



## The So What from BCG Podcast

### People Will Be the Unsung Heroes of the AI Revolution

**GEORGIE FROST:** GenAI is a game changer for organizations, yet too many businesses are reverting to the mean, following the tried and trusted blueprint for traditional AI and over-focusing on the algorithms, or forgetting the human element.

If you want to use this new technology to stand out from your competitors, you need to reimagine what it can do and have a workforce that knows how to use it. So how can you upskill your staff and leverage GenAI to increase productivity, incentivize creativity, while, importantly, maintaining trust?

I'm Georgie Frost, and this is The So What from BCG.

**ALLISON BAILEY:** As much effort as you're putting into developing your algorithms and technology, you've got to put even more into the people side. Start thinking about how you're going to deliver these tools across the organization from the outset.

**GEORGIE:** Today I'm talking to Allison Bailey, Global Leader for BCG's People & Organization Practice.

**ALLISON:** BCG has done research on what does the use of this actually mean in the context of an organization, whether at the individual level or at the group level, and with some honestly surprising findings.

At the individual level, people that use, say, ChatGPT to enhance their productivity and creativity get really, really good results. Something like 40% increase in productivity with the usage. It also actually helps with the distribution of performance. Those at the lower end make up disproportionate ground.

But if you actually have a group of people in a group setting use generative AI, use something like ChatGPT or its equivalent, what we found is that there's actually reversion to the mean, and that the level of creativity, the amount of orthogonal thinking and orthogonal ideas goes down and reverts to the mean. And because of the influence of the generative AI, a lot of the ideas start to look the same.

I often talk about the impact of predictive AI on the movie industry where you saw for a period of time a lot more sequels emerging versus more creative films, largely because if you look historically and apply predictive AI, it's going to tell you for the future that your best moneymaker, your best blockbuster, is actually going to be a sequel.

And of course financially, that's true, but it does have negative consequences for the degree of creativity and originality that we're seeing in film and in media more broadly when GenAI and predictive AI are being applied.

**GEORGIE:** How should businesses be approaching GenAI? Because I find it quite a surprise when you said that it's moving really quickly because I've also read that BCG research and it reminds me of, potentially, there's a risk of headless chickens thing where you haven't got a strategy. So how should businesses approach this?

**ALLISON:** It's a great callout, and let me just start by one of our learnings, and we learned this from applying AI at scale, and I think it applies as much if not more so around generative AI, and that is the need for a focus on value creation and business outcomes.

And a lot of times what we saw was a lot of experimentation, a thousand flowers blooming, but actually insufficient focus generating the



value that we expected and the business outcomes that we expected? So really taking a rigorous view toward where within the business are we going to be able to generate the most value? And then disproportionately focusing there as we sequence our transformation journey.

We, as BCG, recently came out with a GenAI workforce diagnostic that with very limited HR data allows us to identify where the biggest value pools are across an enterprise, that are unlocked through generative AI. And we're asking every organization that we meet with to use it because we think it's invaluable helping folks navigate where to focus, otherwise you can become completely overwhelmed by the task at hand.

**GEORGIE:** How does that work, by the way? Or is that a trade secret?

**ALLISON:** I would say a little trade secret, but we do it from activity up, meaning we take a look at the roles in the organization, the activities that they're involved in. We then look at the application of GenAI, which activities would get disrupted, automated, augmented.

And then through that we say how much actual productivity can be unleashed, which then an organization can either take to the bottom line or reinvest in higher-order activities. The second thing I might highlight is that we're seeing a lot more, in order to get this business value, we're seeing a lot more combination of predictive AI with generative AI. And let me give you an example of that because I really do think it unlocks disproportionate value.

If you think about, say, an industrial organization that has equipment out there in the field, you could imagine predictive AI at the center indicating what equipment needs to be repaired when, and giving you a pretty good understanding of when you need to send repair teams or service teams out in anticipation of that. So that would be the predictive AI part.

The generative AI part comes when you actually send the service team out to make a repair or do maintenance or whatever. And along with them is their copilot that actually tells them what they need to be doing in response to questions they may have, or policies that they may need to refer

to, or whatever it might be, real time on-site. So when you put those two things together, you can immediately see the power of that to both reduce costs and improve service levels at the same time. And the more that we're combining predictive and generative AI, the more unlock we're seeing in organizations.

**GEORGIE:** I heard three elements to that. Predictive AI, GenAI.

**ALLISON:** Yes, yes.

**GEORGIE:** ... people.

**ALLISON:** The third one is about people. We call it implementing the 10-20-70. And by 10-20-70, we mean 10% of effort goes into algorithms, 20% of effort goes into the technology. But really importantly, 70% of the effort actually has to go into people and process. And that's the part that often gets under-invested in, or if it gets invested in, it's sort of late in the cycle.

