Agile Business
Consortium

A Human-First Approach for Integrating Humans and Machines
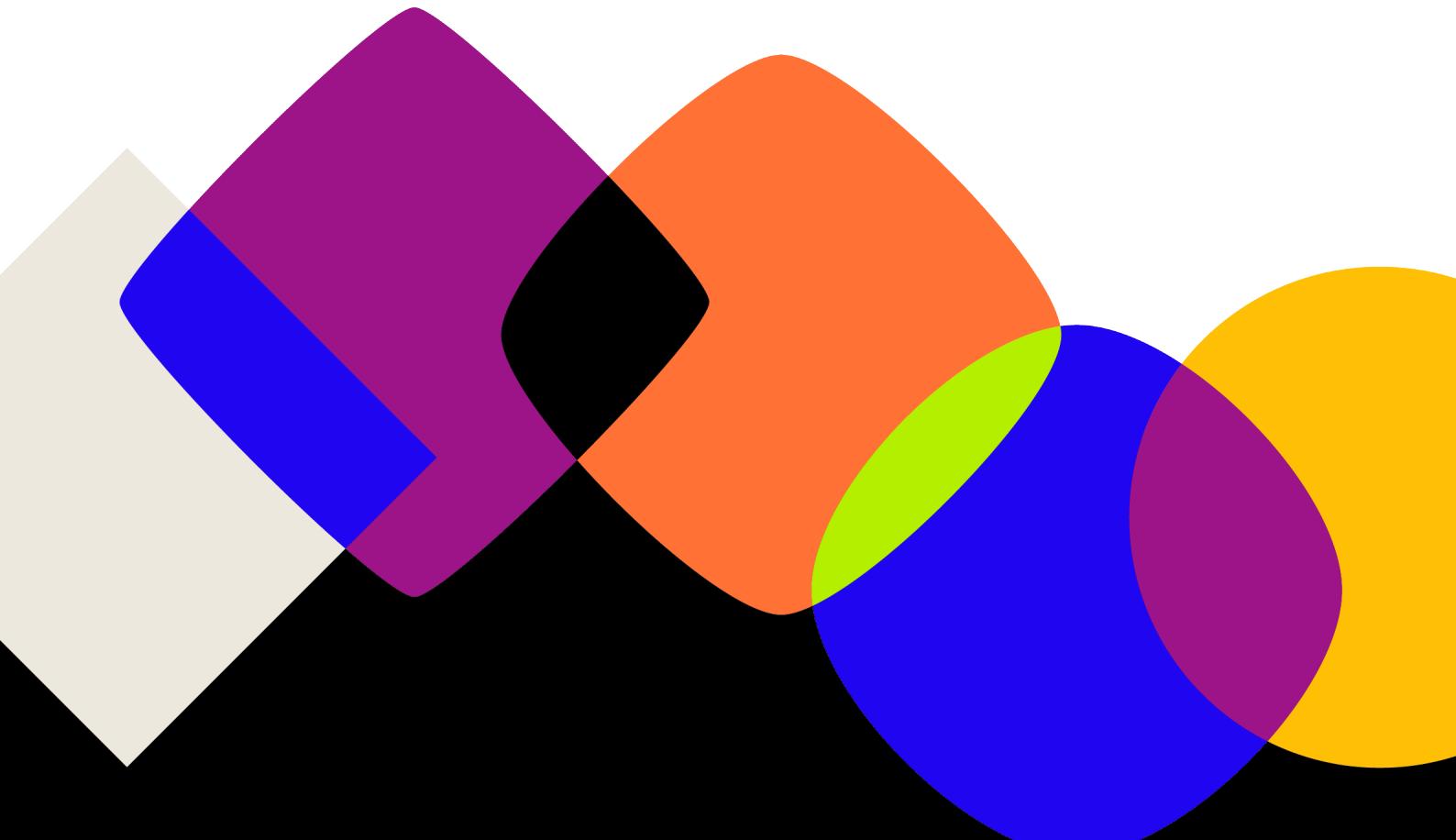
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As part of the Business Agility Think Tank (BATT)

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Introduction

The successful integration of artificial intelligence, robotics, hyper-automation, and other technologies presents both a technological opportunity and a challenge. More importantly, it is an opportunity and a challenge for humans. Business agility principles and practices help organizations build a "capability layer" to navigate the new world of work, where humans and machines will work in concert with and augment each other. Agilists are uniquely positioned to lead the changes that AI represents.

Executive Summary

The promise of artificial intelligence is immense. It is poised to reshape every function of the modern enterprise, yet the path forward remains unclear for many leaders. This uncertainty often leads to scattershot approaches, leading to a series of "random acts of AI" that produce considerable activity but fail to deliver clear business results. Meanwhile, the competitive threat from new AI-native organizations that are built from the ground up, grows more significant by the day.

The challenge is urgent, up to 95% of generative AI projects fail to deliver business value (The GenAI divide: State of AI in business 2025). Abandonment rates are climbing. The percentage of companies abandoning the majority of their AI initiatives increased from 17% to 42% year over year, with organizations on average scrapping 46% of AI proof-of-concepts before reaching production (S&P Global Market Intelligence, 2025).

MIT's 2025 analysis of more than 300 AI deployments found that 95% delivered no measurable impact on profit and loss (P&L) (Challapally et al., 2025). Boston Consulting Group's 2024 survey of 1,000 executives found that 70% of AI implementation challenges stem from people and process issues, with only 10% involving AI algorithms themselves. This is despite algorithms consuming a disproportionate amount of organizational time and resources (Boston Consulting Group, 2024). The most successful AI organizations follow a different rule; they allocate 10% of resources to algorithms, 20% to technology and data, and 70% to people and processes, validating that the primary challenge is organizational (Boston Consulting Group, 2024).

Projects fail not because of flawed algorithms, but because they overlook the essential human track of integration. Success hinges on leaders recognizing the importance of adaptive change management, thoughtful process redesign, and deliberate cultural adaptation, stewarding this human side of AI transformation. We cannot expect to achieve transformational results with AI by plugging 21st-century technology into 20th-century practices. As roles and responsibilities shift dramatically, leading this evolution becomes a fundamental human challenge.

Fortunately, a community of practitioners is uniquely equipped to guide organizations through this complex transition. Agilists possess the "superpowers" required to meet this moment, from deep expertise in organizational change and systems thinking to invaluable skills in coaching and process improvement. They are masters of adaptation and are adept at making the difficult but necessary decisions to abandon sunk costs in favor of a better path forward.

This paper presents a practical, human-centered approach to building a lasting capability for continuous adaptation in the era of AI. It directly aligns with the Agile Business Consortium's [Framework for Business Agility (FBA)](), providing a clear roadmap for integrating humans and machines effectively. The thesis is simple, successfully integrating AI is both a technological opportunity and, more importantly, a human one. By leveraging the principles of business agility, organizations can build the "capability layer" necessary for humans and machines to work in tandem, creating unprecedented value.

1. The AI Integration Imperative: Two Tracks, One Goal

1.1 Beyond the Hype

Artificial intelligence is a present-day reality that actively augments tasks in various organizations worldwide. However, a critical mistake leaders often make is treating AI as a simple plug-and-play solution to boost efficiency. Simply adding AI to an existing process does not necessarily improve it. Research validates this concern. Accenture reports that only 13% of organizations are creating significant enterprise-level value from GenAI, citing 'process redesign' as a primary blocker. (Azagury et al., 2025) The persistent handoffs, delays, and friction points that plague traditional workflows do not magically disappear; they merely become AI-assisted bottlenecks. Catalyst Consulting Ltd.'s 2025 research with continuous improvement professionals confirms this pattern. While 75% use AI occasionally, only 10% use it daily, with most adoption remaining at the individual experimentation stage rather than being integrated organization wide.

Before a single algorithm is deployed, leaders must first understand and map how value is created and delivered, not just to customers, but to employees, shareholders, and the communities they serve. Adopting this systemic view is non-negotiable. Only by understanding the entire value stream can an organization identify the areas where AI and automation will have the most meaningful impact, rather than simply creating localized efficiencies that inadvertently increase the workload for upstream or downstream teams.

1.2 The Two Tracks of AI Transformation

Successful AI integration is an exercise in dual management. It requires running two deeply interconnected workstreams simultaneously: the Tech Track and the Business Track.

