

# Change Management and AI

How can businesses adopt a people-centric approach to maximize the benefits of new disruptive AI-based technologies?



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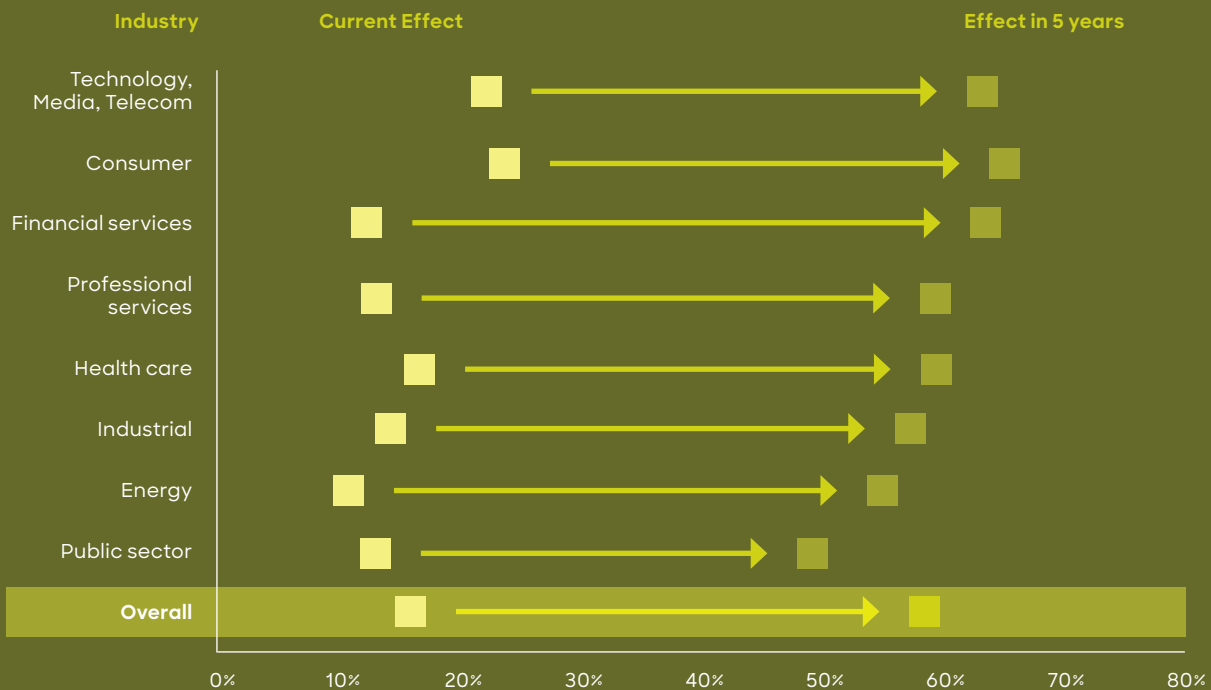
AI-based technologies are revolutionizing the business landscape. Industries across the board are experiencing profound benefits, from enhanced operational efficiency and cost savings to the ability to scale rapidly and make data-driven decisions with unprecedented accuracy. As adoption rates soar, it's clear that the future belongs to those who leverage AI to its fullest potential. We stand at a pivotal moment where embracing these advancements is no longer optional—it's imperative for staying competitive in today's fast-paced market.

## A AI-based technologies are transforming the business landscape bringing significant benefits, making their adoption a necessity rather than a choice

### Potential benefits of Artificial Intelligence solutions

- 24/7 availability of services
- Risk reduction
- Efficiency
- Innovation
- Improved decision-making
- Scalability
- Consistency
- Automation
- Enhanced customer experience
- Improved safety
- Cost savings
- Unbiased decision

### Estimated level of adoption per industry



Source: GitHub, Ark Investment, Nielsen Norman, Roland Berger, MIT Sloan review, Harvard Business Review

However, despite the immense promise of AI, many organizations are struggling to fully capitalize on its benefits. Why? Through our work with numerous clients, we observed that AI initiatives encounter significant cultural and organizational obstacles. Employee reservations often hinder adoption, so it's crucial to factor in these mindsets while drafting a change management plan. When employees are excluded from this process, they may become resistant to AI, fail to trust its capabilities, and oppose even the positive changes it brings. However, when executed correctly, human-AI collaboration can unlock unprecedented potential and represent the most promising way of working. Proactive companies that invest in change management strategy aligned with the AI strategy manage to dismantle these barriers, foster employee trust, build AI-first mindset, enhance acceptance, and fully leverage the transformative power of AI to drive innovation and growth.