I think one of our learnings from having deployed so much predictive AI is that people, because they were focused so much on the tools, so much on the technology and left the people aspects till much later, they didn't capture all the value and they weren't able to scale at the speed or to the extent that they expected to.

So this time around we're trying to tell clients, as much effort as you're putting into developing your algorithms and technology, you've got to put even more into the people side. Start thinking about how you're going to deliver these tools across the organization from the outset. What sort of delivery mechanisms and methodologies are you going to use? And then, how do you make sure to rethink the organization in parallel?

Because as we know, these tools change the nature of the work that people do and it does it at a profound level. So as a result, we've got to redesign jobs, we've got to redesign org operating models, we've got to redesign training and skilling programs, incentive programs, and the career paths and the list goes on.

All of that, one needs to start early in this process, not as an afterthought to launching the



technology, which unfortunately, I think happened far too often previously.

**GEORGIE:** So when I said what should businesses be thinking about when approaching AI or GenAI, it should be people first?

**ALLISON:** My own view is people first, because without the people you're not going to get very far overall. And if I think about the jump that needs to take place from the current state to a future state, the people side is really, I would say, the most difficult. It obviously depends on the role, the organization, the context they're operating in, et cetera.

But the reality is, given the degree of change, given what we see in terms of the number of roles and organizations that are impacted, it's something like 80% of roles will be impacted to some degree, and something like 60% of roles will be impacted to a large degree.

So that starts to give you an order of magnitude relative to the past of the degree of change that people are going to have to undergo. And then what I also think that means is that what we're going to be looking for in terms of people is going to change. A lot of the routine tasks that people are used to doing.

The roles in organizations that were typically focused on more administrative tasks will largely go away and be replaced. And as a result, people will have much more time to be spending on more strategic aspects, more value-added aspects, et cetera, which from my perspective is actually quite exciting.

**GEORGIE:** So let's dig into all of those elements a little bit more, if you wouldn't mind. The type of skills that are going to be needed in this new environment, and then how do you train people to work with this new technology? Do you reskill existing employees? Is it all going to be a lot of new hires? And then how do you pick those new hires? There's a lot to work with there.

**ALLISON:** There is. And let me just start by saying that the skill profile that people will need will radically change, and it will radically change especially for knowledge workers, which is

something we really haven't seen as much of with previous technology advancements.

First and foremost, in terms of skills that we're going to be looking for, it's the ability to learn. And the reality is, it's easy to say, "Oh, I want to find people that can learn easily," et cetera. "Have a growth mindset." But in reality it's actually much, much more difficult.

But given the pace of innovation, given the pace of technology change that we've seen, but also that we will continue to see, having people who are able to learn quickly, adapt, and so forth, is going to be really at a premium.

Other skills that we're going to continue to need and will be, I think, prized—creativity for the reasons we talked about before in terms of the reversion to the mean by only using these tools, and a bent towards innovation, collaboration. Collaboration is really going to be important in this world as it's multidisciplinary teams that are going to develop a lot of this new technology and new tooling.

I would also say that we will need more very specific expertise, whether it's people expert in deep learning or various types of engineering, et cetera. But those on a relative basis will be small compared to the skills that we're going to need everyone to have foundationally.

Now, because many of these skills are going to be in such high demand, we're going to find ourselves with significant supply and demand imbalances for talent. And you can't just go out to the outside market and continue to hire your chief AI leader or whatever, because there won't be enough of them to go around.

So it's going to be important to think about upskilling and reskilling those that have some of the capabilities that you want, but really investing in helping them complement the rest of their skill set so that they can actually compete.

If you just go to the outside market, you're going to find that either you're waiting a long time or you're just coming up very, very short in terms of the folks you're able to hire. The other thing that I would say is that learning and upskilling is going to become an always-on thing.



I think you're going to see more of it happening at the rock face, in the course of the job that you do every day, sort of the right information at the right time in the right dosage served up to you in a very personalized way for you to really ingest it. I think we're just at the beginning of that trend of upskilling, but expect to see more as the technology like GenAI enables you to do so much more on a personalized and real-time basis.

**GEORGIE:** I was going to say, because this isn't just an issue of reskilling or upskilling your tech staff. If this is going to affect 80% of jobs, you are talking about every level of worker is going to need to some degree some sort of training. So I guess this all starts at the top and having a good strategy.

**ALLISON:** One of the things that we see over and over is C-suites that say, "Yes, you need to upskill my employee base," but they forget that the employee base actually starts with them.

And what we've seen in some recent survey data is that actually people see that their leaders, their most senior leaders, aren't actually prepared to navigate decision making in a world of GenAI.

