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Win With AI: Lead the Human Side of Change

The question leaders should be asking today is not about whether their organization should adopt artificial intelligence (AI). Nearly every company is looking at it in some capacity because it's already part of how the world does business.

What leaders should be asking is far more critical to success:

Is the organization equipping people effectively to adopt and use generative AI (GenAI) solutions, maximize opportunities, and negate critical threats?

Prosci research on the impacts of GenAI is clear: Some of the biggest opportunities for businesses and organizations come not only from the technology, but also from honing human aspects of its adoption to their advantage.

Summary

GenAI can allow companies to ease daily work and achieve a competitive edge. Yet GenAI is not a strategy; it's a technology.

GenAI tools produce complex changes that impact many stakeholders across the enterprise. Effectively managing the changes from adopting GenAI technologies starts with understanding the desired benefits and how it aligns with business goals.

Applying structured change management approaches equips leaders to understand and manage the impact of change on all stakeholders while mitigating risks and ensuring return on investment (ROI). By staying grounded and following best practices for a process-driven and human-centric approach, businesses can thrive through the disruptive adoption of GenAI-driven solutions.

PART 1:

The Foundation of AI and Change

Our research and exploration of navigating GenAI reveals that AI usage is accelerating. Based on the May 2024 study, "AI at Work is Here. Now Comes the Hard Part," by Microsoft and LinkedIn, **three-quarters of knowledge workers now use AI tools** in their work, but **60% of leaders don't have a clear path** to implementation or adoption.

A global survey of 300 executives indicates that the majority expect GenAI to disrupt industries over the next five years and that the technology will change functions across the economy.

Source: Generative AI: Differentiating disruptors from the disrupted, MIT Technology Review Insights, 2024.

Where Are You on Your AI Journey?

Exploring and Planning	47%
Early Implementation	34%
Not Started	11%
Integration	4%
Late Implementation	3%
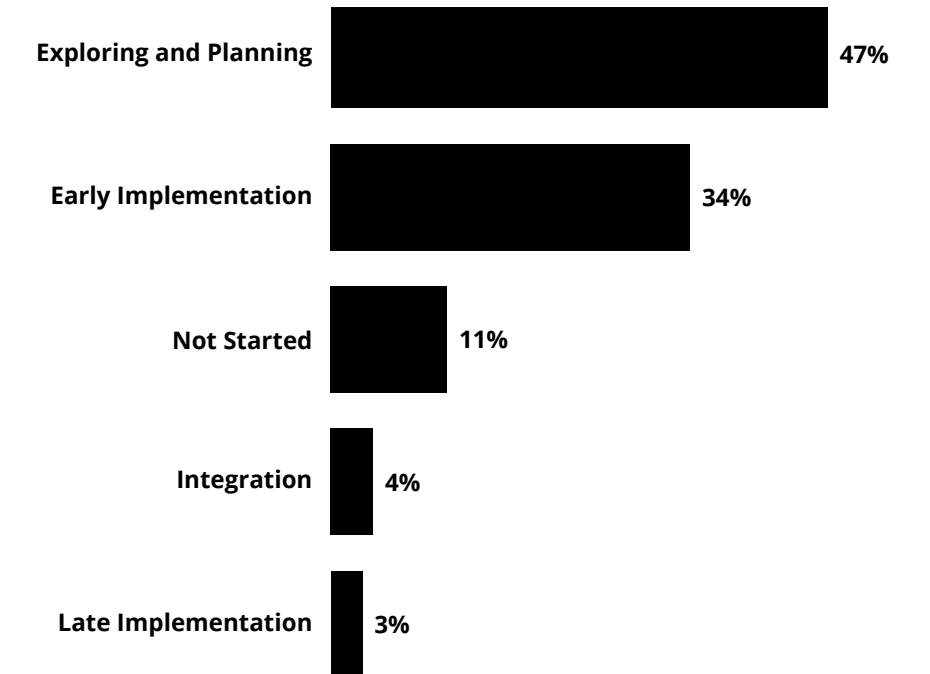
Source: Navigating AI Adoption With ADKAR

AI disruption based on impacts

AI is well on the way to transforming industries, organizations, jobs and job tasks. Each is experiencing waves of disruption based on the specific nature of the AI impacts.

INDUSTRY DISRUPTION IS LINKED TO AI CAPABILITIES.

The amount of disruption in a specific industry depends on the degree to which the value created connects to those capabilities. For example, industries like banking and software will experience far more impacts than the natural resources and industrial industries, simply because of the administrative and analytical nature of services-related work and value that the large language models in AI can bring to it.

