Sagar Goel: It was mind-boggling when we did this study and got the results. More than half of the leaders that we surveyed are seeing material impact to their business in the next three to five years because of de-skilling. And more than half of those leaders are actually already seeing that skills erosion today.

Georgie Frost: Welcome to The So What from BCG, the podcast that explores the big ideas shaping business, the economy, and society. I'm Georgie Frost. AI promises to make workforces more productive, but what might we be losing in the process? Could the way we are using it actually be eroding our ability to think, learn, and exercise good judgment?

Well, joining me today to discuss this is Sagar Goel, global insights leader at the BCG Institute where he leads the Human Futures lab. Sagar, we've been offloading parts of our thinking to technology for years. I mean, I can think of calculators, computers, certainly in my case, GPS. What makes AI, though, different?

Sagar Goel: We're not talking about support of cognition here. We are talking about substitution of cognition. And with agents, it's not individual tasks, but whole workflows that get automated. This can have a significant impact on human skills erosion as everybody in an organization starts to use this, but not in the right way.

Georgie Frost: Now you surveyed 70 C-suite leaders and senior executives on the issue of de-skilling. Tell me what they told you that they're seeing happening in their organizations. What's going on out there?

Sagar Goel: Imagine not just one or two people, but hundreds of thousands of people in an organization using AI pervasively. That actually, from our global study shows has a huge impact on skills deficit. More than half the leaders that we studied are seeing this with 60% of them seeing material impact to their business in the next couple of years. We are calling this phenomenon, distributed de-skilling. And we are seeing this phenomenon globally and we feel organizations have a real choice on how they think about value creation in a way that amplifies human impact.

Georgie Frost: You talk about the material impact. How is de-skilling manifesting itself? What are we actually seeing?

Sagar Goel: The first insight from our global study showed that 90% of leaders stating an over-reliance on AI outputs without stress testing them. So imagine leaders getting reports and decisions bottom up which are not really challenged or rigor-tested, and this cascading throughout the organization. We are also seeing more than 50% of leaders telling us that there is a real accountability and ownership challenge here. The blame goes to AI the moment an error is spot. We are also talking about people down the organization, the junior talent, not building skills fast enough, and more than half of the leaders again told us the same issues.

As we are seeing with agents, many parts of the workflows can get automated, but ultimately humans are responsible for two things. First, the problem framing itself and the context setting. What do you need as the outcome from your AI intervention? And then, the output of the other end has to be rigor tested threadsand stress tested again with the human input and the critical reasoning and judgment.

Georgie Frost: And what about those, you mentioned those at the start of their careers, because a lot of the work that AI can do now, so research, drafting, analysis, that kind of stuff, is also the work through which we learn. So what happens when you take that away?

Sagar Goel: We all know that human skills are not a fixed endowment. They are a renewable asset, in fact. So if we don't replenish them, they can atrophy. And these human skills take time to build with constant feedback loops and constant repetition, much like we build muscles when going to a gym.

Imagine at the junior level when mentorship is eroding and from our global survey, more than a third of the leaders see slower growth rate in driving mentorship and coaching down the organization. This I find as a real risk or challenge. But it doesn't mean the end of the day. This only means a thoughtful intervention to actually build or invest in the leaders of tomorrow.

Georgie Frost: But when so much of the focus is on cost, if AI can do the job that perhaps young people at the start of their careers, it could do it better than humans as it were, then what happens to that sort of pathway and also to things like mentoring, coaching, knowledge sharing, all those wonderful things that you spoke about when ultimately it comes down to cost pressures oftentimes?

Sagar Goel: Organizations who are actually thriving in creating value at scale with AI are thinking about it equally as a tool or an enabler for growth. And in many cases, it may not be about doing more with less, but doing much more with the same. How do you take the core skills, the judgment, the strategic thinking, the affiliation, the discretionary energy that you have of your employees today? Imagine with the power of AI, you amplify that across different parts of your business, whether that faces customers or your internal operations, that could make for a far superior competitive outcome and business impact.

Georgie Frost: I do just want to ask though, if there are times when you think that businesses should be telling people not to use AI, even if arguably there are big benefits to doing so, especially for certain tasks, that actually you should pause on certain uses?

Sagar Goel: As many organizations globally are redesigning their workflows to think about where you should have AI come in and where the human judgment or human in the loop comes in, there are definitely AI-free zones that are required, and a clear AI code of conduct to be institutionalized. Whether it's workflows or tasks with high risk, whether it's regulatory risk or operational or strategic risk, or it's tasks which require ethical judgment, or even tasks that require origination of new ideas and brainstorming.

Georgie Frost: So how do businesses then get the productivity benefits of AI without risking de-skilling their workforce? Is there some blueprint, I suppose, that we could follow?

Sagar Goel: I would say think about three simple ideas. The first is really governance. Where should AI play a disproportionate role and where do you want to preserve the human judgment? And what's the code of conduct on what is considered as good use of AI and no-fly zone for AI?

The second is really workflows. As you rethink and reimagine your workflows, being thoughtful about the human judgment, creativity, origination,

empathy, risk-taking appetite as key levers, not just efficiency and effectiveness.

