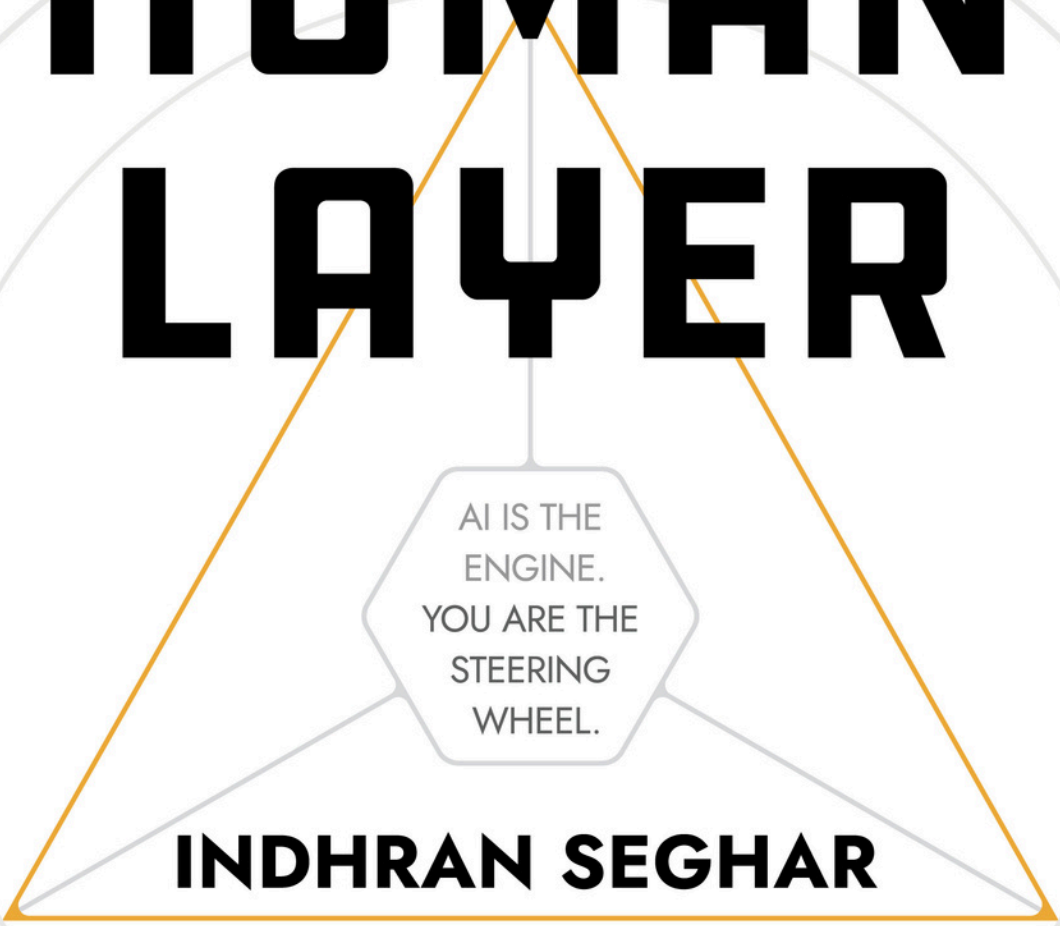
What the 5% of AI Winners Build That Everyone Else Skips

THE HUMAN LAYER



INDHRAN SEGHAR

Founding Director, AIR APAC

95% OF AI INITIATIVES RETURN ZERO.

NOT BECAUSE THE TECHNOLOGY FAILS.

BECAUSE THE ORGANIZATION ISN'T READY.

MIT's research is blunt: the gap between AI winners and everyone else has nothing to do with algorithms or budgets. It's determined by approach.

The 5% who succeed build something first. The Human Layer: the leadership, governance, skills, and trust that determine whether AI accelerates your strategy or your dysfunction.

Mid-market leaders: while enterprises spend nine months seeking alignment, you can move from diagnosis to deployment in 90 days. Your size is not a limitation. It is your advantage. The window closes by 2027.