- The Tech Track is what most people picture when they think of AI adoption. It involves tangible work such as selecting the right tools, building internal solutions or platforms, managing data infrastructure, and integrating AI capabilities into products and services.

- The Business Track represents the crucial human side of the transformation. This is where AI initiatives are aligned with strategic business goals, where processes are fundamentally redesigned, and where the organization fosters widespread AI literacy. It is the track responsible for adaptive change management and social learning, which are essential for making the technology stick.

The dual-track approach is now formally recognized by leading consulting firms. Deloitte has introduced a 'dual-track Empowerment × Governance framework' which explicitly manages organizational change alongside technology implementation (Deloitte, 2025).

Both tracks are equally critical and equally prone to failure. When the Tech Track runs too far ahead, the result is powerful but useless tools that solve no real business problem. When the Business Track leads without technical grounding, it produces ambitious strategies with no viable path to execution. True progress is only possible when these two tracks are tightly aligned, focused, and moving in lockstep.

1.3 The Five Stages of AI Integration

The journey to integrating AI is best seen as an iterative and incremental evolution. While every organization is unique, research shows a common path that organizations typically follow. This path can be understood through five distinct stages, representing a growing capability to leverage AI systematically. It is important to note that these stages are not a rigid, top-down mandate, but provide a framework for understanding an organization's current state and navigating its future. A single enterprise may have teams at various stages simultaneously, reflecting the agile principle of starting small with local use cases while maintaining a global system vision.

- **Stage 1: Foundation (Early Experiments)** This initial stage is characterized by scattered, often ad-hoc experimentation. Teams and individuals begin to explore AI tools for simple tasks such as summarizing meetings or generating text, but there is no overarching strategy or systemic view. AI governance is being codified.
- **Stage 2: Task Augmentation (Task-level Integration)** The organization begins to officially sanction and integrate AI tools to augment specific, individual tasks. The focus is on improving personal or team-level productivity within existing processes.
- **Stage 3: Agentic AI (Early Automations)** At this stage, the focus shifts from augmenting tasks to automating simple, multi-step workflows. Early "agentic" capabilities emerge, enabling AI to execute a sequence of actions with some degree of autonomy, optimizing human capacity for higher-value work.
- **Stage 4: Scaling AI (Scaling Automations)** Successful automations are refined and scaled across functions or business units. The organization develops the governance, infrastructure, and skills needed to manage and optimize a growing portfolio of AI-powered processes.
- **Stage 5: AI-Native (AI Sensing & Response Engines)** The final stage represents a fundamental rewiring of the enterprise. The organization has built a connected ecosystem where AI-powered "sensing" engines continuously monitor the environment for opportunities and threats, triggering automated or augmented responses in real-time.

  - Adapted from the Hyperadaptive Model - http://hyperadaptive.solutions/model

Understanding these stages is crucial because, without a clear view of this progression, enterprises often attempt to tackle everything with AI. They chase the allure of advanced agentic AI or complex process orchestration before they have refined their workflows or truly understand how AI can create value. This leapfrogging inevitably results in chaos, duplication of effort, and wasted time, reinforcing the narrative that "AI projects fail." The stages are not bureaucratic hurdles; they are a necessary progression for building a stable, scalable, and value-driven AI capability.

So, how does an organization navigate these stages effectively, avoiding the pitfalls of a purely technology-led approach? The answer lies in the discipline of business agility, applying its powerful framework to the unique challenges of AI integration.

2. Applying Business Agility to AI Integration

2.1 Enterprise Systems Thinking

AI adoption requires a systemic view that works from the outside in, starting with organizational purpose, decomposing to the business model, and finally addressing the operational value stream. Like Russian dolls, each layer contains and gives context to the next.

Taking a systemic view means rejecting the temptation to optimize individual parts in isolation. Lean and Agile have always focused on organizations and the wider ecosystem as interconnected systems, understanding the whole, not just the pieces. In the forthcoming AI industrial age, we will see dramatic changes in both the value proposition (how we solve customers' problems) and the value stream (how we deliver those solutions). The techniques that business agility fosters enable this holistic problem-solving, ensuring AI adoption does not descend into a desperate cost-saving exercise led by the IT team. Organizations that regularly review and adapt their AI strategies are twice as likely to meet or exceed their AI project expectations (Anderson, 2025).

AI touches everything, revealing where an organization is and is not wired for integration. The danger is treating AI as a series of disconnected point solutions (automating this task, augmenting that process) without understanding how these interventions affect the entire system. Agilists are skilled in using systems thinking to see and address the whole, ensuring that AI does not just patch isolated problems but enhances the interconnected ecosystem. This means stepping back to view the organization as a living system, where changes in one area ripple across others, where feedback loops matter more than linear plans, and where human ingenuity remains central to directing technological power.

2.2 Framework Elements in Action

Purpose Vision and Values: The North Star

Before deploying a single algorithm, organizations must establish a clear "North Star". This begins with the fundamental question: Why do we exist? What purpose do we serve?

AI initiatives disconnected from organizational purpose inevitably devolve into random experimentation. This is simply a flurry of activity that generates little meaningful impact. Worse, AI can undermine an organization's purpose if deployed without intentionality. A healthcare organization whose purpose is "compassionate, patient-centered care" can find that AI-driven efficiency measures inadvertently reduce critical human touchpoints, eroding the very thing that makes them valuable.

However, purpose and vision serve a deeper function that becomes critical in the age of AI. They are the foundation of human motivation. AI is moving at extraordinary speed, and increasingly, humans are becoming the bottleneck, not in terms of capability, but in our capacity to adapt, learn, and change quickly enough. The organizations of tomorrow are already here; AI-native

startups whose innovation is powered by AI and whose operations scale with AI. These smaller, more agile competitors will outmaneuver larger established organizations unless those incumbents learn to think and behave fundamentally differently and apply their considerable resources to capitalizing on innovation.

This reality signals the death of command-and-control bureaucratic systems of the previous age. Organizations can no longer afford the delays inherent in hierarchical decision-making, the friction caused by multiple approval layers, or the stagnation that results from people waiting to be told what to do. AI demands speed, experimentation, and adaptation, and that requires motivated, empowered people who understand the "why" behind their work.

Here is where business agility offers the solution. It is a tried-and-tested approach to building organizations with modern governance and structured autonomy, which enables rapid innovation and adoption. All in tune with the organization's aim and purpose. AI is changing constantly, and new capabilities emerge monthly, if not weekly. Legacy structures have no hope of keeping pace with this rate of change. Business agility provides the operating model that allows organizations to move at the speed AI demands while maintaining coherence and alignment.

A clear purpose and compelling vision unlock intrinsic motivation. When people understand how their work connects to something meaningful, when they have autonomy to solve problems, opportunities to develop mastery, and a sense of purpose, they move faster, think more creatively, and adapt more readily. This is not motivational theory; it is a competitive necessity. The organizations that will thrive are those where purpose replaces control as the coordinating mechanism.

The purpose, vision, and values serve as the lens through which all AI opportunities must be filtered. They provide the strategic guardrails that prevent fragmented efforts and ensure that every AI initiative, whether revolutionary or incremental, advances what the organization fundamentally exists to achieve. To properly harness the benefits, we need people at all levels to understand their connection to this purpose and vision, and to be empowered to optimize and sometimes revolutionize what is being done and how, thereby maximizing value and optimizing costs. This shift from compliance to commitment, from control to coordination through shared purpose, is what separates organizations that successfully integrate AI from those that are disrupted by it.

Business Model Analysis: Where AI Creates Strategic Value
With purpose established, the next layer asks: Who are we serving, and what job are we doing for them? This is where business agility practitioners help leaders see AI's true strategic potential, not as a technology project, but as a transformation of the business model.

Here, the customer focus, which Agile inherited from Lean, evolves into something more powerful, customer obsession. AI fundamentally changes what is possible in understanding and serving customers. The ability to rapidly prototype with vibe-coding, where natural language descriptions become working digital solutions, means organizations can experiment with new

value propositions at unprecedented speed. What once took months of development cycles can now be explored in days or even hours.

