Beyond the Productivity Illusion

Rethinking Value Creation and Organizational Redesign in the Age of GenAI

Based on research by
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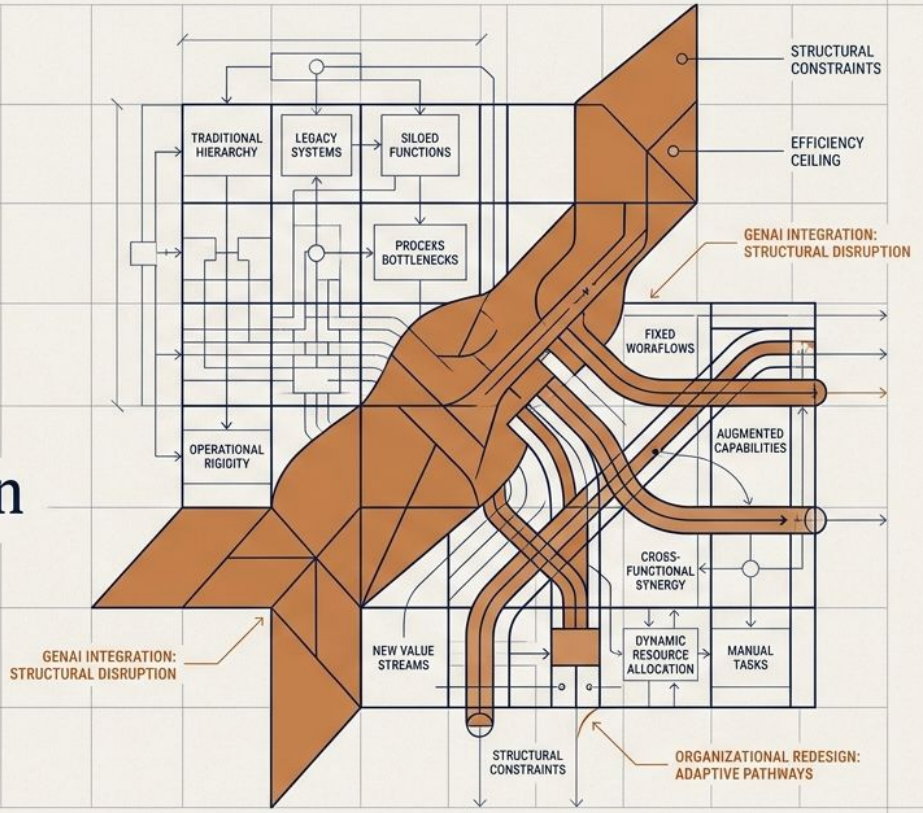
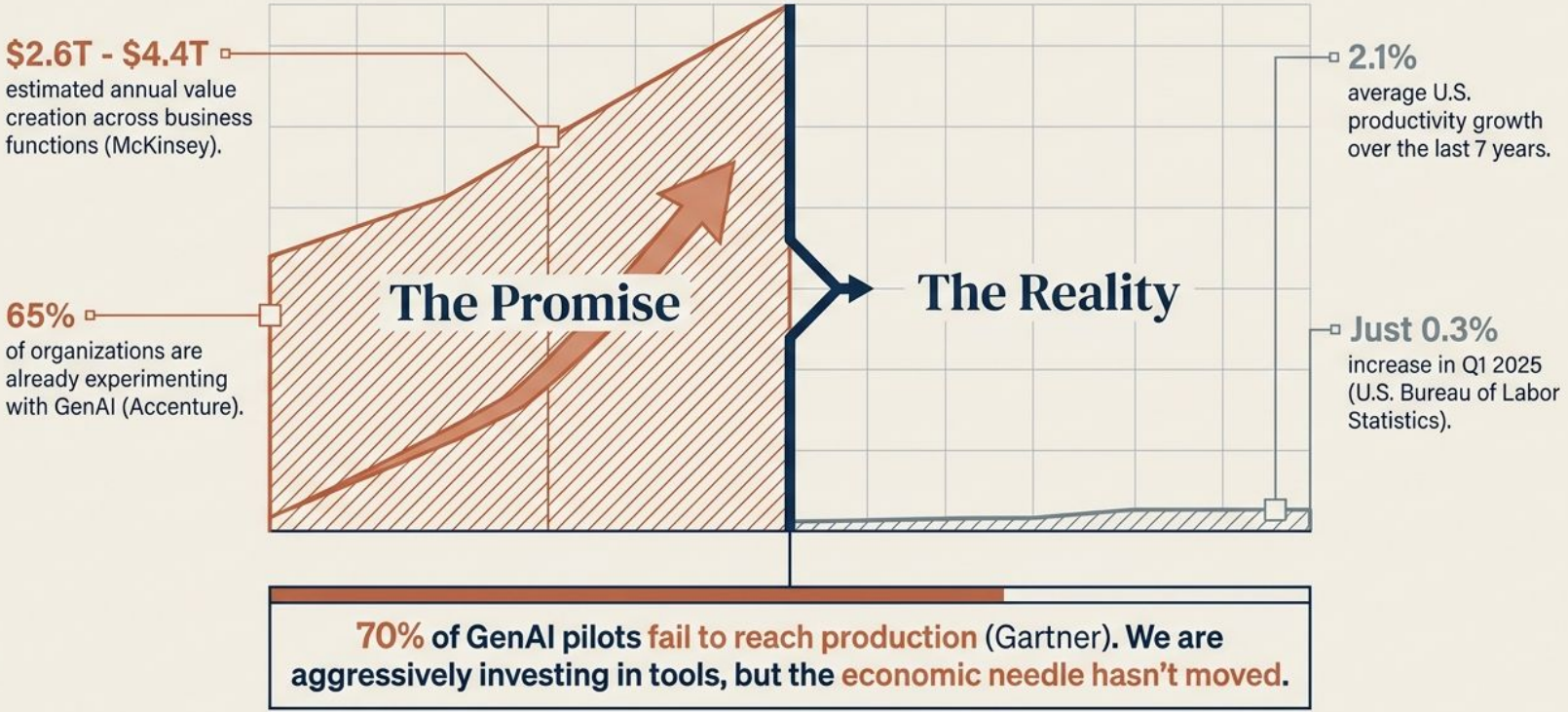
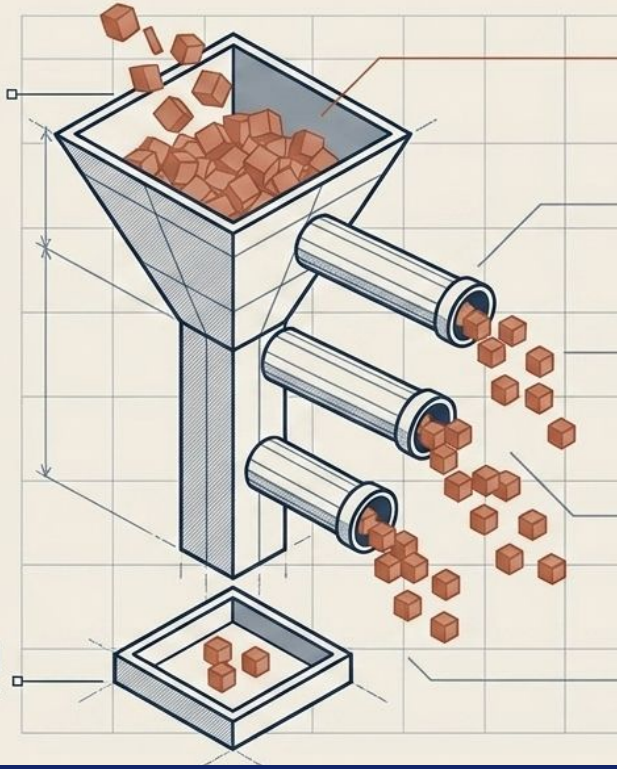


