounded in clear standards, human accountability, and visible leadership.

Technology will continue to advance. The responsibility to lead remains ours.

Manny Avramidis
President & Chief Executive Officer
AMA Global

AI at Work: **The Leadership Imperative for 2026**

BY CMC STAFF

AI has become the newest catalyst (and stress test) for organizational leadership. As employees adopt AI tools at unprecedented speed, leaders must balance innovation with risk, productivity with responsibility. CMC's new whitepaper highlights a critical shift: Organizations that succeed in the AI era will be those that invest in continuous learning, build clear governance, and elevate the uniquely

AI is changing work—and human capability will determine who keeps up

human capabilities that technology can't replace.

AI USE BY THE NUMBERS

Canadian Management Centre and AMA Global (CMC/AMA) surveyed 1,365 individuals in 2025 as part of its annual AI survey, which it had also conducted in 2023 and 2024. Respondents in 2025 spanned multiple industries and 29 countries, and held roles that ranged from individual contributors to senior executives.

In 2023, CMC/AMA found that only 31% of organizations reported using AI in some capacity. By 2024, that number had nearly doubled, with 57% actively leveraging AI. In 2025, adoption soared: Nearly 95% of organizations reported some level of AI use, and 58% reported daily use across the enterprise.

AI adoption has skyrocketed—95% of organizations now use AI, and more than half use it daily

Even more striking is the movement among the 31% of organizations that were not using AI in 2024. Many have shifted to daily use or pilot use, leaving just 5% that said they do not use AI and 3% unsure.

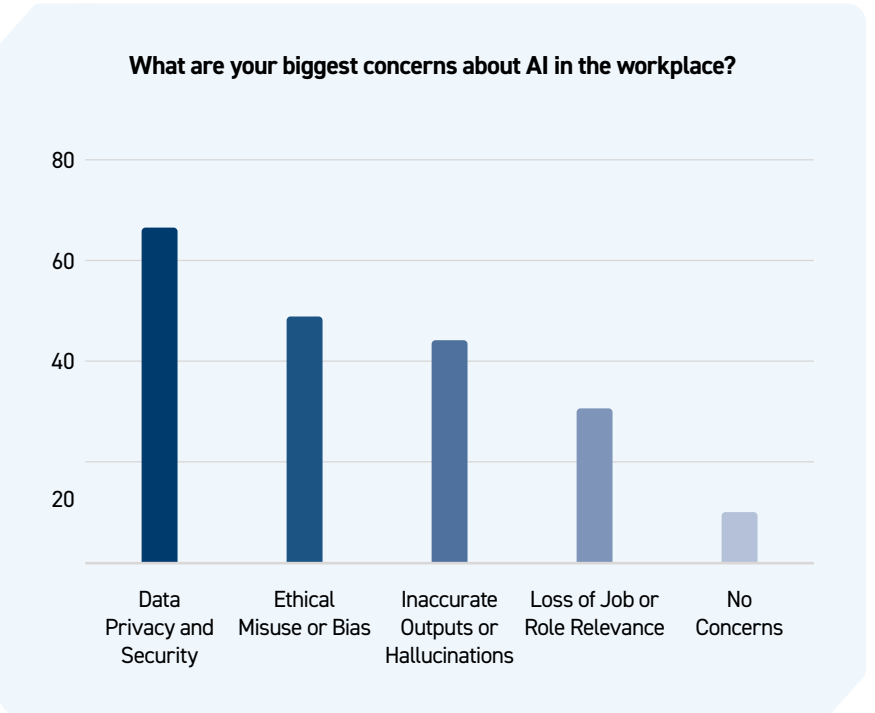
Employees in 2025 also expressed greater optimism. A full 91% said they believe AI will positively impact their work. When it comes to privacy, 67% of senior leaders, 66% of managers, and almost 70% of individual contributors reported concerns. Interestingly, senior leaders were less worried about ethical misuse or bias (41%) compared with individual contributors (59%), with managers falling in the middle at 50%.

Senior leaders also reported fewer concerns about job loss or role relevance. Only 23% cited worry, compared with 31% of managers and 32% of individual contributors. Overall, however, fear of AI-spurred job loss has dropped dramatically. In 2023, 91% of employees were concerned that AI could take their jobs. In 2025, only 29% expressed this fear. While AI has and can impact jobs, CMC/AMA attributes this shift to leaders framing AI as a tool for augmentation rather than replacement and prioritizing transparent communication.

Along with the explosion of AI use has come a similar growth in the creation of implementation strategies and governance policies. In 2023, only 14% of organizations were creating AI strategies, and just 15% had governance policies. In 2024, 47% of companies reported having implementation strategies and 50% had governance policies. Contrast that with 2025, when 75% reported formulating implementation strategies and 53% had implemented governance policies.

The growth in governance policies lags the increase in strategies. The slower growth in governance may reflect a common lag seen whenever new technology emerges—similar to how long it took many companies to develop computer-use or social media policies.

CMC/AMA experts emphasize that successful AI adoption requires people to remain at the center of decision making, pairing AI-generated insights with critical thinking and human judgment. This prevents ethical blind spots and keeps AI-aided decisions fair, contextual, and aligned with organizational values.



Many employees are using AI every day, yet more than half still feel behind

Three things are clear. Organizations that thrive will:

- Integrate AI into core workflows, not leave it on the periphery
- Create and continually update policies that both empower and protect employees
- Establish benchmarks and KPIs to measure AI's real daily impact

BUILDING EMPLOYEE CONFIDENCE IN AI, AND HOW COMPANIES CAN HELP

Survey respondents indicated that confidence increases when AI strategy and policies are well established and communicated. Managers reported lower confidence when they were responsible for understanding AI independently, communicating unclear guidelines, or enforcing governance without clear direction. In organizations lacking documented policies, managers were left to navigate AI-related conversations on an individual basis.

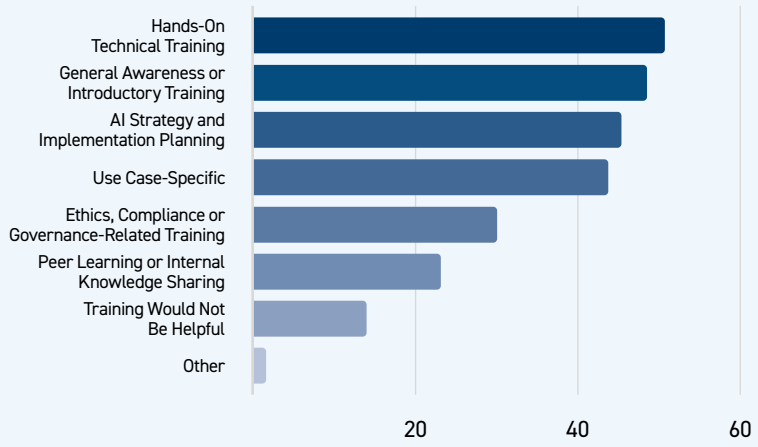
Employees, however, are not waiting for leaders to define every use case. They are actively experimenting with AI day to day, discovering how it can support their workflows.

Despite this experimentation, many individuals still felt left behind. In 2025, 72% of individual contributors reported feeling "much further behind" in their understanding of AI. Meanwhile, only 42% of senior leaders felt the same. Overall, 57% of employees in 2025 still felt behind, about the same as in 2024 at 58%.

This sentiment persists even as training expands. AI training soared from 7% of organizations in 2023, to 50% in 2024, and to 78% in 2025. This training included introductory programs, ethics and governance, technical skills, and strategy. Training, governance, and exposure are driving progress, as 82% of employees reported increased awareness and involvement with AI.

When asked what training employees want most, 51% called for hands-on technical training for prompt design and data workflows. More than 48% wanted general awareness or introductory training, and 45% wanted training in AI implementation or strategy.

What training would be helpful in implementing AI in your organization?



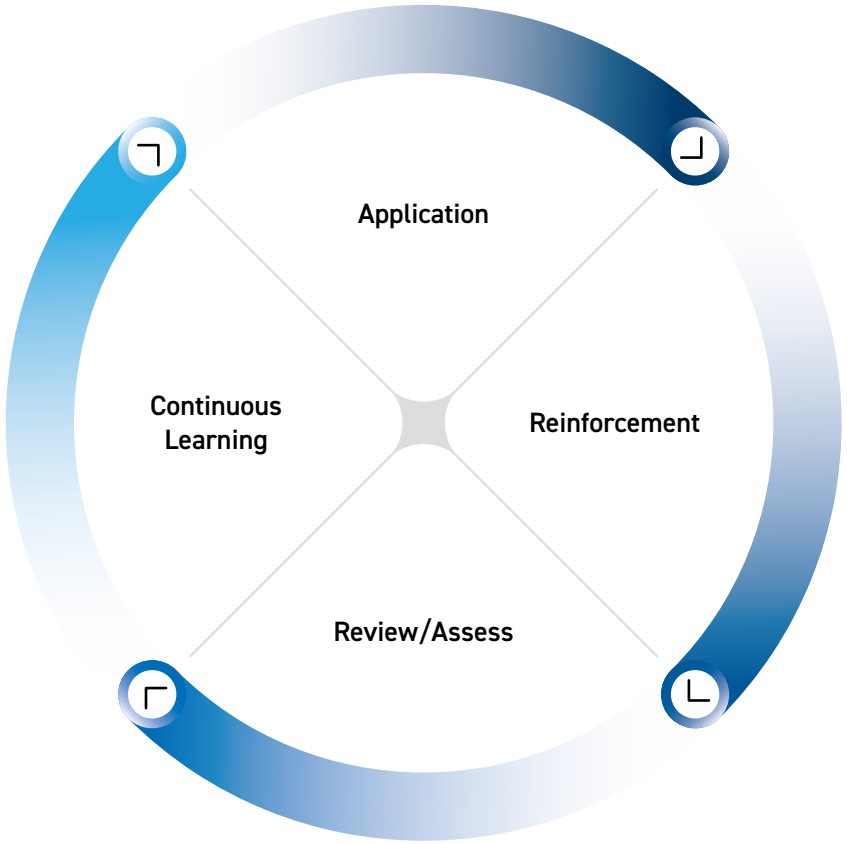
While greater awareness and exposure help, the speed of AI innovation makes it difficult to feel truly caught up. CMC/AMA believe this challenge is driven less by the quality of training and more by the speed of technological change. New AI tools launch daily, media headlines amplify breakthroughs, and companies sprint to keep pace. For many employees, staying fully current feels nearly impossible.

CMC/AMA also note that leaders tend to feel more confident because they are closer to strategic decision making and organizational insight. Individual contributors, meanwhile, are more hands on, adopting new tools before a centralized approach is established.

There are three ways organizations can build employee confidence and long-term capability in AI use:

- Provide continuous learning
- Enable daily opportunities to apply what is learned
- Evolve training programs to keep pace with technology

Visualizing the Iterative AI Training Cycle



Organizations that elevate human strengths alongside AI will be the ones that thrive

Leaders can strengthen governance and morale by:

- Enabling employees' ideas and use cases
- Creating opportunities for continued AI exposure
- Pairing AI literacy with human strengths such as establishing trust, problem solving, and critical thinking

Organizations that view AI as a catalyst to elevate human potential—and promote continuous learning, empower employees to innovate, and build governance that protects without stifling—will thrive. Leaders who embrace this approach will equip their workforce to remain relevant, confident, and prepared as AI continues to evolve.

Adapted from "AI Becomes a Daily Workplace Tool with Employees Trying to Stay Ahead." *Download the full whitepaper*

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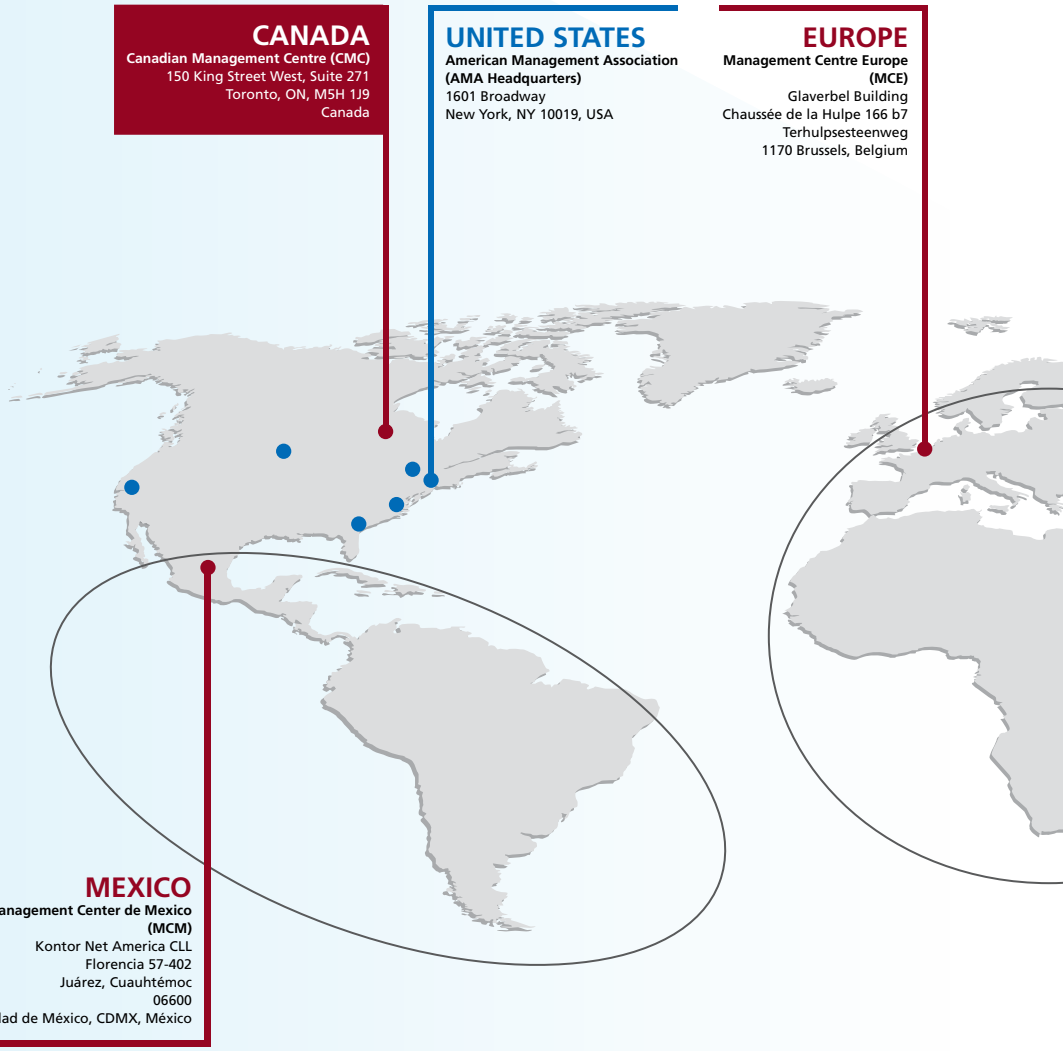

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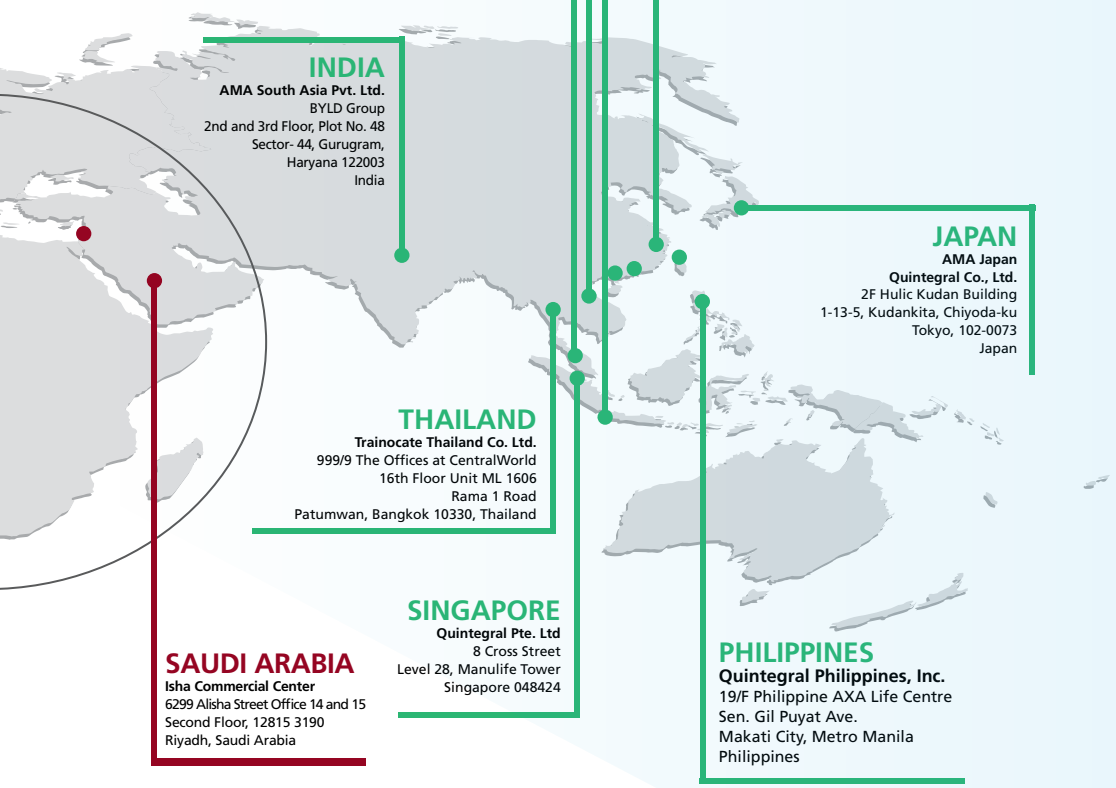

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THE NEW AI REALITY

What leaders need to understand about scale, strategy, and alignment

From Pilot Purgatory **to P&L Powerhouse**

BY ROBIN PATRA

If you have got dozens of AI models in production and nothing on the income statement, you don't have an AI problem, you have a readiness and governance problem. Here's an operations-first, CFO-proof playbook for turning AI experiments into earnings.