This acceleration transforms how organizations innovate. Agile's core strengths (experimentation, rapid feedback loops, iterative refinement) become supercharged. Teams can quickly put working prototypes in front of customers, gather real feedback, and iterate toward breakthrough solutions. The agile practice of starting small and iterating is now recognized as a best practice for AI integration, with experts recommending that changes be implemented incrementally to minimize disruption risk (Anderson 2025). This is not theoretical; it is happening now in digital solution development, where the cycle time from idea to testable prototype has been significantly reduced.

AI transforms value creation in two fundamental ways:
Revolutionizing the value proposition, AI enables organizations to solve customer problems in entirely new ways. This is not about doing the same thing faster; it is about fundamentally improving what customers receive. A logistics company does not just route packages more efficiently; it uses AI to offer predictive delivery windows so accurately, that customers can plan their entire day around them. A financial services firm not only processes loan applications faster, but it also utilizes AI to provide instant, personalized financing options based on a comprehensive understanding of the customer's financial life.

This revolutionized value proposition translates directly into competitive advantage, higher customer acquisition, and dramatically improved retention. When your solution to the customer's "job to be done" is meaningfully better than alternatives, you reshape the competitive landscape. The rapid prototyping capabilities of modern AI tools mean organizations can test multiple approaches to solving customer problems, learning what resonates and what does not, before committing significant resources.

AI also improves how efficiently organizations deliver existing value, and here, we can draw on lessons already learned in manufacturing through Industry 4.0. Smart factories have demonstrated how AI-driven systems improve speed, accuracy, quality, and error detection across production processes. These same principles now apply to knowledge work and service delivery.

For commercial enterprises, this means lower operational costs, higher margins, and more profit. A professional services firm using AI to automate routine analysis can deliver the same quality at half the cost or maintain pricing and double their margin. For public sector organizations, improved efficiency means better stewardship of taxpayer money, higher-quality services, and lower operational costs, delivering more public value from the same resources.

The key insight is that Agile's experimentation and rapid feedback loops apply to both what we deliver (the value proposition) and how we deliver it (operational efficiency). AI enables organizations to innovate on both fronts simultaneously, using the same systematic approach to learning and adaptation.

From Vision to Action: The Business Model Canvas

Just as Value Stream Mapping utilizes current, ideal, and future states to drive operational improvement, the Business Model Canvas offers a similar structured approach at the strategic level. This parallel approach creates powerful alignment between strategy and execution.

The process begins with establishing the "Big Dream", the ideal state of how the organization serves its customers and fulfills its purpose. What does success look like in measurable terms? How have we transformed the value we deliver to customers? What does the customer relationship model look like? What key resources and activities have fundamentally changed to serve our mission better? This ideal state creates a compelling vision that energizes the organization while providing clear targets for transformation. AI adoption is not the goal here; serving customers better is. AI simply accelerates and powers the "how."

With the ideal state defined, leaders can examine the current state of the business model and identify the gaps. What needs to change in the value proposition to deliver more value to customers? Which customer segments should we prioritize? What channels need to evolve? Which key activities, when transformed, would most improve our ability to serve? This gap analysis prevents organizations from being paralyzed by the enormity of transformation, and we avoid letting perfect get in the way of better.

The future state becomes the tactical bridge, the next set of achievable changes over the next 3-6 months, which move the organization meaningfully closer to the ideal. This translates strategy into tactics at the macro level, providing clear direction without prescribing every detail. Where key activities require significant change to serve customers better, this thinking naturally cascades into the value streams themselves through Value Stream Analysis, creating alignment from strategic intent to operational execution.

This approach represents a fundamental shift in how strategy gets executed. It requires "align and enable" rather than "command and control." Leaders must articulate the destination (the ideal state of customer value) and the near-term path (the future state), then enable teams to determine how to get there, often leveraging AI to accelerate progress. This demands a different set of leadership attitudes and behaviors, comfort with ambiguity, trust in distributed decision-making, and the discipline to resist the temptation to micromanage the "how."

Enterprise-level games, such as "catchball", the iterative process of tossing objectives and constraints back and forth between leadership and teams until alignment is achieved, become fundamental to capitalizing on the opportunity. Catchball ensures that strategic intent cascades down while ground-level reality and innovation cascade up, creating plans that are both ambitious and achievable. This bidirectional flow of information and decision-making is what allows large organizations to move with the agility of startups, adapting their business models as rapidly as AI capabilities enable them to evolve their customer value.

Business Model Analysis ensures that business transformation efforts, powered by AI, are directly connected to these strategic levers. This involves scrutinizing how evolved capabilities reshape revenue streams, customer relationships, and key resources, asking not just "can we automate

this?" but "how does this allow us to serve our customers better and evolve our core value creation?". By maintaining a focus on business fundamentals rather than technology for its own sake, agilists prevent the fragmented efforts that plague most transformation initiatives and instead drive a sustainable competitive advantage.

Value Stream Analysis: Translating Strategy into Flow

Only after establishing a purpose and understanding the impact of the business model can organizations effectively optimize the operational "how", the actual delivery of value. This is where Value Stream Analysis, originating from Lean, becomes essential.

Value Stream Mapping (VSM) serves as a diagnostic tool for AI implementation, helping organizations gain a comprehensive view of their workflows and identify where AI opportunities exist. By analyzing processes through VSM, teams can pinpoint inefficiencies and bottlenecks, laying the groundwork for effective AI strategies (Dvorak, 2024).

Value Stream Mapping enables us to understand the journey work takes from identifying a customer need through to fulfillment. We use three states:

- Current State: A data-rich model of how products or services are delivered today, including information flow and metrics
- Ideal State: Our vision for the process when all technology and improvements have been applied
- Future State: The critical few most important changes achievable in the next 3-6 months, aligning with agile cycles to drive rapid progress

This is especially important for AI adoption, where we aim to maximize business impact quickly and efficiently. The nature of AI technology empowers those doing the work to implement changes, enabling rapid adoption and experimentation cycles. This might involve revolutionizing a step through agentic AI in the future state or enabling digital transformation through vibe coding and citizen development in the ideal state.

Value Stream Analysis provides structure for self-organization and innovation to flourish, ensuring the most important and valuable work gets done first. It establishes clear measures of success and performance metrics, allowing us to monitor and confirm that we achieve the desired results. Lean principles, such as 'poka-yoke' and 'FMEA', ensure the safe implementation of processes, placing quality and excellence at the heart of every decision.

Critically, this approach prevents AI from merely creating "AI-assisted bottlenecks". Simply applying AI to existing, linear, and often broken processes yields minimal productivity gains. The persistent handoffs, delays, and friction points that plague traditional workflows do not magically disappear; they just become faster friction points. Value Stream Analysis exposes these bottlenecks, enabling targeted AI interventions that amplify human decision-making rather than creating new silos.

Agilists are skilled to lead this work by facilitating workshops that expose bottlenecks and prioritize interventions, ensuring AI adoption flows from strategic intent through business model transformation down to operational execution. This is the Russian doll in action; each layer informs and gives context to the next, creating a coherent transformation rather than chaotic experimentation.

2.3 Leadership and Behaviours

AI adoption begins with a behaviour and mindset shift, not a tech deployment.

AI integration is not a technology problem; it is a leadership test. The true challenge lies in reshaping beliefs, habits, and decision-making patterns that were designed for a slower, more predictable age. When leaders treat AI as a project to be managed rather than a capability to be led, progress quickly stalls. Successful adoption begins with re-examining how leaders present themselves, create clarity, and empower people to adapt.

Business agility provides us with the tools for this shift. It reframes leadership from a command-and-control approach to a connect-and-coach approach. The role of the leader is no longer to have all the answers but to create the conditions for teams to learn quickly, experiment safely, and apply AI responsibly. This change is behavioral before it is procedural.

True transformation happens when leaders create both direction and psychological safety. They provide a clear purpose and an ethical compass while empowering people to test, learn, and evolve without fear of failure. That balance between guidance and autonomy is what allows human potential to flourish alongside technological power.

Leadership behaviours in action

1. Agile-principles-driven governance

Traditional governance slows progress through layers of approval, risk committees, and control gates. AI requires something different: dynamic guardrails that strike a balance between innovation and responsibility. Many organizations now form cross-functional AI Councils that act as living governance systems. These councils define clear principles on data ethics, transparency, and human oversight while giving teams freedom to experiment within those boundaries.