**B**

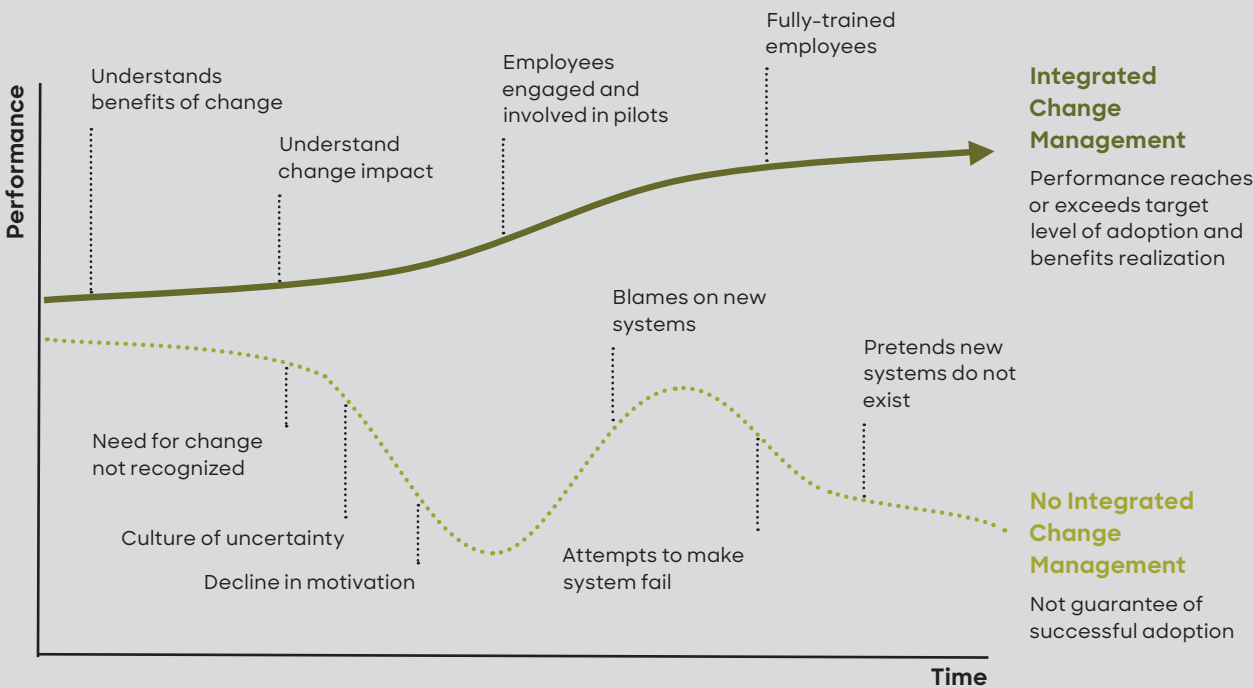
However, to adopt an AI-first mindset, companies must tackle adoption challenges head-on of these new technologies



Source: Gartner, 2023. Roland Berger analysis, Harvard Business Review

When adopting AI-based technologies, neglecting change management can undermine their potential and jeopardize the current business state. Without a robust change management plan integrated with your AI strategy, you risk a significant gap in execution which could lead to decreased productivity and operational inefficiencies, sunk cost and financial losses, competitive disadvantage and market position erosion.

### C Change Management is key to ensure AI value creation



**Not closing the gap may lead to:**



Decrease Productivity and Operational Inefficiencies



Sunk cost and Financial Losses



Competitive Disadvantage and Market Position Erosion

Source: Roland Berger

To drive business success and fully leverage the benefits of AI-based technologies, the change management approach must incorporate five fundamental steps. These no-regret change management moves are essential in defining the roadmap to AI transformation.

D

To drive business success and maximize the benefits of AI-based technologies, the change management approach must integrate 5 fundamental principles