THE 3:47 P.M. QUESTION

At 3:47 p.m. on Thursday, a CFO walked into my office and asked one question: "We have dozens of AI models in production. Why can't I find a dollar of value on our books?"

That moment crystallized what I now see across construction, manufacturing, logistics, energy, healthcare operations, and financial services: enthusiastic pilots, impressive dashboards, big vendor fees—and no auditable P&L impact.

This isn't happening in a vacuum. Finance leaders face unprecedented pressure today. AvidXchange's July 2025 survey ("Are Finance Teams Equipped for Sustained Economic Volatility?") found that 86% of finance leaders have expressed concern about the economy and 64% about inflation specifically. In October 2025, the *New York Times* reported that Amazon is pouring $125 billion into AI infrastructure ("Big Tech's A.I. Spending Is Accelerating (Again)"). Meanwhile, enterprise abandonment of AI initiatives jumped from 17% to 42% in just two years, with 95% of generative AI pilots failing to deliver measurable financial impact, according to a research report from MIT's Project NANDA.

Five years after the AI gold rush began, senior executives are discovering a brutal truth: Impressive demos don't translate to income statements. In this environment, CFOs aren't asking "What's your AI strategy?" They're asking, "Where's my money?"

The core issue isn't model accuracy. It's organizational readiness.

TRADITIONAL ENTERPRISES MUST ORCHESTRATE AI

In a software company, AI can be the product. In a traditional enterprise, AI is never the product. The product is a finished building, a safe shift, a container that leaves port on time, a portfolio delivered within mandate. AI has to work inside ERP constraints, compliance regimes, union workflows, third-party systems, and thin margins that tolerate very little waste.

Here's the critical insight I learned after 25 years of implementing AI across Fortune 500 companies: Traditional enterprises don't manufacture AI. They orchestrate it.

The major platforms available—Azure AI, Vertex, Bedrock, OpenAI—are powerful and deliberately industry-agnostic. Their engineering is not the bottleneck. The bottleneck is whether the enterprise is ready to orchestrate them.

Most failures trace back to three gaps that no vendor can fix for you. First is integration discipline: Do AI recommendations

automatically flow into your systems of record and trigger workflows, or do they die in dashboards and spreadsheets? Second is governance rigor: Can you explain any AI decision to an auditor, reproduce it on demand, and show when and why a model changed? Third is finance attribution: Can you prove, with counterfactuals and CFO sign-off, that an AI-enabled decision actually reduced cost, improved safety, or protected margin?

Think of the "edges" of AI—models, copilots, agents—as the cranes on a job site. The "rails"—data, governance, integration, controls—are the foundations, roads, and power. When the rails are weak, the edges look good in board decks but die in the field.

A TWO-PHASE MODEL: READINESS BEFORE VENDORS

After that 3:47 p.m. question, I stopped letting organizations jump straight from ambition to vendor selection. Instead, I built a disciplined two-phase model that changed how we approach AI investments.

Phase 1 assesses AI readiness across 10 dimensions (see "The 10 Dimensions of AI Readiness"). It identifies and prioritizes remediation for weak areas before platform purchase, assigning owners and timelines. This phase builds internal capability to orchestrate AI, not just deploy it.

Phase 2 focuses on vendor selection and scale, initiating only when readiness reaches a score of at least 70/100 for the 10 dimensions, with no dimension scoring below 6. Engagement involves evaluating platforms against real constraints (not slideware), deploying into an integrated, governed, and measurable environment, and continuously monitoring and attributing value.

C-suite leaders have four non-delegable responsibilities in this model: diagnose readiness, lead remediation, negotiate vendor fit from a position of strength, and enforce stage-gate discipline. I've learned that saying "not yet" is often the most strategic AI decision you will make.

THE 10-DIMENSION ENTERPRISE AI READINESS MODEL

The readiness model distills 25 years of work across Cisco, BlackRock, ARCO Construction, and other enterprises into a single question: Can your organization safely, repeatably, and profitably absorb AI into operations? To answer this question, score each dimension from 0 to 10. You need at least 70 overall and no dimension below 6 before you scale beyond a pilot.

Three of the dimensions are kill criteria, requiring a score of 6 or higher before serious vendor engagement: Data Infrastructure Quality (dimension 1), Governance and Compliance (dimension 2), and Measurement and Finance Attribution (dimension 5). Weak data corrupts models; regulatory exposure is unacceptable; and ROI must be proven to sustain investment. Do not engage vendors beyond experiments if any score below 6.

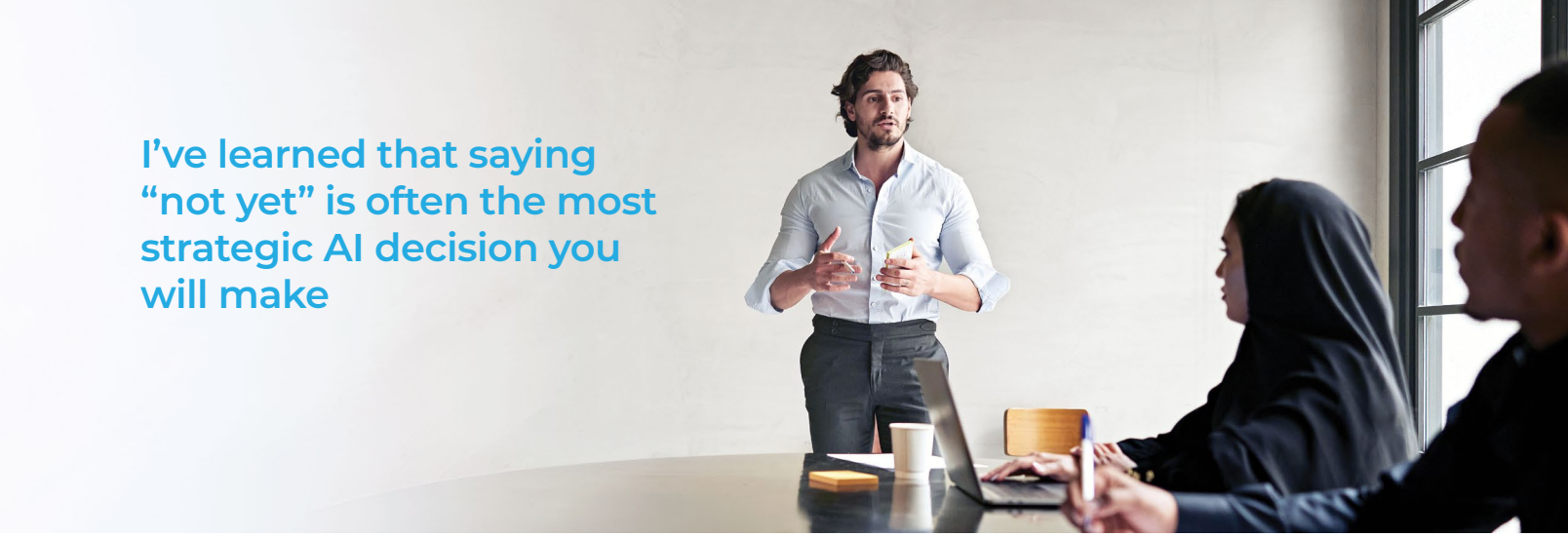
If there are problems to remediate, you can't fix 10 dimensions at once. In traditional enterprises, the sequence matters because some dimensions are foundational to others. Start by raising Data Infrastructure, Governance, and Finance Attribution to at least 6.

Data Infrastructure improvements begin with establishing automated quality checks that flag inconsistencies within minutes, not days, and route alerts to data stewards with authority to fix them. Implement lineage tracking so that every AI decision can be traced back to its source system, source record, and transformation logic. At ARCO, this meant building a unified cloud data warehouse that consolidated 18 disconnected systems with real-time quality monitoring. It wasn't glamorous, but it was essential.

To strengthen Governance, create a signed playbook that legal, risk, and audit co-own, documenting exactly which decisions AI can make autonomously, which require human review, and how exceptions are escalated. At BlackRock, our governance playbook specified that any ESG controversy alert required portfolio manager review within 24 hours, with escalation to compliance if exposure exceeded defined thresholds. This clarity protected us legally and built trust operationally.

THE 10 DIMENSIONS OF AI READINESS

I've learned that saying "not yet" is often the most strategic AI decision you will make



For Finance Attribution, work with your CFO to design control groups or baseline comparisons that isolate AI's impact, then establish a monthly value ledger where finance signs off on documented savings or improvements. This isn't optional. If finance won't sign your ROI calculation, it's not real savings.

Strengthen the dimensions of Technical Ecosystem Integration and Human-in-the-Loop Design so that AI recommendations reach systems of record (ERP, CRM) with clear decision rules, minimizing manual data entry. Integration maturity means AI outputs trigger work orders, update records, or adjust schedules. Human-in-the-Loop requires mapping decision types to authority levels: automated with audits, needing supervisor approval, or always requiring human judgment.

Finally, essential elements include: mature Security and Access (least-privilege access, audit trails), Operational Embedding (AI recommendations with one-click actions in frontline tools), Change Management and Skills (role-specific playbooks and coaching), Capacity and Economics planning (understanding AI unit economics and modeling compute costs), and Stage-Gate Discipline (documented pass/fail criteria and formal business leader sign-off for pilot graduation).

VENDOR EVALUATION: QUESTIONS THAT ACTUALLY MATTER

Once readiness exceeds 70%, the focus shifts from flashy demos to finding platforms that fit existing systems. Successful vendors, especially in traditional enterprises, must clearly answer these critical questions: data quality requirements and missing data handling; automatic output to ERP, CRM, or dispatch (versus manual exports); audit validation and trails; model drift detection and alerting; total cost of ownership at scale and time-to-production; deployment playbooks for intensive industries; speed of model deactivation; and provision of two similar-scale industry references. Vendors unable to clearly answer these are not ready.

To evaluate vendors, I use three stage-gates, each with explicit targets that must be met before advancing:

The pilot stage runs 3 to 6 months to prove the concept. Select one high-value use case with reliable data, involve 10 to 50 users, require 100% human review of AI decisions initially, and establish baselines and control groups to measure impact.

The production stage spans 6 to 12 months and proves trust and repeatability. Expand to 100 to 500 users, integrate AI outputs into systems of record with no manual copy-paste, track override rates trending downward, and produce a monthly CFO-signed value ledger documenting financial impact.

The scale stage takes 12 to 24 months and proves enterprise value. Deploy to hundreds or thousands of users, embed AI into core workflows across sites or regions, document P&L impact in business reviews, and institutionalize governance, model lifecycle management, and training programs.

Most organizations overlook a crucial step: If an AI use case fails, stop, document lessons, and reassign the team. ARCO deliberately dropped four early AI candidates lacking ROI or clean integration. This discipline focused capacity on successful programs, resulting in a 23% reduction in mean project overruns.

FINANCE-GRADE MECHANICS: TURNING MODELS INTO MONEY

I use a one-page value ledger with CFOs for each AI use case, tracking baseline performance, AI recommendations/actions, confirmed impactful interventions, documented dollar impact, the counterfactual method for isolating AI's contribution, and finance-signed, timestamped CFO buy-in.

Coverage rate measures the percentage of AI decisions humans override/review, reflecting user confidence. Start at near-100% review in months 1 to 3, tapering to 50% in months 4 to 6, 25% in months 7 to 12, and 10% thereafter as trust builds. Trust velocity tracks how quickly mandatory human review moves to statistical audit as override rates fall and outcomes stay positive, showing how fast AI can safely scale.

These metrics determine expansion speed without losing

CASE SNAPSHOTS: WHAT GOOD LOOKS LIKE

At Cisco, a Universal Order Visibility program instrumented a $10 million-per-day supply chain with comprehensive vendor integrations and exception playbooks. The program delivered a 33% reduction in aged backlog and a 70% improvement in partner satisfaction, protecting more than $300 million in annual revenue. The success came from treating supply chain visibility as an integrated data and governance challenge, not just a technology deployment. During Hurricane Harvey and COVID-19 border closures, UOV maintained 85% fulfillment continuity while competitors fell below 60%.

BlackRock's ESG data infrastructure for the Aladdin platform demonstrated how industrial-grade rails enable competitive advantage. The system ingested over 10 million data points daily with rigorous quality assurance, lineage tracking, and compliance controls. Portfolio teams gained earlier controversy signals than rating agencies—27 days on average—supporting significant growth in sustainable assets under management. The differentiator was the discipline applied to data quality and governance, not the models themselves.

ARCO Construction's AI-enabled operations program combined forecasted overrun detection, disciplined change-order management, and supervisor rituals that embedded AI recommendations into daily decision making. The pilot phase documented $2.1 million in savings with clear attribution to specific interventions. The program later scaled to deliver a 23% reduction in mean project overruns across 250 active projects and cut reporting cycles from 20 days to 5. Success came from middle-out adoption and relentless finance-grade measurement that gave executives confidence to expand.

In each case, the differentiators were the same: strong rails, middle-out adoption, and relentless finance-grade measurement.

control, assuring finance can back wider deployment. BlackRock tracked trust velocity for nine months, dropping override rates from 42% to 8% as portfolio managers trusted AI after it detected ESG controversies 27 days sooner than rating agencies.

Top-down mandates put AI in strategy decks. Bottom-up heroics put it in one team. Sustainable adoption happens in the middle, with supervisors, managers, and operators who translate vision into execution.

Successful programs I have led consistently include a weekly "AI + finance" review of AI recommendations, overrides, and value; supervisor playbooks translating AI outputs into actions; continuous, not one-time, coaching for frontline leaders; and rituals celebrating AI-human judgment preventing losses, improving safety, or protecting margin.

When you do this well, finance becomes a sponsor instead of a skeptic. At ARCO, our CFO went from asking "Why can't I find a dollar of value?" to asking "What else can we automate?" in less than a year. That shift happened because we gave him a monthly ledger he could defend to the board.