This approach replaces rigid compliance with informed accountability. Governance becomes a dialogue between leadership and delivery teams, not a barrier. When leaders embed adaptive governance based on principles rather than policies, innovation accelerates safely and effectively. It also builds trust. Teams understand the rules of engagement and feel confident exploring new ideas without crossing ethical or legal lines.

This is the essence of agility, freedom within a frame. It provides enough structure to keep innovation aligned yet maintains sufficient flexibility to keep it alive.

2. Coaching, mentoring, and facilitation

Leaders must become facilitators of sense-making. People need help interpreting what AI means for their roles, teams, and professional identities. Coaching conversations are the bridge between uncertainty and confidence.

The most effective leaders model curiosity. They ask, "What could this tool make possible?" instead of "What will it replace?". They guide teams to run safe-to-learn experiments, review outcomes, and share insights openly. This builds collective capability faster than any training programme.

Leadership presence becomes critical in these moments. People take their emotional cues from those in charge. When leaders remain calm and inquisitive, fear tends to subside. When they show vulnerability by learning openly, it normalizes exploration. AI adoption succeeds when the organization becomes a coaching culture, not just a compliant one.

3. Self-organizing teams and adaptive workflows

Empowered teams are the practical engine of AI integration. They are closest to the work and can see where automation, augmentation, or redesign will create value. Leaders should invite teams to challenge their definition of done, rethink workflows, and manage capacity as AI tools evolve.

Teams that are trusted to reshape their own processes take ownership of results. Engagement rises, fear falls, and a genuine sense of shared accountability develops. People begin to treat AI as an enabler rather than a threat.

This self-organization is not chaos; it is structured autonomy supported by shared goals, visible metrics, and a clear link to purpose. Business agility provides the scaffolding for this approach. Teams understand their purpose, measure progress transparently, and iterate safely. Leaders step back, creating space for experimentation, but stay connected through regular reflection and feedback loops.

4. Active vs passive leadership

Active leadership is visible, consistent, and grounded in behavior. It means leading by example. Utilizing AI tools in daily work, sharing learning transparently, and demonstrating how decisions are made, striking a balance between data and judgment. Passive leadership approves budgets, attends briefings, and waits for results. Active leaders co-create them.

The difference is cultural. When executives participate directly in experimentation and storytelling, they normalize the learning process. This breaks down the anxiety that often surrounds AI and anchors transformation in reality rather than rhetoric.

Active leadership also means being deliberate about what not to automate. Not every decision benefits from speed or scale. Some require empathy, conversation, and ethical reflection. Leaders who understand this balance help organizations stay both human and effective as they embrace new capabilities.

5. Communication and alignment around the AI North Star

Every organization needs a shared story about why it is adopting AI. Without that anchor, initiatives fragment and confusion spreads. Leaders must define an AI north star, a short, human-centered statement that connects AI use to the organization's purpose and values.

Clear communication keeps experimentation aligned with ethics and direction. It prevents executive overreach by setting transparent boundaries and empowering teams to act confidently within them. When everyone understands what "good" looks like, alignment replaces anxiety.

The north star also shapes external trust. Customers, partners, and regulators are more willing to engage when they see consistency between what an organization says and how it behaves. In a world where AI can easily outpace governance, this clarity of intent becomes a competitive advantage.

From Awareness to Habit
Embedding new behaviours takes practice. Leaders can begin by asking three simple questions at every decision point:

- Is this advancing our purpose or just our efficiency?
- How are people learning and adapting through this change?
- What governance, data, or cultural guardrails are necessary to ensure this remains safe and fair?

When those questions become reflexes, leadership maturity keeps pace with technological maturity. Over time, this habit forms a new kind of organizational muscle memory. It keeps purpose and people at the centre of innovation, no matter how complex the tools become.

AI integration will continue to evolve, but the fundamentals of leadership remain constant. Clarity, empathy, trust, and courage. The future belongs to leaders who combine these traits with a learner's mindset, those who can inspire confidence while inviting curiosity.

Leadership maturity is not a fixed trait; it is a daily practice of listening, reflecting, and adjusting. The leaders who thrive in the age of AI will be those who treat learning as a leadership discipline, not an optional skill.

Leadership sets the tone; structure sustains it. Once leaders model the right behaviors and establish adaptive governance, the next challenge is designing organizations that can adapt to continuous learning and skill evolution. AI will not only change how work is done, but it will also redefine who does it and what skills are required. Moving from static roles to fluid capabilities becomes the natural next step, where the organization itself learns as quickly as the technology it adopts.

2.4 Moving into the 5th Industrial Revolution of Work
Traditional organizations have hierarchically structured their businesses. From the chief executive down to executives, then to senior and middle managers, supervisors, and finally, to

the people who actually do the work. These structures are often broken down into business units and then departments, and the work is further divided into jobs with fairly rigid job descriptions attached to each.

A further complexity in this approach to organization architecture is that most large companies have an Enterprise Resource Planning (ERP) and/or Human Resources Information System (HRIS) system, such as Workday, SAP, Oracle, etc. These systems, almost by default, require the company to be structured in a hierarchical manner, as the departments must match the finance ledger and cost centers.

The result is that these companies now have an organizational design that is driven by the administrative requirements of the company.

The reality is that value in any organization flows horizontally, whether that value is being delivered to customers, employees, shareholders, ecosystem partners, and/or the communities in which the company operates. Take a customer journey map as an example, and we consider how value is created, delivered and maintained for the customer. We will see that this flow of value touches various parts of the traditional organizational structure, e.g., strategy, product design, product creation, marketing, sales, operations, information technology, legal, and procurement. The flow of value requires all these functional areas to deliver it seamlessly for an optimal customer experience.

By breaking the flow of value down into departments and then jobs, the company creates artificial barriers to the flow of value, which typically result in a breakdown of this value through bottlenecks, conflicting priorities, and other issues.

The advent of agile should have resolved these artificial disruptions, as the value targeted for delivery was meant to be delivered by self-regulating, cross-functional teams that work seamlessly to deliver their backlog, which, in theory, should have been an integral part of the value stream.

In most instances, this has not happened as these agile teams were still working in traditional, hierarchical organizations with largely administrative structures. Certain organizations attempted to navigate these challenges by having a dual organization design - one that was administrative and met the needs of the HRIS system, and then a further virtual structure that was built around the flow of value.

Companies must change this dynamic if they want to compete in the new era of AI and hyper automation seriously. We are currently in the 5th Industrial Revolution. The progression has broadly gone something like this:

First Industrial Revolution (Late 18th to Mid-19th Century)
Mechanization through water and steam power transformed manufacturing. This laid the groundwork for standardized production processes and the factory system, fundamentally changing how work was organized from craft-based to machine-based production.

Second Industrial Revolution (Late 19th to Early 20th Century)

We had the assembly line amplification of labour, where work was broken down into jobs (sound familiar?). Key factors included a 1:1 relationship between jobs and job holders, linear career paths, technology built to support people in their jobs, and one-size-fits-most talent engagements.

Third Industrial Revolution (1960s to 1990s)

We had the democratization of information, with work happening beyond the organization. Key factors included a semi-open ecosystem, information sharing, and the internet, with companies serving as the nexus of contracts and facilitating the "lifting & shifting" of jobs.

The Fourth Industrial Revolution (the 2000s)

We had the democratization of work with the disaggregation of work into activities. Key factors included technologies such as mobile, sensors, and AI, as well as companies serving as platforms, open ecosystems and talent on demand.

The Fifth Industrial Revolution (NOW)

We have work without jobs, resulting in new work operating systems. Key factors are many-to-many relationships between skills & work, an agile work operating system that enables talent to flow to work as seamlessly as possible. Automation becomes a work partner, perpetual reinvention of organizations & people, democratization of learning and human-centric work experience.

The World Economic Forum, in its 2025 Future of Jobs Report, reported that AI and automation would eliminate 92 million jobs but create 170 million jobs, resulting in a net gain of 78 million jobs. McKinsey reported that the talent competition would become so severe that there would be a shortage of 85 million talented people to fill jobs by 2030.