INDHRAN SEGHAR is the Founding Director of AIR APAC, the Center for AI Readiness in Asia Pacific. At HSBC, he delivered a transformation reaching 33,000 employees. At Electrolux, he achieved 241% sales growth and was fired for destroying every relationship in the process. He learned that transformation is always a leadership problem.

"AI IS THE ENGINE.
YOU ARE THE STEERING WHEEL"

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What the ***5% of AI winners*** Build That Everyone Else Skips

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INDHRAN SEGHAR

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Dedication

This book is dedicated to my family.

I love you all, each and every one.

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THE HAND REACHED FOR COKE

I signed up for the class because someone told me the professor was a sexy French woman.

This was Glasgow, 1993. I was in my final year at the University of Strathclyde, grinding through an accounting and finance degree I had chosen for all the wrong reasons. In my community (Malaysian, middle-class, immigrant-aspirational), you became a doctor, a lawyer, or an accountant. I couldn't do medicine; I fainted at the sight of blood. I couldn't do law; memorizing cases bored me senseless. So I settled for accounting.

Then a friend mentioned an elective called Consumer Behavior. "The professor," he said, leaning in like he was sharing classified intelligence, "is this amazing French woman. Really attractive."

I signed up the next day.

The professor turned out to be a matronly woman with an accent so thick that half the class spent the first week trying to

figure out what language she was speaking. She was not what I had been promised.

But by the third week, I had stopped caring. I had fallen in love with what she was teaching.

The psychology of selling. The irrational architecture of human decision-making. The invisible forces that make people reach for their wallets, forces that have almost nothing to do with logic and everything to do with identity, emotion, and tribal belonging.

One day, she announced we would conduct an experiment: a blind taste test.

Six cups of cola. Labels hidden. Taste each one, rank them from favorite to least favorite.

The brands: Coca-Cola, Pepsi, Diet Coke, Diet Pepsi, and two supermarket generics.

I felt quiet confidence as I took my seat. I knew exactly what would happen. I would taste the six drinks, identify Coca-Cola as my favorite, and prove what I already believed.

You have to understand: I didn't just drink Coke. I was a Coke person.

Growing up in Malaysia, if my family went to a restaurant and they said, "Sorry, we only have Pepsi," I would order orange juice. I would rather drink nothing than drink Pepsi. Coke was part of my identity, woven into my sense of who I was, the movies I watched, the memories I had, the version of myself I wanted to project.

So I tasted. Cup one. Cup two. All the way through.

When I finished my rankings, I was certain. Cup number four was my favorite. That was Coke. It had to be.

The professor walked around the room. One by one, the labels were revealed.

Cup number four was Diet Pepsi.

I sat there, staring at the cup, trying to understand what had just happened.

My mouth had chosen Pepsi. My body had chosen Pepsi. In a fair test, no labels, no logos, no advertising, my actual physical preference was for the drink I had refused to touch my entire life.

I was not a Coke person. I was a Coke believer. And those are very different things.

But here's what happened next, and this is the part that changed my life.

I was so fascinated by this discovery that I asked the professor if I could take home the leftover Diet Pepsi. She laughed and said yes. I walked out with armfuls of cans, feeling like I had unlocked a secret about myself. I drank them over the next week. I enjoyed every one.

Then the cans ran out.

That weekend, I went to the supermarket to replenish my supply. I walked to the soft drinks aisle. I stood in front of the shelves.

My mind said: Get the Diet Pepsi. You know you prefer it. You have proof. You literally did the experiment.

My hand reached for the Coca-Cola.

I put it in my basket. I paid for it. I went home.

And I never touched Diet Pepsi again.

I have thought about that moment for more than three decades.

It was a teenager buying soda in a Scottish supermarket. It wasn't dramatic. But it was the first time I understood something that would define my entire career:

> Humans do not act on what they know. They act on who they believe themselves to be.

I knew I preferred Diet Pepsi. The data was irrefutable. I had generated it myself, under controlled conditions, with my own taste buds. But I believed I was a Coke person. My self-image included Coca-Cola. When I imagined myself, Coke was part of the picture. Pepsi was not.

And when forced to choose between what I knew and who I believed I was, my hand reached for identity over evidence.

This is not a flaw in my character. This is human nature. We are not rational creatures who occasionally feel emotions. We are emotional creatures who occasionally rationalize.