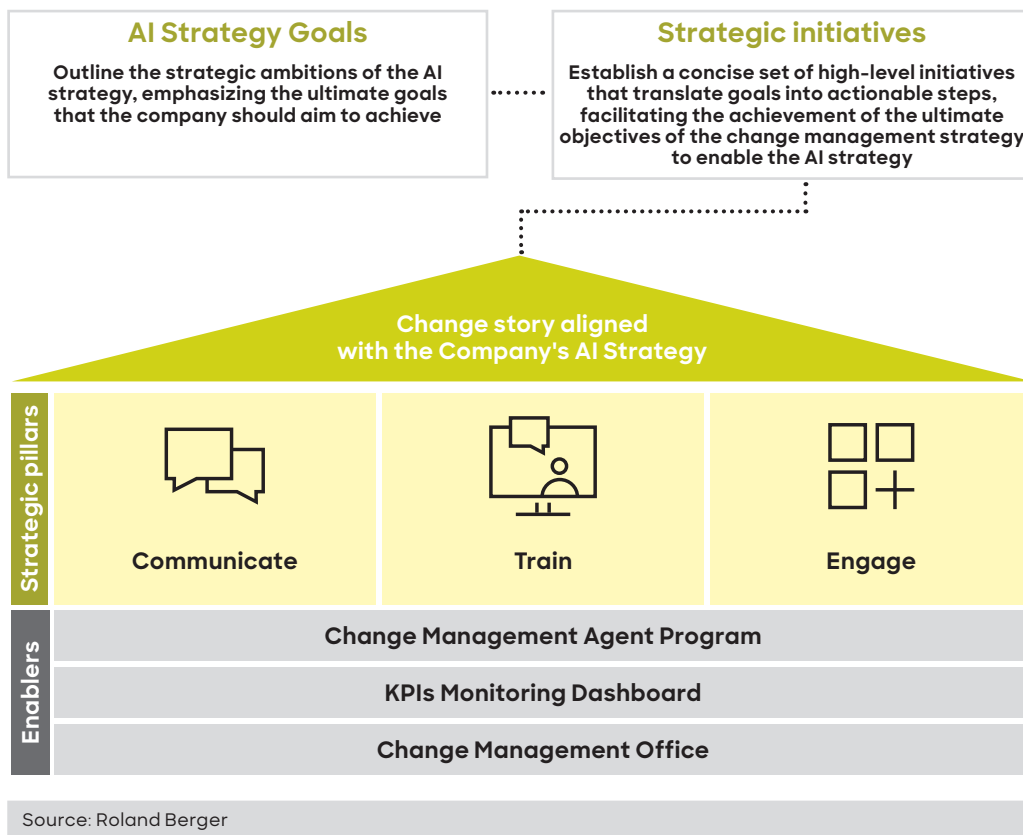


Source: Roland Berger

## Step 1: Define a clear vision

Crafting an impactful change story entails aligning a crystal-clear AI vision with strategic initiatives, seamlessly integrating it into the company's AI strategy. This vision serves as the cornerstone of business excellence, aligning strategy, empowering resource allocation, inspiring team commitment, and fueling targeted innovation. With this cohesive approach, businesses gain competitive edges, elevate decision-making, and confidently stride into the future of industry leadership.

- E** **Crafting an effective change story entails aligning a clear vision with strategic goals to seamlessly integrate AI in the company's strategy**  
Change management strategic framework



## Step 2: Integrate AI and change strategy

Incorporating AI into change strategies necessitates a focus on assessing impact and readiness, thereby fostering a people-centric approach to drive AI adoption effectively among the stakeholders.

Firstly, identifying critical areas requiring intervention serves as the cornerstone for crafting a compelling change narrative. Secondly, it involves developing a comprehensive change plan that aligns seamlessly with the overarching AI strategy. Lastly, meticulous execution along with the employees ensures the successful implementation of both the change initiatives and AI integration.



# F Integrating AI and change strategies requires prioritizing impact and readiness assessment to develop a people-centric approach to drive the AI adoption

## RB 3-step approach to design the change management strategy

### Step 1: Identify key areas needing intervention, forming the foundation of the change story



#### Impact Assessment

Evaluate the effect of digital strategy initiatives across seven categories



#### Readiness Assessment

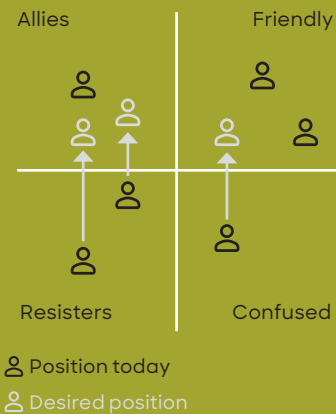
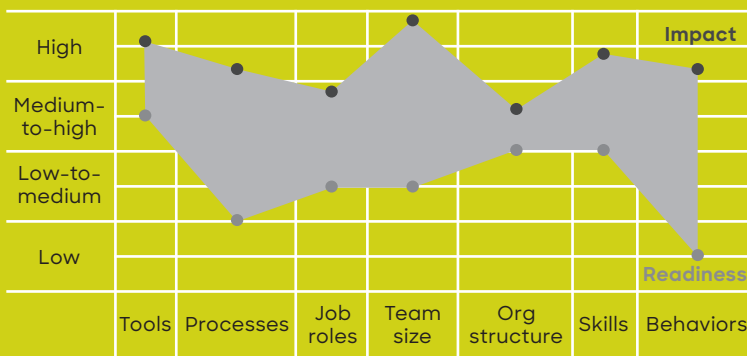
Gauge organizational and employee readiness for digital strategy changes



