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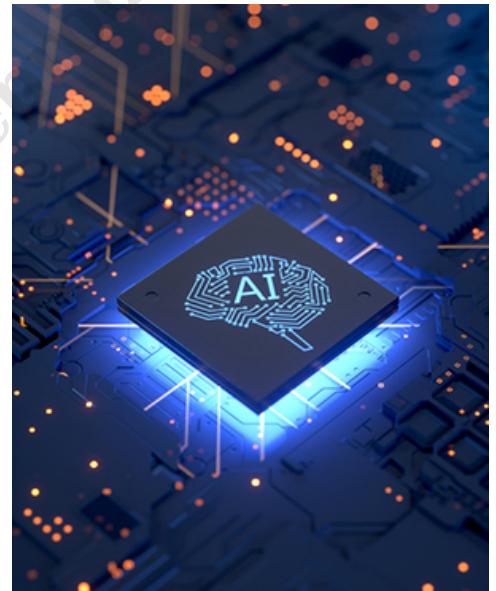
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AI Automation is Not Enough

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Recently, there has been a big focus on AI automation. Some are saying that if senior management doesn't have an effective plan for AI automation, they are not doing their job. The company is in trouble. Etc. Unfortunately, figuring out what and how to start using AI to automate existing functions, although important, can be missing the forest for the trees.

AI is so fundamentally shifting the earth under the feet of today's organizations that it is now necessary to redo the basic understanding of the business. What a successful business was pre-GenAI is likely not what it will be after the advent of GenAI - if the organization is going to still be successful.



Danger

AI is fundamentally changing the business environment more than the microprocessor, Internet, and Web. Yet, we can learn from those past transitions.

An example is Western Union (WU). In 1976, WU had a US domestic Telex network that was of the same scale as the AT&T telephone network. Telex was a dial-up service that connected large mechanical/electrical typewriter-like machines that used punched paper tape. These systems had been in use for over 60 years. They used an early derivative of the Morse code called the Baudot code. When the modern ASCII code appeared, and the first 30bps modems came into the market, WU responded by trying to do what it had done previously, only better. In this case, a "High Speed Telex Service". As the PC and the internet came online, the WU network disappeared, and the fragments of what was left were pulled into a corner-store money transfer system. Senior management didn't feel the earth shifting under their feet until it was too late.

An industry-wide example is the disappearance of the intermediaries who worked with raw material suppliers in third-world countries. Before the web and cell phones appeared, third-world raw material

suppliers didn't know world market prices and didn't have a way of reaching their end customers. Similarly, the end customers didn't have a way of reaching the raw material suppliers. Intermediaries were able to leverage low (uninformed) prices from the third-world and contacts with the end users to provide value and make a good profit. When the web and cell phones appeared, third-world raw material suppliers could reach first-world end users directly, and the intermediaries faded.

How bad and how fast can it be today? IBM had a 25% fall in share price immediately following its Q2 2026 quarterly report preview that appeared to show a [misunderstanding of the post-GenAI nature of its business](#). The CEO essentially said that the company didn't understand how AI was changing the way that the company's customers were thinking and acting.

This demonstrates the danger. Focusing only on how to use AI to automate what an organization is doing today can produce similar results.

The Post-AI Environment

AI dispersion is not consistent across time, distance, culture, etc. At the same time, it is happening quickly. The danger is that if you target one area by automating the old way of doing things with the old objectives, it may appear to be working. That is, it appears to be working until suddenly it isn't. Thus, it is prudent to plan for that point when the old way doesn't work.

AI's effects are systemic. They impact the whole environment: customers, suppliers, employees, management, the executive team, regulators, etc. Some have argued that only knowledge workers will be affected. But the AI-driven robots that are just beginning to appear seem to belie that.

AI is challenging the way consumers (individuals, businesses, governments, etc.) value products and services. If an organization's value proposition becomes uncertain in the minds of its customers, serious trouble can be ahead.

Proper Response

The first step is determining what an organization's value proposition is post-GenAI.

It is unlikely to be exactly what it was before AI. It may also morph and change as AI technology continues to evolve. Given this, how should an organization respond?

First, start with the organization's fundamental strengths. If it has grown up and prospered in the pre-AI times, it has channels to find out how its suppliers, customers, regulators, etc. are thinking. Use those channels. Build on the knowledge gained. It may be the most valuable resource you have in this time of fundamental change.

Second, minimize the organization's fundamental weaknesses from now outdated assumptions. If it has grown up and prospered in the pre-AI times, it has a lot of outdated assumptions about its suppliers, customers, regulators, etc. Surface these assumptions and minimize their impact.

Implementation

These two principles sound good. But how do you follow them in practice? The answers all involve training, discussions, and leadership.

The more everybody in the organization knows about AI, the better. Training for people at all levels in the organization is important. It shouldn't be conducted as a one-time-and-it's-fixed approach. Rather, it has to be a part of the regular work week. A little bit at a time. And consistent. Different roles will

require emphasis on different aspects. But all should seek at least a very basic understanding of: the technology; how it is applied; its likely effects.

Bringing people from different parts of the business together to discuss how AI will change the value proposition can start and continue in parallel with the training. Discussions where people are encouraged to question all assumptions. Especially pre-AI assumptions. But also, post-AI assumptions. Everything has to be fair game.

This is where leadership comes in. It is not enough for the executive team to propose these steps. They have to lead by example. They have to participate in training. Training as part of their work week. Training geared to their needs. The fact that they are participating in training must be known widely in the organization.

It is also important that they make it clear that the discussions about assumptions and value propositions are extremely important. That the discussions have their full support. That steps are taken to ensure that there are no negative repercussions for anyone who challenges assumptions.

As assumptions and value propositions become clear, it will become possible to begin to fold the new perspectives into planning and execution.

No Simple Answers

Because the change is so big and happening so quickly, there are no simple answers. In fact, you should be wary of anyone who comes to you with a simple set of steps that will fix everything. This means that it is a journey to find the value an organization generates as AI technology evolves and society seeks to adapt to it.

The steps described above are a framework for thinking about what to do. What seems right today may not make sense in a month or two. So, flexibility and openness are key. Stakeholders are pushing for quick answers, and there is a need for speed. However, at the same time, there is a need for patience. People and organizations have great difficulty changing, especially changing overnight.

If you are a leader of an organization and this is scary to you, remember it is also scary to all those you lead. Promising them something you can't deliver will not work. Finding a way to work through your own fear while recognizing theirs may not reduce their fear. But it may give them enough trust in you to help you through the transition. Never forget that in the end, this is all about people and their everyday lives.

The Right Question

Leaders will face a strong push to implement AI automation. Although important, it may be more important to get the right answers to the value proposition of the post-AI organization. In this vein, it is likely that the right questions will be both more important and more valuable. Keep your eyes on the objective: a vibrant, successful organization post-GenAI.