According to the Jobs Report 2025, the 170 million jobs that will be created are different from the traditional jobs that companies have had to recruit for. Many companies are still looking at job titles in the traditional frame, whereas we are seeing new titles emerging in the world of AI, such as:

- AI Governance Director
- Human-AI Interaction Designer
- AI-Augmented Decision Strategist
- AI Decision Auditor
- AI Explainability Specialist
- AI Bias Detection Analyst
- Decision Data Curator
- AI Legal Compliance Specialist
- AI-Human Collaboration Facilitator
- AI Ethical Impact Assessor
- AI Regulatory Affairs Liaison
- AI Decision Support Analyst

- AI Accountability Officer
- AI Model Validator
- AI Performance Optimizer
- AI Fairness Auditor
- AI-Human Workflow Designer
- AI Oversight Committee Member
- AI Trust Facilitator
- Decision AI Portfolio Manager
- AI Risk Manager
- Agent Orchestration Engineer
- Autonomy Control Architect
- AI Post-Deployment Alignment Lead
- AI Data-Provenance Engineer
- AI Behaviour Monitoring Specialist
- AI Red-Team Engineer
- Decision Simulation Designer
- Human-Centric Agent Designer
- Stakeholder Alignment Liaison
- Decision Framing Engineer
- Decision Outcome Analyst

(We acknowledge and thank Ross Dawson for this list of jobs: https://humansplus.ai/insights/32-new-jobs-created-by-the-rise-of-humans-ai-decision-making/)

The very nature of the abilities that AI and hyper automation represent means that employees of the future will need to work alongside their digital colleagues, and this technology will augment and add value to the work that humans do, while simultaneously, humans will guide and complement the machines.

We are essentially moving into what Josh Bersin refers to as the 'Superworker Era', and he points out that six secrets set pace-setting organizations apart from others in their industry:

1. AI Transformation for Growth, Not Cost Control
2. Continuous Innovation at the Core
3. Productivity-Based Work Redesign
4. Talent Density: People Quality over Quantity
5. From Change Management to Change Agility
6. Systemic HR®, Powered by AI

(https://joshbersin.com/superworker/)

We are seeing a new type of organization design where full-time employees work alongside ecosystem partners, contingent workers, and digital workers delivering ever-increasing value to the stakeholders they serve.

Many organizations are moving to what is commonly referred to as skills-enabled organizations, where the flow of value is seen as a continuous and seamless flow. The suggested approach to achieve this is through strategic capability planning, and the high-level steps are as follows:

Determine the flow of value to customers, employees, shareholders, ecosystem partners and/or the communities the company operates within

Determine the capabilities that will be required to deliver the targeted value

Determine the skills that will be required to deliver the capabilities

Determine which employee grouping will best be positioned to deliver the skills and capabilities, i.e., full-time employees, contingent workers, ecosystem partners or digital workers (automated bots, AI agents, etc.)

Most importantly, in a skills-enabled organization, the capabilities and skills that are required to deliver the value are directed to the work that needs to be done to deliver a seamless flow of value, whereas in a traditional organization, the work is artificially broken up and moved to functions and jobs.

In the skills-enabled organization, the role of the Human Resources department moves to one of a value orchestration department that is accountable for orchestrating the delivery of value through the required mix of skills that will be delivered through a cross-functional, cross-skilled team of full-time employees, contingent workers, ecosystem partners or digital workers. Organizations will be moving skills to the work rather than moving work to jobs.

Moving towards a skills-enabled organization will allow employees to develop a skills matrix that provides them with the opportunities to work on value streams that excite them. They will be able to build a career mosaic that allows them to navigate around the organization to where they believe they can add the most value in a manner that builds their sense of engagement and achievement.

2.5 The Role of Agilists as Social Architects in AI Adoption
The high failure rate of AI initiatives is often attributed to human factors. Organizations often treat AI as a "plug-and-play fix," failing to account for the significant human, process, and structural shifts required for its successful integration.

AI represents a continuous, dynamic evolution, not a one-time deployment. The technology will constantly change. The primary challenge, therefore, is building an organization where human skills and processes can adapt at the same pace.

This is where agile practitioners become essential. Their existing competencies in organizational change, systems thinking, and coaching are critical. However, their roles must evolve to meet this

new context. They must become the *social architects* of the new AI-native organization, building the human learning structures necessary for continuous adaptation and growth.

This transformation can be seen across key Agile roles:

1. Product Owners as "Priority Sherpas"
With a rapid expansion of potential AI use cases, the Product Owner's role evolves from backlog manager to "Priority Sherpa." Their core skill shifts from task prioritization to creating strategic clarity. They must become adept at stakeholder management, navigating the inevitable organizational politics to determine which AI implementations will deliver the most value and which are merely aspirational. They ensure every experiment is a strategic step forward, not just a technical exercise.

2. Scrum Masters as "Facilitators of Change"
The Scrum Master's role graduates from facilitating ceremonies to being an active "Facilitator of Change." As new AI tools are introduced, team capacity and workflows are fundamentally altered. The Scrum Master is positioned to address this human impact, asking critical questions: Who is resisting and why? How must the team adapt? They are responsible for maintaining psychological safety, creating the space for teams to adapt, experiment, and establish new working agreements for human-AI collaboration.

3. Coaches as "Social Architects"
The Agile Coach becomes the "Social Architect for AI Integration." This role is founded on the understanding that AI is a socially learned skill. They design the organizational *ecosystem* – essentially learning arenas – where AI insights can be shared and leveraged. They build and foster support structures and knowledge-sharing networks. They work to ensure that individual team breakthroughs do not remain siloed but instead contribute to the entire organization's evolving capabilities.

The evolution of these key Agile roles is fundamental to building an AI-native organization.

2.6 Culture Change and the Learning Organization.
AI's relentless pace of change makes command-and-control leadership obsolete. Success requires leaders who align people to purpose, then enable rapid experimentation and learning at the front lines.

The real challenge is not resistance to technology; it is often that traditional leadership approaches cannot move fast enough. AI capabilities evolve on a weekly basis, not annually. New tools emerge monthly. Competitive threats from AI-native startups materialize in quarters, not years.

Command-and-control leadership is structurally incapable of operating at this speed. By the time decisions flow up hierarchies, get approved through committees, cascade back down through layers, and finally reach the people doing the work, the landscape has shifted. The approved approach is already outdated. The competitor has already moved.

This demands a fundamental shift in leadership behavior: from controlling how work gets done to creating the conditions where teams can learn, experiment, and adapt faster than AI itself evolves. Leaders must articulate where we are going (purpose and strategic direction) and why it matters (organizational values), then enable teams to determine the how through rapid experimentation within clear guardrails.

This is not simply about delegation; it is a different operating model. Furthermore, it requires leaders to embrace behaviors many find profoundly uncomfortable: accepting uncertainty, celebrating fast failures, trusting distributed decision-making, and measuring learning as rigorously as results.

From Fear to Fascination: The Emotional Journey

The shift from command-and-control to align-and-enable begins with addressing the human response to AI. Most resistance stems not from opposition to technology but from uncertainty about what it means for people's roles, skills, and futures; uncertainty that command-and-control instincts often amplify rather than resolve.

Leaders cannot mandate enthusiasm. They can, however, intentionally guide the emotional journey from resistance to engagement:

- Awareness with Safety: Early exposure through low-stakes experimentation builds familiarity without pressure. "Spend 30 minutes exploring how AI might eliminate your least favorite task" invites curiosity rather than demanding compliance. Catalyst Consulting Ltd.'s research validates this: practitioners using AI daily unanimously believe it will become essential, while those using it rarely show significantly more skepticism.

- Small Wins Build Confidence: When people use AI to eliminate tedious work they have hated for years, fear transforms into possibility. Leaders who celebrate these stories, especially from skeptics, accelerate cultural shifts.

- Peer Learning Accelerates Adoption: People trust colleagues more than executives. AI Champions who share experiments and failures normalize exploration and make it safe for others to try.

- Purpose Replaces Anxiety: When people understand the organization is adopting AI to serve customers better (not just cut costs or eliminate jobs), resistance shifts to engagement.

Leadership behavior determines the pace of this journey. When executives actively use AI tools in visible ways, share their own learning struggles, and ask, "What did you try this week?" rather than "Did you follow the process?", they signal that experimentation is not just permitted, it is expected.

