Aiming for a Virtuous Cycle in AI

To BCG's network around the world,

In contemplating a world where artificial intelligence plays an integral role in how work gets done, many people have imagined an apocalyptic future. Machines would take over, and humans would no longer get satisfaction from the work that remained.

As we've begun to live in that future state, with AI playing a more prominent role across industries, there's been a lot of focus—including occasionally from me in this email—on the big wins, including a boost to organizational learning, productivity, and deeper customer relationships, as well as on the importance of ethical AI. But there hasn't been as much focus on how AI is actually affecting the lives of the people who work alongside it.

A new study by BCG GAMMA, the BCG Henderson Institute, and MIT Sloan Management Review does just that, and I'm encouraged by the findings. Contrary to what some AI dystopians have envisioned, we're so far seeing that AI leads to an extensive positive impact on an organization's culture
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The study, which was based on a survey of nearly 2,200 managers and interviews with 18 executives, explored the impact of the effective use of AI on collaboration, collective learning, clarity of roles, and team morale. The results showed that 97% of companies using AI effectively saw improvements in at least one area, 89% in two, and 51% in all four.

When implemented well, AI creates a virtuous cycle. It increases efficiency and improves decision making—shifts that build team confidence and, in turn, trust in

the value of the technology. Potential results: improvements in how teams learn, how people work together, and even their enjoyment of their work.

The interplay between AI use, organizational effectiveness, and team culture.

Team culture

Collective learning

Collaboration   Team morale

Clarity of roles

Trust

Collective learning

AI use

Effectiveness

Efficiency   Decision quality

The study's authors offer great examples, including that of global wine and spirits company Pernod Ricard, where a new system of digital assistants uses data to help salespeople decide which stores to visit. The company integrated the program carefully, reviewing feedback from pilot users and making sure that the logic behind the system's recommendations was clearly communicated.

The system "…gives salespeople more confidence, more clarity, and higher morale," says Pierre-Yves Calloc'h, Pernod Ricard's chief digital officer. He has heard from his teams that they have no interest in returning to their old methods.

Sometimes AI improves morale because it allows employees to uncover new opportunities. Nasdaq now uses AI to scan prospectuses for details that might benefit clients. In the past, says Douglas Hamilton, Nasdaq's associate vice president, "it would take an analyst anywhere between 40 and 90 minutes to grab a document, read through it, figure out if it contained certain types of information that the clients would find interesting, assess where that information was, and get it into the system."

It takes the new technology three minutes to process 6,000 documents. The financial

benefit to the organization is clear, but on top of that the analysts are pleased with the shift in work. According to Hamilton, "Now they get to do new and exciting and interesting things on a daily basis instead of the same old thing every day."

This newly discovered cultural benefit of AI should be further incentive for business leaders to fine-tune their AI strategy, setting themselves on a path to greater competitive advantage and a more vibrant culture.

Please see below for more on this new study and related content.
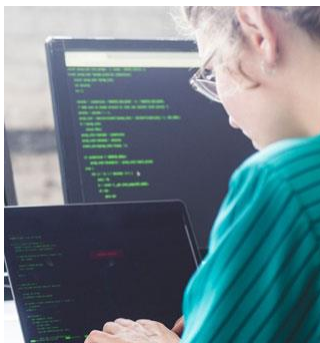Until next week,

Rich Lesser
Global Chair

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