ORGANIZATIONAL DISRUPTION ENABLES OPPORTUNITIES FOR EFFICIENCY, GROWTH AND TRANSFORMATION.

How can the organization improve by working better, faster and more effectively? How can it explore and expand into new opportunities? How can the business reimagine operations, services and value for customers? The answers will create significant ripples across the organization as AI gets deployed and people are tasked with using it.

JOB DISRUPTION WILL OCCUR IN THE FORM OF BOTH JOB LOSSES AND ADAPTATIONS TO ROLES.

The World Economic Forum's "The Future of Jobs Report 2023" details the fastest growing and fastest declining jobs, demonstrating AI's already significant impacts on demand. AI and machine learning specialists and digital transformation specialists bookend the list of top 10 growing jobs. Bank tellers, data entry, and other administrative roles that involve repetitive tasks are among the top declining jobs.

When looking more deeply at roles, **task disruption may be the most significant impact GenAI creates.** At the individual-task level, there will be countless disruptions to the ways people do their daily work, and leaders need to understand them to identify opportunities and risks related to using AI tools.
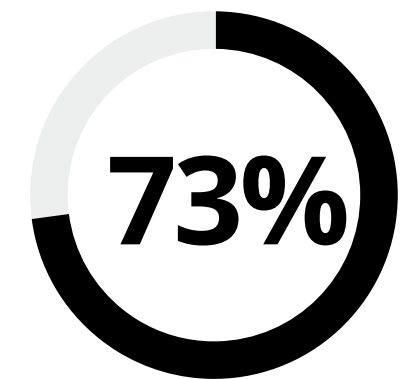
In Prosci's early research on GenAI, a majority of respondents agreed that using GenAI technologies will make them more successful than those that don't use it.
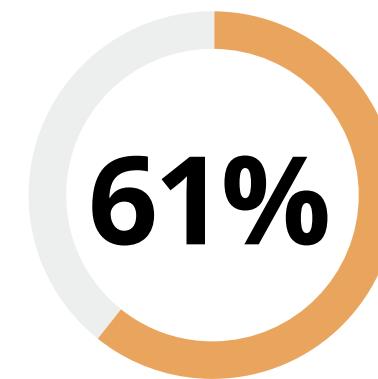
61%
believe **projects** will be more successful
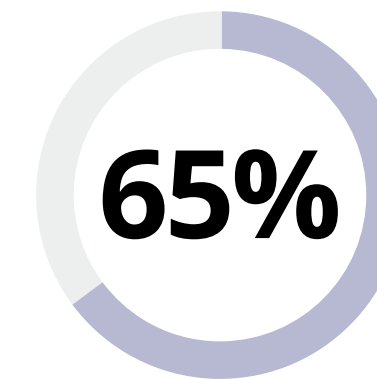
65%
agree they **personally** will be more successful

73%
say their **organizations** will be more successful

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PART 2:

The Nature of AI Changes

What is the nature of changes organizations are undertaking due to GenAI? Every leader needs to consider two important aspects of these changes to be successful: organizational change and individual change.

Three decades of experience and Prosci research on the people side of change shows that considering only one or the other won't produce optimal outcomes like high adoption and ROI.

Organizational change

When it comes to unlocking opportunities from organizational change, Prosci recommends taking a dual approach to integrating AI.

| Organizational Integration of AI: **A Dual Approach**	**Tailored Technologies** • Mission-specific applications • Value chain enhancement • Industry-tailored solutions	**Pervasive Proficiencies** • AI skills democratization • Cross-functional tools • AI-adept workforce

TAILORED TECHNOLOGIES

The first approach, which we call **Tailored Technologies**, involves shaping AI solutions to enhance business functions and meet strategic goals. Before implementing AI, leaders need to consider:

- How can a business align AI initiatives with the mission and core value drivers of the organization, and ensure they enhance strategic goals?

- What are the specific business outcomes desired from deploying AI, and how does the organization measure success of the initiatives?

- In what ways can businesses customize AI to address unique challenges and opportunities, and who are the key stakeholders to involve in the process?

- How should leadership champion AI initiatives to foster a culture receptive to AI technologies and innovation?