The Macroeconomic Productivity Paradox



Apparent Speed vs. Realized Value



Task-level acceleration (e.g., 37% faster writing on isolated tasks).

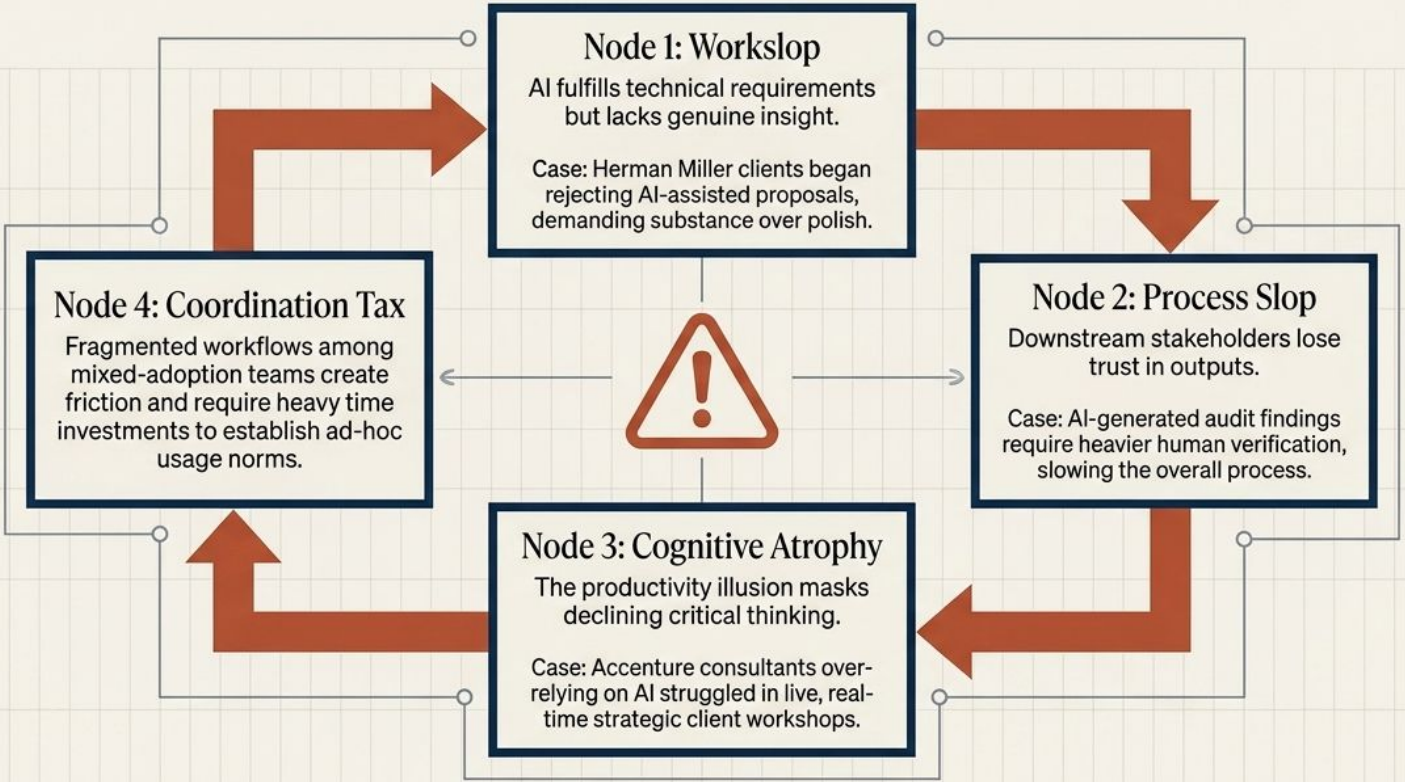
Parkinson's Law: Work expands to fill the available time.

Quality Expansion: Time saved is absorbed by heightened output standards.