#### Stakeholder Assessment

Analyze stakeholder alignment and resistance to change at organization and initiative levels

Gap analysis impact vs readiness



### Step 2: Develop a change plan in sync with AI strategy

#### Change Management Strategy

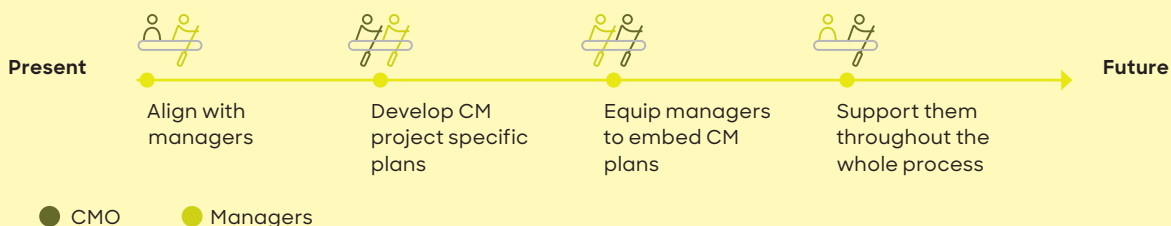
The change management strategy will be built on three focus areas supported by three enablers



### Step 3: Ensure proper execution

#### Continous execution

Support managers to deal with change management activities



Source: Roland Berger



### Step 3: Communicate effectively

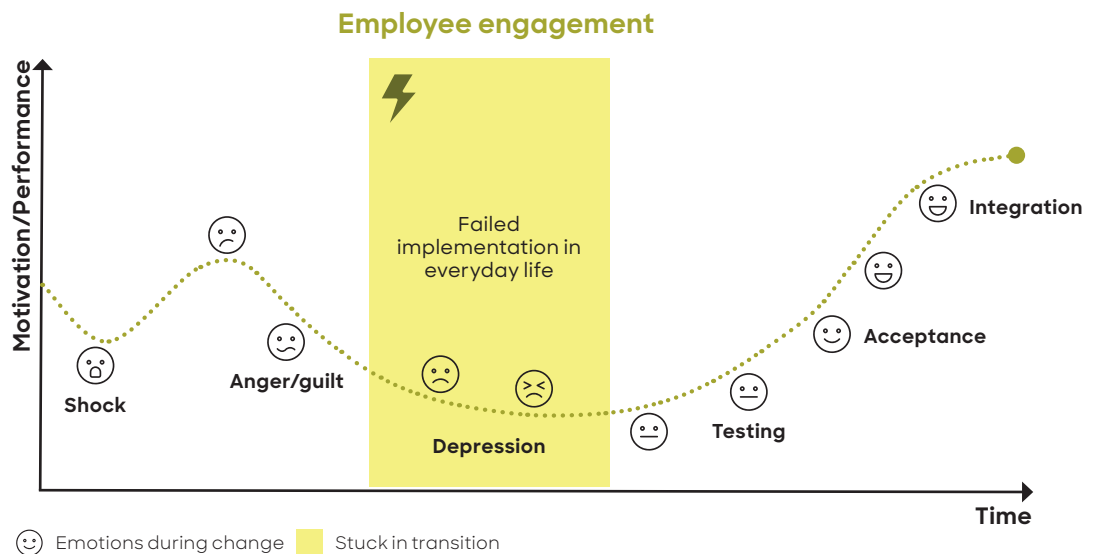
The change and communication plan encompasses four crucial elements essential for the successful rollout of the AI-first strategy. Firstly, 'Who' entails the clear identification and description of target groups for the change, including profiles outlining their desires, requirements, and concerns. Secondly, 'What' involves the development of a comprehensive set of measures aimed at fostering sustainable change. Each measure is meticulously outlined, specifying its objectives, format, creators, recipients, and timing. 'When' entails the creation of a detailed change timeline for each stakeholder group, ensuring the comprehensive coordination of all activities and delineating target group-specific 'change timetable'. Lastly, 'How' provides an operationalization toolkit for the implementation of each measure, along with editorial plans detailing content structures and preparatory instructions. This cohesive approach ensures clear, time-bound instructions for individual stakeholders, fostering translational outputs and maximizing the potential for success.