Coke understood this. They weren't selling a beverage. They were selling an identity. They had spent decades weaving their brand into the fabric of who people believed themselves to be. When I reached for that red can, I wasn't buying a drink. I was buying continuity. I was buying the version of myself I had always known.

Pepsi could win every blind taste test in the world. It wouldn't matter.

Because the battle was never about taste.

I tell you this story because it explains what's happening in your organization right now.

You know you need to do something about AI. The data is clear. The board is asking questions. Your competitors are announcing initiatives. The pressure is tangible.

You may have already invested. Bought the licenses. Hired the consultants. Run the pilots.

And yet, somehow, the transformation isn't transforming.

The AI tools sit underutilized. The adoption metrics are embarrassing. The productivity gains that were promised have not materialized. The organization that was supposed to change has not changed.

I see this pattern everywhere. Leaders blame the technology. They blame the vendor. They blame "change resistance" or "culture" or "timing."

But the real problem is simpler and more uncomfortable:

The organization knew what was right. And it reached for what was familiar anyway.

The hand reached for Coke.

MIT published research in July 2025 that quantified this pattern with brutal precision.

After studying over 300 AI implementations across 52 organizations, the researchers documented what they called the GenAI Divide: a stark split between organizations that extract value from AI and organizations that get nothing.

The numbers are uncomfortable. 95% of organizations are getting zero measurable return from their AI investments. Not small returns. Not disappointing returns. Zero.

Just 5% are extracting meaningful value. And that 5% is pulling away from everyone else, building advantages that compound over time.

Here's what matters most: the researchers were explicit that "this divide does not seem to be driven by model quality or regulation, but seems to be determined by approach."

Not technology. Not budget. Approach.

> The 95% have access to the same AI tools as the 5%. The difference is what they built around those tools.

But the same research contains something that should give mid-market leaders hope rather than despair.

If you run a mid-market company ($50 million to $500 million in revenue), you have a structural advantage that most people miss. While large corporations take nine months or longer to move from pilot to production, mid-market companies can do it in 90 days.

The reason is simple. Enterprises form committees to decide whether to form a committee. They have stakeholder alignment processes that take months. They have legal reviews and change impact assessments and steering committees that turn every decision into a negotiation.

You can get your leadership team in one room next Tuesday. You can make a decision and implement it the same quarter. You can move at the speed of insight rather than the speed of bureaucracy.

Your size is not a limitation. Your size is your weapon.

But only if you use it.

Because the research documented something else: a strategic window that is closing. The MIT researchers interviewed seventeen procurement and IT leaders and established consensus that in the next twelve to eighteen months, organizations that build AI capability will lock in advantages that latecomers cannot easily replicate.

Data advantages: AI systems trained on your specific workflows become more valuable over time.

Capability advantages: organizations that build readiness now can adopt the next wave of AI faster.

Switching cost advantages: once competitors have embedded AI into their operations, the learning they've accumulated cannot be purchased.

The window is closing. Every month you spend debating is a month your competitors spend building advantages you cannot buy later.

I wrote this book because I've been where you are.

For the past twenty-five years, I have worked on transformation: in pharmaceutical sales at AstraZeneca, in consumer goods at Electrolux, in banking operations at HSBC, in enterprise technology in Texas, and now in AI readiness across Asia-Pacific.

I have led transformations that succeeded spectacularly. At HSBC, I was one of five managers selected globally to deliver a service transformation that reached 33,000 employees, achieving 93% awareness and 72% active participation.

I have also failed catastrophically.

At Electrolux, I achieved 241% sales growth as a new general manager, and was fired within a year because I had destroyed every relationship in the process. My chairman told me: "You are brilliant, but you are not ready for management." He was right.

When I was CMO of an enterprise AI platform, I avoided learning the technology I was supposed to be selling. I was too busy with marketing to actually understand AI. The CEO called me out publicly in front of the executive team: "Indhran is the laziest person I have ever met."

I had a choice: get fired in thirty days, or transform myself.

I chose transformation. I learned. I rebuilt. And I discovered something that changed everything about how I approach this work:

The failure was never the technology. The failure was the humans.

