GENERATIVE AI IS HERE

DOES YOUR COMPANY HAVE THE DNA TO MAKE IT WORK?

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By Garth Andrus & Ian Lee

At no time in recent history have we seen a disruptive technology storm into the public consciousness with as much speed and potential impact as Generative AI.

The broad-ranging implications of its use and rapidly evolving capabilities are simultaneously bewildering, daunting, and inspiring, and will impact organizations across all industries.

Generative AI technologies (hereafter referred to as GenAI), like ChatGPT and others, are rapidly changing the way businesses operate, automate, and connect, while generating never-before-seen processes, data, text, images, simulations, and video.

Nearly all the attention thus far has focused on exploring these new generative technologies and their use cases - and rightly so. However, now is the time to proactively focus on how your company will get the promised outcomes and value while also managing its risks.

GenAI has the capability of changing companies' processes, business models, work, roles, talent, structure, policies, governance, leadership actions and more.

In our conversations with business leaders there are three key questions at the forefront of their minds:

1) How will GenAI impact my business – from a strategic, competitive and business model perspective?

2) How can I ensure that my organization and my people are ready and enabled to adopt GenAI – in a way that augments and accelerates, without completely disrupting our culture and ways of working?

3) How can I deploy GenAI quickly, safely, and ethically – ensuring that we can take advantage of its capabilities, without compromising privacy, security, and values?

To be very direct, our research in digital transformation indicates it's very unlikely that many companies have their DNA already tuned and ready to get the promised value and manage the risks of GenAI. To succeed will require specific changes to your DNA - how you organize work, operate and behave as an organization. Most organization's DNA was not designed with this technology in mind, but it can be adjusted, aligned or recoded to unlock the promise of an exponential technology such as GenAI.

The **GenAI DNA Framework™** presented in this article is intended to help companies reduce risks, increase adoption, accelerate benefits, and achieve the business value desired from GenAI while keeping the frustrations and costs of "random acts of digital" at a minimum.

This framework is based on the authors' research, independently and together, with MIT on digital DNA and digital transformation. It has been further studied and customized specifically for GenAI. In addition, we have woven in our practical experiences and insights helping dozens of Fortune 500 companies around the world make digital, including AI, part of their DNA.

Why Now?

We believe previous digital transformations were just a warm-up for the impact GenAI will have on business and society. "The shock and awe of this technology is amazing" according to AI researcher, Mike Cook at Kings College in London, "it's moved so fast that your initial impressions are being updated before you even get used to the idea." Time Magazine recently noted, "While you're reading this sentence, artificial intelligence (AI) programs are painting cosmic portraits, responding to emails, preparing tax returns, and recording metal songs. They're writing pitch decks, debugging code, sketching architectural blueprints, and providing health advice."

Goldman Sachs estimates that "as many as 300 million jobs could be affected by GenAI, while at the same time productivity gains could drive a 7% (or almost $7 trillion) increase in global GDP and lift productivity growth by 1.5 percentage points." And according to KPMG's just released study on GenAI, 65%

of executives believe generative AI will have a high or extremely high impact on their organization. And IBM announced a pause on hiring for many jobs as they expect ~7,800 jobs could be replaced by AI, while at the same time hiring for jobs that power such technology.

There is a strong risk versus reward factor at work here with this technology. It's important to be cautious with something this powerful and unknown, yet equally important to not be left behind as others leap ahead. Our intent is to help you find and build that balance between these two options.

At the end of this article, we also hope you will be in a better position to answer the following question:

Do we have the right DNA and readiness to make GenAI a success story for our company?

"THERE'S NO GREATER SIGN OF CONTINUED COMMITMENT TO OUR ORGANIZATION'S DIGITAL TRANSFORMATION THAN OUR COLLECTIVE COMMITMENT TO ALTER OUR DIGITAL DNA"

CHIEF DIGITAL OFFICER
$150B+ INSURANCE PROVIDER

What is the GenAI DNA Framework™

A company's DNA comprises how it is Organized for work, Operates and Behaves across the enterprise. It is the manifestation of your culture and the realities of what you do as an organization every day. Similar to human DNA, it makes your organization who and what it is.

With today's world of 'change at the speed of digital', your organization's current DNA may already be, or could soon become, out-of-alignment with your business objectives unless you are constantly adjusting or recoding your DNA to stay ahead of the changes happening around you. With GenAI, that misalignment will be accelerated and more pronounced because of its exponential proclivity for change and disruption of what exists today.