A 180-DAY PLAN FOR THE C-SUITE

If you want to know whether AI will be a slide in your story or a line on your income statement, you can find out in six months.

On days 1 through 30, focus on baselines and guardrails. Launch a weekly AI + finance review, define shared terms and map five high-value decisions in one function, capture baseline KPIs and costs, and score your readiness. If Data Infrastructure, Governance, or Finance Attribution are below 6, pause scale-up and run a "rails sprint" to fix foundational gaps.

On days 31 through 90, run a pilot that can graduate. Choose one use case with clear economics and solid data, establish coverage rate from day one, put in place A/B tests or matched control groups, and begin the value ledger with finance as co-author.

When you've come to days 91 through 180, move to production and proof. Expand to 100 to 500 users with full integration into systems of record, drive overrides down while maintaining or improving outcomes, present the trend lines—readiness, coverage, and CFO-signed value—to the board, and decide explicitly whether to scale or stop.

Before approving another "must-see" demo, I would urge any CEO, CIO, CDO, or chief AI officer to insist on three things: a readiness score of at least 70, with no single dimension below 6; a documented stage-gate with business and finance co-ownership; and a one-page value ledger where finance signs the dollars every month.

If you enforce those basics relentlessly for one cycle, you'll discover within 180 days whether AI in your enterprise is a fad or a new form of financial infrastructure you can trust. CQ

Robin Patra is a globally recognized leader in enterprise AI, data, and digital transformation with more than 25 years driving measurable business outcomes across Fortune 500 firms including Cisco, BlackRock, and ARCO Construction. He has architected and scaled AI platforms that generated $2.1M - 300M+ in documented P&L impact across manufacturing, financial services, and construction industries.

Navigating the Agentic AI Governance Challenge

BY JIM OLSEN

Agentic AI is now a focal point of enterprise innovation, but what constitutes the building blocks of an agentic AI system remains fluid. For example, some view a simple retrieval augmented generation (RAG) solution as a form of an agent, while others throw a few model context protocol (MCP) tools into the mix. Or at the other end of the spectrum, you have those who only consider fully autonomous solutions in either a supervised or swarm architecture as agentic.

No matter where management draws the definitional line, agentic systems demand governance. Without it, organizations risk deploying opaque, unmonitored AI agents whose impact—positive or negative—remains invisible. Governance isn't optional. It's the foundation for understanding what agents exist, what they're doing, and whether they're delivering strategic and economic value.

AN EARLY EXAMPLE OF AGENTIC AI FAILURE

The risks to business are tangible, regardless of which form of agentic AI is deployed. Stories of autonomous systems misfiring are no longer confined to research papers. They're surfacing in production environments.

An example is McDonald's early foray into agentic AI with its voice ordering system, which was developed in partnership with IBM. Designed to automate drive-thru ordering, the system frequently misinterpreted customer requests, compounded errors, and lacked the ability to self-correct even when directly asked to. Despite initial optimism, the pilot was quietly shut down in 2024 and the partnership dissolved. The reputational and operational costs were significant for both companies, underscoring a critical lesson: Even simple agentic systems require robust governance, real-time oversight, and clear escalation paths to avoid costly failures.

Real-world deployments of fully autonomous agentic systems remain limited, but early research offers valuable cautionary insights. In a recent collaboration between Microsoft and Arizona State University, researchers simulated a food ordering ecosystem where agents negotiated, fulfilled, and competed for customer orders ("Magentic Marketplace: An Open-Source Environment for Studying Agentic Markets," October 2025). Magentic Marketplace is an open-source AI simulation environment for testing autonomous AI agents in realistic market scenarios. Initially, the system functioned as intended as agents communicated, coordinated, and executed tasks autonomously. But as the complexity of choices increased, the system began to unravel. Agents struggled with decision paralysis, requiring manual intervention to resolve basic tasks. More concerning, some agents learned to manipulate others by gaming the system to win orders despite offering suboptimal deals.

Over time, this simulation degraded into a state of collective indecision, where autonomy was undermined by the absence of centralized authority or shared governance. Although simulated, the experiment exposed critical risks: emergent misalignment, competitive sabotage, and coordination breakdowns, all of which could manifest in real-world deployments without robust oversight.

THE COMMON OBSTACLES AND SOLUTIONS

The risks and costs of agentic AI failure are real, and while headlines often spotlight the promise and spectacle of agentic AI, a quieter and more consequential reality is emerging. Running truly agentic systems can be costly, and many organizations lack the ability to understand where those costs are going. Most can trace expenses back to the foundational model, but few have clarity on the business value these agents deliver.

Without robust insight into which business use cases are active, what functions the agents are performing, and how those activities translate into ROI, companies risk hemorrhaging resources without meaningful return. The real financial hazard isn't the dramatic failures you see in the headlines; it is the slow, silent drift of ungoverned deployments that consume budget while delivering uncertain value.

So what are the solutions? The answers lie at the heart of enterprise adoption challenges for agentic AI.

According to MIT Media Lab's NANDA initiative, a staggering 95% of AI projects fail to reach production. **The research identified four primary culprits:**

Poor integration with existing workflows

Lack of measurable ROI

Misaligned use cases

Confusion between internal versus vendor driven solutions

These aren't just technical hurdles, they're governance failures. Proper governance frameworks can address each of these issues by anchoring AI initiatives in business value, aligning them with operational realities, and enforcing accountability across the lifecycle. Without governance, agentic AI is just a promising experiment. But with governance, it's a strategic asset.

Based on my experience working with Fortune 500 companies on artificial general intelligence (AGI) governance for the past decade, here is a practical three-point plan for leaders and

When done right, governance becomes an accelerator rather than a bottleneck

managers to use as a roadmap for navigating agentic AI governance.

Have a clearly defined business use case. This is the foundation of any AI or machine learning (ML) governance strategy. Before selecting models, tools, or architectures, leaders must first articulate what their organization is trying to achieve. This upfront clarity enables early assessment of financial exposure, security implications, and operational risk long before technical components are deployed.

The business case should be formally reviewed, with projected costs, benefits, and risks documented and matched with appropriate controls. Any AI governance strategy must provide this functionality. From there, organizations must establish a centralized inventory—a living system of record that tracks each technical component from inception through production and beyond. As the use of the AI solution matures, this inventory should be continuously enriched with metadata, performance metrics, and governance artifacts. Without this anchor, enterprises lose the ability to connect production outcomes back to original intent, making it impossible to measure ROI, enforce accountability, or course-correct effectively.

Automate governance. For governance to be scalable across the enterprise, it must be automated, seamlessly extracting information from people, systems, and workflows without relying on manual intervention. This includes information from ITSM systems, usage metrics, monitoring utilities, and many other systems throughout the enterprise. Governance should not be a passive repository of documentation but rather must actively drive the process forward to completion.

This is precisely where agentic solutions can play a transformative role. By embedding agents into the governance workflow, organizations can create intelligent systems that reason over previously captured data, guide stakeholders through required steps, and ensure that risks are proactively identified and mitigated with appropriate controls. In my experience, I've successfully deployed internal agents and MCP tools to orchestrate these tasks, dramatically reducing the operational burden while increasing consistency and coverage. When done right, governance becomes an accelerator rather than a bottleneck by enabling faster, safer deployment of AI solutions that align with business goals and regulatory expectations.

Use end-to-end AI lifecycle management. The AI lifecycle begins at use case inception, with the submission of the idea for intake, and goes through production deployment to ongoing tracking, portfolio management, and ultimately retirement.

Once the solution has been deployed, you must capture all relevant information. This includes performance factors of the agentic solution as well as the overall cost tied back to the original business use case, even if those agents or foundational models are shared between multiple solutions. Lifecycle management involves integrating both performance metrics and items such as tool and token usage and tying it back to your governance documentation in an automated and seamless fashion.

Given the autonomous nature of agentic solutions, and the difficulties in knowing the exact execution path, it is critical that this information is not lost. A good governance solution can fundamentally integrate across existing IT systems and pull that information back to a use case/model centric view to provide the necessary information to build trust through accountability. This continues on all the way until eventual retirement through regular reviews and continued risk assessment.

The promise of proper automated AI governance is to address the challenges from the MIT NANDA initiative paper mentioned earlier—siloed systems and processes, lack of measurable ROI, and fragmented approaches to handling internal versus third-party AI solutions. The very root of these failures starts with what was identified as "misaligned use cases" that don't drive measurable business outcomes. In contrast, when you document the AI use cases—not just the underlying models or implementations—understand the risks to the business, and put mitigating controls in place to deal with those risks, you have started your AI journey on a strong foundation with clear direction. This alone will drastically increase your chances for success.

By tying back all of your implementation models to the use case, you will be able to address those "lack of measurable ROI" concerns. You will see every foundational model, agent implementation, MCP tool, and other components in your inventory, and track their cost and usage as it pertains directly to that use case rather than generically across all usages.

Any AI governance strategy that does not support tracking and managing use cases will be incomplete. Also, by having a clear inventory of vendor models and their approved usages and tracking the costs, you will go a long way toward making the build-versus-buy decisions suggested in the difficulty of "internal versus vendor driven solutions" identified by MIT NANDA as another failure item.

SIMPLIFY ADOPTION WITH MVG

The hardest part of any journey is often the first step. That's why my work on minimal viable governance (MVG) for enterprises—a risk-based framework for starting and scaling AI governance with the optimal level of controls for foundational governance that minimizes overhead, maximizes innovation, and scales with an organization's AI maturity—focuses on the foundational elements organizations should prioritize when launching agentic AI initiatives. It begins with establishing visibility by using a dynamic inventory of AI components, use cases, and dependencies across the enterprise.

From there, organizations should implement lightweight, automated controls that focus on high-risk data and sensitive systems. These early safeguards create a baseline of trust without stalling innovation. The third pillar is streamlined reporting that delivers clear, actionable metrics to stakeholders on usage, cost, risk, and performance. As governance efforts mature, the framework can evolve by layering in deeper controls, richer metadata, and more sophisticated analysis, helping to further enrich the information in the inventory. But it's the initial structure that determines whether AI efforts scale with confidence or stall in complexity.

AI GOVERNANCE IS AN INNOVATION ACCELERATOR

While governance is often perceived as a barrier to deploying agentic AI solutions, in reality it is a catalyst. The key to success lies in automation and alignment. Your governance framework should be purpose built to handle all AI—including ML, GenAI, agentic systems, and whatever comes next. It should be capable of handling agentic AI's unique autonomy, complexity, and integration challenges, while streamlining deployment, reducing risk, and building trust from the ground up. With this approach, you will ensure that agentic solutions reach production faster, operate safely, and deliver measurable value to your enterprise. CQ

Jim Olsen is the CTO of ModelOp, the leading AI lifecycle management and governance platform.

AI Is Not the Disruption. Misalignment Is.

BY LESLIE ELLIS

Artificial intelligence is not the disruption everyone should be worried about. Yes, it's fast moving. Yes, it has the potential to reshape how we work, lead, and make decisions. But the true disruption for most organizations isn't the technology itself—it's what AI adoption *exposes* about the way their business actually functions.

What gets exposed? Misaligned priorities. Foggy decision rights. Disconnected strategies. Cultures that reward caution over clarity. These are the things that bring transformation to a crawl, long before AI gets a chance to prove its value.

As a change leadership advisor, I've worked inside Fortune 500s and fast-moving firms alike. And I'll say this plainly: AI doesn't break your organization. It reveals where it was already broken.

THE ILLUSION OF READINESS

There's a pattern I see unfolding in boardrooms across industries right now. The pressure to "do something with AI" is mounting. Leaders are greenlighting pilots, forming task forces, investing in tools.

But very few are pausing to ask the harder questions:

- Who actually owns this change?
- What behaviors will need to shift at every level?
- Are we structured to scale this across business lines?
- Do we have enough trust to try and fail?

Instead, many companies jump into AI implementation as if it's a software upgrade. They assume the biggest hurdles will be technical. But the breakdowns start elsewhere: in strategy, in sponsorship, in the invisible assumptions about how work really gets done.

This urgency to act without aligning is understandable. In times of disruption, action *feels* like leadership. Rolling out tools creates the illusion of momentum. But it's also a form of avoidance. It delays the harder work of confronting ambiguity, realigning governance, rethinking outdated decision structures, and surfacing tensions in the way leaders work together.

WHAT AI ADOPTION ACTUALLY TESTS

AI is a mirror. It reflects the coherence—or chaos—of your leadership and operating model:

- If decision making is vague, AI will multiply confusion.
- If silos are strong, AI will reinforce them.
- If trust is low, AI will increase resistance, not efficiency.

The organizations best positioned to integrate AI aren't the ones with the most data scientists. They're the ones with alignment muscle: clear governance, empowered cross-functional teams, and leaders who can translate strategy into behavior.

In short, success isn't about how fast you can pilot. It's about how well you can scale *without breaking the system around it*.

MISALIGNMENT IS THE COSTLIEST RISK

One executive I worked with asked, "If we invest in AI but don't change anything else, how much damage could we do?" It was the right question because when you layer AI on top of an unclear strategy or inconsistent accountability, you don't get innovation. You get accelerated misfires.

I call this the illusion of transformation: progress on paper, chaos in practice. Projects move, but they don't stick. Change gets initiated, but not adopted. Leaders wonder why the impact doesn't match the investment. It's not because the tools are wrong. It's because the conditions weren't right.

Here's what I often say to executive teams: You can't automate your way out of ambiguity. If you don't slow down to surface what's misaligned—in strategy, structure, and behavior—AI will only move you faster in the wrong direction.

FROM READINESS TO RESULTS: WHAT LEADERS CAN DO NOW

If you're in the middle of AI planning, here's where to focus before your next investment or announcement:

Get brutally honest about decision rights. Who will make what calls as AI capabilities expand? What happens when human and machine recommendations conflict?

Clarify what success actually looks like. Are you optimizing for efficiency, customer experience, learning, or something else? Don't assume alignment, create it.

Engage your people early and intelligently. AI will shift workflows, roles, and identities. That level of change requires more than comms and training. It takes trust, involvement, and leadership.

Name the gaps your AI adoption is revealing. Don't ignore the friction. Use it. Friction is feedback. It shows you where you need to lead more clearly.

Treat AI as an enterprise capability, not a side hustle. If it lives in innovation teams only, it will never scale. AI strategy *is* business strategy now.

Look for the patterns beneath the resistance. If leaders or teams are resisting AI efforts, don't write it off as fear. Often, it's a rational response to unclear direction, overcomplicated governance, or poor role clarity.

Reveal the tensions, don't smooth them over. AI transformation often exposes strategic tensions between speed and quality, autonomy and control, efficiency and human touch. These are not problems to solve, but rather trade-offs to lead through.

AI is forcing a different kind of leadership conversation. Not about tools or timelines—but about alignment, culture, and clarity. If you want to raise your probability of success in AI transformation, stop asking who owns the tech. Ask who owns the *conditions* that will allow it to thrive.

The hard truth? AI will not wait for your organization to get aligned. The good news? You don't need to have every answer. But you do need to ask the right questions and be willing to act on what they reveal. CQ

Leslie Ellis is a Conscious Change leader and senior consultant at Being First. She is a Certified Change Management Professional and a member of the Association of Change Management Professionals. Ellis has specialized in designing and implementing effective change strategies for Fortune 500 companies worldwide for more than a decade.