In a world where AI capabilities double annually, continuous learning is no longer an HR initiative; it is a survival strategy. However, learning at speed requires structure, not spontaneity. Organizations need embedded frameworks that make experimentation systematic:

PDCA (Plan-Do-Check-Act)	This Lean cycle ensures experiments are intentional, outcomes are measured, and insights are captured before scaling. The key is velocity, complete weekly cycles, not quarterly reviews.
Build-Measure-Learn	From Lean Startup, this loop emphasizes rapid iteration with real users. In an AI context, this means putting working prototypes in front of customers within days, not months, to discover what actually creates value.
Retrospectives as Learning Engines	Regular team reflections: "What did we learn about AI this sprint? What should we try next?" Capture tacit knowledge and accelerate collective capability.

The Leadership Shift: *Traditional leaders ask, "Did we execute the plan?" Align-and-enable leaders ask, "What did we learn, and how fast did we learn it?" They treat experimentation as the plan, not a deviation from it.*

Designing Rigorous Pilots which Scale

Speed without discipline creates chaos. The goal is not random experimentation; it is systematic learning that compounds. Successful pilots share four characteristics:

Clear Hypothesis	"We believe [AI intervention] will improve [specific metric] for [specific user group]." Vague pilots produce vague results.
Meaningful but Contained Scope:	Large enough to demonstrate real value, small enough to fail safely and learn quickly. A single team or customer segment, not the entire enterprise.
Defined Success Criteria:	Establish upfront what "good enough to scale" looks like, including both quantitative metrics and qualitative adoption measures.
Rapid Cycle Time:	Design pilots to produce learnings in weeks, not months. Speed of learning matters more than perfection of execution.

The Leadership Shift: *Traditional leaders approve detailed plans and measure adherence to them. Align-and-enable leaders approve learning budgets, remove obstacles, and measure insight generation. They protect teams' ability to pivot when experiments reveal better paths.*

Prioritizing Use Cases: Value vs. Effort

With countless potential AI applications emerging constantly, prioritization becomes critical, but it must happen rapidly and at the appropriate level. Effective frameworks help teams make good decisions quickly:

Value/Effort Matrix	"Quick wins" (high value, low effort) build momentum and confidence. "Strategic bets" (high value, high effort) deliver transformation. Teams avoid "time sinks" (low value, high effort).
ICE Scoring (Impact, Confidence, Ease)	Teams rate opportunities on a scale of 1-10 for these dimensions. Highest scores receive priority, striking a balance between ambition and feasibility.
Risk-Adjusted Prioritization	Consider what you will learn even if the pilot does not deliver the expected ROI. High-learning opportunities justify moderate risk.

The Leadership Shift: *Rather than centralized committees approving every experiment, leaders establish prioritization frameworks and decision rights, then trust teams to prioritize. Leadership oversight focuses on ensuring that experiments align with the strategic direction and that learning is shared, rather than micromanaging which specific use cases are pursued.*

The best organizations maintain a balanced portfolio, managed at the team level: 70% quick wins, 20% strategic initiatives, 10% experimental moonshots, with rapid rebalancing as learning accumulates.

The Leadership Challenge

None of these practices work without the fundamental behavioural shift from command-and-control to align-and-enable. Leaders must:

- Articulate a clear purpose and strategic direction (the "where" and "why") while resisting the urge to prescribe the "how"
- Establish dynamic guardrails (governance, ethics, risk boundaries) rather than detailed processes
- Create psychological safety for experimentation, explicitly celebrating intelligent failures
- Model learning behaviour by visibly using AI, sharing struggles, and asking questions rather than providing answers

- Measure and celebrate learning velocity as rigorously as business outcomes
- Remove obstacles rather than create approval gates

This is not soft skill development; it is recognizing that hierarchical decision-making is incompatible with the pace AI demands. Organizations that empower people closest to the work to experiment, learn, and adapt within an aligned purpose will move at the speed of AI. Those who maintain a command-and-control approach will watch from the sidelines as more agile competitors pass them by.

When leaders model curiosity (Section 2.3), establish dynamic governance (Section 2.3), and align experiments to Objectives and Key Results (OKRs) (Section 2.5), the result is an organization where innovation is not an initiative; it is how work gets done. AI integration is not about deploying technology. It is about building an organization that learns faster than technology evolves, and that requires leaders brave enough to enable rather than control.

2.7 Execution

The most elegant strategy is worthless if it does not translate into action that creates value. This is where most transformation initiatives fail: the gap between strategic intent and daily execution becomes a chasm that swallows good ideas whole. Leaders articulate compelling visions, consultants design beautiful frameworks, but teams continue working the same way they always have because no one has helped them understand what to do differently or equipped them to make that change.

In the age of AI, this execution gap becomes exponentially more dangerous. The speed at which AI capabilities evolve means that organizations cannot afford lengthy "change management programs" that take months to cascade through the hierarchy. By the time the change has been fully communicated and "rolled out," the landscape has shifted again. What is needed is a fundamentally different approach to execution, one that maintains alignment to purpose while enabling rapid adaptation at the team level.

Business agility provides this execution framework through proven practices of strategy deployment, adaptive change management, and meaningful measurement. These are not theoretical constructs; they are battle-tested approaches that help organizations translate strategic intent into daily action while maintaining the agility to evolve as circumstances change.

2.7.1 Execution elements in action

Strategy Deployment: From Boardroom to Team Room

Strategy deployment (often called 'Hoshin Kanri' in Lean circles) is the discipline of cascading strategic objectives through the organization while ensuring they connect to the work teams actually do. This is where the "catchball" we discussed in Business Model Analysis becomes an operational reality.

The process begins with leadership articulating the strategic priorities; the key changes needed to move from the current state toward the ideal state of serving customers better. These priorities are translated into clear objectives that cascade through functional areas. However,

here is the critical difference from traditional top-down planning: as objectives cascade down, teams "catch" them and assess what is actually achievable given their capacity, constraints, and understanding of the work. They then "throw back" commitments and insights which inform realistic planning.

For AI integration, this means ensuring that AI experiments and initiatives align with functional OKRs (Objectives and Key Results). A customer service team exploring AI-powered chatbots is not working on a disconnected technology project; they are directly contributing to the organizational objective of "reducing customer effort" or "improving first-contact resolution." This alignment serves two vital purposes: it prevents the "random acts of AI" that waste resources, and it helps teams understand how their experimentation connects to the larger purpose, unlocking the intrinsic motivation we discussed earlier.

Strategy deployment creates transparency around priorities and provides teams with space to innovate within clear guardrails. Leaders articulate the "what" and "why", teams determine the "how," often leveraging AI to accelerate their progress. This is "align and enable" in practice.

Implementing Change: The Human Side of AI Integration

AI does not just change processes; it fundamentally reshapes jobs. Tasks that once consumed hours now take seconds. Workflows that require multiple handoffs are consolidated into seamless flows. Roles that were defined by routine execution must evolve toward judgment, creativity, and oversight. This "process condensation" and role evolution represent one of the most significant human challenges of AI integration.

Agilists possess the coaching skills needed to guide people through this transition. Unlike traditional change management, which often treats people as passive recipients of change, agile coaching recognizes that people must actively construct new mental models and develop new capabilities. This requires:

- Sense-making support: Helping individuals understand what is changing and why it matters to them and the organization's purpose. This is not about "selling" change; it is about creating space for people to process what AI means for their work and their future

- Skill development: Identifying the new capabilities people need to thrive in their evolving roles and creating pathways to develop them. This extends beyond technical AI literacy to encompass skills such as prompt engineering, AI-assisted analysis, and the judgment required to validate AI outputs.

- Psychological safety: Creating environments where people can experiment, fail, learn, and adapt without fear. AI integration requires experimentation, and experimentation requires safety. Teams need permission to try AI tools, discover what works and what does not, and share those learnings across the organization.

- Capacity navigation: Helping teams manage the dynamic capacity that AI creates. When a process that took 10 hours now takes 10 minutes, what happens to that freed capacity? How do teams redirect it to higher-value work? This capacity reallocation is a continuous coaching conversation, not a one-time reorganization.