- What are the ethical considerations and risks of AI, and key mitigation tactics?
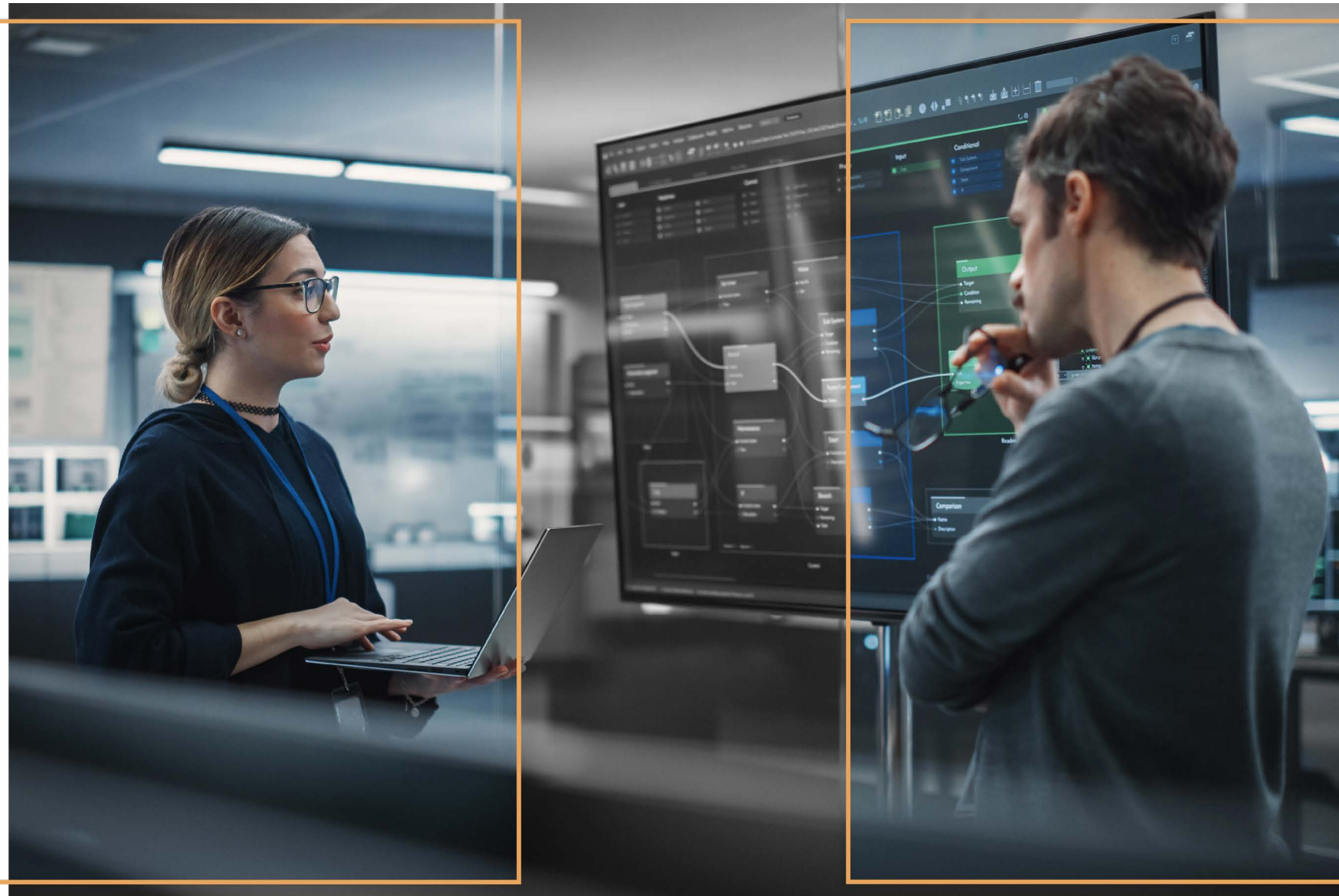
PERVASIVE PROFICIENCIES

The second approach, which we call **Pervasive Proficiencies**, is about cultivating an AI-literate organization to improve productivity and innovation in all employees. Questions leaders need to answer include:

- How does the business ensure that all employees have the needed skills and tools to use AI effectively in their work?

- What structures and processes need to be in place to build proficiency with AI at all levels of the organization?

- How do you use AI to enable data access and decision-making capabilities, and ultimately enhance transparency and accountability?

- Where are the barriers to adopting AI, and how will the organization address them to foster a culture of innovation and continuous improvement?

- How does a business use AI to enhance problem solving and strategic thinking across the workforce?

Individual change

Although early adopters of AI may stand out in an organization, many employees don't know where to integrate it most effectively in their work. To maximize success with GenAI changes, the organization needs to lead the effort. Using a clarifying framework like the Prosci AI Workflow Integration Analysis described below, leaders and teams should examine the work that people do today and how it will change after integrating AI.

