

Bridging the AI Divide



The Urgent Need for Upskilling in the Face
of Technological Transformation

By: Michael DeVenney



Are we too complacent in our approach to AI and generative AI, risking our organization's future by waiting on the sidelines instead of proactively upskilling our workforce and embracing these technologies now?



The Boston Consulting Group's 2024 survey reveals a pivotal moment in technology investment among leaders: 71% of executives are gearing up to significantly boost their tech budgets, marking a sharp 20% rise from the previous year. At the forefront of their investment agenda stand AI and generative AI, cybersecurity, and cloud computing, capturing the strategic focus of 89% of these leaders.

Yet, the surge in investment contrasts starkly with the realization of its potential benefits. A notable 66% of executives express dissatisfaction with the advancement of AI and generative AI within their organizations. This discontent is rooted in three major challenges: a critical shortage of talent and skills for AI implementation, a murky roadmap for prioritizing AI projects, and an overarching lack of strategy for making responsible AI investments.

Alarmingly, only 6% of companies have channeled resources into training their workforce, despite 46% of leaders acknowledging the need for significant upskilling within the next three years. A majority of executives, 62% to be precise, are in a holding pattern, waiting to see the direction AI-specific solutions will take—an approach that is increasingly untenable.

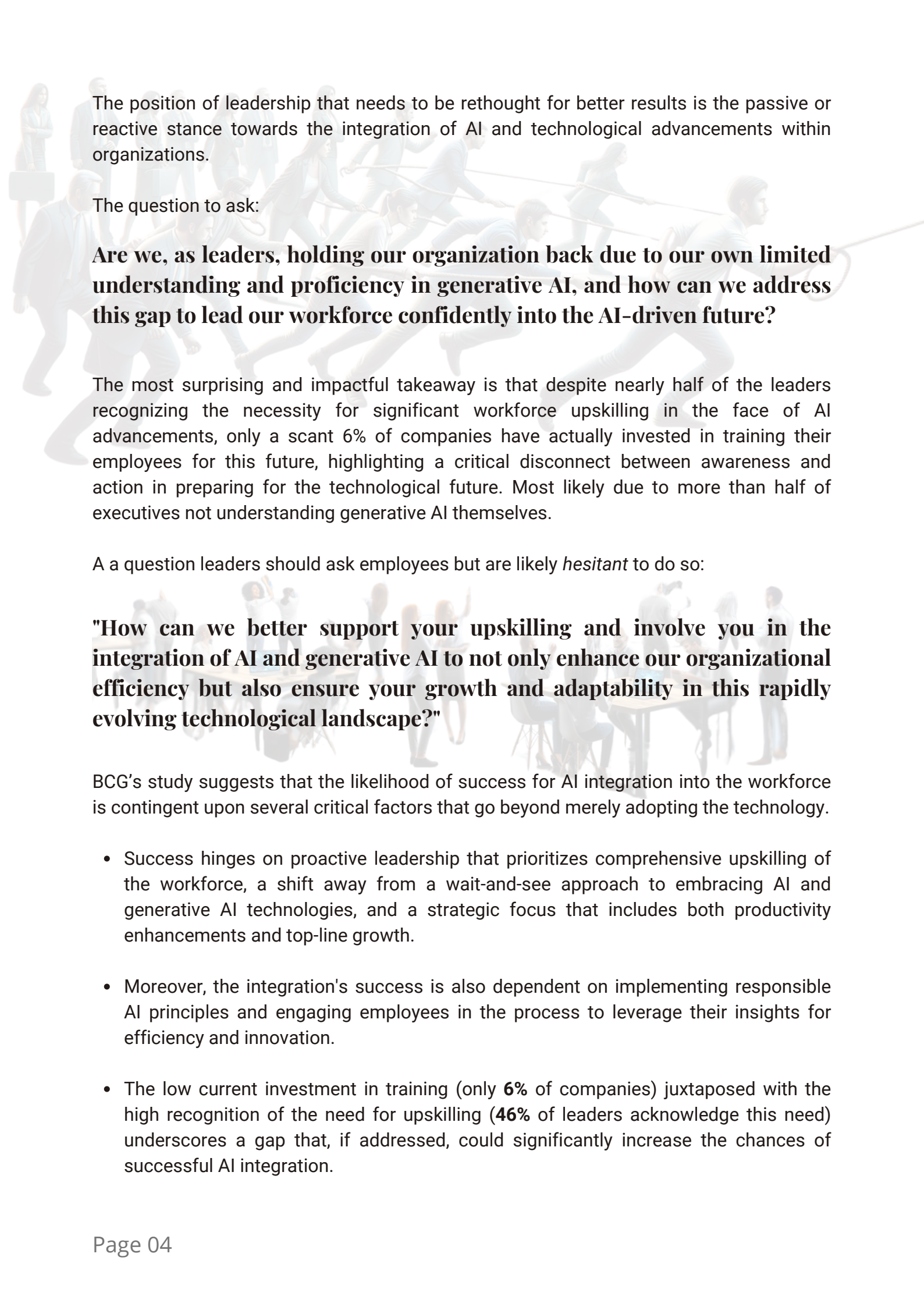
The inertia among executives stands in contrast to the urgency required for embracing generative AI. Indeed, **90%** of senior leaders are either caught up in the AI hype, engaging only in minimal experimentation, or adopting a wait-and-see stance. However, the tide is turning among winning organizations that recognize the necessity of immediate action. These trailblazers are not only investing in enhancing productivity and driving top-line growth but are also committed to systematic upskilling, strategic partnerships, vigilant cost management, and the integration of responsible AI principles.