If you want to reduce costs, speed up execution and align your enterprise and talent with your business imperatives, this DNA framework will help you do that. There is much more to this framework (e.g., maturity model, interaction approaches, minimum viable changes (MVCs), etc.) than addressed in this article, but nonetheless the principles discussed here should be a helpful primer as you consider GenAI and how to make it a success for your company.

If you want superior business results out of GenAI, you will need to weave essential changes into your DNA that de-risk, activate and superpower your organization to succeed with this transformative technology.

GenAI DNA Framework

HOW YOU OPERATE

5. Governance
6. Technology
7. Talent
8. Processes

HOW YOU ORGANIZE

1. Structure / Work
2. Physical environment
3. Capabilities
4. Geographies

HOW YOU BEHAVE

9. Leadership
10. Performance
11. Rewards
12. Policies

HOW YOU

ORGANIZE

This section highlights some of the 'Organize' factors associated with implementing Generative AI. It comprises your structure and work, geographies, organizational capabilities and your physical environment.

T he following are some of the GenAI variables and implications in the **Organize** area of your DNA to consider.

1. Structure / Work

One of the key uses of GenAI is to improve work and work processes. Work and workflow will change as GenAI introduces new or modified processes and creates new ways of working.

This may require a restructuring of teams, functions, or business units to better align with new workflows and processes. For example, work that has long become standard in your company may suddenly, through GenAI, change dramatically overnight.

As more processes are changed, the existing structure of the organization becomes more and more out of alignment with the actual work, and potentially a barrier to newly generated ways of working.

With the introduction of GenAI in your company, some jobs and tasks will likely become obsolete or require different skill sets.

This results in a need to revisit your organizational structures, roles and the design of work. This will also require retraining or upskilling employees to ensure they are equipped to handle the new processes, tasks and responsibilities. as well as the fear of feeling redundant.

2. Geographies

For companies that operate in other regions and countries, GenAI will create potential issues and opportunities that will require you to consider different legal, cultural, geo-strategy, global infrastructure, data privacy, country-specific regulatory issues, and other related changes.
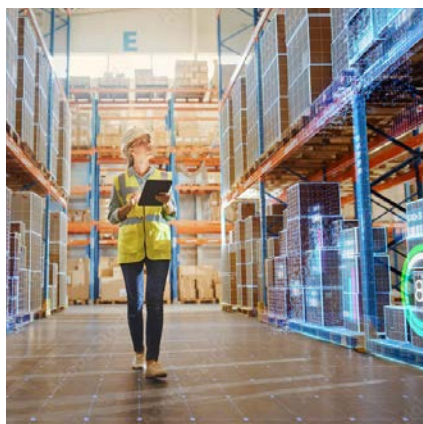
For example, how do other regions or countries in which you operate view the legal, regulatory, privacy, data, and cultural aspects of GenAI technologies?

What about skill levels of your talent in those countries? This could include the need for more and differently trained data scientists, machine learning and other software engineers. Not to mention the need for training talent that are in non-technology roles. There are cultural, learning, global infrastructure, collaboration approaches and related opportunities and challenges to consider.

3. Capabilities

Your company's unique capabilities include areas such as business strategy, financial, customer experience, brand, marketing, sales, culture, and innovation.

GenAI will create potential opportunities and challenges that will require you to consider augmentation to, or changes to your existing capabilities.

What used to be a core capability for you could change very quickly with GenAI, as it will for your competitors, who may turn new capabilities into strategic advantage.

For example, what new approaches could GenAI create to enhance customer experience? How will you communicate, rewire, and implement those new approaches for your people and customers?

How will you ensure that GenAI is being used in responsible, effective, and consistent ways for not only your customers' experiences but your business strategy, marketing, sales, talent and financial approaches?

4. Physical Environment

How will GenAI impact your physical environment. This includes such areas as your locations and workplace strategies, workplace models of onsite, remote and hybrid, your physical footprint for offices,

stores, factories, etc.,

This also includes your 3rd party collaborations such as physical security of your buildings, assets and people, property management, service providers (e.g., SaaS, Outsourcing/Co-sourcing), and the workplace technologies you use.