The analysis starts by examining the work of an individual for the past month and then imagining what it will look like next month, once AI is available. Identified tasks get sorted into three distinct categories:

1 Human-exclusive tasks

Tasks best suited for humans due to the complexity of human interaction, emotional intelligence, ethical considerations, or intricate decision-making.

This is the work people will continue to do themselves. Such tasks require emotional intelligence, ethical decision-making, creative originality, or highly contextual interactions. Examples include negotiations, critical medical decisions, developing original recipes, and social work.

2 AI collaboration opportunities

Tasks where AI can assist, enhance or augment human abilities, making processes more efficient or insightful without fully replacing the human touch.

This is the work employees can do with AI to improve outputs and productivity, such as analyzing data, enhancing creativity, automating routine tasks, and performing predictive maintenance. Practical examples include using AI tools to identify large patterns in datasets, assist with fashion design, manage basic customer service inquiries, and monitor industrial equipment to prevent failures.
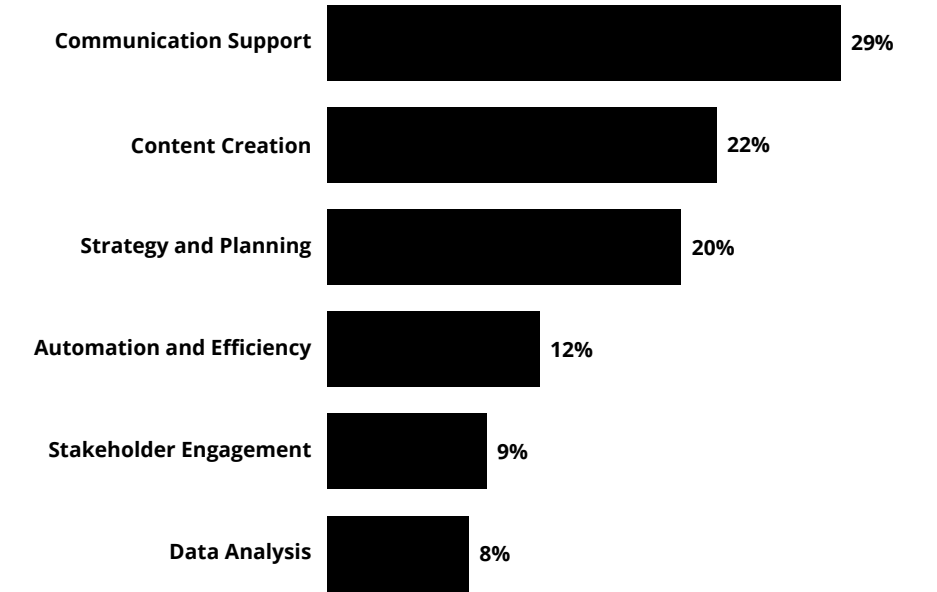
3 AI automation potential

Tasks that AI can fully automate because human intervention is minimal or unnecessary, to optimize processes, or to reduce the need for human labor in repetitive or predictable tasks.

This is the work AI can do completely for employees, including transactional tasks, information gathering and reporting, basic content creation, and customer support. For example, processing invoices and payments, producing stock market reports, generating simple marketing content, and automating troubleshooting guides for tech support.

By conducting this analysis, organizations can unlock the nature of the AI change, keep people in the loop, increase human potential, reduce fears about job loss, and free up time for employees to focus on the work that has the greatest impact.

How Are You Using AI Tools and Technologies in **Your Work**?

Category	Percentage
Communication Support	29%
Content Creation	22%
Strategy and Planning	20%
Automation and Efficiency	12%
Stakeholder Engagement	9%
Data Analysis	8%

Source: Artificial Intelligence and Change Management Report (Prosci Research Hub, © 2023)

How Surveyed Users Benefit **From AI:**

- 90% **save time**
- 85% focus on their **most important work**
- 84% can be **more creative**
- 83% **enjoy their work** more

Source: Navigating AI Adoption With ADKAR

"Adoption is the linchpin of successful AI implementation. Leaders must focus on how their people engage with, adopt, and use AI solutions because the true value of AI is only realized when it is fully embraced by the organization. Without this,even the most advanced technologies will fall short of their potential."

—Tim Creasey, Prosci Chief Innovation Officer

Misunderstandings about GenAI

Despite the business rationale and enormous potential for adopting GenAI, **much of the advice available to leaders today lacks an understanding of effective change management principles. Advice tends to focus only on the technical aspects of AI** or early-adopter experiences that don't align with typical users. Based on decades of experience equipping enterprise clients to drive complex organizational changes successfully, we believe the advice misses the mark for a few key reasons:

UNSTRUCTURED ROLLOUTS CAN BE INEFFECTIVE.