Generative AI's promise of substantial productivity gains is undeniably attractive, yet the real triumph lies in leveraging these advancements for both efficiency and expansive growth—whether through broadening market access or developing business adjacencies. Executives estimate that an average of **46%** of the workforce will require new skills in the next three years, with a strong conviction that generative AI will not only spawn new roles (**81%**) but also necessitate a profound transformation in management practices (**74%**).

This call to action extends to the highest levels of leadership, where **59%** of executives admit to a significant confidence gap in their teams' proficiency with generative AI. The question then becomes: What is the path forward for leaders? The answer lies in harnessing generative AI for day-to-day tasks to unlock potential productivity improvements of **10% to 20%**, reengineering critical functions with cross-functional teams for efficiency gains of **30%-40%**, and creating new value in customer offerings, tapping into the insights of those closest to the customer's needs. This strategic approach not only anticipates the future of work but actively shapes it, positioning organizations to thrive in the rapidly evolving landscape of AI.

This study challenges the traditional assumption that technological advancements, such as AI and generative AI, can be seamlessly integrated into the workplace with minimal preparation and resistance. It highlights the critical gaps in workforce readiness and the need for substantial upskilling, revealing that simply investing in new technologies is not enough. Leaders must also invest in their people, ensuring they have the skills and understanding necessary to leverage these technologies effectively. This underscores a shift from viewing technology as an independent driver of progress to seeing it as part of an ecosystem that requires human skills, organizational culture, and strategic foresight to realize its full potential.





The position of leadership that needs to be rethought for better results is the passive or reactive stance towards the integration of AI and technological advancements within organizations.

The question to ask:

Are we, as leaders, holding our organization back due to our own limited understanding and proficiency in generative AI, and how can we address this gap to lead our workforce confidently into the AI-driven future?

The most surprising and impactful takeaway is that despite nearly half of the leaders recognizing the necessity for significant workforce upskilling in the face of AI advancements, only a scant 6% of companies have actually invested in training their employees for this future, highlighting a critical disconnect between awareness and action in preparing for the technological future. Most likely due to more than half of executives not understanding generative AI themselves.

A question leaders should ask employees but are likely *hesitant* to do so:

"How can we better support your upskilling and involve you in the integration of AI and generative AI to not only enhance our organizational efficiency but also ensure your growth and adaptability in this rapidly evolving technological landscape?"

BCG's study suggests that the likelihood of success for AI integration into the workforce is contingent upon several critical factors that go beyond merely adopting the technology.

- Success hinges on proactive leadership that prioritizes comprehensive upskilling of the workforce, a shift away from a wait-and-see approach to embracing AI and generative AI technologies, and a strategic focus that includes both productivity enhancements and top-line growth.
- Moreover, the integration's success is also dependent on implementing responsible AI principles and engaging employees in the process to leverage their insights for efficiency and innovation.
- The low current investment in training (only **6%** of companies) juxtaposed with the high recognition of the need for upskilling (**46%** of leaders acknowledge this need) underscores a gap that, if addressed, could significantly increase the chances of successful AI integration.