GenAI can enable more flexible and efficient workplace models, allowing companies to optimize their physical footprint for offices, stores, and factories.

It can also enable the development of more advanced workplace technologies, such as virtual or augmented reality tools for training, collaboration, or remote work. You may also decide to use GenAI to see how you can optimize your workplace models of onsite, remote and hybrid.

Keep in mind that your service providers and partners will also be weaving GenAI into services they provide to you which in turn will create changes to these services and how you and your people will interact or consume them. Will

they require changes to your processes, skills or the work itself?

GenAI may help you improve the safety and security of your work environments by enabling more advanced surveillance or threat detection systems and enhancing physical security measures through AI-powered cameras or sensors.

GenAI may also help you create the right physical accommodations models for your facilities needed by your current and future talent.

Regardless of the issue, aligning your DNA to address these changes will help create more success in working with GenAI to achieve your business imperatives.
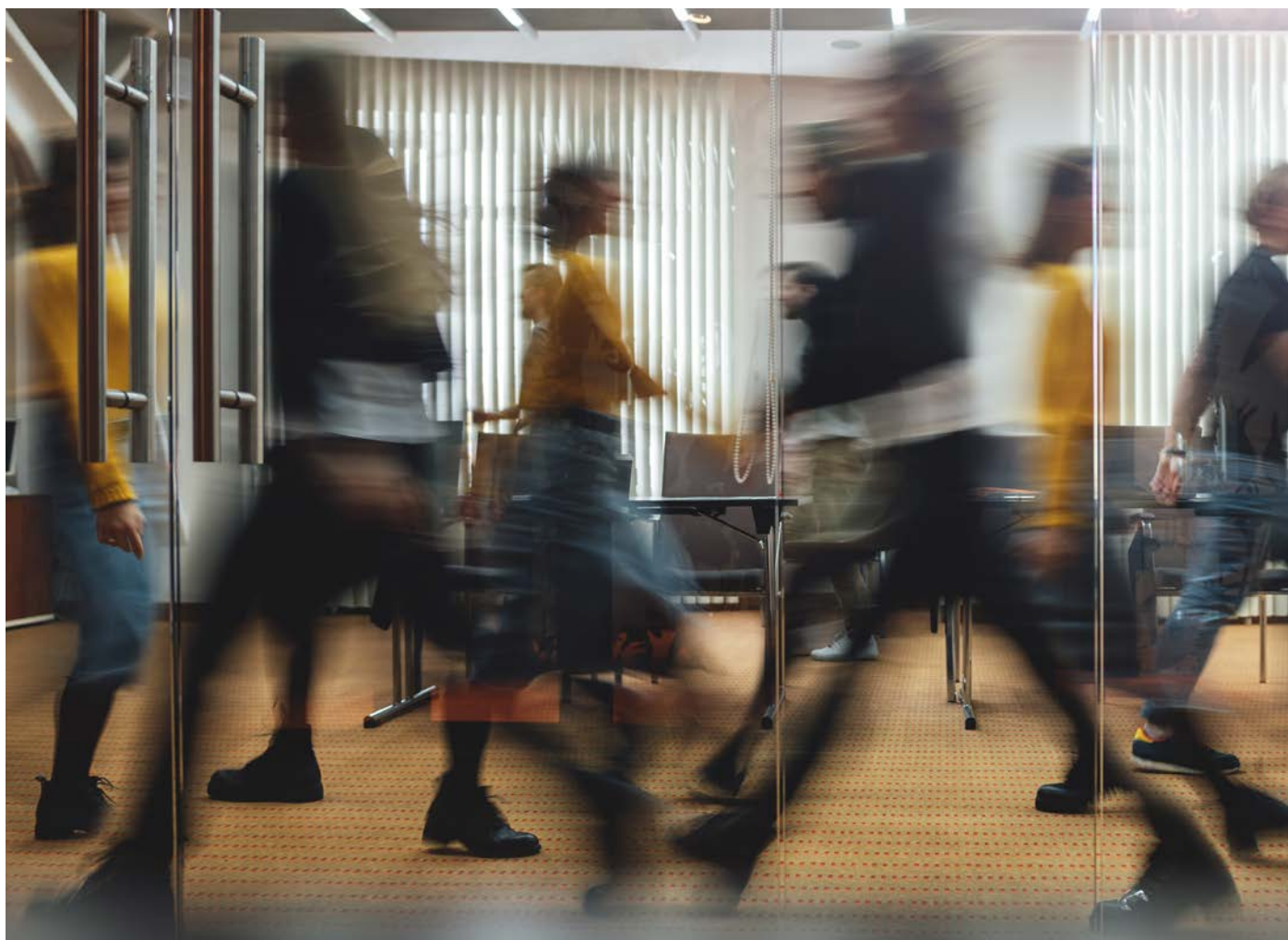
HOW YOU

OPERATE

This section highlights some of the 'Operate' factors associated with implementing Generative AI. It comprises your governance, processes, talent and technology.