**GEORGIE:** I'm also curious about how... We've spoken about how to train people, but how to think about their career paths, which I imagine is going to look very different.

**ALLISON:** Yes, they are ultimately going to be very, very different, and it starts with the fact that in many businesses there's an apprenticing of junior people. They start with doing much more lower-level tasks, et cetera, being apprenticed by more senior people. Well, many of those jobs and many of those tasks, because of GenAI, will have been either fundamentally altered or even automated away, which will require really rethinking what the career development paths look like in many organizations, including our own as a professional services firm.

That having been said, I would argue that if I think about tech talent, and some of our learning about both tech talent and I would say also younger talent, what do they really care about? What's important to them in an employee value proposition?

We are seeing some dramatic changes. They care a lot about what they're working on, the experience base that they're actually working on. They want to know that they're doing leading-edge stuff, that what they're doing is contributing to their learning, and that they're going to be able to take that out into the marketplace potentially to get their next job.

They also want to know that they're working at a company that has a clear strategy, that's focused on growth, and then also walks the talk. So if it's a purpose-driven organization, they want to know that the leadership actually is standing behind that, not just in name, but in the actions that they take.

**GEORGIE:** Is there a blueprint for success?

**ALLISON:** Yes, I think there is, and it's based on our learnings from having rolled out lots of transformational AI programs with a few important twists. The first is, because of the democratized nature of this technology, getting people to actually experiment with it in a safe sandbox environment is a no-regret move that everybody should be already doing. And if not, you can do it starting tomorrow with appropriate safeguards.

The second is really around making sure to identify the biggest value pools that GenAI represents. But understanding those value pools is critical to then deciding what use cases you're going to go after, what pilots you're going to launch. And in parallel, as we talked about before, we've got to start working on all of the people and organizational elements that are required for scaling of this.

And that's everything from understanding the nature of the skills that are required, how you're going to get them, are you going to hire for them, are you going to upskill for them, et cetera, to what's going to change in terms of roles, responsibilities, operating models, incentives, as well as the role of responsible AI.

I probably have not talked as much about that aspect as I should because of its importance, but doing the pilots for the priority use cases in parallel to building an enterprise infrastructure for scaling and rolling out on the people side, to me is



the part that is different than what we did before, and I think is going to make a big difference in people getting even more value more quickly out of their GenAI transformations.

**GEORGIE:** You mentioned responsible AI and I wanted to talk to you about trust, particularly. And I don't just mean trust with your customers, for example, but also with your staff because you're going to have to get them to come along this journey with you. What does trust look like in a GenAI world?

**ALLISON:** It's a great question, and we've been asking executives, employees, about trust now for some time because we realize how important a concept it is, and we're not sure we totally understand all aspects of it up to this point in time.

But I'll tell you a few things that we do know, and I'll also talk to you about some experiences we've had to try to help engender trust in specific contexts. So I would say the first finding from our research, both at the executive level and broader employee level, is the more experience, the more you use GenAI, actually, the more you trust it.

So what that means is that actually prioritizing adoption and having people, back to my sandbox reference before, getting people to try it, experiment with it, et cetera, is actually quite critical to them trusting it over time and to driving broader adoption.

The other interesting thing we found was that, the more senior you were, the more you actually trusted it. And that actually might be a problem because you could be lulled into thinking that the tools were giving you really sound advice when maybe they were hallucinating.

And we therefore said that it's a little bit trust but verify. We want people to trust things, but we don't want to take the human out of the loop, and we want to make sure that people, as they're using these things, don't lose their critical thinking skills and that they actually verify what's coming out to make sure that they're feeling comfortable with it.

**GEORGIE:** So, in sum, if I could ask you again what will trust look like in a GenAI world for

everyone, are we all going to be all more cynical, do you think? Or is it just the beholden upon companies to be really, really responsible?

**ALLISON:** Well, I think companies have to be really, really responsible, and I think many will be. But I'm also convinced that there will be some spectacular debacles. I can't tell you when or where, but I do think it will happen and that there will be at some point in time what I would call popular backlash. We will then work through it and get to the other side.

But given the pace with which things are changing, there's really an onus on executive teams and leadership teams to use responsible AI, to be very thoughtful about the rollout, to make sure that they are truly capturing the value, but at the same time with the appropriate safeguards in place.

**GEORGIE:** Allison, thank you so much, and to you for listening. If you want to check out the research that Allison was referring to, there's a link in the shownotes of this podcast episode. We'd also love to know your thoughts. To get in contact leave us a message at [thesowhat@bcg.com](mailto:thesowhat@bcg.com). And if you liked this podcast, why not hit subscribe and leave a rating wherever you found us? It helps other people find us too.