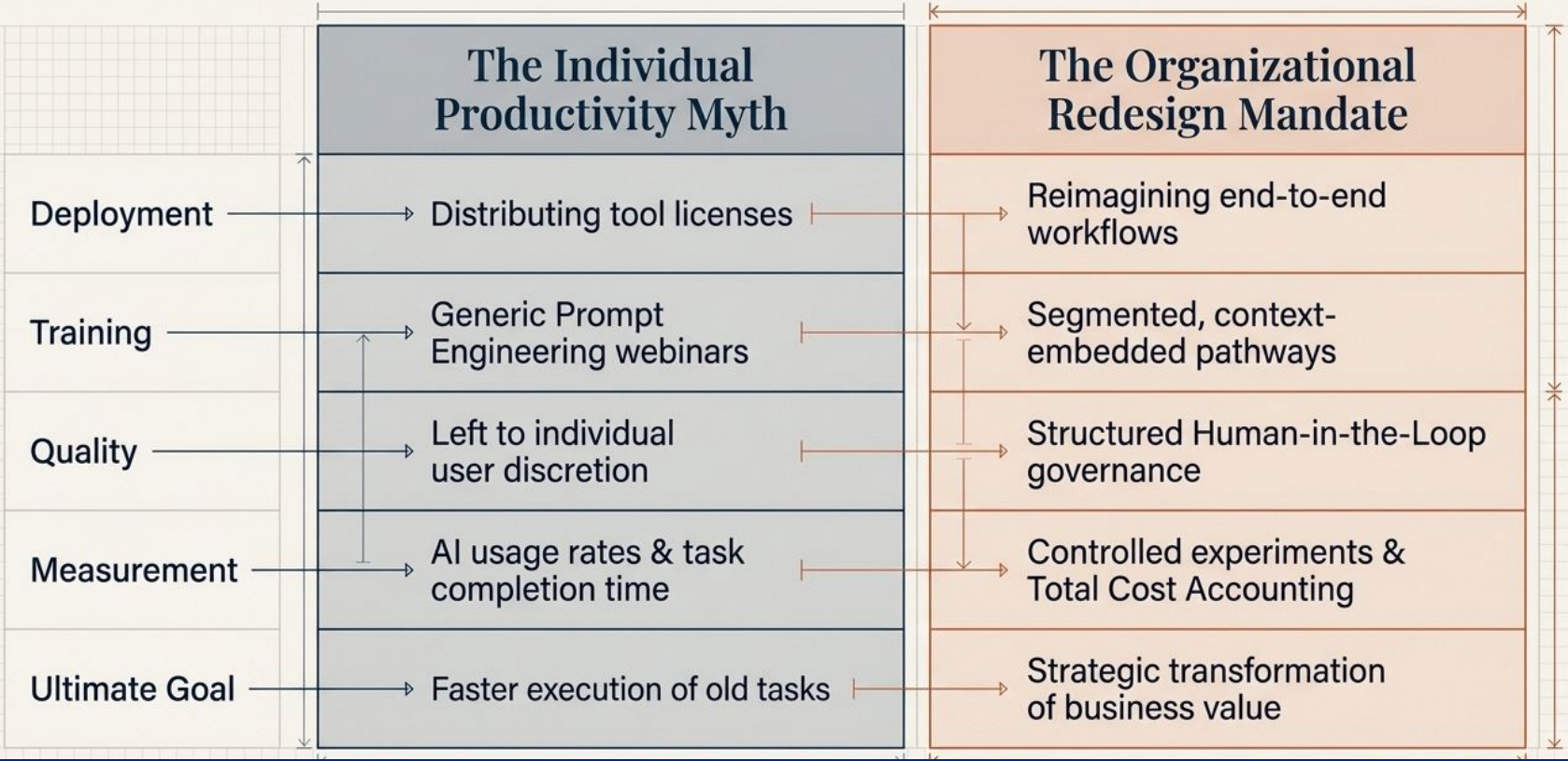
Verification Tax: Time spent checking for hallucinations and editing generic phrasing.

True organizational value is only captured when apparent gains enable additional output or workforce reallocation.