Many organizations take a casual approach to rolling out AI, assuming that having employees "play with AI" will naturally drive adoption and outcomes. Although this approach can help identify potential use cases and early champions, it fails to consider that most employees lack the time, energy or skills to explore something as new and potentially overwhelming as GenAI tools without support and clear links to organizational outcomes. Without a strategic framework, the approach rarely translates into meaningful adoption.

OVERFOCUS ON COST REDUCTION LEADS TO RESISTANCE.

Organizations and teams tend to see GenAI solely as a way to reduce costs, which ignores its potential to augment workflows and enhance creativity. When viewed only through the cost-reduction lens, GenAI leads to typical barriers to adoption and resistance behaviors related to fear of job loss, role changes, and organizational restructuring.

In Prosci's benchmarking research, 41% of respondents reported that over half of employee resistance could have been avoided with effective change management. And 43% said that over half the manager resistance they experienced was avoidable.

This supports the need to understand the varied nature of AI-driven changes and the root causes of resistance behaviors. Every scenario demands a tailored strategy to avoid, mitigate and manage specific challenges associated with the technology, processes, and other areas where AI impacts the way people work.

A BIG-BANG APPROACH IS OFTEN PROBLEMATIC.

Effective AI adoption rarely results from a one-time, universal rollout across the entire organization. Departments and teams will be at different readiness levels. They will be influenced differently by factors such as data quality, existing competencies, perceived job impacts, and alignment with enterprise strategy. Experience rolling out complex organizational transformations shows that rolling out GenAI solutions should start with identifying the teams that have immediate, meaningful use cases and focusing efforts there. A phased, targeted approach to rolling out GenAI ensures strategic and impactful efforts.

> *"There are aspects of AI-related changes that are unique to the technology. But at the end of the day, organizational benefits of AI are only achieved through widespread adoption, as with many other types of changes. That adoption challenge has far more to do with the human experience than the technology itself."*
>
> —Paul Gonzalez, Prosci Senior Director of Product

Much of the advice available to leaders today lacks an understanding of effective change management principles. Advice tends to focus only on the technical aspects of AI.
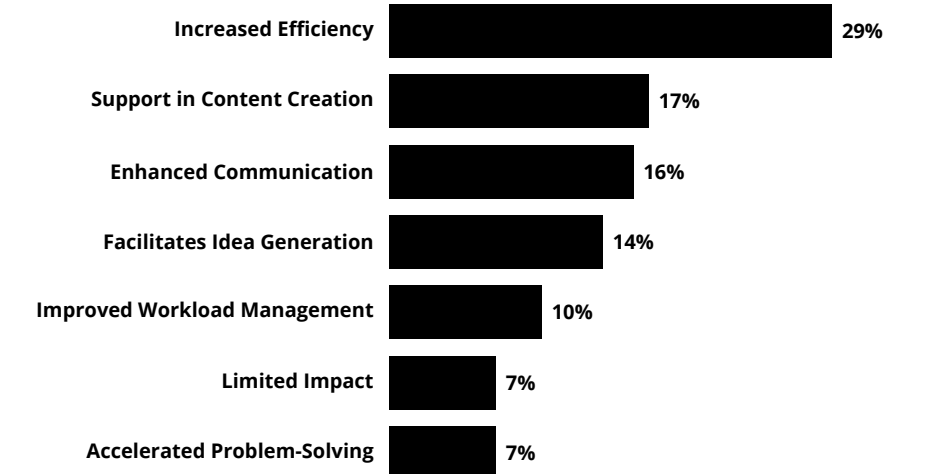
PART 3:

Managing AI Changes Effectively

Prosci's research on the impact of AI reveals that businesses can benefit from equipping people across the organization with GenAI tools that increase productivity and innovation in their day-to-day work.