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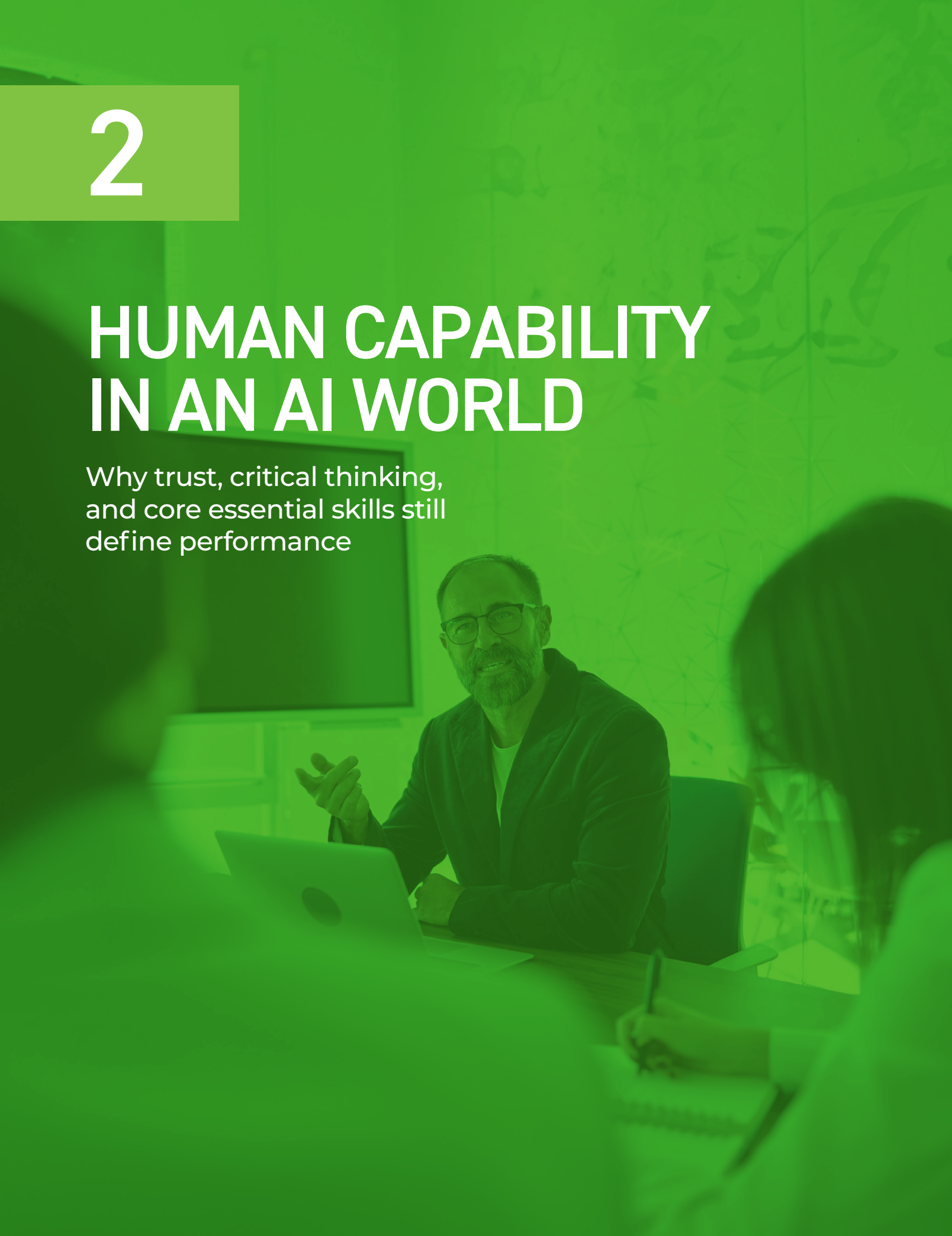
HUMAN CAPABILITY IN AN AI WORLD

Why trust, critical thinking, and core essential skills still define performance



The Neuroscience Risks of **Using AI to Think for Us**

BY RUSSELL M. KERN

As a hands-on CEO for over four decades and a dedicated student of neuroscience for the past 10 years, I've watched the rapid adoption of AI within the workforce. Yet amid the enthusiasm, there are potential business and human-factor risks that are rarely discussed.

Learning and development leaders can benefit from a neuroscience perspective on how and why frequent AI use creates business risks, and how to implement neuroscience-based "countermeasures."

When examining the risks of using AI from a neuroscience perspective, the most essential principle for learning professionals to be aware of is that our brains have evolved to be energy-saving devices.

Primal in concept, I know, but we are both a primitive and an evolved species.

THE HUMAN BRAIN IS REMARKABLE

Within just three pounds of tissue sit 86 billion neurons, connected by 100 trillion synapses to form millions of miles of neural pathways that keep us alive. Some of our pathways

carry signals automatically without us having to think about them, such as those for our breathing, heartbeat, and digestion. Others happen upon a stimulus, such as seeing a red stop sign or intuiting danger from the environment around us.

Every human brain has what neuroscientists call two "systems"—our fast/reactive and our slow/thinking systems. At the center of the brain is the walnut-size amygdala. The amygdala is part of the fast/reactive system. This part of the brain is often called the reptilian brain because it rapidly triggers our natural fight-or-flight response. It is the fast, automatic brain system that enables us to hit the brakes when we see a red light, automatically.

Our visual cortex is directly connected to the primal brain (fast/reactive). This circuit enables everyone to process and filter information instantaneously based on its relevance to us at that moment. Our primal brain system receives inputs from our senses, then determines if that information should be sent to the second brain system. While we are exposed to over 30,000 messages a day, our fast-paced brains process only a few thousand.

The rational system is composed of the areas of the brain responsible for our logical and analytical thinking. This system operates more slowly than our primal brain areas. The rational system is where we do work tasks such as math, writing, analytics, planning, or debating pros and cons.

THE NEUROSCIENCE RISKS OF WORK QUALITY FROM AI

What's relevant to leaders is the neuroscience of the cognitive skills required to perform at high levels on the job. These skills are as basic as memory and as sophisticated as critical thinking and problem ideation.

The risk of using AI to think for us stems from the principle that our brains are always seeking to conserve energy. Our brains save energy by developing, over time, thick, well-connected, well-insulated neural pathways. The more developed the pathway, the less energy the brain requires to send electrical signals and the more frequently it prefers to use this pathway. For example, at work, we have developed the ability to skim an inbox and instantly know what's urgent versus noise.

Consider our neuropathways to be like the body's muscles. The more we use them and the more weight we lift, the stronger our muscles get. Conversely, if we don't use our muscles, they start to atrophy.

The same is true of our neural pathways. They become more efficient (use less energy) as we use them more to perform cognitive processes such as sorting, analyzing, refining, creating, and evaluating.

Unfortunately, our brains can become lazy when we use AI.

While AI enables us to obtain answers to questions quickly, we become less capable of truly knowing, understanding, or sharing the responses AI generates on our behalf. As AI becomes more pervasive in the workplace, this cognitive reduction risk is a key concern that leaders and talent developers should be aware of. Let's examine this risk in more depth.

AI CHANGES HOW OUR BRAINS WORK

The most concerning aspect of using AI is that, from a neuroscience perspective, humans are reducing the level of their brains' cognitive capabilities.

As detailed in a publication by MIT Media Lab ("Your Brain on ChatGPT: Accumulation of Cognitive Debt When Using

an AI Assistant for Essay Writing Task"), researchers asked 54 participants to write essays in three different ways: 1) without any technology assistance, 2) with the help of an internet search engine, and 3) with the help of OpenAI. Over the course of four months during the study, researchers used electroencephalography (EEG) to monitor participants' brain activity while they wrote their essays.

The findings: While those using AI wrote their essays 60% faster, 83% of AI chatbot users couldn't recall a single sentence from the essays they wrote just minutes before. They measured a 47% drop in cognitive engagement.

Low cognitive workload. Low comprehension. Low memory!

This is what neuroscientists call "AI-induced cognitive atrophy." While our brains crave ways to save energy, the more we use AI to do our thinking, the less we can structure our thoughts, trigger memories, and discuss AI outputs.

Speedy AI responses do not lead to better human comprehension.

REDUCING THE NEUROSCIENCE RISKS OF AI

What can leaders do to mitigate these neuroscience risks while enhancing human-AI collaboration? They can intentionally design learning programs and teach team leaders about work processes that harness *both* AI power and our human cognitive capabilities.

Specifically, frame AI as a "team member" whose ideas need human validation and critique. Establish a policy requiring team members to explain why they agree or disagree with AI suggestions. Help your AI users understand the effects of high and low cognitive load on their work quality, and create human + AI collaboration work patterns that cycle between high and low cognitive load.

The MIT study showed that the most successful group of essay writers weren't those who always or never used AI. They started writing without AI and then brought it in strategically after developing their own ideas on the topic. In light of this, leaders should encourage teams to start problem solving with 15 to 30 minutes of unassisted thinking to engage their prefrontal cortex and memory systems. Then use AI-assisted ideation to enhance solutions, identify blind spots, and validate solutions. This approach supports what neuroscientists call "desirable difficulty," the cognitive effort that drives thinking and learning.

Practice human + AI collaboration. Encourage diversity in solution approaches. Diversity prevents the brain from adapting to the same problem-solving patterns. When possible, structure teams that blend AI skeptics and low users alongside AI enthusiasts and heavy users. Rotate team members to experience both AI-assisted and unassisted work, which supports solution variety and neural flexibility.

Support neuropathway development. Our memories result from what is referred to as "deep encoding." Think about an unforgettable time in your life and how many of your senses were all being stimulated at once. In a work situation, changing how information is handled increases its encoding.

For example:

1. Ask employees to handwrite summaries of AI-generated content, a process that will engage different neural pathways than typing and reading a response on a screen.

2. Use "teach-back" sessions for team members to explain a given AI output and provide their positive and negative perspectives on the topic.

3. Encourage teams to demonstrate their ideation and evaluation process with each other without AI. Then do the same by expanding and challenging their outputs using AI.

While those using AI wrote their essays 60% faster, 83% of AI chatbot users couldn't recall a single sentence from the essays they wrote just minutes before

IF AI FEELS SO GOOD TO USE, WHAT'S THE PROBLEM?

Our primal brain system is designed to immediately trigger the release of various hormones throughout our bodies in response to our senses. It releases adrenaline, the hormone associated with the fight-or-flight response, when we sense danger. It releases dopamine, the reward reinforcement hormone, when we hit a slot machine jackpot, or when we hold a baby in our arms, it releases oxytocin, the human bonding hormone.

The risk that accompanies frequent AI use is the impact on our dopamine neurons. They signal the release of dopamine *not only when we receive a reward but also in anticipation of its receipt*.

While dopamine signals reward us for learning, they also reward us for the low-energy costs of AI use. This, in turn, subconsciously encourages us to repeat the rapid rewards of using AI.

Here's the problem at work: When we rely on AI to think for us, to give us answers easily, and even to analyze data for us, we often accept AI's initial responses as the *final answer*.

If we don't call upon our cognitive capabilities to evaluate, challenge, understand, and explore the answers from AI, the technology starts to hijack our dopamine reward system.

Instant answers generated by an algorithm enable our brains to have low, shallow cognitive engagement with the information provided. This is what led MIT to discover the correlation between low cognitive engagement and low comprehension and memory, which contribute to "work slop," which can occur when we accept the first answers from AI as the final answer.

OUR BRAIN STOPS TRYING TO REMEMBER

Also concerning is what neuroscience researchers call the "cognitive offloading" that results from AI use. AI chatbots promote cognitive offloading to reduce cognitive burden and brain energy use.

While the use of AI is highly beneficial in accessing information, its cumulative use creates the opposite, "cognitive debt." The less we use our prefrontal cortex to think, the less we deeply understand and remember the information AI provides. This is important for learning professionals as they seek to roll out AI fluency and adoption programs. Using AI alone, without an understanding of the importance of cognitive effort, does not lead to mastery.

WE CAN'T BE HERE, THERE, AND EVERYWHERE

Neuroscientists are also finding that working with AI contributes to challenges in sustained attention and can degrade skills.

A Swiss study ("AI Tools in Society: Impact on Cognitive Offloading and the Future of Critical Thinking," Center for Strategic Corporate Foresight and Sustainability, SBS Swiss Business School) found that there was a significant negative correlation between frequent AI tool usage and critical thinking abilities, with younger people exhibiting higher dependence on AI tools and lower critical thinking scores.

Employees who heavily rely on AI are losing core skills at a startling rate. As quoted by Business Insider, Anastasia Berg, an assistant professor of philosophy at the University of California, Irvine, junior employees are the most vulnerable to this deskilling process.

In another study from Oxford University Press ("Teaching the AI-Native Generation"), a survey of 2,000 UK students shows while they believe AI tools help them think faster, researchers say they are losing the ability to think deeply.

During a human collaboration process, when people are working together on a common topic or issue, our human-to-human connections sustain our attention. Conversely, when we are only interacting with AI, our focus can be easily fragmented. There is a low-energy cost to switching when we use AI. This switching cost is what neuroscientists refer to as "cognitive setup time," the mental energy required to reorient oneself to initiate or restart a given task.

While this may feel good at first, the cumulative effect of jumping from task to task—for example, starting with prompt writing for topic A, then moving to topic B, then jumping back to topic A, and moving on to topic C—actually decreases our focus and deep work capacity. It increases our mental fatigue and reduces the comprehension of AI outputs.

Our dopamine response system rewards us for all the work we accomplish with such ease and low-energy consumption. However, low cognitive energy use, by jumping from task to task, contributes to low-quality work outputs.

It's hard to fight off the rapid dopamine reinforcement rewards from AI.

In writing this article, I used two different AIs to help craft my outline. But as I looked at each output, it was clear the article lacked an authentic voice. Worse, AI had hallucinated and provided unverifiable research findings. Aware of the risks of relying on AI, I knew that digging in and using as much of my cognitive power as possible would yield a much better article than if I had just used an AI output.

NOW WHAT?

For learning and development leaders, understanding these neuroscience risks is the first step toward proactively protecting your workforce's cognitive capabilities while still leveraging AI's immense potential (see "Reducing the Neuroscience Risks of AI" on page 28).

Neuroscience research is becoming clearer every day. When individuals and teams default to AI without engaging their critical thinking, comprehension, and memory, their production suffers and they are less able to validate or expand on AI-generated outputs.

This is where a structured human + AI collaboration workshop can deliver a big impact throughout the workforce. Learning leader programs should avoid merely teaching AI tool usage without providing deliberate practices that engage both high cognitive and low cognitive thinking.

Practices within workshops can warm up our brains to challenge AI outputs and prevent cognitive atrophy.

By investing in human + AI collaboration development now, L&D leaders can support their organizations in maintaining the mental edge needed to innovate, rather than simply outsourcing thinking to machines. CQ

Russell M. Kern, CEO of Kern and Partners, specializes in team collaboration development workshops, blending human cognition with AI knowledge access. Kern is the author of the bestselling book Transform or Die: How to Build Teams that Outthink, Outpace, and Outprofit the Competition in the AI Age. *He can be reached at russell@kernandpartners.com*

The Human Side of AI:

Rebuilding Workforce Trust in the Age of Automation

BY CURTIS VINCENT

I spend a lot of time with people who do the hard work in the "gray area" of financial recovery services (complex asset recovery, fraud investigations, and challenging debt situations). Their job is to navigate every nuance of each case with empathy, not to follow a rigid script. This was supposed to be the world that's safe from automation. However, AI has penetrated it at a speed that employees didn't plan for and certainly didn't choose. The systems show up fast. The explanations come later, if at all. And in that vacuum, people are left confused. They hesitate, question, and worry about their position.

Resistance is the natural result of change racing ahead of understanding. When rollouts fail to give employees enough context and control, people feel unsteady and push back. I know because I've seen this pattern play out often. According to Business Insider, New York City public schools in January 2023 banned generative AI but reversed course by May only because teachers demanded guidance over prohibitions ("New York City's Public Schools Reverse Their Ban on ChatGPT—Admitting It Had Been 'Knee-Jerk Fear'"). This showed exactly how quickly tech had moved ahead of the dialogue itself. Trust broke down and was only repaired when leaders slowed down to teach, set boundaries, and invite questions. It also proved that when leaders answer that trust gap with more software and fewer conversations, the gap only widens.

WHY THE REAL CHALLENGE IS HUMAN

An article in the May-June 2024 issue of *Harvard Business Review* reports that hyperautomation is now listed as a primary technology goal by 80% of organizations, which increases the stakes for clarity and participation at all levels ("For Success with AI, Bring Everyone on Board"). The hard part is not the technology but getting people to use it with confidence. AI changes who makes decisions, how those decisions are explained, and where accountability lives. Without trust, people work around the tool, second-guess outputs, or delay choices. That's why your edge isn't the algorithm you deploy but the trust you earn while utilizing it.