And finally, the third idea is really skill building, but reinforced in the day-to-day. Yes, you need to think about the right training program, but also managers and leaders reinforcing in the day-to-day that critical thinking, business judgment is what is valued at the end of the day.

Georgie Frost: Is there an argument to say, "Actually, let's pause," and really think about all of those things you spoke about? Especially things like training our workforce, how we want AI to look within our workforce and with individuals?

Sagar Goel: There's definitely an opportunity to rethink training itself, and I would say we need to reframe learning and development into very much learning and doing in the day-to-day itself.

Let me give you some concrete examples. A large bank in India, every Friday they have a cross-functional teaming session, which is AI free, and they alternate across different modes of thinking, whether it's analytical, creative, brainstorming, that is their safe space to build critical thinking in the day-to-day. A large telco or a telecommunications company in the US runs hackathons, three-day hackathons with no AI, with the purpose of reinforcing the importance of human originated ideas and human critical thinking and application of business judgment in the day-to-day.

We have a vision at BCG to be the world's most AI-fluent workforce, as our CEO puts it. We have our own AI fluency programs with different levels of the ladders with clear expectation-setting on where an individual needs to be.

But I'll give you some personal examples for myself. As a managing director and partner, my role is to really bring the client context, the understanding of what drives value, how decisions are made, how the organization at my client's move. That's not something that AI knows. But it is my role to bring that into our case team process, into our safe space of brainstorming with our teams, and being very, very clear that ultimately the accountability and the ownership of our recommendations for our clients sit with me as a partner as well as our teams.

This is what BCG is reinforcing in all of our trainings, as well as partner sessions about safe use of AI. And I feel with the right set of interventions on the governance side, on re-imagining workflows in the correct way, as well as reinforcing skill development in the day-to-day, we can counter de-skilling.

Georgie Frost: You used the word safe space. Why was that important?

Sagar Goel: We are seeing, even from our global study, that accountability and ownership is taking a big dent. More than 50% of our leaders said that AI takes the blame when something is found as an issue. That is a moment of safe space, Georgie. A leader in that moment can choose to pause and take a step back and really reinforce that this is a collective brainstorming process. And errors and mistakes are fine, but the end accountability and the ownership still resides with each of us.

Georgie Frost: Sagar, I imagine many of the listeners to our podcast use AI every day. How do we know, how can we identify when we are genuinely gaining from it and when we might actually be losing something important to it? What should we be looking out for?

Sagar Goel: If I could change the screensavers on everybody's laptop or possibly put up some simple signs on top of your study rooms or workspaces, I would put two of them or maybe even three, Georgie. The first needs to say, "Stop and think." It's really taking a step back at your first step itself. What is the problem I'm trying to solve? What's my initial idea about this? What's the right context hints that I can give to AI that might allow AI to find a much more elegant answer?

The second sign reads, "I am in the driver's seat." I need to take ownership of also rigor-testing the outputs. And there are fantastic ways to rigor-test as well. You could create simple things as multiple personas of the decision that you are trying to make. It could be from the customer lens, your chief financial officer, your internal employee, how would they react to this problem solving that you're doing?

And then the third sign would read, "If in doubt, go back to the first," which basically means stop and think. All I'm saying, Georgie, is de-skilling is about taking a step back to not offload your cognition to AI, but really working along with AI to amplify it.

Georgie Frost: It's not always easy though, is it, for leaders or for individuals to identify where I might be, as I said, losing something? Does it matter, for example, that I always follow a GPS wherever I go, even though I know exactly where I'm going? It's not always easy to identify, is it? How do you do that?

Sagar Goel: There are some interesting things that our study found. Firstly, that the skills which are most at risk with AI are problem framing and judgment. So I would say when you are in these situations, if you are a habitual user of AI, make it a default to take that step back to really think hard about the problem framing itself.

The second thing I would say is, which is back to the mentorship and the coaching, how do you do that for your teams? Also creating those safe spaces for reflection and discussion on how are we using AI as a team? Where is it creating the real value for me and where actually I may have gone into analysis paralysis? So keeping that space open for discussion and reflection and honest feedback from each other can definitely help us find those moments where we should actually be taking a step back and further reinforcing our human skills.

Georgie Frost: Well, we've covered the "so what." Now's the "now what." What should leaders start doing differently today?

Sagar Goel: This is a real opportunity or a missed one based on how you act. Three simple things matter when you are thinking about countering de-skilling, or creating that human advantage. First is really setting your AI code of conduct. Second, thoughtful approach for workflow redesign that amplifies human judgment. And the third is the day-to-day as leaders, as managers, where can we build more self-awareness as well as team awareness about the thoughtful use of AI?

Georgie Frost: Sagar, thank you so much. And thank you for listening. You can find the link to Sagar's latest co-authored piece, *When Everyone Uses AI, Companies Risk Losing Critical Skills,* in the show notes. If you've enjoyed the episode, hit subscribe so you don't miss future discussions and you can catch up with all our episodes on Spotify, LinkedIn, YouTube, and Apple Podcasts.