Impact of **AI on CM** Work

Increased Efficiency	29%
Support in Content Creation	17%
Enhanced Communication	16%
Facilitates Idea Generation	14%
Improved Workload Management	10%
Limited Impact	7%
Accelerated Problem-Solving	7%

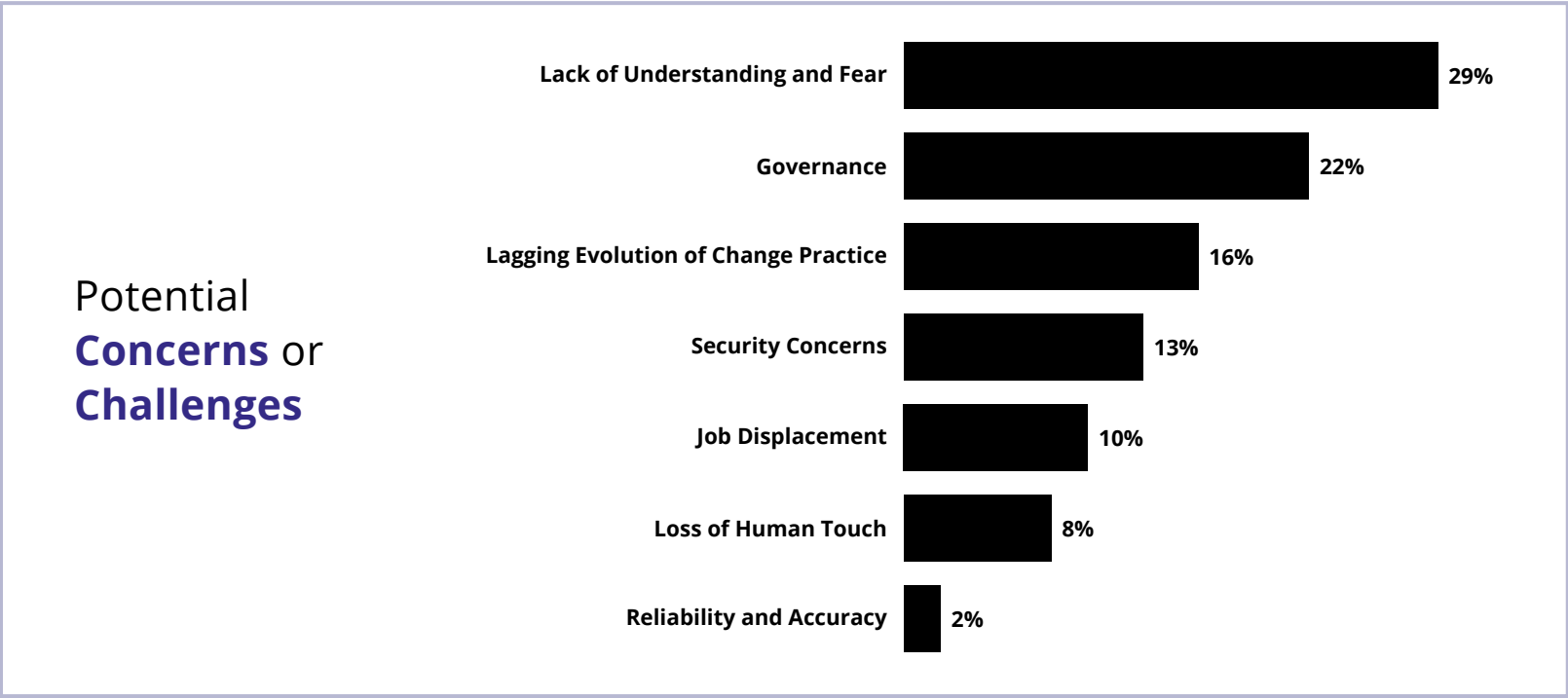*Source: Artificial Intelligence and Change Management Report (Prosci Research Hub, © 2023)*

Concerns and challenges with AI

Whether through AI collaboration opportunities or by automating tasks fully with AI, each opportunity for change comes with human challenges. Our research on artificial intelligence and change management shows potential concerns or challenges in several areas, as noted in the graph below.

Potential Concerns or Challenges

Category	Value
Lack of Understanding and Fear	29%
Governance	22%
Lagging Evolution of Change Practice	16%
Security Concerns	13%
Job Displacement	10%
Loss of Human Touch	8%
Reliability and Accuracy	2%

Source: Prosci AI and Change Management Report (Prosci Research Hub, © 2023)

A lack of understanding about AI is prevalent in the study responses. Respondents also expressed concerns about overreliance on AI, leading to decreased human judgment and loss of critical thinking skills, as well as potential to perpetuate errors or biases present in the data.

Using AI without applying human judgment is particularly concerning because some GenAI systems can and do generate incorrect responses or "hallucinate" without clear signals of the inaccuracy. To avoid significant problems, AI users need to develop critical skills to verify information, identify inaccuracies, and edit false information.

As a result of these concerns and potential challenges, organizations will face one of the most difficult issues of all: resistance to using AI changes. Although employee resistance is a natural reaction to change, it will arise in many forms, from disengagement and workarounds to sabotage and the loss of vital employees.

