

Leadership and Organisation Design in the AI Era: A Strategic Approach

In today's rapidly evolving technological landscape, artificial intelligence represents a transformative shift in how organisations operate. Unlike previous industrial revolutions, the AI revolution is characterised by a unique human-machine partnership that fundamentally alters the nature of work. As organisations navigate this new terrain, leadership, change management and organisation design become crucial elements in successfully harnessing AI's potential while mitigating its risks.

The AI Transformation: More Than Just Technology

The possibilities for changing how work gets done through AI are broad and significant. From healthcare diagnostics to customer service, from predictive maintenance to the creative field, AI is already automating complex analytical activities across industries.

In healthcare, Moorfields Eye Hospital in London has collaborated with DeepMind (now part of Google Health) to develop an AI system. It can detect over 50 eye diseases from retinal scans with 94% accuracy, matching world-leading experts. This has the potential to reduce cost and reduce time from appointment to diagnosis.

Customer service has been revolutionised by companies like Ocado, whose AI-powered customer service platform handles thousands of enquiries daily through natural language processing. Meanwhile, NatWest's virtual assistant, Cora, manages over 200 different customer service scenarios, helping customers with everyday banking needs and freeing up staff to address more complex issues.

In manufacturing, Rolls-Royce uses AI-based predictive maintenance systems for their aircraft engines, analysing sensor data to predict maintenance needs before failures occur. This approach has reduced unplanned downtime which has improved service schedules and extended engine life.

Financial institutions like Lloyds Banking Group and HSBC have integrated sophisticated AI fraud detection systems that analyse millions of transactions in real-time. HSBC's system examines over 100 variables for each transaction, significantly improving fraud detection rates.

In legal services, Allen & Overy and Slaughter and May have developed AI tools that can review thousands of legal documents and can extract relevant clauses, identify potential risks, and flag inconsistencies across contract portfolios which is proving to be highly accurate while also reducing time taken to complete labour intensive tasks.

The creative industries are also utilising AI such as the BBC using AI systems help sort through vast archives, automate subtitling, and assist in creating personalised viewing experiences.

It's also critical to recognise AI's limitations. These systems are only as good as the material they're trained on and importantly cannot exercise human judgement and have no inherent ethical framework. This requires knowledge and ongoing monitoring of what it adds to or replaces and awareness of potential biases that could harm the organisation.

However as with any new tool there can be a tendency to focus on the implementation without considering the organisation and human impact. Introducing and implementing AI technology requires expert leadership across the organisation.

Leadership in the AI Era: New Competencies Required

"A brave leader is someone who says, 'I see you. I hear you. I don't have all the answers, but I'm going to keep listening and asking questions.'" - Brené Brown

This quote encapsulates the humility and openness required of leaders in today's organisations. Crucially, AI does not lessen the need for people centric leadership but amplifies it. To build an organisation that balances and manages the human / AI technology relationship to get the best out of both parties is a considerable leadership challenge. Our leaders must embody several key competencies:

Visionary thinking stands at the forefront, as leaders must articulate how AI will enhance and accelerate the organisation's ambitions, imagining possibilities that might not yet be apparent to others. Ocado CEO, Tim Steiner exemplifies this approach, having transformed a grocery delivery service into a technology-first company that licenses its AI-powered robotics and logistics systems to retailers worldwide.

Equally important is **people-centricity**, to visibly foster a culture where people understand how AI is a tool to transform work positively and enables them to contribute. Vodafone UK's former CEO Nick Jeffery demonstrated this by investing substantially in retraining programmes for thousands of employees as the company implemented AI in network operations and customer service.

Team leadership becomes critical in bringing together diverse perspectives, expertise, and experience to develop an organisation wide AI strategy. This must include change management and people-focused professionals alongside technical experts.

Underlying all these competencies is **curiosity**—a continuous learning approach that ensures leaders to stay in touch with AI developments, learn from setbacks and deliver the right strategy for the organisation.

The Leadership Challenge: Critical Questions

Organisations embarking on AI transformation face numerous strategic questions:

- How do we lead an AI-focused organisation effectively?
- What roles should IT and Digital teams play?
- How can AI contribute positively to our business?

- Should we implement AI at the strategic or operational level or both?
- What are the long-term implications?
- What technical and leadership capabilities do we need to develop?
- What risks does AI investment present?
- How do we meaningfully engage our workforce?
- Should we wait for AI market maturity before investing?

AI Leadership Principles: A Framework for Success

For organisations to successfully introduce AI, leadership must embrace several guiding principles that create a foundation for sustainable transformation.

First, creating a clear framework establishes guardrails for AI usage, including decision-making parameters, data governance, and monitoring protocols. This framework should ensure AI applications align with company values and cultural expectations, particularly around diversity, equality, and inclusion. The Financial Conduct Authority has been progressive in this area, developing comprehensive AI governance frameworks that define where AI can make autonomous decisions versus where human oversight is required, particularly in investment advice and lending decisions where regulatory compliance and fairness are paramount.

