



COST MANAGEMENT

# Making AI Productivity Pay Off

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CEOs are under relentless pressure to deliver on two fronts: driving growth while keeping costs firmly under control. Recent BCG research suggests that managing costs ranked as the second-highest source of stress for CEOs today, just behind hitting growth targets. AI and automation can address both challenges, but that isn't always what happens.

AI enables organizations to produce more, respond faster, and improve service levels. But in most cases, that capacity is not strategically redeployed, as the underlying structure of work remains intact. Steps, layers, approvals, and other kinds of drag persist, even as capacity grows. Despite significant investment, many companies find their cost bases unchanged, or even rising, as new technology adds to the burden.

To solve this challenge, CEOs must translate AI-driven capacity into lower costs and higher performance, freeing up the financial resources needed to fund growth. The path forward is to

connect AI deployment with deliberate choices about work, roles, and structure.

# From Productivity to Performance

Cost transformations are difficult to maintain. Over time, layers are added, processes fragment, ownership becomes diffused, and overhead builds. Work accumulates without being fundamentally rethought, and a culture of cost discipline begins to erode.

Under pressure, leadership attention gravitates toward what is most visible—budgets, headcount, discretionary spending, short-term targets. These levers are tangible and immediate, but leave the underlying structure of work untouched, allowing complexity to build over time. In this environment, introducing AI often accelerates activity but fails to eliminate it.

Leaders need to look beneath the surface: at how decisions are made, how roles are defined, and how much low-value activity is embedded in day-to-day operations. As AI reshapes roles, the nature of work is shifting toward higher levels of judgment, coordination, emotional intelligence, and problem solving. Leaders need to rethink what work should exist in the first place and how it should be executed.

That means going beyond acceleration to elimination and simplification, reducing the number of steps in a process, collapsing layers of review, clarifying decision rights, and removing duplicative efforts. It also means redefining roles rather than simply reducing them, stripping out unnecessary steps before digitizing processes, and aligning incentives and behaviors with new ways of working.

## The Big Questions

Organizations that layer AI onto existing structures will see incremental gains. Those that use it as a catalyst to redesign work will unlock durable improvement in both cost and performance. To create maximum value, CEOs must begin by asking the following questions:

- **Where is AI increasing output, but not reducing effort or cost?** Consider communications: AI can generate content instantly, but if it still takes days to align stakeholders and secure approvals, much of the underlying effort hasn't changed.

- **What work still exists today that no longer needs to?** Are teams producing gold-plated outputs—overengineered reports, excessive analyses, or multiple review cycles—where the level of effort required far exceeds the value created?
- **Where are we accelerating complexity instead of removing it?** In many functions, AI increases output while expanding the system around it. More content to manage, more leads to qualify, and more code to maintain. How is freed-up capacity being used—and who decides? Teams may use it to take on additional projects, increase service levels, or expand scope. In some cases, individuals may simply reclaim time. These outcomes could be desirable. But they should be the result of deliberate choices, not default outcomes.
- **Which roles are being redefined, versus simply asked to do more?** Too often, roles aren't fundamentally redesigned. Employees take on higher volumes, more complex tasks, and greater cognitive load while AI absorbs routine tasks. However, without adjusted support and recalibrated expectations, increased effort may not reach the bottom line.

Without clear answers, productivity gains will continue to be absorbed rather than translated into value. For CEOs, this requires connecting agendas that are rarely sequenced: cost, AI, and operating model redesign. When these come together, a new dynamic emerges. Capacity freed up through productivity gains is intentionally redirected. Work is simplified. Structural cost is removed. Resources are reinvested into capabilities that drive further efficiency and growth. Only when leaders fundamentally rethink how work gets done will productivity translate into lasting advantage.

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