- G For effective communication, the communication plan comprises four central elements, necessitating active support for the rollout of the AI strategy**

Elements of effective communication plan and results

WHO	WHAT	WHEN	HOW
Clearly defined and described target groups for the change ✓	Comprehensive measures for a sustainable change effect ✓	Detailed change timeline for each stakeholder group ✓	Operationalization toolkit for each individual measure ✓

Overcommunication helps with the employee engagement



Source: Roland Berger

## Step 4: Empower and encourage experimentation

An engaging narrative is essential for conveying the urgency of change initiatives and empowering everyone involved. This is especially crucial for AI projects, as concerns about job displacement can heighten employees' resistance to adopting new technologies. Every employee at every level can be empowered with a clear objective, encouraging them to explore and experiment. Through experimentation, employees can monitor implementation and make necessary adjustments as required. As AI tools become more prevalent across the organization, frontline employees gain the ability to make decisions once limited to higher-ranking authorities. This flattens organizational hierarchies and encourages broader adoption of AI technologies. This fosters increased collaboration and encourages more ambitious thinking. By fostering a culture of shared ownership and experimentation, organizations can cultivate practices that promote widespread adoption of AI.

### H Companies must foster an experimentation mindset that will help with the AI adoption while investing in training programs to develop necessary AI skills

Initiatives for different levels

Who	Leadership 1 <sup>st</sup> Level	Leadership Mid Level	Working teams Team Leads & members
Belief	"I don't believe we need it!"	"I don't have time for this in addition to my daily tasks!"	"What does it have to do with our daily work and how do we implement AI?"
Empower with objective	Sense of urgency Point the way	Emphasize advantages Identify constant deniers Show how to go the way	Enable & empower Go the way



Experimenting using Interventions	Leadership 1 <sup>st</sup> Level	Leadership Mid Level	Working teams Team Leads & members
	<ul style="list-style-type: none"> <li>• Coaching</li> <li>• Inspiration Journey</li> <li>• Workshops</li> <li>• AI Training</li> <li>• Transparent communication</li> <li>• AI tools</li> </ul>	<ul style="list-style-type: none"> <li>• Updated talent dev.</li> <li>• Training</li> <li>• Define new role</li> <li>• AI tools</li> <li>• Nudges</li> <li>• New Rewards (fin. &amp; non-fin.)</li> </ul>	<ul style="list-style-type: none"> <li>• Coaching</li> <li>• Hackathons</li> <li>• Nudges</li> <li>• Peer2Peer Learning</li> <li>• AI tools</li> <li>• Change agents</li> </ul>

Intervention toolkit

**Internal communications are an integral part of change management, including newsletters, updates in intranet portals, and employee meetings and townhalls**