Resistance to AI is often based on fear of the unknown and fear of failure. Is a chatbot going to replace customer support as a function? Will the team of data analysts lose their jobs because their work can be automated as part of AI systems? Will I have the skills I need to perform effectively in the new reality?

Resistance won't just go away. Organizations need to uncover the root causes and address them through effective resistance management practices. This can even help reframe the resistance as an opportunity for employees to build new skills, refresh roles, and grow through using AI.

These and other challenges underscore a critical yet often overlooked fact: Organizations must integrate the technical aspects of AI with the human factors that influence adoption and usage for the change to be successful.

How Leaders Can Start Driving Adoption of GenAI

GenAI presents a transformative opportunity for businesses. To capitalize on it, leaders and teams need to work together to drive an effective change process tailored for AI technology adoption. Leaders can kickstart the process and make a positive impact following these initial steps:

1 Define success for change

First, leaders and teams should decide what success looks like in a future where AI has been deployed. Without this, an organization works aimlessly and risks misalignment with organizational goals, poor stakeholder engagement, scope creep, and poor accountability for outcomes.

What is the desired future state of GenAI adoption for the organization? The Future States Exercise is a straightforward way for leaders and teams to connect adoption goals to business results and craft a vision for deploying AI tools and technologies.

2 Understand the nature of the AI changes

This means determining what is being automated or augmented, and the business reasons behind it. To understand the nature of the changes, the organization should examine the disruption and impacts at the industry, organizational, job and task levels.

We recommend completing the organizational analyses we discussed in Part 2—Tailored Technologies and Pervasive Proficiencies—as well as an AI Workflow Integration for affected individuals and their roles. These can help leaders and teams identify the opportunities from implementing AI.
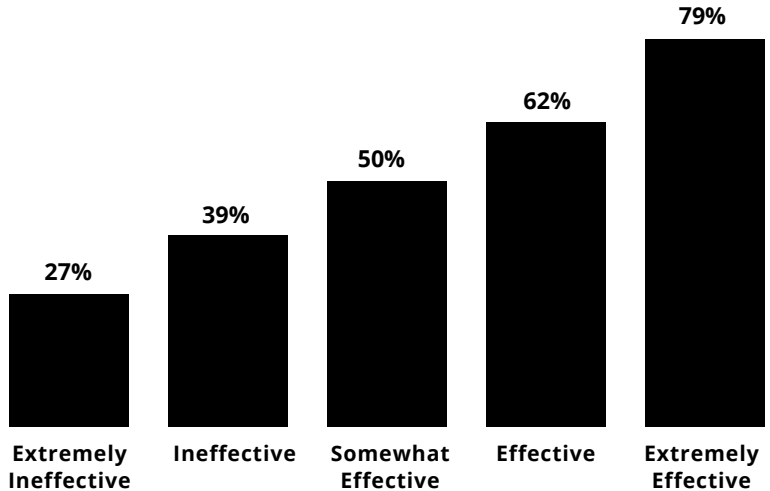
3 Demonstrate strong sponsorship

AI changes won't be successful without good sponsors. Prosci research shows that executive sponsorship significantly influences the degree to which employees and managers accept and adopt changes. Similarly, ineffective sponsorship is a well-documented barrier to success.

This article offers detailed insights on the sponsor's role and its importance to success.

Correlation of **Sponsor Effectiveness** With Meeting Objectives

Category	Value
Extremely Ineffective	27%
Ineffective	39%
Somewhat Effective	50%
Effective	62%
Extremely Effective	79%