The agile coach's role evolves into what we might call a "transition architect", someone who helps teams and individuals navigate the ongoing evolution that AI creates. This is not a project with a start and end date; it is an ongoing capability.

2.7.2 KPIs and OKRs: Measuring What Matters

"What gets measured gets done" remains true, but measuring the wrong things drives the wrong behaviors. Simple ROI calculations miss the complexity of AI integration and can actually undermine long-term success by encouraging short-term optimization at the expense of capability building.

Effective measurement for AI integration requires tracking progress across four key dimensions:

1. Implementation Progress Are we actually deploying AI capabilities?	This includes metrics like the number of AI use cases in production, the percentage of processes with AI augmentation, and adoption rates across teams. These metrics answer the basic question: Is AI moving from pilot to production?
2. Capability Development Are we building the organizational muscle to adapt continuously?	This includes metrics such as AI literacy across the workforce, the number of people who can effectively leverage AI tools, the number of internal AI champions developed, and the speed at which new AI capabilities are evaluated and deployed. These metrics measure whether the organization is becoming more adept at integration over time.
3. Business Impact Are we achieving the outcomes that matter?	This extends beyond cost savings to encompass improvements in customer satisfaction, revenue growth from AI-enhanced value propositions, accelerated time-to-market, quality enhancements, and efficiency gains. These metrics connect AI initiatives back to the business model and organizational purpose.
4. Cultural Evolution	This includes metrics such as experimentation rates, psychological safety scores, cross-functional collaboration effectiveness, and decision-making speed.

Is the organization becoming more adaptive and innovative?	These are the hardest to measure, but perhaps the most important; they indicate whether the organization is developing the capacity for continuous adaptation.

These four dimensions create a balanced view of progress. An organization might score high on Implementation Progress (lots of AI deployed) but low on Capability Development (dependent on vendors, cannot adapt quickly) or Cultural Evolution (teams afraid to experiment). The goal is advancement across all four, not optimization of any single dimension.

OKRs (Objectives and Key Results) provide the mechanism for translating these dimensions into actionable team-level goals. A customer service team might have an objective like "Transform customer support through AI-augmented service" with key results spanning all four dimensions:

- **Implementation:** Deploy AI-powered knowledge assistant to 100% of agents (Implementation Progress)
- **Capability:** Train 50 agents to Level 3 AI proficiency (Capability Development)
- **Impact:** Reduce average handle time by 30% while maintaining 95% CSAT (Business Impact)
- **Culture:** Achieve team psychological safety score of 4.0+ for AI experimentation (Cultural Evolution)

This balanced approach prevents the common trap of deploying AI for efficiency gains while inadvertently destroying the organizational capacity to continue evolving.

2.7.3 Closing the Loop: Purpose to Gemba and Back

Execution is not a one-way cascade from strategy to teams; it is a continuous feedback loop. As teams experiment with AI, they discover possibilities that leadership never imagined. They encounter constraints and opportunities that reshape what is possible. They generate insights that should inform the next iteration of strategy.

This is where business agility's emphasis on transparency, frequent inspection, and adaptation becomes critical. Regular strategy reviews, not annual planning cycles, but quarterly or even monthly check-ins, allow the organization to sense and respond to what is being learned at the Gemba (the place where work actually happens). Leaders remain accountable for setting direction and allocating resources, but they actively seek and incorporate ground-level insights into strategic decisions.

The result is an organization that executes with coherence (everyone aligned to purpose) and adaptability (able to evolve as AI capabilities and market conditions change). Strategy informs execution, execution informs strategy, and the entire system moves together at the speed the AI age demands.

This is the Russian doll complete. Purpose guides the Business Model, the Business Model shapes Value Streams, Value Streams translate into Team Execution, and Team Execution generates insights which refine Purpose. Each layer contains and provides context for the next, creating a coherent system that enables continuous adaptation in support of customers and the organizational mission.

3. A Practical Roadmap

To move from abstract AI ambitions to a concrete plan, an organization must first conduct an honest assessment of its current capabilities. A practical diagnostic is essential for identifying specific gaps, prioritizing initial efforts, and establishing a clear baseline for the journey ahead.

3.1 Starting the Journey - The 5 "S" Diagnostic

The diagnostic framework below provides a comprehensive method for this assessment, evaluating five critical domains of organizational readiness. By examining the implications of gaps in each area, leaders can pinpoint their most urgent foundational challenges.

1. Sponsorship

This domain assesses the level of active executive buy-in and championship for AI initiatives. It moves beyond passive approval to gauge true, visible advocacy.

- **Low Readiness:** This is defined by a lack of "air cover." Without active sponsorship, teams have no protection from organizational inertia and are the first to lose capacity, budget, or personnel associated with AI efforts. This leads to projects becoming stuck in "pilot purgatory," where they show promise but have no viable path to scale because they are not seen as a strategic priority. This lack of top-level engagement is a primary driver of initiative failure.
- **High Readiness:** This is characterized by active, visible executive engagement. Sponsors see their role as "blocker removers", actively defending budgets, demanding strategic alignment, and protecting teams from short-term-focused demands. They treat AI as a board-level topic, fluidly connecting its adoption to core business value. Most importantly, they publicly celebrate the *learning* derived from experiments, not just the "wins," which provides the political cover necessary for true innovation.

2. Strategy

This evaluates whether AI initiatives align with core business goals. It diagnoses whether AI is being treated as a strategic enabler or a "cool tech" project.

- **Low Readiness:** A strategy gap leads directly to "random acts of AI." In this state, the organization's focus shifts to the technology itself rather than the business value it can unlock. This results in wasted effort, redundant tooling, and disillusioned teams who see their work led to no meaningful outcome.

- **High Readiness:** High-scoring organizations demonstrate clear alignment, managing a portfolio view of AI initiatives. AI is correctly treated as a powerful enabler of strategic goals, not a piece of technology to be implemented. This value orientation ensures that every experiment, even if it fails, generates relevant learnings that inform the organization's primary objectives.

3. Safety

This explores psychological safety and governance. It asks if experimentation is genuinely encouraged and if governance is dynamic (acting as guardrails) rather than restrictive (acting as gates).

- **Low Readiness:** This state is defined by a fear-based culture. Rigid, traditional governance models, designed for predictable, waterfall-style projects, are often misapplied to AI, leading to analysis paralysis. This fear stifles the very experimentation and comfort with ambiguity that AI requires. Teams will not risk new workflows or process redesign if a single failure is seen as a career-limiting move.

- **High Readiness:** The target state is one of high psychological safety, where teams are empowered to conduct rapid experiments. This is supported by dynamic governance (guardrails), which provides clear, well-defined boundaries (e.g., for data usage, ethics, and security) *within which* teams have full autonomy to operate and learn. This enables speed and fosters the integrated learning loops essential for adaptation.

4. Staff (People)

This domain assesses the human element, focusing on the presence of AI literacy, adaptive mindsets, and the right skills.

- **Low Readiness:** Gaps here appear as widespread resistance to change. This resistance is often rooted in a lack of fundamental AI literacy, a fear of obsolescence, and a failure to recognize how AI can augment, rather than replace, their work. This leads to a high and costly reliance on external consultants, which prevents the organization from developing its own sustainable, internal capabilities.
- **High Readiness:** This is characterized by a curious and adaptive mindset. The organization actively cultivates this by investing in social learning. It identifies and empowers internal AI Champions to spread knowledge virally. The focus is on making the entire workforce smarter.

5. Success

This evaluates whether clear metrics for progress and value are defined.

- **Low Readiness:** An inability to prove value is the fastest way for an initiative to lose funding and sponsorship. Without relevant success metrics, teams are flying blind, unable to articulate progress, pivot from failure, or demonstrate any return on investment, however defined.

- **High Readiness:** This is defined by clear, value-based metrics. Notably, this does not always translate to immediate financial ROI. For early-stage work, the organization understands that learning may be the primary KPI. Success is measured by the team's velocity of experimentation and their ability to "integrate learning". This builds the trust and momentum required to tackle larger, value-focused automations in later stages.

By evaluating these five domains, an organization can create a detailed, systemic map of its readiness. This diagnostic framework reveals that these areas are deeply interconnected. A lack of Sponsorship will cripple Safety, and a failure in Strategy makes defining Success impossible. This moves the conversation from "if we should use AI" to "what foundational human and structural work we must do first." (the online version of this assessment is available at http://hyperadaptive.solutions/discover).