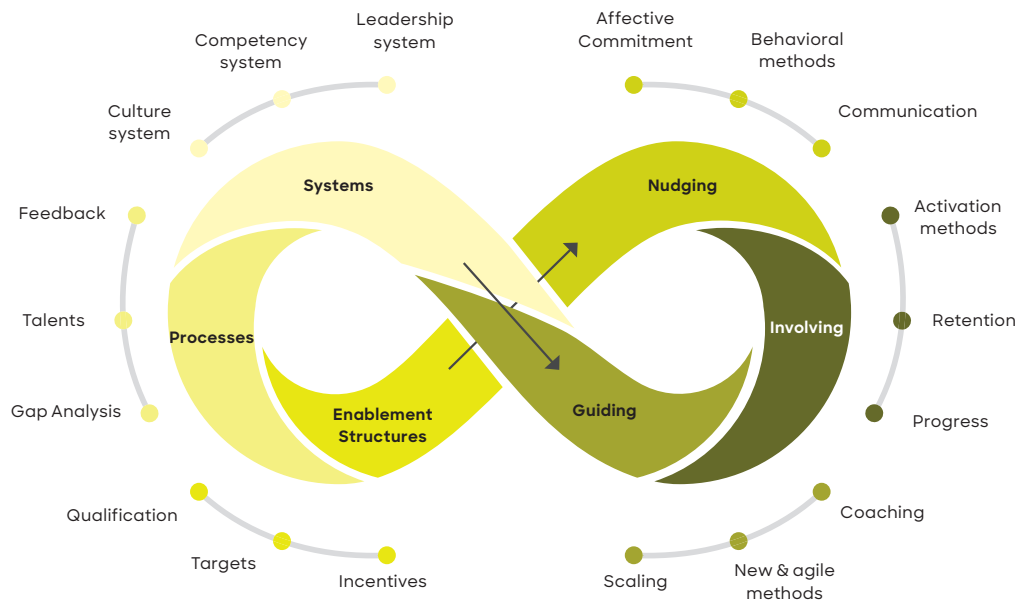
Source: Roland Berger

## Step 5: Establish metrics and monitoring

Organizations need to abandon the belief that an idea must be completely perfected or that a business tool must be fully equipped before deployment. In their initial iterations, AI applications might lack all desired features. By adopting a test-and-learn approach using our intervention toolkit, establishing metrics, and monitoring progress, firms can gather early user feedback and integrate it into subsequent interventions. This process allows them to address minor issues before they escalate into significant problems. By collecting feedback and leveraging it with the intervention toolkit, firms can transform mistakes into opportunities for discovery, alleviate the fear of failure, and maximize the realization of AI's true potential.

**Finally, defining the right metrics is crucial not only for tracking AI adoption but also for triggering intervention mechanisms to sustain the AI strategy**

### Intervention methods and tools



#### Organization centered Interventions

- |  |   |  |
|--|---|--|
| <ul style="list-style-type: none"> <li>• Core Competency Assessment</li> <li>• Competency Skill Mapping</li> <li>• Leadership principles</li> <li>• Change Readiness/ Change Monitor</li> <li>• 360° SmartEfficiency Check</li> <li>• Enablement Tool</li> </ul> | <ul style="list-style-type: none"> <li>• Feedback tool</li> <li>• 360° Feedback</li> <li>• Error culture</li> <li>• Leadership assessment</li> <li>• Talent management system</li> <li>• Risk management</li> </ul> | <ul style="list-style-type: none"> <li>• Employee qualification / upskilling program</li> <li>• Leadership development program</li> <li>• Learning Journeys</li> <li>• Incentives &amp; Rewards</li> <li>• Objectives &amp; Key Results</li> </ul> |
|--|---|--|

#### People centered Interventions

- |   |  |   |  |
|---|--|---|--|
| <ul style="list-style-type: none"> <li>• Framing</li> <li>• Priming</li> <li>• Salience</li> <li>• Anchoring</li> <li>• Transmitter</li> <li>• Norms</li> </ul> | <ul style="list-style-type: none"> <li>• Affects</li> <li>• Commitment</li> <li>• Communication plan</li> <li>• Mindset training</li> <li>• Visualization</li> </ul> | <ul style="list-style-type: none"> <li>• Gamification.</li> <li>• Meeting Design</li> <li>• New Work</li> <li>• Pulse Checks</li> <li>• Focus groups</li> </ul> | <ul style="list-style-type: none"> <li>• Kanban</li> <li>• SCRUM</li> <li>• Design Thinking methods</li> <li>• Moderation</li> <li>• Change Agents/ Ambassador</li> <li>• Coaching Sessions</li> </ul> |
|---|--|---|--|

Source: Roland Berger

Embracing AI tools signifies not merely a digital shift but a profound cultural transformation within organizations. Successfully embedding AI into workflows demands full engagement and support from employees across the organization. This support is vital, considering the diverse motivations, concerns, and perspectives of individuals. Consequently, effective change management becomes indispensable in addressing the human dimensions of any new initiative, particularly one as sophisticated as AI. AI is not just about deploying machines for efficiency. Viewing AI solely through this lens restricts its potential. Instead, AI is about cultivating a synergy between machines and humans to address challenges with speed and scale, thereby allowing and complementing humans to concentrate on complex and engaging problem-solving activities.

While AI adoption may appear complex, our five-step solution is straightforward, meticulously structured, and highly effective. Properly integrating these steps ensures a seamless transition to adopting new AI tools and fostering sustained human-AI collaborations, representing the most promising way of working.

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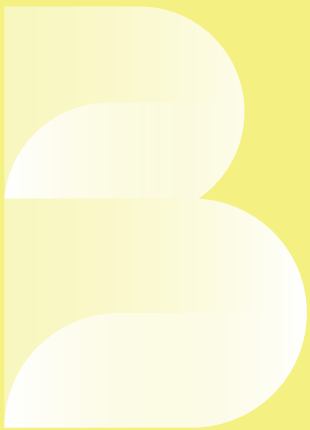
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