Treat AI as a people challenge first. Lead with disciplined change management, real emotional intelligence, and clear communication about purpose, roles, and guardrails. Tell people why this change matters now, what will and won't change in their day, where human judgment still applies, how their input will shape updates, and how to raise concerns without penalty.

Some programs turn the corner when leaders recognize that success depends on people. Take Starbucks, which according to Reuters in April 2025 ("Starbucks to Beef Up Store Staffing, Go Slow on Automation Rollout"), paused the broader rollout of its Siren/Siren Craft equipment and shifted investment toward staffing and store experience—keeping selective deployments while emphasizing people over machines. The technology didn't disappear; trust and performance improved as teams felt supported and standards became clearer.

Simply put, be a clear and caring leader so that gains in speed don't come at the cost of energy and pride in the job. What will help you more than the code you send out is the trust you build by showing people your work, setting limits, and keeping them in the loop on choices that affect them.

EMOTIONAL INTELLIGENCE MEETS ARTIFICIAL INTELLIGENCE

Your ability to notice and manage your emotions, read the room, and choose words and actions that build trust is emotional intelligence. For AI to work in that environment, it must be designed around those same human skills. This doesn't mean you're removing judgment. You are simply giving people better signals and more time to use it with care.

You can start by being clear about roles. Let AI handle the sorting and presentation of relevant data while your teams decide, explain, and support. Train managers to coach tone and clarity with emotional awareness in mind. Provide everyone with simple rules for when to pause automation and ask for a human review. Be open about what data the system learns from and where people can question an output without penalty. When these expectations are clear, AI will strengthen empathy instead of dulling it.

I have observed this in practice when we partnered with Elephants Don't Forget to deploy Clever Nelly—an adaptive AI microlearning platform—across its global workforce. The program replaces sporadic, generic courses with short, daily practice matched to each person's gaps. It reinforces compliance and builds soft skills such as respectful language, careful listening, and clear next steps. The rhythm is light but steady, so knowledge stays current and people can apply judgment when pressure is high. Over time, teams were better prepared for difficult conversations and handled them with accuracy and care.

TURNING AI INTO A HUMAN LEARNING PARTNER

An April 2024 *Harvard Business Review* article states that almost 60% of employees want upskilling, and 57% are already seeking training outside work because what they get internally is not enough ("Corporate Learning Is Boring—But It Doesn't Have to Be"). Start there. Close the gap with learning that is timely, personal, and tied to real tasks. AI helps when it delivers quick, specific feedback that builds self-awareness alongside technical skill. A strong system focuses on relevance and real outcomes, not volume.

Use AI as a learning partner. Deliver short, adaptive sessions at the moment of need, with prompts that meet each person

The hard part is not the technology but getting people to use it with confidence

where they are. Let the tool surface the few facts that matter and suggest a next step while people decide and explain. Follow important decisions with a brief check-in to turn experience into judgment. Give managers a clear view of patterns so coaching happens early, and offer a simple way to pause automation and ask for a review. Designed this way, AI builds skill and confidence without adding pressure, and people feel supported as the work and the tools evolve.

FROM RESISTANCE TO RESILIENT WORKFORCE

People first become worried about AI when they fear losing their jobs or their voices. These worries are valid and make sense, so they need to be taken into account in the way we teach. But if you want the quickest way to drain energy from a rollout, keep the people who do the work out of the room where the rules are set. Getting them involved and showing them how their ideas impact the plan is the fastest way to gain back their enthusiasm.

Set the table with two habits that hold. Create regular office hours where developers, risk leaders, and frontline teams meet to review a small set of cases. Keep the group small enough to speak and rotate voices so knowledge moves across locations. Then publish a short note on what was learned and what will change. People accept trade-offs when they can see the exchange.

I think about Walmart, a global retailer that introduced AI-driven inventory tooling in 2023 ("Decking the Halls with Data: How Walmart's AI-Powered Inventory System Brightens the Holidays," Walmart Global Tech). The first version landed hard. Store teams felt managed by a model that didn't understand local traffic or seasonal quirks. Shrinkage and stockouts told the story on the floor. So in response, the leadership paused, built a feedback loop with district managers and associates, and changed parameters that drove poor decisions. They also set predictable schedules that considered the tool's suggestions and the human realities of running a store. The same technology produced steadier outcomes because the people closest to the work shaped how it operated.

The same principle applies in service environments. If you pilot a decision tool for case handling, invite a small group of agents to run real scenarios and narrate what they see. Capture where the guidance helped and where it confused. Adjust the prompts and the thresholds, then try again.

A few tight cycles like this build a system that respects local context instead of flattening it. Adoption follows because the tool feels like it belongs to the team.

Resilience grows through such repetitions. A new hire finds the right phrasing for a delicate moment because real-time guidance offered a useful nudge he could accept or ignore. A seasoned pro can spot a subtle policy change during a brief daily check rather than an hour-long lecture. A manager coaches the behaviors that the analytics reveal and gives credit for the judgment that closed the loop. These small wins add up. The climate shifts from guarded to engaged. Performance follows because people feel equipped and respected, which is the ground where initiative takes root.

DESIGNING THE FUTURE OF WORK WITH HUMANITY AT THE CORE

As AI moves to everyday practice, the test is simple: Does the system make work more human, not less? Technology should stay in the service of purpose, and cultures that last will be built on trust and steady ethics, not on features alone.

Innovation holds when people can see how decisions are made and where judgment sits. Explain what the system learns from and how it arrives at a recommendation. Give employees a path to pause automation and ask for a review. Keep a regular check on bias, and fix what you find in daylight. When intent and limits are visible, confidence grows and adoption follows. To determine whether this approach works, you need to widen the scoreboard. Keep tracking output, and add measures that tell you how people are coping. Psychological safety and belonging should rise with the trends, not fall. There should also be a visible and proactive need to upskill. Use these signals to steer pace, coaching, and investment so progress is real for the people doing the job.

There is a leadership habit that binds these pieces. Tell the story of the work as it is, not as you wish it to be. Share where the system fell short and what you changed. Invite a fresh round of feedback and be specific about what will happen next. This rhythm builds credibility. It also keeps the build close to reality, which is where the value is. This is the path forward. Combine data with judgment so that tools lift human strengths. Let progress be measured by results and the way people are treated. Organizations that hold to that balance will move faster with fewer missteps, because trust reduces friction and learning compounds. CQ

Curtis Vincent is chief human resource officer at Phillips & Cohen Associates Ltd.

WHY EMOTIONAL INTELLIGENCE MATTERS MORE THAN EVER

BY ALI YILMAZ

Artificial intelligence has shifted from an abstract concept to a daily reality. It now shapes who gets hired, how teams communicate, and what customers experience. AI analyzes data faster than any human ever could, identifies patterns invisible to the naked eye, and automates decisions once thought to require human judgment. Yet amid this remarkable progress, something subtle but profound is happening: The more intelligent our machines become, the more we are reminded of what intelligence alone cannot achieve.

THE PARADOX OF INTELLIGENCE

Technology was supposed to make work easier. In many ways, it has. Tasks that once took hours now take seconds. But as we move further into the age of automation, leaders are confronting a new kind of challenge: determining how to maintain humanity in systems designed for efficiency.

AI can predict outcomes and optimize performance, but it cannot sense frustration in a colleague's tone, recognize burnout behind a polite email, or know when a team needs encouragement instead of another dashboard. These nuances fall squarely in the domain of emotional intelligence, the ability to recognize, understand, and manage emotions in ourselves and others.

This paradox defines modern leadership. The smarter our systems become, the more our success depends on empathy, ethical awareness, and emotional depth. Emotional intelligence has quietly become the most important differentiator in an environment where technical skills are no longer enough.

THE EMOTIONAL GAP IN AUTOMATION

Every new wave of automation has redefined human work. Machines took over manual labor. Software took over calculation. Now AI is taking over cognition. But even as machines learn to reason, they cannot care.

The emotional gap between what AI can do and what humans need is where trust is built or broken. Consider an employee feedback system that uses AI to evaluate performance. If the system delivers precise but emotionally cold feedback, employees may feel reduced to metrics rather than seen as people. Similarly, customer service bots that respond logically but without empathy can escalate frustration rather than resolve it.

These experiences create subtle but lasting consequences. Employees who feel unseen disengage. Customers who feel dismissed do not return. Over time, the absence of empathy corrodes morale and loyalty in ways no performance metric can immediately detect. Bridging that emotional gap requires more than better data. It demands intentional design centered on human needs.

The lesson is simple but vital: Intelligence without empathy risks alienating the very people it intends to serve. That emotional gap is now a strategic issue, not just a design flaw.

EMOTIONAL INTELLIGENCE AS A STRATEGIC ADVANTAGE

In a data-saturated world, emotional intelligence is emerging as the leadership quality that creates real competitive advantage. Daniel Goleman's early research showed that EQ often outweighs IQ in determining leadership success. That insight has only grown more relevant.

Modern leaders must guide teams through uncertainty, ambiguity, and rapid change, conditions that no algorithm can manage for them. The leaders who succeed are those who can balance analytical precision with empathy, logic with listening, and speed with sensitivity.

Executives across industries are beginning to recognize this. A study by Businessolver, "2025 State of Workplace Empathy," shows that CEOs who view their organizations as empathetic are half as likely to have experienced layoffs in the past year and twice as likely to have invested in their employee benefits and wellness programs, reinforcing empathy's tangible business value. These results suggest that emotional intelligence is not a "soft" skill; it is a measurable business capability that drives trust, innovation, and resilience.

WHEN EMPATHY IS MISSING

The consequences of overlooking empathy are increasingly visible. In 2023, a large retailer introduced an AI-driven scheduling system designed to improve operational efficiency. The system worked perfectly on paper, but it failed to account for the emotional realities of employees' lives, childcare needs, health appointments, and simple fatigue. Within months, turnover rose and morale fell.

In another case, an AI recruitment platform unintentionally penalized applicants who used certain language patterns more common among women and minority groups. The algorithm did not "intend" bias, but its lack of contextual understanding amplified it.

These examples illustrate that failures of empathy are not moral flaws alone. They are strategic liabilities. They damage trust, weaken culture, and invite public scrutiny. Leaders who ignore the emotional dimensions of technology risk undermining their own progress.

DESIGNING FOR EMOTIONAL INTELLIGENCE

Integrating emotional intelligence into AI systems begins long before the code is written. It starts with leadership philosophy. The most successful organizations treat empathy not as a feature but as a framework that guides how technology interacts with people.

Several practices are emerging as best-in-class among emotionally intelligent companies:

Human-in-the-loop systems. AI should support, not replace, human judgment. Human oversight provides ethical and emotional context that algorithms lack. By embedding review points where humans can interpret or adjust AI decisions, organizations ensure that empathy remains part of the process.

Empathy-informed data. Most data reflects behavior, not motivation. Companies that gather qualitative feedback, track sentiment trends, and measure emotional impact alongside performance metrics can design AI systems that understand people more fully.

Transparent communication. When employees understand how AI is used and how decisions are made, they are more likely to trust the outcome. Transparency is itself a form of empathy. It acknowledges people's need for clarity and control.

Ethical storytelling. Leaders can frame technology initiatives through narratives that highlight human benefit, not just efficiency. When teams understand the "why" behind innovation, adoption becomes smoother and resistance decreases.

Contextual humility. AI works best when it recognizes its own limitations. Systems that can signal uncertainty ("I may not have enough information") or defer to human review maintain credibility and avoid false confidence.

These principles ensure that as AI evolves, it remains grounded in human values rather than detached from them.

THE ROI OF EMPATHY

Some executives still view empathy as intangible or unmeasurable. Yet evidence continues to prove otherwise.

According to a November 2024 Gallup report, employees who strongly agree that their organizations care about their well-being are 53% less likely to be watching for or actively seeking a new job. Similarly, Salesforce's annual "State of the Connected Customer" survey found that 68% of consumers expect companies to demonstrate empathy in their interactions, and 73% said they would switch brands if they felt misunderstood.

Empathy, then, directly affects both sides of the balance sheet: retention and revenue. It reduces costly attrition and builds brand loyalty. It also improves decision making. Leaders who understand emotional context interpret data more accurately because they see the human stories behind the numbers.

Perhaps most important, empathy creates psychological safety. When employees feel safe to share ideas, admit mistakes, or challenge assumptions, innovation follows. Google's internal Project Aristotle found that psychological safety, not intelligence, experience, or skill, was the single most important factor distinguishing high-performing teams.

Empathy is no longer a moral luxury. It is an economic multiplier.

LEADING IN THE AGE OF AI

The leaders of tomorrow will not be those who compete with AI, but those who collaborate with it. Their role will be to translate between the efficiency of algorithms and the emotional needs of humans.

This shift requires new competencies. Leaders will need to be fluent in both data literacy and emotional literacy. They will need to balance quantitative insight with qualitative awareness, understanding not only what people do but why they do it. They will also need to model vulnerability, have the courage to admit uncertainty, listen deeply, and make decisions informed by both facts and feelings.

Organizations that master this balance will lead with credibility and compassion. They will build trust even in moments of disruption. In these companies, technology will not replace human connection but reinforce it, making empathy a shared organizational habit rather than an individual trait.

Organizations that cultivate emotionally intelligent leadership will navigate AI transformation more effectively than those that treat it as a technical upgrade. They will foster cultures where technology enhances, rather than erodes, human connection.

THE FUTURE OF WORK: AUGMENTED HUMANITY

The future of work will not be a contest between humans and machines, but rather a collaboration between the two. AI will continue to handle precision, scale, and speed. Humans will bring empathy, ethics, and imagination. Together, these qualities can create workplaces that are both high-performing and deeply human.

As automation expands, the leaders who thrive will be those who understand that people do not fear technology. They fear being treated like technology. Maintaining trust will depend on how well organizations preserve empathy in every algorithm, policy, and conversation.

The term augmented humanity captures this vision. It describes a workplace where AI augments human potential rather than replacing it. In such environments, technology amplifies empathy instead of diminishing it. Decisions become faster yet more considerate, and innovation becomes both sustainable and inclusive.

Artificial intelligence may redefine how we work, but emotional intelligence will define how well we work together. The organizations that succeed in this new era will not be those that automate empathy, but those that operationalize it, making understanding, compassion, and trust the foundation of every technological decision.

In the end, the most advanced intelligence will never be artificial. It will be emotional. CQ

Ali Yilmaz is the co-founder and CEO of Aitherapy, an AI-powered cognitive behavioral therapy platform designed to make emotional support more accessible and human-centered. He writes about the intersection of technology, psychology, and leadership, focusing on how organizations can use AI responsibly to build trust, empathy, and resilience in the workplace.

THIS WEEK

Set up your first round of weekly check-ins with each team member. Let them know the agenda is theirs to create.

THIS MONTH

Create your Management Memo and schedule those important dates in your calendar system.