3.2 A Phased Blueprint for Capability

Following the "5 S" diagnostic, a structured approach enables organizations to move from assessment to action. This 6-month blueprint is designed to establish the crucial organizational alignment and foundational structures needed for AI integration. This human-centric groundwork ensures that subsequent AI initiatives are strategic, scalable, and governed effectively. This blueprint maps to the phases in the Hyperadaptive Model.

Months 1-2: Alignment & Direction

The first phase is dedicated to building a unified front at the leadership level. This is the "Sponsorship" and "Strategy" work from the "5 S" diagnostic, put into practice. Without this, all other efforts will lack the clear mandate for change required to overcome organizational inertia.

- **Establish Active Sponsorship:** The priority is to gain leadership alignment through a series of executive sessions. This moves beyond passive approval to secure active sponsors. A "Sponsor mapping" exercise identifies which leaders will own which components of the transformation and how they will visibly champion the initiative.
- **Define a "North Star" Vision:** To prevent "random acts of AI," leaders must collaboratively establish a 'North Star' vision. This strategic statement connects AI adoption directly to the organization's core business goals. It serves as the primary filter for all future prioritization, ensuring that every project, pilot, and experiment is aligned with a shared definition of value.

Months 2-4: Assessment & Governance

With leadership aligned, the focus shifts to understanding the organization's starting points and establishing the "rules of the road." This phase directly addresses the "Governance vs. Speed" tension by creating a framework that enables, rather than restricts, innovation.

- **Assess Foundational Capabilities:** This phase requires a comprehensive evaluation of foundational capabilities across technology, data, processes, and personnel. This formal capability assessment builds on the initial 5 S diagnostic, creating a detailed map of the current state. It identifies where critical data is siloed, which processes are too rigid for adaptation, and where the most significant cultural and skill-based gaps exist.
- **Establish Dynamic Governance:** This is arguably the most critical step of the foundational stage. The goal is to establish initial AI governance that functions as "dynamic guardrails", not restrictive gates. A cross-functional group is convened to draft initial policies. This group provides clarity on ethics, data usage, security, and risk, empowering teams to experiment safely within well-defined boundaries.

Months 4-6: Activation & Implementation

The final phase of the foundational stage is about building momentum. It shifts from planning to visible action by empowering people and demonstrating value. The goal is to create visible wins and make the change a social one.

- **Identify and Empower AI Champions:** AI adoption is a socially learned skill. This phase implements a "middle-out" adoption strategy by identifying and empowering AI champions. These are enthusiastic and curious individuals from across the business who are trained and supported to become local coaches. They form the basis of the AI Champion Network, a critical support structure for scaling knowledge virally.

- **Launch High-Value, Low-Risk Pilots:** Guided by the "North Star" vision, the AI Council identifies high-value, low-risk pilots that can provide immediate learning opportunities and demonstrate progress. This creates a Prioritized AI Backlog for the first wave of implementation.

- **Build Communication and Measurement Plans:** To socialize success, a formal Communication Plan is built. This plan outlines how the "North Star" will be shared and how wins from the pilot program will be celebrated. Crucially, an **Initial** Measurement Dashboard is created. At this early stage, it is crucial to prioritize learning as the primary KPI, ensuring that teams are rewarded for experimentation and adaptation, rather than just short-term financial returns.

4. Conclusion: Architecting the Future

AI is rewriting how organizations create value, make decisions, and serve people. The temptation is to view it as a technical upgrade, a smarter tool, a faster process, or a more cost-effective system. The reality is deeper. AI forces every organization to question how it learns, decides, and adapts. It reveals whether leadership, culture, and structure are ready to keep pace with the technology itself.

True progress depends on architecture, not just system design, but the architecture of thinking, behaviour, and connection. Technology provides capability, but leadership shapes coherence. Business agility gives the blueprint for this balance. It combines purpose-driven alignment with the freedom to learn and adjust. It ensures that innovation happens responsibly, guided by clear values and transparent governance.

Organizations that thrive with AI will not be those with the most advanced tools, but those with the strongest habits of adaptation. They will treat experimentation as routine, feedback as fuel, and learning as the measure of success. Leaders will not delegate AI to a department; they will embody it through curiosity, empathy, and disciplined experimentation. Teams will not wait for instruction; they will self-organize around a purpose, guided by principles and trust.

The Agile community stands at the centre of this shift. The same principles that once helped organizations master uncertainty in software now help them master uncertainty in intelligence itself. Agilists are the translators between human intent and machine potential, connecting values to value creation, ethics to execution, and learning to leadership.

AI adoption is not a single initiative. It is a continuous act of organizational design. Every experiment teaches. Every outcome informs the next decision. When purpose guides technology and behaviour drives learning, agility becomes more than a method; it becomes an operating advantage.

The future will not belong to organizations that automate the fastest, but to those that adapt the smartest. By blending the disciplines of business agility with the power of AI, we are not just integrating humans and machines; we are building organizations capable of evolving with both. That is what it means to architect the future.

Leadership maturity will determine how successfully organizations lead this next evolution. The AI journey is not just about technology integration, but about leaders fostering clarity, trust, and adaptability at scale. Those who invest in these behaviors will shape workplaces where humans and machines learn together, guided by purpose and strengthened by values. That is where the real transformation begins.

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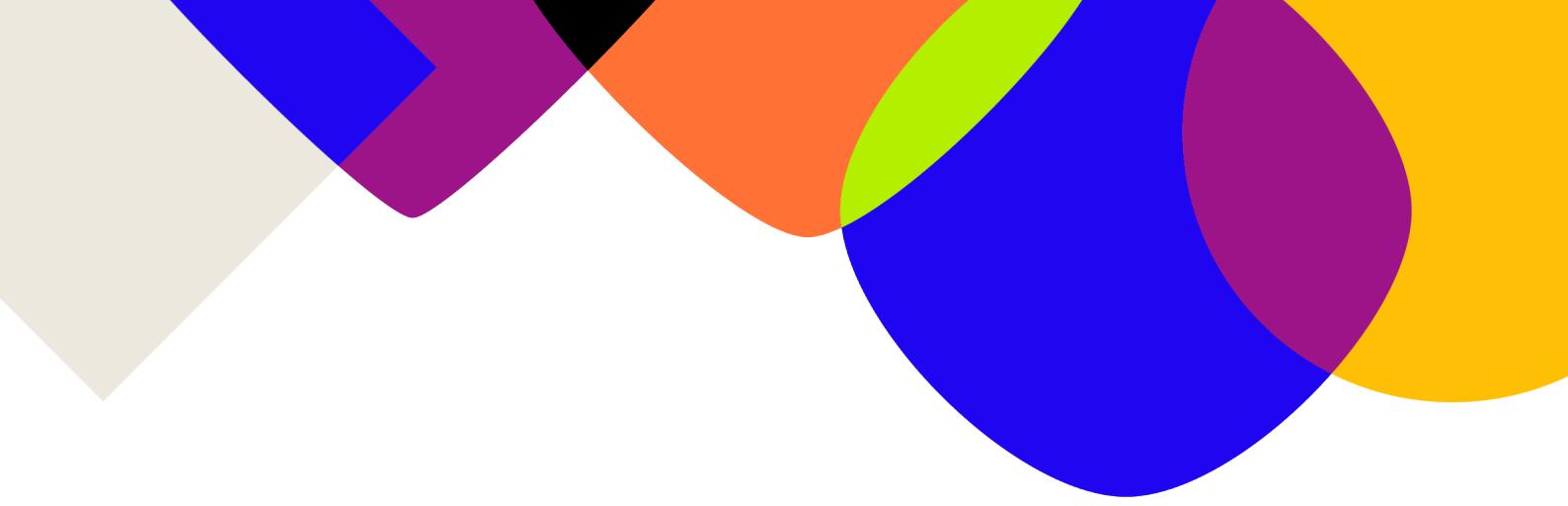
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Experts in their field, members of the Business Agility Think Tank support and strengthen the work of research organizations, foundations and others in support of growing more agile organizations and institutions. The Think Tank is supported and facilitated by the Agile Business Consortium.

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