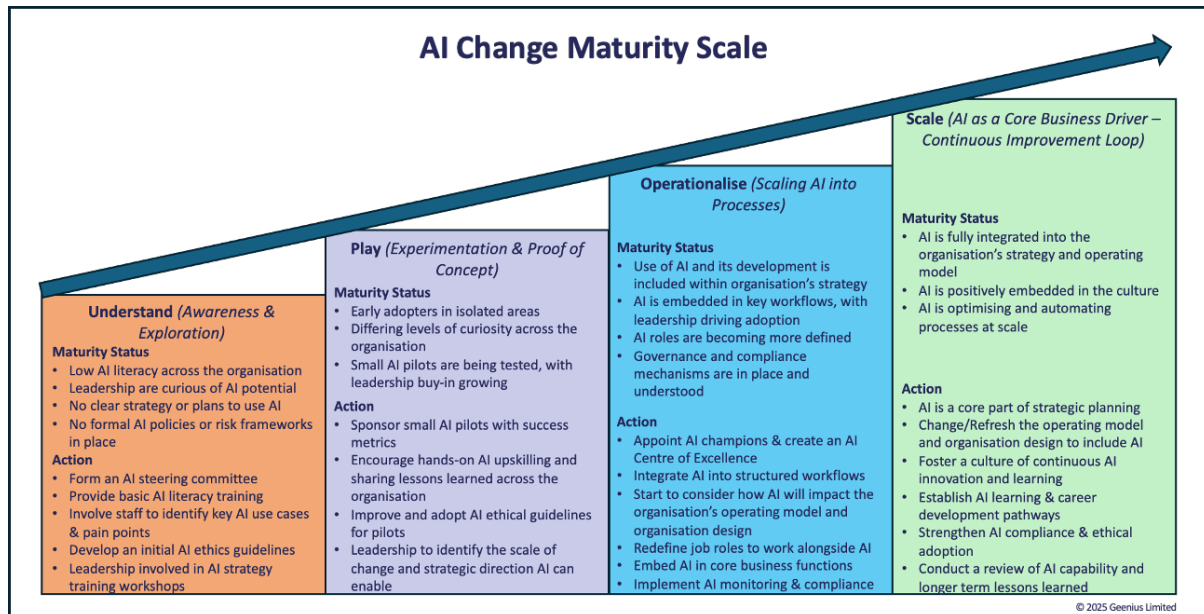
Second, democratising AI knowledge involves engaging a broad employee base in AI initiatives. Meaningful transformation requires widespread understanding, training, and curiosity about AI's potential applications. Limiting AI knowledge to a select few significantly constrains possibilities and is likely to create resistance rather than enthusiasm. Unilever's UK operations exemplifies this approach with their "AI for Everyone" programme, which has trained thousands of employees across all functions in AI basics, resulting in hundreds of internally generated use cases across their business units.

Third, establishing an AI innovation group forms a dedicated team to explore AI's potential and recommend pilot projects. This group should serve as coaches, capturing lessons learned and identifying future opportunities. Importantly, this must include both change management, operational management and staff and technical practitioners.

Finally, defining human-AI boundaries clearly articulates what AI cannot do and where human capabilities are required. This includes people management, empathy, fairness, risk assessment, and complex decision making all of which are significant contributors to the culture and ways of working of the organisation. For example, Virgin Atlantic has been deliberate about this distinction, using AI for operational tasks like maintenance scheduling and fuel optimisation while emphasising that customer interaction remains primarily human-driven, reflecting their core value of personalised service.

Assessing Your Organisation's AI Maturity

It is suggested that most organisations will typically progress through four stages of AI maturity. Each stage requires specific leadership approaches and organisation adaptations.



The **Understanding** stage focuses on awareness and exploration. Organisations at this level form AI steering committees, provide basic AI literacy training, involve staff in identifying key use cases, develop initial ethics guidelines, and engage leadership in AI strategy training. The maturity status typically reflects low AI literacy across the organisation, with leadership curious about AI's potential but lacking clear strategy or formal AI policies.

The **Play** stage centres on experimentation and proof of concept. Activities include sponsoring small AI pilots with defined success metrics, encouraging hands-on AI upskilling and knowledge sharing, refining ethical guidelines based on pilot learnings, and identifying the scale of change AI can enable. At this stage, early adopters emerge in isolated areas, curiosity levels vary across the organisation, and small AI pilots begin with growing leadership buy-in.