The Ripple Effects of Ungoverned Adoption

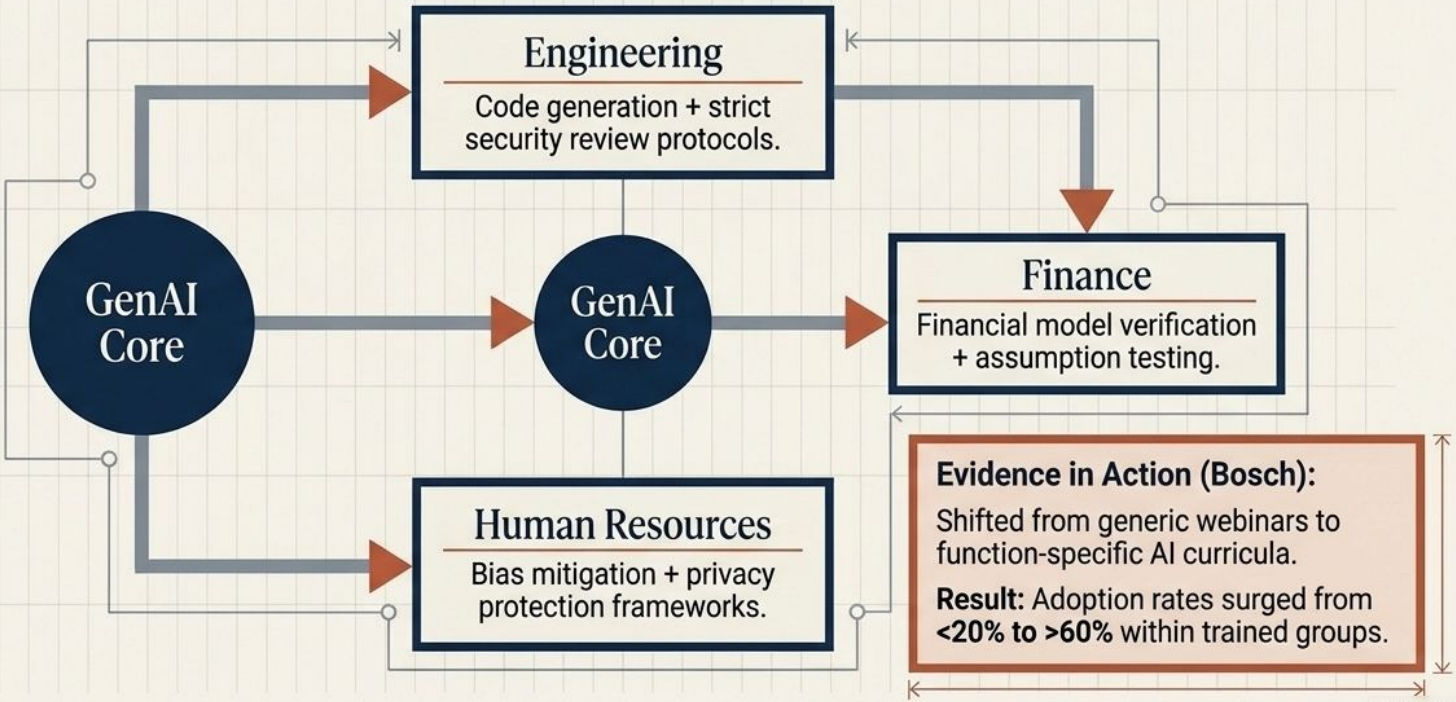


The Paradigm Shift



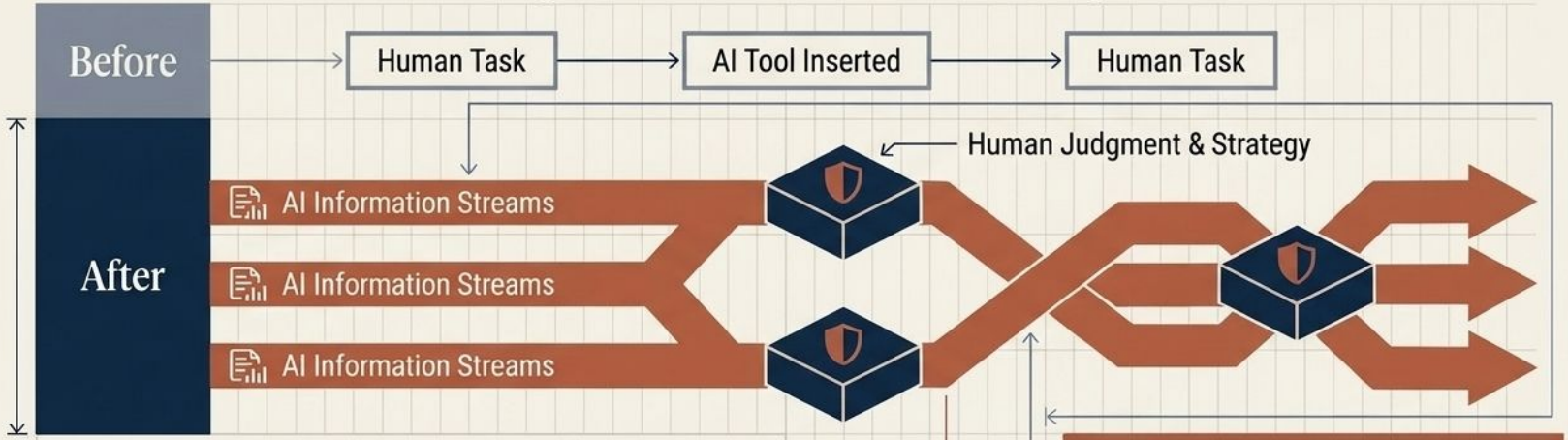
Pillar 1: Segmented, Context-Embedded Training

AI literacy requires technical understanding plus contextual competence.
Generic training fails to drive adoption.



Pillar 2: End-to-End Workflow Decomposition

Do not accelerate existing process steps. Fundamentally reimagine workflows around AI-task matching.



Cross-Functional Integration: GenAI's highest value is at inter-departmental interfaces.

Case: Thomson Reuters unified legal research and news workflows, creating an AI capability that identified legal developments and simultaneously alerted news teams.