T he following are some of the GenAI variables and implications in the **Operate** area of your DNA to consider.

5. Governance

Governance is focused on areas such as legal, risk management, decision making authority at the worker, management and board levels, data management, data privacy, AI algorithms, ethics, regulatory, transparency, as well as government, community relations, and unions.

considerations of governance outside of your home geography.

Some believe waiting for governance issues to be addressed externally is the best strategy, while others will be proactive and establish their own governance approaches.

Many companies have already or are in the process of establishing their own ethics boards, reviews of their own algorithms and other related governance considerations to be proactive around these issues.

GenAI has the potential to bring clarity, insights, and new ways of looking at governance, while at the same time introducing new challenges like algorithmic bias, ethics issues, and who can make decisions and what kinds of decisions can be made, as faster decision making is needed.

There will continue to be pushes and pulls on these issues from government and other constituencies as well as new

Another concern is whether your talent will feel untrained, unable or limited to what they can do with GenAI, especially when they see peers at other companies doing more. Will they leave because of constraints in their use of GenAI at work? Or will they leave as a result of an ethical dilemma because the company is using GenAI?

Other considerations include ensuring that the use of GenAI remains in compliance with relevant regulations

and laws, both domestically and internationally? What measures will companies put in place to monitor the algorithms and outputs generated by GenAI to ensure that they remain unbiased and consider ethical issues?

6. Processes

The process area of your organization's DNA is focused on automation, Agile methodology, customer processes, operations management, inventory and order management, marketing, sales, fulfilment, supply chain, logistics and distribution, procurement, sustainability/ESG processes, vendor management, BPM/SaaS, and related processes.

GenAI is particularly powerful in automating, improving and innovating processes. For example, GenAI can be used to generate personalized recommendations or customer service responses based on a customer's history or preferences. It has shown creativity in creating personalized marketing campaigns and generating ad copy.

It can generate leads and create personalization and predict which customers are most likely to convert. It can forecast demand as well as improve supply chain processes.

For many companies process redesign is one of the most promising areas of GenAI to reduce costs and increase new lines of revenue. It is also most associated with past AI and machine learning solutions and perhaps an area where companies feel more comfortable charging foreword with GenAI.

How will the implementation of GenAI impact existing processes and workflows? This will necessitate redesigning and reconnecting processes with new ways of working. Process changes will change roles and responsibilities of employees.

New skills will have to be identified and built. You will also need to address these changes from a fresh D&I perspective as well.

Other considerations include understanding potential risks and unintended consequences of automating or optimizing specific processes with GenAI, and how they can be mitigated.

GenAI can be integrated with existing process improvement methodologies, such as Agile to enhance their effectiveness. This will increase innovation of processes as well as increase the speed of delivery. It will also clash more intensely with the waterfall approaches of the company as the innovations and cycle of agile revs up.

GenAI will also impact customer experience processes and create new opportunities for personalization like never before. It's easy to see why GenAI will have an enormous impact on company business processes as rewiring or reimagining of processes will rise in intensity and frequency.

7. Talent

This area is focused on the talent management and associated processes such as workforce planning, recruiting, and onboarding, training and skills development, employee experience, career management, diversity, equity and inclusion, HR systems and tools and many others.

In the talent management area, GenAI can and will do many things. For example, it will enhance predictive analytics in new ways to identify never before seen trends and patterns in your workforce, such as more precision in identifying which employees are likely to leave, which positions are likely to experience turnover, and D&I trends and insights that will enable more innovative and proactive solutions.

Recruitment optimization is another area GenAI can add significant value. For example, GenAI can use data and machine learning algorithms to optimize recruitment processes, from sourcing candidates to evaluating resumes and conducting interviews. This can help companies find the best candidates more efficiently and reduce bias in the recruitment process.