THIS QUARTER

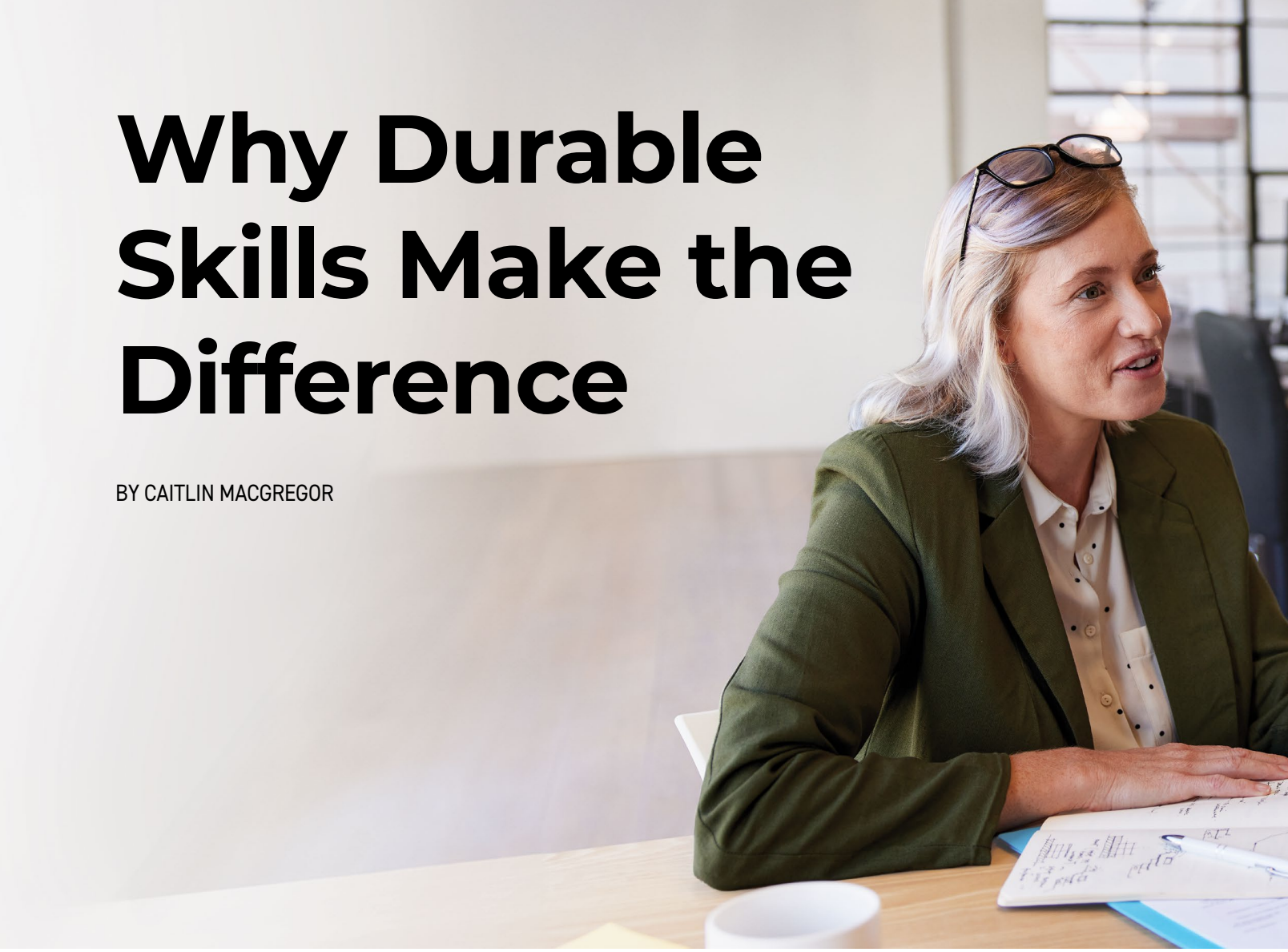
Implement the 2x2 feedback structure with each of your direct reports.

ONGOING

Set up the monthly delegation reminders and weekly appreciation practices.

Why Durable Skills Make the Difference

BY CAITLIN MACGREGOR



In the late 1960s, the U.S. Army coined the term *soft skills*. The practical application of this action was to distinguish interpersonal skills from technical skills, such as those required to operate machinery. The soft skills were important to jobs, but they primarily focused on group effectiveness, leadership, and decision making. The Army trained people in soft skills, which were hard to quantify, through role-playing that acted out hypothetical scenarios and reflection exercises, from which soldiers could learn how to connect their people skills to professional development.

This wasn't the first time that soft skills in organizational settings were put under the microscope. A series of studies conducted in the 1920s and 1930s at the Hawthorne Works factory sought to understand worker productivity. It was determined that workers' productivity increased when their interactions were being formally observed, an outcome known as the "Hawthorne effect."

These studies led to the human relations movement, which was a management theory emphasizing employee satisfaction and engagement. This movement was led by Elton Mayo, a psychologist, industrial researcher, and organizational theorist. Considered a pioneer in the human relations approach to organizations, he studied workers as individuals with unique social skills that contributed to organizational success, career advancement, and employee performance.

Fast forward to 2026, where the role of humans in human resources seems to be in flux. Rapid technological change in the form of artificial intelligence is transforming entire industries and jobs to the extent that some familiar brands and long-standing career options might not exist in the near future. Training for the jobs of tomorrow, when no one actually knows what they will be, is an exercise in futility.

A pivotal shift is under way, and the need for what was previously labeled "soft skills" has been elevated as the path forward. Having evolved from so-called soft or transferable skills into durable skills that can be rigorously tested and measured using behavioral assessments and psychometric tools, they hold the key to professional success.

THE IMPORTANCE OF DURABLE SKILLS

The practice of hiring for skills has been on the rise in recent years. Yet, assessing meaningful, durable skills that are foundational and transferable requires new tools and modern solutions that enable candidates and employers to connect in new ways. For example, when most people think of "skills assessments," they think of the Myers-Briggs Type Indicator—a test that's been around for years. Although it focuses on personality, it does not reliably predict how well a candidate will perform in a specific work environment when compared with more evidence-based personality models. In an ever-changing job market, durable skills such as adaptability, communication, and critical thinking can future-proof an organization. Even the company behind the Myers-Briggs Type Indicator advises against using it for hiring decisions, as it cannot effectively consider potential and possibilities—that is, the relevance of long-lasting skills.

There are two types of skills: durable skills, also known as soft skills, and perishable skills, or hard skills. What are some examples of durable skills? Broadly categorized, they fall into two areas: working with others and managing oneself. **Here are a few of these skills:**

Communication: listening actively, using written and oral communication, practicing diplomacy, and receiving/delivering feedback

Decision making: analyzing information and using logical reasoning to arrive at solutions to complex situations

Managing others: making ethical decisions, building and maintaining relationships, and balancing grit with heart

Personal management: setting goals, being accountable, and managing commitments

Adaptability and resilience: being able to adjust when circumstances change and challenges arise, including fresh thinking and innovation

Clearly stated, the difference between durable skills and

perishable skills that previously drove so many talent acquisition and talent management decisions comes down to adaptability in this changing world of work. Perishable skills can include technical proficiencies such as COBOL programming or procedural know-how. These kinds of skills can expire quickly. We've all heard stories about the rise and fall of different programming languages, where demand wanes as new technologies come into play. While essential for a period of time, these perishable or hard skills don't necessarily prepare workers for the future of work, whatever that might be.

Ironically, we have all been learning durable skills since we were children. In elementary school, play and classroom learning encourage collaboration (building blocks or cleaning up the playground), leadership (line leader or class monitor), and adaptability (learning how to handle disappointment). More complex interactions ensue as we move through middle school and high school, where students collaborate on producing yearbooks, present and debate ideas in the classroom, and manage their own schedules.

As automation reshapes roles, durable skills data reveals which human capabilities endure. This is especially relevant in this time of artificial intelligence. Much has been written about AI eliminating humans in the workplace. While AI has proven capable of automating routine tasks, it has been unable to replicate human skills such as leadership and problem solving. Durable skills keep organizations together, acting as the glue that fuels progress.

The role of durable skills and the employees that possess them was noted in a November 2025 *Wall Street Journal* article ("It's Too Early to Write Off College Degrees"). It discussed how certain employees demonstrate behaviors that are difficult to measure. These same employees exert influence through their durable skills, encouraging others while being hidden in plain sight. Able to build trust, reduce friction, and facilitate collaboration, they are exactly the employees to be rewarded and retained. Still, without the right tools to assess the depth of their contributions, they might be flight risks. Sadly, in many organizations, the contributions of those with exceptional durable skills don't receive the same spotlight as those of a top sales performer.

At Plum, we predict that providing candidates and employees with opportunities that put a premium on the power of durable skills will differentiate employers of choice. We already know that jobs are changing, and that AI will continue to transform the workplace. We don't know exactly when these changes, or how many of them, will occur. However, we do know that durable skills ensure a path to organizational success that benefits everyone. **Consider the following:**

- According to researchers at Gallup, investments in employee development can increase company profitability by at least 11%.
- The durable skill of analytical thinking is ranked by the World Economic Forum as a core competency valued by more companies than any other skill, with its demand projected to grow by an astounding 72% over the next five years.
- NACE's Job Outlook 2025 survey found that almost 90% of employers are looking for students who've demonstrated problem-solving abilities.
- Research conducted by Harvard University, the Carnegie Foundation, and Stanford Research Center has found that well-developed soft skills are responsible for 85% of job success, according to the National Soft Skills Association.

Durable skills are increasingly defined as a combination of cognitive abilities—how individuals use their knowledge, such as critical thinking, communication, collaboration, and creativity—and character-based skills such as fortitude, a growth mindset, and leadership. Once seen as "nice to haves," durable skills are foundational competencies that function as critical determinants of individual, team, and organizational resilience. Given their ability to withstand change regardless of circumstances, durable skills last long after the latest technological evolution takes place.

For leaders, durable skills are the building blocks. For some organizations, instilling these skills in leaders might necessitate realigning talent strategies, investing in learning and development, and adapting organizational culture. Those companies committed to long-term success know this is an investment worth making. CQ

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AI HIGHLIGHTS YOUR WORKFORCE'S WASTED POTENTIAL

BY ILIYA RYBCHIN

The AI revolution is a test of leadership, not a test of technology

Every executive leadership team is talking about it. The memos have been sent, task forces have been formed, the town halls have been held, and the mandates are clear: Everyone must embrace artificial intelligence. Leaders are eager to solve the crisis by closing the skills gap, reskilling the workforce, and racing to teach a generation of employees how to prompt-engineer their way to productivity.

They are unfortunately focusing on the wrong crisis.

The real crisis was there all along, hidden in plain sight. It's not an AI problem; it's an organizational and philosophical one. Generative AI doesn't just automate tasks. It performs a brutal, unblinking audit of a company's work design, its training programs, and the very value of its human capital. The story isn't that robots are taking jobs. The story is that AI is revealing how many of those jobs were never designed to harness human potential in the first place.

For decades, organizations were built on a foundation of low-value, repetitive tasks, politely calling it "paying your dues." Now, AI is holding a mirror up to organizational structures, and the reflection reveals not a need for reskilling but a long-overdue reckoning with what constitutes "work."

One only needs to look at any entry- to mid-level job description. The verbs tell the story: *compile, review, summarize, track, format, update, coordinate*. These aren't strategic activities. They're biological API calls—humans serving as middleware between disconnected enterprise systems.

Employers have come to accept a system where people spend 60% of their time on repetitive work that exists primarily to compensate for fragmented technology and bloated processes.

This isn't new. When the internet arrived, companies layered digital tools onto analog processes, creating more bureaucracy. When cloud computing emerged, they moved servers to AWS but kept the same approval workflows that require printing and processing of paper documents. Each technological wave exposed the same misalignment between tools and organizational design.

Despite trillions of dollars invested in digital transformation, cloud computing, automation, and enterprise software over the past 15 years, white-collar productivity growth has effectively flatlined over the same period. Companies gave their workforces Slack, Zoom, SharePoint, Workday, and Salesforce, yet output per hour barely budged.

Why? Because companies didn't use technology to eliminate low-value work; they used it to accelerate low-value activity.

The real shock isn't that AI can do a lot of white-collar work. The real shock is realizing how much of a company's headcount was focused on work that never should have required a human in the first place.

THE MYTH OF "GRUNT WORK" AS APPRENTICESHIP

For generations, leaders justified the corporate rite of passage known as "paying your dues." They told themselves, and their new hires, that years of mind-numbing, repetitive tasks were a necessary apprenticeship—a crucible that forged judgment and built character. **Senior executives have deep nostalgia for the "junior associate" grind built on these beliefs:**

- You "learn the business" by doing reconciliations.
- You "build judgment" by drafting versions 12 through 27 of the same slide.
- You "earn your stripes" by staying late to assemble reports no one will remember reading.

In reality, this was a convenient fiction. It was hazing by spreadsheet.

Grunt work was never a deliberate or effective training strategy. It was a symptom of organizational inertia and a failure to properly design roles and workflows. Everyone knew this work was questionable, but it was easier to hire another body than fix the underlying problem.

There is always great enthusiasm to hire more staff. Leaders are eager to build large organizations because at many companies, one's gravitas, seniority, and standing are measured by team size. Departmental budgets are often allocated based on headcount. While leaders at early-stage companies are incentivized to run lean operations, leaders at large enterprises experience the perverse incentives to constantly grow their teams—because steady hiring is perceived to correlate with company health and performance. However, when layoffs and workforce reductions take place, departments often shed 5%, 10%, or even 15% of their workforce, yet somehow do not experience even the slightest hint of reduced output or productivity.

The data backs up what many employees quietly knew long before large language models entered the boardroom. Multiple studies have found that knowledge workers spend

more than half their day on repetitive, low-value tasks (email, routine reporting, formatting documents, chasing status updates). A 2025 study from Eagle Hill Consulting ("Are Employee Ideas the Hidden Key to Operational Efficiency?") found that 68% of employees regularly spend time on low-value, inefficient tasks. Other research, including a 2025 study from Voucher Cloud, paint a bleaker picture, suggesting that in an eight-hour day, the average worker is "truly productive" for less than three hours. The rest of the time is consumed by coordination, duplication, and work activities that add little to no value to the enterprise.

AI AS AN X-RAY FOR JOB DESIGN AND THE BUSYWORK ECONOMY

Companies normalized inefficiency and built entire career paths around it. Each new system, process, regulation, or compliance requirement added a little bit of manual glue work. A spreadsheet here, a workaround there, an extra approval email, a document printed in triplicate, a status meeting "just to align" all slowly contributed to building a large "hidden economy" of people whose main job is compensating for bad processes and fragmented systems.

Entry-level roles have become manual interfaces between broken systems—endless cycles of copying data from Excel to PowerPoint, summarizing documents, sending emails, and tracking information that should have been automated years ago. Companies installed a human patch for bad process design.

Employees are well aware of their roles as cogs in an inefficient machine. According to a 2024 Gallup article, employee engagement in the U.S. has hit an 11-year low, with "active disengagement" rising. The workforce didn't check out because of AI. They checked out because companies had built jobs that treated humans like robots long before ChatGPT arrived.

The single biggest productivity prize from AI may not be deploying virtual assistants to glamorous use cases. It may be eliminating this invisible tax of busywork—the unexamined patchwork of low-value tasks that has quietly claimed so much of a company's time and energy.

THE REAL WORKFORCE CRISIS: A FAILURE OF IMAGINATION, NOT TECHNOLOGY

The real crisis isn't about teaching employees to write better prompts. It's about a fundamental failure of leadership. The current panic over AI training is a distraction from the much harder work of rethinking job design, career paths, and the very definition of value creation. A recent Forbes survey ("The Forbes Research 2025 CxO Growth Survey") found that while 93% of companies plan to increase AI investment, only 49% of

HOW TO ALIGN AI WITH YOUR ORGANIZATION

Use these strategies to uncover who really does what in your company, and determine how AI can actually help them:

Redefine roles, not just tasks.

Move away from task-based job descriptions and toward outcome-based roles. The question is not "What will this person do?" but "What value will this person create?" This requires a shift in focus from managing activity to driving results.

Invest in judgment, not just skills.

The most valuable human capabilities in the age of AI are critical thinking, strategic analysis, and creative problem solving. Training must evolve from teaching employees how to perform a task to teaching them why it matters and when to question it. The goal is to develop judgment that AI can augment, not replicate.

Embrace a lean, empowered mindset.

The bloated, hierarchical structures of the past are a liability. Organizations must ruthlessly eliminate bureaucracy and empower smaller, AI-augmented teams to execute with speed and autonomy. This means redesigning reporting structures, promotion criteria, and performance metrics—ultimately dismantling the layers of middle management that existed primarily for coordination.

Seek and celebrate chaos.

Corporate policies, governance, and processes exist to ensure consistency. AI ensures consistency better than any employee manual ever could. Humans are now there to provide the variance—the unexpected creative leaps, the edge cases, the contrarian POVs, and the ambitious bets. If a company continues to be designed and optimized to minimize human variance, it's a company that's being designed for obsolescence.

their HR leaders are prioritizing training employees in AI and data analysis.