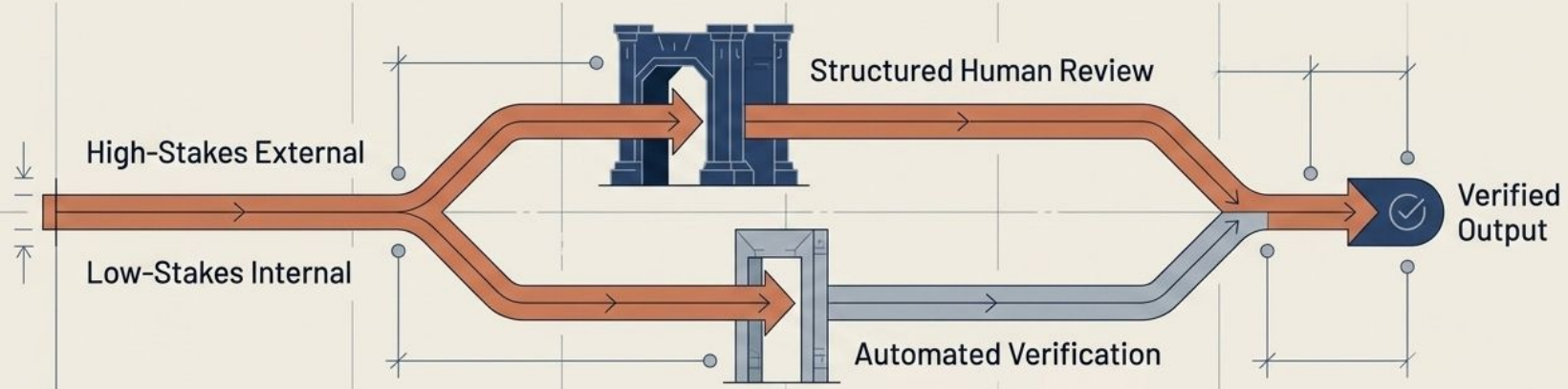
Evidence in Action (Klarna):

Redesigned the entire customer service workflow around AI resolution categories and human-handoff protocols.

Result: Cut average resolution time by 2.5 hours through systemic flow changes, not individual agent speed.

Pillar 3: Risk-Calibrated Quality Governance

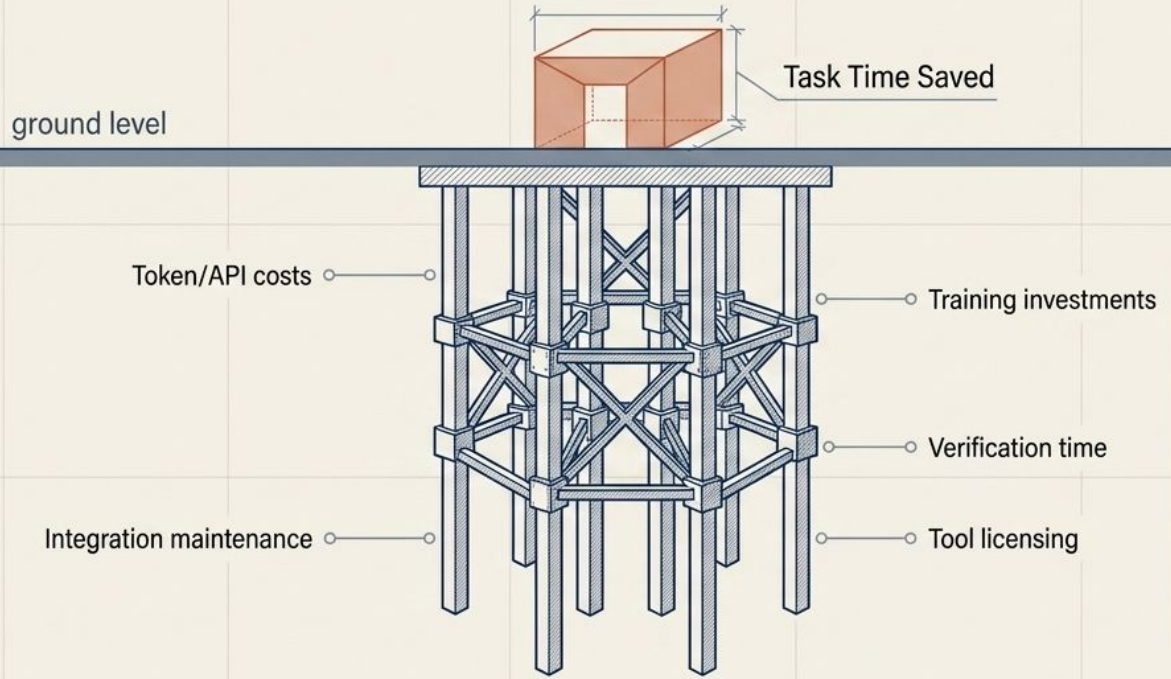
Preventing quality degradation requires institutional discipline embedded directly into the workflow architecture.