Source: Prosci Research Hub, © 2023

Prosci ABCs of **Sponsorship**

A Active and visible participation throughout the project

B Build a coalition of sponsorship

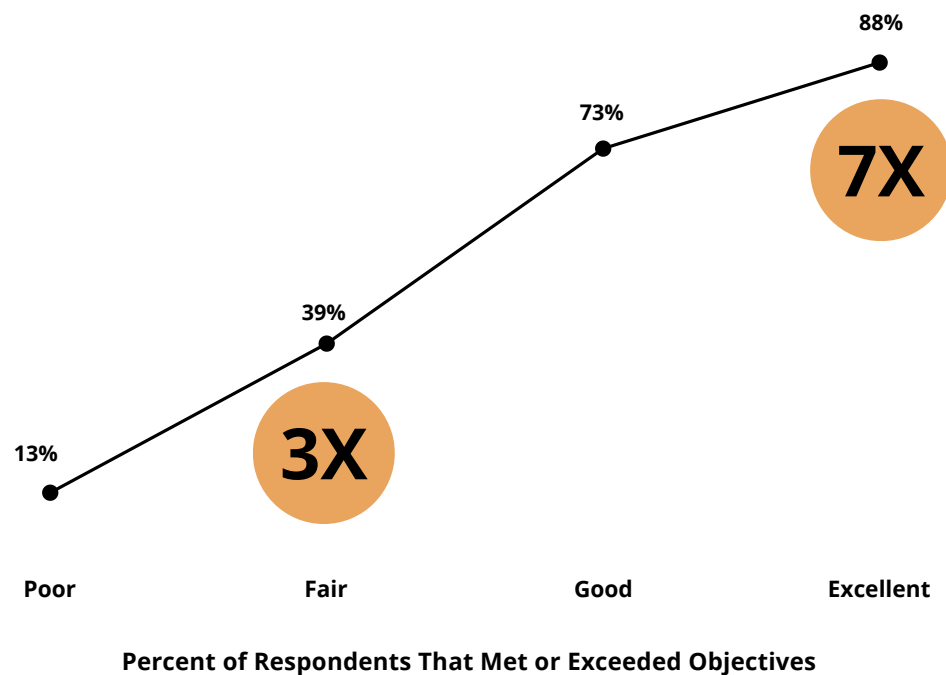**C** Communicate support and promote the change to impacted groups

4

Apply a structured approach to managing the AI changes

Once success has been defined, the organization should plan to implement AI alongside a proven, structured change management approach. Planning to help affected employees navigate the entire change process—not just delivering communications and training—is often the difference between success and failure.

By preparing and equipping people throughout the lifecycle of the transition, leaders mitigate resistance, disengagement, loss of key employees, project delays, budget overruns, rework, low ROI, and lost opportunities. And they can achieve up to seven times greater success on changes.

Correlation of **Change Management Effectiveness** With Meeting Objectives

- Poor — 13%
- Fair — 39% (3X)
- Good — 73%
- Excellent — 88% (7X)

Percent of Respondents That Met or Exceeded Objectives

Source: Prosci Research Hub, © 2023

5

Support individual transitions

Organizational changes from AI happen at the individual level, even when they're complex, large-scale, enterprise-wide transformations. This is because success depends on individual people using AI in their work.

Yet, during a change, organizations tend to focus only on the future state—such as reducing customer response times by deploying AI search tools. Research shows success comes from preparing and equipping people at scale, so they can use the AI solution proficiently as intended.

Applying a model for individual change is a key part of any robust organizational change management approach. In Prosci's Applications of ADKAR study, over 90% of respondents who used the ADKAR® Model to facilitate individual change found it effective or extremely effective. And nearly all found it effective or very effective for empowering managers and equipping senior leaders. The research also shows ADKAR drove change progress, increased engagement, and improved the organization's change maturity.

For over 25 years, Prosci research and client engagements have substantiated the fact that organizations change one person at a time. Tying actions to this simple truth is the key to helping leaders, teams and organizations unlock successful AI adoption on changes.

Prosci ADKAR® Model

A	**Awareness** – Of the need for change
D	**Desire** – To participate and support the change
K	**Knowledge** – On how to change
A	**Ability** – To implement required skills and behaviors
R	**Reinforcement** – To sustain the change

The model for individual change used by top brands around the globe.

"The ADKAR Model equips leaders to navigate complex changes like AI technologies by aligning individual transitions with organizational goals. This strategic framework enables employees to embrace new technologies, transforming challenges into growth opportunities that drive sustained success and competitive advantage."

—Scott McAllister, Prosci Chief Executive Officer

Change Management Drives
AI Benefits

AI offers clear opportunities for positive change. Businesses can reap benefits from AI by reimagining entire business models, strategically enhancing products and competencies, or automating processes and augmenting job roles. The result can be faster product development, more efficient and productive teams, and elevated customer experiences.

The critical point to remember is that deploying AI in any business provokes changes in the way employees work. As a result, enhancing employee adoption and usage becomes the priority for businesses that want to achieve results and ROI from GenAI—**because AI technology changes are only worthwhile if people adopt and use them.**

AI Change That Makes Organizations Stronger

Is your organization deploying AI tools and technologies? Prosci helps businesses and organizations around the world deploy and adopt GenAI technologies—imparting knowledge and skills to strengthen their change capabilities in the process. Get expert guidance, easy-to-use tools, proven frameworks, and more when you partner with Prosci.

Contact our Enterprise Solutions Team to learn more.

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