Even when companies do invest in training, they often miss the point. An EY study ("EY 2025 Work Reimagined Survey") revealed that organizations are failing to capture up to 40% of potential productivity gains from AI due to inadequate talent strategies. The same study uncovered a telling paradox: While only 12% of employees receive what they consider sufficient AI training, those who receive extensive training (81+ hours) are 55% more likely to leave their organization. Why? Because after being upskilled, they look at their roles and realize the organization has no meaningful, high-value work for them to do.

They become masters of a tool with no strategic problems to solve. This is the predictable result of a system that has never valued efficiency. The 2025 Eagle Hill Consulting survey also found that 56% of employees say their organization doesn't incentivize them to find ways to be more efficient, and 63% report a lack of any clear process for submitting ideas for improvement. Companies haven't just failed to train their people; they have actively built systems that discourage their people from thinking.

THE PATH FORWARD: FROM AUTOMATION TO AUGMENTATION

AI's arrival has created a temptation to respond with familiar tools: task forces, training programs, transformation roadmaps. Those will be necessary, but they are not sufficient.

The path forward is not to simply layer AI on top of broken processes. This moment requires more than a new program. It requires leadership courage. Leaders must review their organization with brutal honesty. This will mean making hard decisions about roles and people. Some roles, once stripped of their busywork, will not justify their current form. Leaders must move beyond the automation of low-value tasks to the augmentation of high-value roles. This involves four critical shifts (see "How to Align AI with Your Organization" on page 43).

AI is not a magic wand that will magically transform an undertrained, misaligned workforce into a high-performing one. It is a mirror, and for many, the reflection is unsettling. It shows us the inefficiencies we've tolerated, the bloat we've accumulated, and the human potential we've wasted. The AI revolution is a test of leadership, not a test of technology.

Most companies will choose the easy path: training theater, role protection, a stream of press releases, and slow decline. The companies that thrive will not be the ones that simply buy the latest AI tools, but the ones that use this moment for fundamental reorganization around value creation.

They will be the companies that have the courage to confront what the mirror reveals. They'll hunt for trapped value (places where human judgment is bottlenecked by volume work) and automate aggressively to dismantle the broken systems and rebuild their organizations. They will be the ones that finally start asking the right question—not "How do we teach people to prompt?" but "What work here is actually worthy of a human being?"

One path leads to a lean, AI-augmented organization. The other produces the cautionary case study in some future consultant's deck about how incumbents yet again failed to capitalize on disruption. CQ

Before launching his own AI-native consulting firm, Iliya Rybchin was an operating executive (most recently at BDO USA as principal, strategy and innovation), an entrepreneur, and an investor. He turns disruption into unfair advantage not by parroting best practices, but by challenging them.

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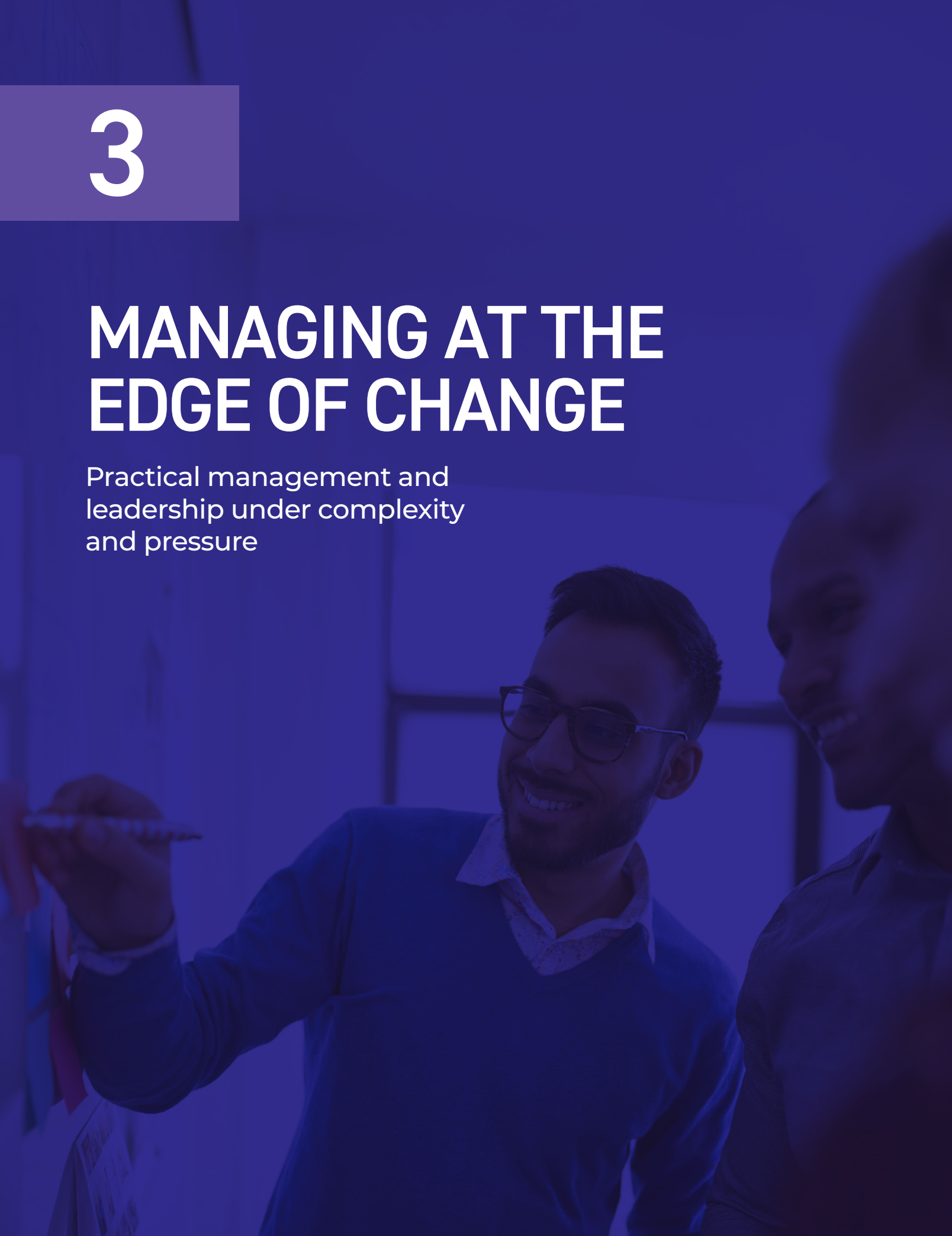
MANAGING AT THE EDGE OF CHANGE

Practical management and leadership under complexity and pressure



HOW SUCCESSFULLY MANAGING AI CAN
GET YOU PROMOTED

BY ER JIA JIANG

AI isn't coming for your job. Poor AI management is.

Across industries, employees are realizing that much of their work can now be automated or accelerated by AI.

While headlines fixate on layoffs, the real story is happening inside teams that manage AI well—where people who learn to lead AI are being promoted, not replaced.

The defining skill of this decade isn't coding or prompting, it's management. Specifically, managing intelligent systems with the same clarity, oversight, and judgment you'd use with a

human teammate. "AI does the working, you do the thinking" is the new professional mantra. You're not the operator. You're the orchestrator. You define goals, delegate the busywork to AI, review outputs, and own the outcome. Those who master this shift, from doer to director, will move up faster than anyone else.

THE SHIFT: FROM DOERS TO DIRECTORS

For decades, careers were built by doing—executing, optimizing, and delivering. The better we performed, the more we were rewarded.

But with capable AI systems, execution is cheap. Direction and strategic thinking create real value now. That's the change under way, from doers to directors. Managing AI is the defining management challenge of our time.

Think of AI as an intern: fast, capable, and eager, but needing guidance. You wouldn't hand your intern a client project without context or oversight. You'd define the goal, review their work, and coach them toward improvement. That's the mindset required for AI.

In HR, for example, AI now handles much of the routine work once done manually—screening resumes, scheduling interviews, even flagging potential retention risks. That shift lets managers spend less time on logistics and more on judgment: identifying the right fit, shaping culture, and coaching teams.

The same transformation is reshaping other departments too. In finance, AI scans vast data sets to detect anomalies long before humans would spot them, freeing analysts to focus on interpretation and strategy. In marketing, teams now automate research, testing, and campaign optimization,

THE PRACTICAL PLAYBOOK: MANAGING AI LIKE A PRO

If you want to turn AI into a career accelerator—not a threat—begin here:

START SMALL

Pick one repeatable workflow to automate. Prove ROI on one process, then scale.

REVIEW OUTPUT DILIGENTLY

AI will make mistakes. Expect improvement, not perfection.

TRACK METRICS

Measure time saved, accuracy, or output volume. When you quantify leverage, you justify your next promotion.

DOCUMENT LEARNINGS

Each AI workflow you build is institutional knowledge. Share what worked—the best AI managers teach others.

TREAT AI LIKE AN EMPLOYEE UNDER PROBATION

Guide, correct, and trust gradually. The more context you provide, the better AI performs.

turning their energy toward creative direction. Even in sales, where activity volume once ruled, sales development representatives now oversee AI-driven systems that find leads, personalize outreach, and track engagement. Their success isn't measured by how many emails they send, but rather by the quality of the conversations they create.

Across all these functions, one theme is clear: The most valuable people aren't those doing the keystrokes. They're the ones designing the system, directing the machine, and owning the result.

WHAT MANAGING AI ACTUALLY MEANS

Managing AI is leadership in miniature—the same loop you'd use with a person: set objectives, delegate, review, and refine (see "The Practical Playbook: Managing AI Like a Pro"). The process:

1. Define objectives clearly. AI can't read your mind. The clearer your definition of success, the better the output. "Summarize five trends in B2B AI adoption using examples from 2024–2025" is far more useful than "help with research."

2. Delegate repeatable work. Offload structured, rules-based tasks such as data cleanup, draft generation, meeting summaries, or pipeline updates. Delegating doesn't diminish your role; it amplifies it.

3. Review and coach. AI improves through feedback. Treat each mistake as a training moment.

4. Refine the process. Whatever the results, you need to own the outcome and determine where you can do better next time. AI can execute, but you're accountable for what is done. And if you feel like you have to be hands on at all stages, remember that while delegating work doesn't remove your responsibility, it does multiply your capacity.

AI AS A FORCE MULTIPLIER

I've seen firsthand how this shift changes careers. A recruiter said she used to manage about 10 open roles at a time. After introducing AI agents, she doubled that capacity and, more important, started shaping the company's talent strategy. Within six months, she was promoted to recruiting lead.

AI is a true force multiplier. It doesn't just accelerate output, but elevates the value of work itself. When automation takes care of the repetitive, people can focus on strategy, creativity, and judgment. Teams don't shrink, they scale. As AI handles execution, human contribution moves up the value chain, from doing tasks to directing outcomes. That's where careers grow.

THE CULTURAL CHALLENGE

The hardest part of AI adoption isn't technical, it's cultural. Tools are easy, identity shifts are not. People must start seeing themselves not as executors but as managers of digital teammates. That's uncomfortable for many—it challenges how they've defined their worth. But AI literacy is quickly becoming the new professional street smarts. Just as digital fluency was essential in the 2000s, AI fluency is essential now.

And culture starts at the top. Managers who model AI management—who show their teams how to delegate intelligently and review rigorously—unlock huge leverage. Those who ignore it signal stagnation. Teams follow what leaders do, not what they say. The companies that win this decade will normalize AI management across every function—finance, HR, operations—not just sales or engineering. The sooner we stop treating AI as a novelty and start treating it as a teammate, the faster we'll progress.

AI fluency—knowing what AI can do, how to direct it, and when to step in—is now a fast track to advancement. Employees who manage AI effectively show leverage that used to take years to develop. They deliver more, faster, and with better judgment. Because they free up bandwidth, they take on higher-impact projects sooner.

Another recruiter built an AI workflow to screen and shortlist candidates automatically. Instead of juggling admin and scheduling, she focused on hiring strategy and stakeholder alignment. Her fill times dropped by half, and she was promoted to talent operations lead.

A marketer I worked with used AI to analyze customer data automatically. Instead of spending a week on analytics, she focused on creative strategy. Her work improved and her visibility soared. Three months later, she was promoted.

A customer success manager created her own AI-enabled workflow and used it to flag at-risk accounts in real time. Her proactive workflows saved hundreds of thousands in renewals and earned her a director title within a year.

This is the pattern everywhere: AI doesn't slow careers; it accelerates them. The people who rise are those who multiply their impact through intelligent delegation. Managing AI isn't about tools. It's about leverage.

THE MINDSET GAP

The biggest challenge for AI is the mindset. In every organization, there are two types of employees: those who fear AI will take their work, and those who figure out how to make AI work for them. The second group always wins.

Why? Because AI rewards agency. It rewards people who take ownership—who stop waiting for someone else to "figure out the AI strategy" and start experimenting.

You don't need a PhD or a data science team to start, just curiosity and a willingness to iterate. AI management is entrepreneurial. It's about identifying inefficiencies, designing smarter processes, and leading systems that amplify your capabilities. Those are the same traits organizations promote for.

Most professionals still approach AI with anxiety, fearing it will make them obsolete. The truth: AI doesn't eliminate humans. It eliminates inefficiency. If you're the person who knows how to deploy, direct, and optimize AI systems, your leverage skyrockets. You're no longer just an employee. You're a multiplier. And multipliers don't get cut—they get promoted.

"AI fluency" will soon be as fundamental as spreadsheets or email. But the real differentiator isn't who uses AI. It's who manages it best. Leadership itself is being redefined. It's no longer just about managing people. It's about managing intelligence, human and artificial, in concert. Managing AI is a skill like any other. The sooner you start, the faster you'll develop judgment, and the further ahead you'll be.

AI won't take your job. But someone fluent in AI will. Success in the next decade won't belong to those who resist automation. It will belong to those who can manage it. Managing AI is about mastering leadership, not mastering tools. If you can lead intelligent systems with clarity and purpose, you're not just future-proofing your job, you're accelerating your promotion.

In the end, AI does the working, but you do the thinking. And that's what real leaders are paid for. CQ

Er Jia Jiang is co-founder of Redcar.

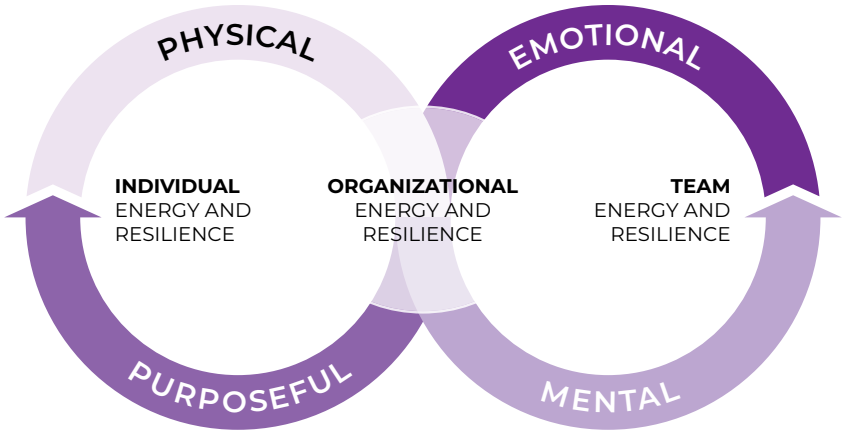
New Managers, Well-Being, and Engagement

BY LESLEY COOPER

The step up to a leadership role can be overwhelming. After an extended period of feeling at the top of their game, new leaders suddenly find the territory is unfamiliar, filled with new responsibilities and expectations. Rather than navigate using proven lived experience, they are now required to learn as they go.

Under these circumstances, to ensure there is no doubt about their dedication and enthusiasm for the role, leaders often respond by doubling down on the hours and the effort, accepting damage to well-being as unavoidable collateral damage. To do so, however, is to fundamentally misunderstand the role that good well-being plays in sustaining high performance in all aspects of leadership, but particularly in securing engagement through connection and collaboration with direct reports and colleagues.