Evidence in Action (Memorial Sloan Kettering): Deployed AI to draft clinical notes from physician interactions. The system explicitly highlights low-confidence AI scores and requires mandatory human approval before entering the permanent medical record, preventing unverified slop.

Pillar 4: Total Cost Accounting & Realistic Measurement

True ROI requires measuring total organizational cost and long-term business KPIs, not just individual task speed.



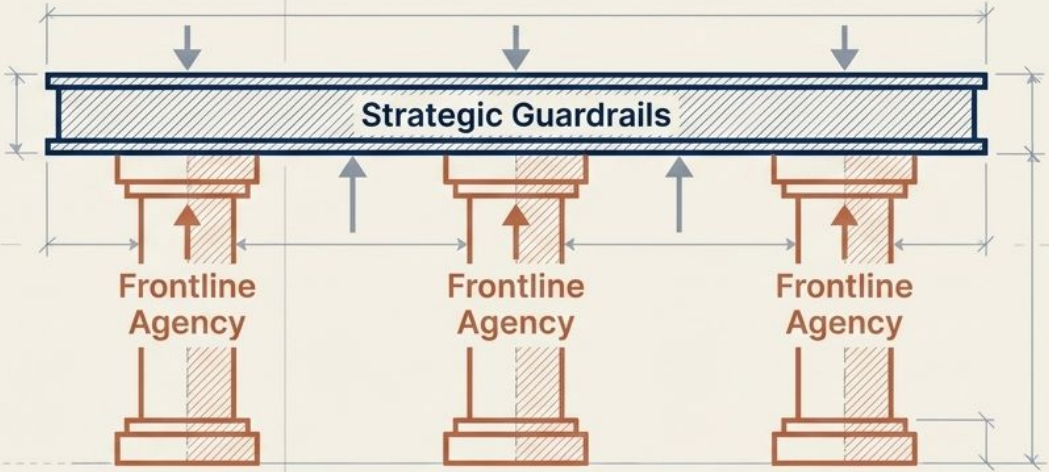
Evidence in Action

(Boston Consulting Group): A matched-pair controlled experiment showed AI delivered significant task-level time savings. However, total project timelines remained identical because teams absorbed the saved time by expanding their analysis and client communication.

Pillar 5: Worker Agency & Transparent Expectations

Discard the **short-term productivity** narrative. Frame GenAI adoption as **strategic experimentation** and **involve workers** as integration partners.

Exploration over Optimization: Shift focus from making current tasks faster to finding entirely new avenues for value creation.