Companies should also consider the ethical implications of using AI in talent management and ensure that their use of the technology is transparent and fair.

Some key questions regarding GenAI for talent management include: How can GenAI help companies improve employee engagement by identifying areas where employees are struggling or disengaged and then offering personalized solutions?

In what ways can GenAI suggest development opportunities, provide feedback and recognition, and promote diversity and inclusion to create more fulfilling employee experiences?

How can GenAI automate routine HR tasks such as updating employee records or scheduling interviews, and what benefits can this bring to HR staff

and the organization as a whole? What types of HR system automation can GenAI support, and how can this help improve efficiency and reduce errors while increasing value in HR processes?

8. Technology

This area is focused on technology infrastructure applications management, data management, analytics and reporting, networks and data storage, cyber-security, AI, machine learning, prompt engineering and others.

The potential of GenAI in the

technology area is enormous. There are far too many opportunities and implications to consider here but we will address a few representative impacts of GenAI on your technology.

For example, GenAI can predict

and recommend upgrades or replacements for hardware and software failures, as well as automate routine tasks in applications management, such as patching and updating software.

It can also help identify and solve data quality issues, optimize data storage and retrieval, and improve data analytics and reporting capabilities.

Additionally, GenAI can optimize networks and data storage by analyzing usage patterns, predicting failures, and recommending solutions for optimizing performance and security.

It can also help with developing and training machine learning models, identifying patterns in large datasets, and providing insights for improving algorithms.

Companies must also consider other areas that affect their technology DNA, such as trust and accuracy, data privacy and security, cost and ROI, integration and interoperability, and the availability of skilled talent to develop and manage GenAI.

A key learning from other digital transformation experiences is to recognize and plan early for organizational change management issues and how to work synergistically between IT and the business. Replicating any old patterns where business and IT are not working as one will spell disaster for the potential success and adoption of GenAI.

HOW YOU

BEHAVE

This section highlights some of the 'Behave' factors associated with implementing Generative AI. It comprises your leadership, performance, rewards and policies.

T he following are some of the GenAI variables and implications in the **Behave** area of your DNA to consider.

9. Leadership

Leadership will play a crucial role in successfully implementing GenAI. This technology will introduce new areas and issues that many organizations have not dealt with before, making effective leadership behaviors and skills essential to success.

GenAI creates various work, governance, ethical, cultural, strategic alignment, process, talent, policy, change management, transparency, and communication issues, many of which will be new to organizational leaders.

For example, organizations need to ensure that leaders are trained to accurately and consistently communicate the benefits and realities of GenAI to stakeholders in ways they will understand and appreciate - and recognize that the communication may be different for different employees. For example, considering how the messages will resonate or be perceived by generation (e.g., Gen Z, Millennials, etc.), by functional or business area, and by your different geographies and cultures; as well as appreciating and working with their concerns.

Leaders must also have the skills to consider the ethical issues and cultural changes involved in implementing GenAI, and to ensure that employees have the necessary training to deal with disruptions to their traditional work practices.

During and after the pandemic, many top leaders realized the challenges involved in managing remote work and the return to onsite and hybrid work. Many leaders were unprepared for these changes and struggled, while others were able to lead effectively through the unknown and in a multi-setting (remote/onsite/hybrid) work environment.

GenAI has the potential to disrupt traditional work practices in dramatic ways, many of which leaders may not have encountered. Managers and other leaders will need to be trained proactively, to deal with the many issues this technology will bring. Waiting to train leaders while in the process of implementing GenAI will be too late. Proactive leadership training will be essential.

10. Performance

The performance aspect of a company's DNA includes performance planning, performance management models, expectation management, coaching, feedback, and reviews. The introduction of GenAI will significantly impact employee performance management and expectations.

As a generative technology, it will require new ways of thinking and doing things that differ from traditional linear or waterfall approaches of work and performance management. For example, GenAI creates an augmented workforce model where AI becomes a collaborator with employees.

Another key aspect of GenAI is experimentation. Often trying and failing is punished in many companies. GenAI is based on trying, failing, correcting, adjusting etc. until you get what outcomes you are looking for.

These two areas of augmented work and experimentation highlight just a few of the differences on how work will continue to evolve quickly and how the way you assess performance

may need to change to match that new reality. Keep in mind that these points are not science fiction but are already here and occurring in many companies.