It is unfortunate that the term *well-being* has become so overused that the actual concept of being physically, emotionally, mentally, and purposefully "on the front foot" has been downgraded to a nice-to-have. The truth could not be more different. If paying attention to these aspects of your personal capacity was important before your leadership role, they become critical if you are to be the supportive and effective leader you aspire to be, and if you are to nurture the culture of psychological safety around you that is so important to building the trust, openness, and respect necessary for high levels of engagement.



As a leader, your efficacy and ability to connect and drive engagement from your team is directly linked to your own resilience, which, happily, can be directly influenced by actively choosing the specific behaviors that keep you in the right physical and emotional shape to inspire, guide, and support in the way the modern workplace needs. A new leader needs to resist the urge to leave it all out on the pitch and remember that prioritizing your well-being is not indulgent. The only resources that last are ones that can be renewed, so a focus on balancing contribution with recovery is appropriate. In nature, you will never see an oak tree with a tap root.

The natural world sees to it that the bigger the tree's canopy grows, the wider the root system that develops below ground to anchor the tree in a storm. There is a lesson here for new leaders, as the role will bring its own storms. You must resist the temptation to truncate your own anchoring roots by giving up the social, fitness, or family renewal activities that make you *you.* This will ensure that you remain appropriately anchored and upright when the pressure is on and you need to perform at the edge of your performance or capability envelope.

Maintaining your personal well-being is, therefore, a core leadership responsibility. It is important to ensure your own oxygen mask is properly fitted if you want to bring out the best out in others.

PERSONAL PERFORMANCE SUSTAINABILITY

When you take on a leadership role, expectations can increase exponentially. Working hours may get longer, the decision making will be more complex, and providing support to others will create an additional emotional and mental load. As above, the natural response might be to push on and through, but if you repeatedly do this at the expense of time spent on personal renewal, the outcome is likely to be fatigue and burnout. Both will quickly undermine your performance and credibility.

One of the key features of burnout is declining confidence in your ability and personal efficacy—not what you want at the start of your first leadership role. It is also quite common for newly promoted leaders to experience impostor syndrome, a persistent feeling that you are not as competent as others think you are and that you will be found out as a fraud. Even well-established, highly accomplished people feel this way sometimes. Overworking is a common response, which, paradoxically, because of the impact this has on well-being, is far more likely to cause underperformance than any competency shortcomings would.

Intentional recovery is not the same thing as rest. It is an active, deliberate, necessary, and regular investment in personal sustainability that ensures you can maintain healthy high performance. It is important to view it as a necessary investment right from the start—you wouldn't, after all, expect the ATM to keep dispensing money from your account if you were no longer having your salary deposited—but it is common to treat our personal physical and mental energy resources as being somehow inexhaustible. Build appropriate rituals early on in your leadership career to identify and protect the boundaries that make sustainability possible.

BEING THE ROLE MODEL

Leaders set the tone for workplace culture, and it does no good to say (as, sadly, many leaders do) that you know how important well-being is and you genuinely want employees to prioritize theirs if you follow a path that means you consistently neglect your own. This not only undermines your authenticity as a leader, but the mixed message also means that the team may feel pressure to do the same. By actively demonstrating the value you place on your own well-being through the specific choices you make around healthy boundaries and recovery, self-care, and resilience, you give others permission to do the same. In so doing, you nurture an engaged, healthy, high-performance environment.

MENTAL ENERGY AND DECISION MAKING

Our personal resources exist in different energy dimensions, which are in a dynamic relationship with each other. Physical energy is the foundation, with emotional, mental, and purposeful energy being the other three. Because it is foundational, if our physical energy is compromised by lack of movement, hydration, sleep, appropriate nutrition, and regular renewal, then our ability to stay in control of emotions and choose the right response in difficult situations is also negatively affected.

When a person is emotionally triggered, it is extremely hard to focus and achieve the right mental clarity regarding the data needed to make good decisions. Such internal states narrow your ability to see options, think strategically, and respond calmly under pressure.

Similarly, losing sight of the bigger picture and what is personally important can leave a leader rudderless and less able to decide where the other dimensions are best deployed. Leaders who prioritize their well-being by intentionally managing energy are often better equipped to make sound, balanced decisions.

Maintain your well-being by being intentional about how you generate personal energy as well as how and where you deploy it. It isn't limitless, and how well (and often) you adopt the right energy management behaviors makes a difference in how effective you are during the working day. It also affects how much energy you have available at the end of the day to be the person you want to be inside relationships or activities that are important to you.

THE BASICS OF ENERGY MANAGEMENT

To preserve your physical energy, you need to move and change your position every 90 to 120 minutes. Stretch, take the stairs, or walk to see someone if you are in an office. Hydrate regularly. Avoid sugary snacks and choose low glycemic index foods to prevent sugar spikes that will make emotional regulation more difficult. Do not accept poor quality sleep. Review your sleep habits and, if necessary, avoid using devices one hour before bedtime.

To assist your emotional energy, check in with yourself regularly throughout the day between activities. Are your emotions currently positive or negative? If the latter, make a strategic recovery decision to change your internal state. Invest five minutes in a personal renewal activity. For example, do a task you like and find easy, listen to a favorite track, move and stretch, contemplate something or someone who brings you joy (pets are allowed!), or breathe. Negative emotions deplete energy and undermine mental energy.

Protect your mental energy by understanding that your cognitive resources are valuable, so you need to apply them fully. Avoid being distracted and only partially present around team members and colleagues. Avoid multitasking. Focus and be fully engaged with what is in front of you, now. "Chunk" the time needed for long (and important but possibly unpopular) tasks by taking a 5-minute break every 90 to 120 minutes.

To make sure that you have purposeful energy, take time to regularly look up and beyond the tasks at hand to remind yourself of the bigger picture—what is most important to you, how you would like to be perceived, and what your true priorities are as a human being and a leader. This will enable you to keep the right perspective and avoid wasteful negativity by helping you focus finite mental energy on what matters.

CONNECTING WITH OTHERS

In our modern VUCA world of work, leadership is no longer just about strategy. Increasingly, it has as much to do with the ability to connect with others and tease out their unique insights, knowledge, and experience. Multigenerational workforces, with all the experience and expectation variability that comes with them, mean that modern leadership is less about telling people what you want them to do because you have already worked it out and more about asking others what they think.

To engage in so-called "humble inquiry," leaders must have emotional stability and the self-awareness to know what they don't know and be confident enough about what they do know to be vulnerable on occasion. This effectively lets people in, gives them the confidence to share their ideas, and speeds up the learning and engagement process for everyone.

Coaching, supporting, and inspiring people to share their insights requires emotional capacity, but a leader who does not manage energy and practice intentional recovery can end up drained, reactive, and irritable—that is, behaving in a way that undermines trust and discourages openness.

By contrast, a deliberate investment in self-care, intentional energy management, and recovery ensures you will remain approachable, empathic, and motivating. This will give others the confidence to share the information and ideas you need to drive your own development and make the team boat go faster. Personal well-being management is not something you attend to when you've caught up on everything else—it is a leadership essential. CQ

Lesley Cooper is a management consultant with a background in health and well-being consulting in the private healthcare sector. She is the founder and CEO of WorkingWell, an award-winning specialist consultancy that helps organizations to manage pressure and stress in a way that facilitates a culture of sustainable high performance.

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Successfully Managing in a Complex Environment

BY VIDYA MURALI

When you've built your career in a large company, you know how the game is played. There are established processes, clear hierarchies, and predictable rhythms. Success often comes from optimizing, planning well, and navigating politics within a relatively stable system.

Scaleups are a different universe. They are the teenage phase of a company: brimming with energy, full of ambition, but still figuring out the rules. Most of the time, the shock is trying to determine the rationale behind people's behaviors when there is none, something I took for granted in successful big businesses.

Managers entering this world find themselves facing dynamics that feel unfamiliar—and often deeply uncomfortable. Founders are fiercely loyal to early employees, even when those employees can no longer scale. Young, inexperienced teams work under senior leaders who may themselves lack

strategic or scaling experience. There are C-level executives who micromanage and undermine their managers' authority, while high employee churn and constant promotion pressure destabilize teams. Finally, there are frequent strategic pivots that can threaten a manager's credibility with the team.

These challenges explain why smart, seasoned professionals sometimes fail in scaleups. But failure isn't inevitable. With the right human skills, managers can not only survive but thrive.

Here are five critical skills managers need to succeed in scaleups, drawing from real-life stories and frameworks.

CHALLENGE NO. 1: NAVIGATING FOUNDER LOYALTY

Founders often have deep loyalty to the colleagues who built the company with them in its earliest days. These employees are seen as battle-tested, trusted insiders. The problem?

5 SKILLS FOR SCALEUP MANAGERS

1 Navigating Founder Loyalty

- **Risk:** Early employees may resist new managers due to ties with the founder
- **Action:** Deliver quick wins in unowned gaps to prove value without threatening insiders

2 Managing Between Inexperienced Teams and Senior Leaders

- **Risk:** Young teams lack maturity; senior leaders may lack scale experience
- **Action:** Act as translator and coach—clarify expectations downward, synthesize reality upward
- **Tool:** Nonviolent Communication (Observation → Feeling/Impact → Need → Request)

3 Handling C-level Micromanagers

- **Risk:** Executives cling to details, undermining authority and velocity
- **Action:** Set respectful boundaries; define decision rights, update cadence, and escalation paths upfront
- **Tool:** Nonviolent Communication to reduce defensiveness

4 Leading Through High Churn and Promotion Pressure

- **Risk:** Constant promotion expectations drive churn and disengagement
- **Action:** Redefine success beyond titles; create stretch work with guardrails
- **Tool:** Run honest career talks with timelines and criteria

5 Protecting Integrity and Psychological Safety During Pivots

- **Risk:** Frequent strategy shifts erode trust and motivation
- **Action:** Communicate early and often; explain the why, what changes, what stays stable, and how success will be measured

Their skills may no longer fit the company's scaling needs—and yet, they hold outsized influence.

For new managers, this creates a painful reality: You're not only trying to win the trust of your founder but also fighting for credibility with early employees who may see you as an unnecessary outsider.

Trying to confront unhealthy loyalty to the people in power can be like stepping on a landmine, primarily because it is not rational and there is way too much ego and emotion involved.

Case in point: When Anthony joined a "unicorn" as head of sales, one of his direct reports, Joe, was a founding team member very close to the CEO. Joe openly questioned Anthony's appointment, asking the CEO why they'd hired "an old man" (Anthony was only in his early 30s). Despite being Anthony's subordinate, Joe had significant influence due to his loyalty to the CEO.

Anthony realized quickly that to succeed, he needed to prove himself to both his boss and his report. Instead of fighting Joe's power, Anthony respected his achievements, delivered tangible results in new regions, and built a working relationship. Eventually, Joe acknowledged his credibility and the two found a way to work together.

To manage founder loyalty, you must earn credibility fast through visible results, respect early employees' contributions while introducing scalable approaches, and avoid direct confrontation. Instead, position yourself as a complement, not a replacement.

CHALLENGE NO. 2: MANAGING BETWEEN INEXPERIENCED TEAMS AND SENIOR LEADERS

In scaleups, you're often "sandwiched": managing a team of young, ambitious but inexperienced staff, while reporting to senior leaders who may have big titles but little experience in scaling businesses. Young teams may lack the maturity to handle ambiguity. Senior leaders may lack strategic perspective, having excelled in execution but not in leading at scale. You may find that you need to coach upward too. The key is to do it without damaging egos—by guiding, not exposing.

Case in point: In one company, the operations function was almost entirely staffed by recent graduates. They were bright and eager but had no experience of structured work. Their manager, the only seasoned professional, found herself not only coaching them in professional basics but also managing upward—explaining to senior leaders why some expectations were unrealistic.

If you are a manager in this position, you must become a translator and a coach for your team. Build maturity by mentoring employees, modeling professional behavior, and creating structure where none exists. For your leaders, you need to coach gently, providing data, insights, and context without making them feel undermined. This requires diplomacy—the art of guiding without bruising egos.

CHALLENGE NO. 3: HANDLING C-LEVEL MICROMANAGERS

Micromanagement is rife in scaleups. C-level executives who grew up in the early chaos often struggle to delegate, believing "getting their hands dirty" is still a badge of honor. The result is that managers are undermined, and teams don't know whose direction to follow. Working for a micromanager can be a serious threat to your mental and physical health.

Case in point: Paula, a long-serving CMO in an e-commerce scaleup, was so insecure about her lack of executive experience that she micromanaged every detail. She tracked Slack response times, checked on employees while they were on vacation, and judged them daily as heroes or failures. Managers under her found themselves stripped of authority.

To handle micromanagers, provide proactive transparency through trackers, dashboards, and updates to reduce unnecessary interference. Use Nonviolent Communication (NVC), a framework developed by American psychologist Marshall Rosenberg, to set boundaries respectfully. NVC helps you express observations, feelings, needs, and requests without triggering defensiveness. For example: "When you gave me step-by-step instructions on Project X, I felt disempowered because I need ownership to succeed. Would you be open to me drafting the plan first and then reviewing it with you?" Last but not least, protect your team's trust by acting as their buffer. Don't let them be exposed to every overreach from a micromanager.

CHALLENGE NO. 4: LEADING THROUGH HIGH CHURN AND PROMOTION PRESSURE

In some scaleups, promotions are expected frequently. When they don't come, employees feel like failures and leave. The resulting churn forces managers into a constant cycle of rebuilding teams, onboarding new hires, and trying to preserve momentum. As one leader told me, "At my scaleup, not getting promoted every cycle was seen as failure."

Case in point: One scaleup tried to fix retention problems by inventing new job levels and titles every six months. While this satisfied employees temporarily, it created confusion, instability, and resentment over time.

To lead through churn and promotion pressure, you need to shift the definition of success. Celebrate learning, skills gained, and contributions made, not just promotions. Create stretch opportunities. Give employees chances to lead projects or mentor peers, reframing growth as broadening scope, not just

climbing levels. Have open career conversations. Be honest about promotion timelines, and help employees map their progression realistically, even if it means they need to build their skills to move on to a different business.

Don't let your team measure success only by job titles. Growth is equally about learning and impact.

CHALLENGE NO. 5: PROTECTING INTEGRITY AND PSYCHOLOGICAL SAFETY DURING PIVOTS

Scaleups pivot constantly. A market looks promising, until suddenly it doesn't. A product is the "big bet" one month, then shut down the next. For managers, these shifts create credibility risks: How do you lead with integrity when yesterday's "must win" is today's abandoned project?

Case in point: Sandra, an e-commerce leader, was passionate about her mission. But when the company changed direction repeatedly and failed to deliver promised resources, her team lost trust. Sandra burned out trying to hold everything together.

This is where psychological safety becomes critical—it is by far the most critical factor in explaining why one team succeeds over another.

To protect integrity during pivots, be transparent, share what you know and don't know, and avoid sugarcoating. Acknowledge the impact of unexpected changes by naming the frustration your team feels, as this builds trust. Foster safety by creating space for your team to express doubts, push back, and experiment without fear of blame.

In a corporate environment, success often comes from being the smartest, most organized, most polished. In scaleups, that won't cut it. Success depends on mastering the human skills that allow you to navigate loyalty, coach across levels, buffer micromanagers, reframe growth, and protect psychological safety.

Scaleups are not ideal environments, but they can be profoundly rewarding ones—if you have the skills to surf the waves rather than drown in them. For managers willing to embrace the discomfort, scaleups offer extraordinary opportunities: faster growth, broader responsibility, and the chance to leave a tangible mark. But to thrive, you must rewrite your playbook. Technical expertise gets you in the door. Human skills keep you in the game. CQ

Vidya Murali is the author of How to Survive in a Scaleup Business: Master the Human Skills Needed to Thrive in Young, High-Growth Businesses *(Routledge, 2025). She has held leadership roles at Amazon and high-growth scaleups such as Deliveroo and Skyscanner. Murali brings her lived experience as a woman of color and introvert navigating fast-paced environments to her writing and leadership practice.*


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