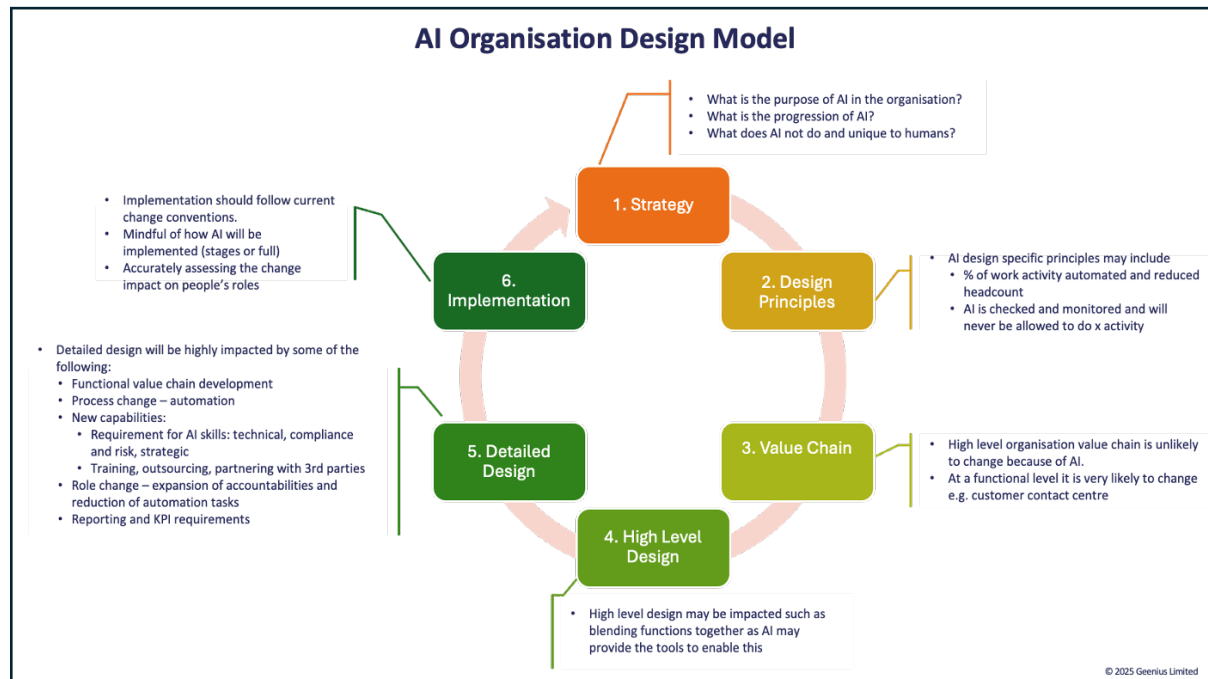
As organisations enter the **Operationalise** stage, they focus on scaling AI into processes. This might involve appointing AI champions and creating a Centre of Excellence, integrating AI into structured workflows, beginning to adjust the operating model and organisation design, redefining job roles to work alongside AI, and implementing monitoring and compliance frameworks. At this point, AI becomes embedded in the organisation's strategy, appears in key workflows with leadership driving adoption, AI roles become more defined, and governance mechanisms are established.

Finally, the **Scale** stage positions AI as a core business driver. Organisations at this level might embed AI into strategic planning, refresh their operating model and organisation design, foster a culture of continuous AI innovation, establish AI learning and career development pathways, and strengthen compliance and ethical adoption practices. AI

becomes fully integrated into strategy and culture, optimising and automating processes at scale.

Organisation Design in the AI Era

As organisations progress through these maturity stages, organisation design becomes increasingly important. While the AI transformation doesn't significantly alter the design process itself, it does require an AI mindset at each stage.



1. **Strategy** development must define AI's purpose in the organisation, its progression path, and the boundaries between AI and human contribution.
2. Building on this foundation, **design principles** should continue to follow the established organisation design approach but with an AI-specific focus. This might include automation targets, monitoring requirements, and clearly defined AI authority boundaries.
3. **Value chain** is unlikely to make a significant impact at the organisation value chain and more likely to change functional value chains particularly in areas like customer service centres.
4. **High Level Design** is unlikely to make a significant impact
5. **Detailed design** addresses specific impacts on functional workflows, process automation, capability requirements, and role changes. Organisations must consider what new skills—technical, compliance, strategic—will be needed and how to acquire them through training, outsourcing, or partnerships. Role definitions will expand in some areas while contracting in others as automation takes hold.
6. **Implementation** follows established change management practices while being mindful of AI's implementation approach (phased or comprehensive) and accurately assessing the impact on people's roles. This people centered approach to implementation ensures that technological change is matched with appropriate cultural and behavioural adaptation.

Conclusion

The AI revolution presents both unprecedented opportunities and significant challenges for organisations. Success depends not just on technological implementation but on thoughtful leadership and organisation design that places people at the heart of the transformation. By developing the right leadership competencies, following clear principles, and adapting organisation design to accommodate AI, organisations can thrive in this new era of human-machine partnership.

The journey to AI maturity is not linear or simple, but with a commitment to people centric change, organisations can harness AI's potential while mitigating its risks. The future belongs to those who can strike the right balance between technological innovation and human wisdom.

For more information: Contact Nicole Gee at Nicole.gee@geeniusconsulting.co.uk to discuss how to create a workplace where both technology and people flourish together.