The use of Agile methodologies is a good reference point for changes that are happening. Agile has already presented challenges for some companies, as it can be difficult to assess individual performance. With GenAI, Agile may become even more prevalent, as will proof of concept (PoC) initiatives that move away from traditional approaches to work.

Traditional performance management methods will have to change to assess performance in different ways – for example risk taking, being bold, more intentional collaboration to adjust to the realities of working with a technology steeped in innovation and trial and error. GenAI will likely be a catalyst in shaping new performance definitions of what actions and behaviors are valued.

To adapt to this digital-infused reality, organizations will need to adjust their performance management approaches or risk extinguishing the experimentation that is inherent in GenAI. For example, implementing much more frequent 'check-ins' as a core part of performance management, as well as more intentional coaching and mentoring.

Performance management not aligned to changes GenAI brings has the potential to become one of the biggest barriers to the successful use of the technology.

11. Rewards

The rewards element of your company's DNA includes such aspects as compensation, incentives and perks, work-life balance approaches, career development, benefits, and recognition.

GenAI's base capabilities make it especially attractive to address areas of analysis, insights and process redesign for compensation, incentives and perks, work-life balance, benefits, and other rewards areas.

Talent participation in GenAI may become a powerful reward

mechanism for employers and serve to attract and develop the careers of existing or future talent. In areas where GenAI is not being used in everyday work, companies may be able to create 'special projects', mentorships, sandboxes, or other rewarding uses of GenAI.

12. Policies

This area of a company's DNA includes such policy areas as data privacy, employment, data security, physical security and safety, health, technology, DEI, ESG, travel, work location and many others.

GenAI will also bring in some additional policy considerations and nuances to existing policy, or the creation of others. GenAI use may require additions or changes in policies such as:

Data privacy and security policy: How employee and company data will be collected, used, and protected by GenAI. It should also address issues related to data storage, access, sharing, and deletion.

Ethical AI policy: This policy should outline the ethical principles and values that guide the development and use of GenAI in the organization. It will need to address issues

such as bias, fairness, transparency, and accountability.

Recruitment and hiring policy: This policy should outline how GenAI will be used in recruitment and hiring processes, including how data will be collected, analyzed, and used to make decisions about candidate selection and evaluation.

Diversity, equity, and inclusion policy: This policy should outline how GenAI will be used to promote diversity, equity, and inclusion in the organization, including how data will be collected, analyzed, and used to identify and address any biases, unintended consequences, or disparities in the talent management process.

CONCLUDING
THOUGHTS

GenAI has an exponential factor rarely found in the commonly used technologies of today - it can create new content and even novel solutions from vast amounts of disparate information. This 'generative' factor when applied to both companies and their customers changes interaction models, work, processes, structure, roles, skill requirements, speed of decision making, as well as new ethical considerations, governance and policy changes, and of course, talent implications.

This generative characteristic means it will push changes directly at and into the organization - ready or not - and straight at your company's DNA - how it is organized, operates and behaves. If that DNA is tuned to this technology, then more progress can be made. If it isn't then the organization and its talent will struggle with its adoption and value realization.

As we noted at the beginning of this article, companies are beginning to grapple with three key questions regarding GenAI: how it will impact their business, how to ensure their organization and employees will become ready and enabled to use it, and how to deploy it quickly, safely, and ethically. The potential benefits of GenAI are immense, yet companies must also exercise caution to avoid becoming stuck in a swirl of "random acts of digital" and not mistake 'activity' for progress and 'deployment' for actual adoption.

To address these questions, companies will need to consider whether their organization's DNA is enabled in a way to take advantage of GenAI's power while also minimizing its risks. Companies staying the same without realigning or recoding their DNA will find the organization quickly out of synch with the changes, dispersion and speed of GenAI. The GenAI DNA Framework provides a roadmap for companies to reduce risks, increase adoption, accelerate benefits, and achieve their business intentions with this powerful and promising technology.

At the beginning of this article, we suggested by its end you would be in a better position to answer the following question "Do you have the right DNA and readiness to make GenAI a success story for your company?". We hope through this article, you have gained some additional insights and useful information to help you begin to answer that question as well as some ideas on how you might approach using this technology in your organization and with customers that will give you the greatest potential for success.

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