Therefore, the implication is that organizations need to be willing to invest in their people, adopt a forward-thinking approach to AI, and apply AI solutions responsibly are more likely to realize the full potential of AI in the workplace.

The steps from here take a multifaceted approach for leaders to develop an AI strategy that not only prioritizes technological advancement but also ensures organizational readiness and maximizes the potential benefits of AI. Key strategic imperatives include:

①

Proactive Investment in Upskilling:

With only 6% of companies currently investing in training for AI, there's a clear call to action for leaders to prioritize and increase investments in workforce development. This involves systematic upskilling to equip employees with the necessary skills for AI and generative AI, addressing the significant gap between the need for skill development and current investment levels.

②

Moving Beyond a Wait-and-See Approach:

The passage criticizes the prevalent wait-and-see attitude among 90% of senior leaders regarding generative AI, urging a shift towards proactive experimentation and implementation. Leaders are encouraged to embrace AI technologies now, rather than waiting for the market to dictate their moves, to gain competitive advantages and foster innovation.

③

Strategic Focus on Productivity and Top-Line Growth:

Successful AI strategy involves looking beyond mere productivity gains to also include investments aimed at top-line growth. This includes expanding market access, building business adjacencies, and innovating in customer offerings. By doing so, organizations can leverage AI not just for efficiency but also as a driver of new business opportunities.

④

Implementing Responsible AI Principles:

Amidst the technological push, there's a strong emphasis on the ethical considerations and responsible use of AI. Leaders are tasked with ensuring that AI investments align with broader societal values and contribute positively to stakeholders, underlining the importance of strategic relationships and vigilant management of AI's impact.

5

Engagement and Collaboration with the Workforce: Leaders should actively involve employees in the AI integration process, leveraging their insights to identify inefficiencies and opportunities for improvement. This collaborative approach not only enhances the effectiveness of AI solutions but also fosters a culture of innovation and inclusivity.

A balanced AI strategy is essential that combines technological investment with human capital development, ethical considerations, and a proactive stance towards innovation, urging leaders to act now to secure their organizations' future in an AI-driven landscape.

The key opportunity for leaders to shift to a greater acceptance and commitment of employees to AI, lies in significantly enhancing investments in workforce training and development. The stark revelation that only 6% of companies have invested in training their people for AI, despite nearly half of the leaders acknowledging the looming need for upskilling, uncovers a critical pathway for leaders: to proactively bridge this gap. By championing comprehensive training programs that not only address the technical skills required for AI and generative AI but also cultivate an environment of continuous learning and adaptability, leaders can mitigate resistance and foster a positive outlook towards these technologies.

Three key actionable insights for leaders:

Prioritize Workforce Upskilling:

Despite the recognized need for employee upskilling to adapt to AI advancements, only a small fraction of companies have taken concrete steps to invest in training. Leaders should proactively develop and implement comprehensive upskilling programs tailored to the evolving requirements of AI and generative AI technologies. These programs should not only focus on technical skills but also on fostering a culture of continuous learning and adaptability among employees.

Embrace a Hands-On Approach with AI Integration:

The survey indicates a significant portion of leaders are adopting a wait-and-see approach to generative AI, potentially missing out on early mover advantages. Leaders should shift towards a more proactive stance, experimenting with AI in everyday tasks and strategic projects. By deploying AI in practical, process-improving applications, organizations can realize immediate productivity gains and identify further areas for innovation and efficiency enhancement.

Foster Cross-Functional Collaboration:

The effective implementation of AI solutions requires insights and contributions from across the organization. Leaders should facilitate cross-functional teams that bring together diverse perspectives, including those from employees who interact directly with customers and operational processes. This collaborative approach can uncover unique opportunities for enhancing critical functions, improving customer offerings, and driving top-line growth, ensuring that AI investments deliver tangible value to the organization.

This approach not only prepares the workforce for the future but also signals to employees that their growth and development are valued, thereby enhancing their engagement and commitment to embracing AI innovations.