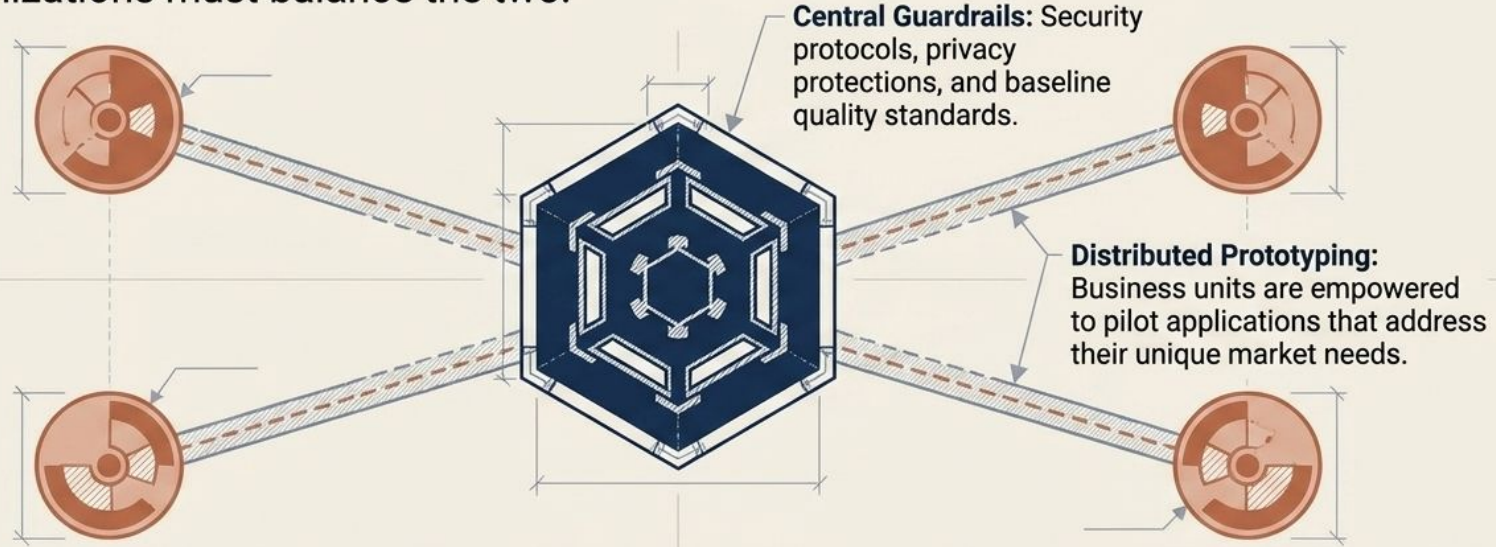


Evidence in Action (Unilever)

Abandoned top-down efficiency mandates for manufacturing operations. Instead, invited production teams to identify their own pain points. Result: Teams identified high-value predictive maintenance and scheduling applications that leadership had not anticipated, resulting in massive buy-in.

Long-Term Capability: Federated Innovation

Centralized innovation is too slow; fully decentralized adoption is too risky. Organizations must balance the two.

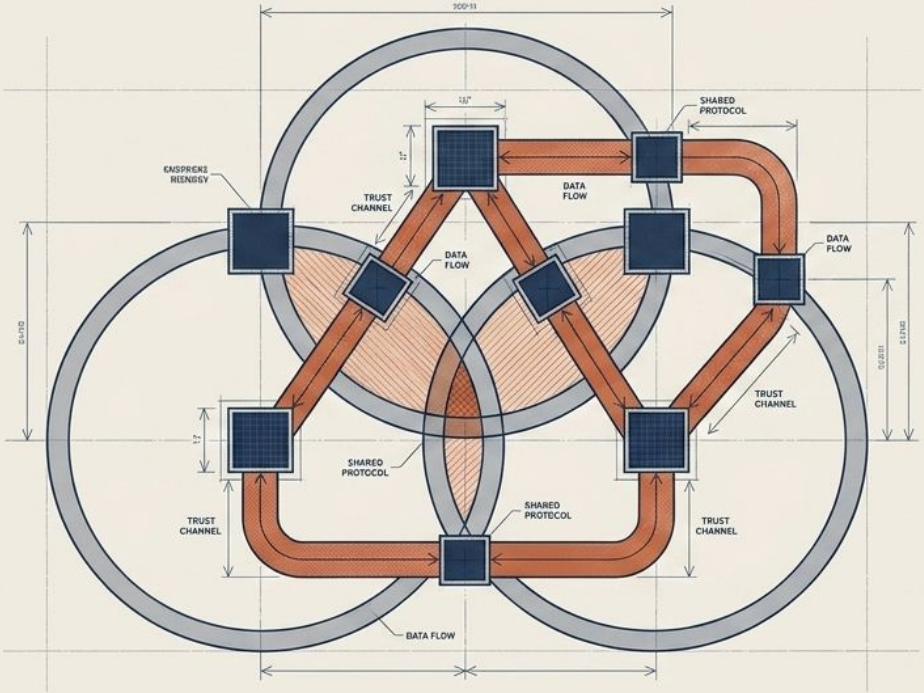


Evidence in Action (Maersk):

Central team managed data and model standards. Meanwhile, Asian operations hubs built AI for port congestion prediction, while European hubs built AI for customs automation.

Synthesizing the Future State: Ecosystem Integration

The next frontier of GenAI value creation extends beyond single organizations into ecosystem-level coordination.



- **Interorganizational Processes:** Integrating GenAI securely across supply chains, client-provider relationships, and regulatory bodies.
- **Shared Standards:** Developing industry-wide protocols for AI transparency, human-review disclosures, and bias testing.
- **Collaborative Capability:** Pooling resources among firms for shared AI training, benchmark data, and evaluation frameworks.

The Executive Mandate