The AI worked in Houston, Texas. My leadership didn't.

The transformation at Electrolux was delivering results. My relationships weren't.

Every time I've watched a transformation fail, my own or someone else's, the technology was fine. What was broken was leadership alignment, or cultural readiness, or capability gaps, or process mismatches, or governance failures.

What was broken was what I now call the Human Layer.

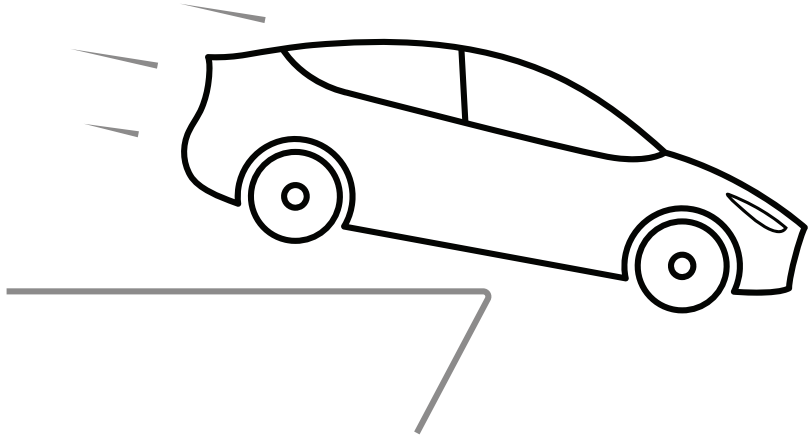
Here is what I have learned, often painfully, across two decades of transformation work:

AI does not fix organizations. AI accelerates organizations.

If your leadership is aligned, AI accelerates your alignment. If your culture supports experimentation, AI accelerates your learning. If your processes are designed for human-machine collaboration, AI makes them faster and smarter.

But if your leadership is confused, AI accelerates the confusion. If your culture punishes failure, AI becomes another thing people are afraid to try. If your processes are broken, AI makes you faster at being broken.

The Acceleration Trap



This is the acceleration trap. And 95% of organizations are walking straight into it.

They buy the AI. They skip the preparation. They wonder why nothing changed.

The companies that succeed, the 5%, do something different.

They don't start with the AI. They start with the humans.

They ask: Are our leaders aligned on why this matters? Do they understand AI well enough to lead, not just approve?

They ask: Does our culture support experimentation? Can people fail without being punished?

They ask: Have we redesigned our processes for AI, or are we layering AI on top of workflows that were already broken?

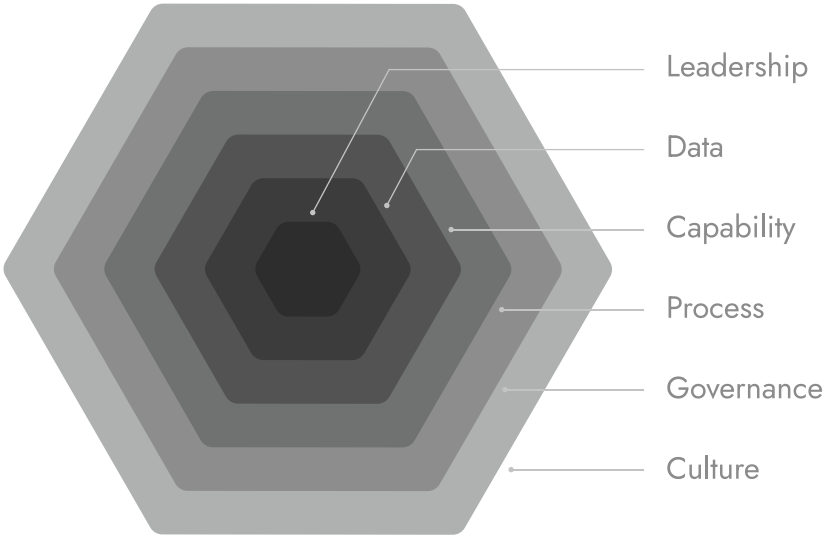
They ask: Is our data ready? Accessible? Governed? Clean enough to be useful?

They ask: Do we have clear policies for how AI should be used? Do people know what's allowed?

They ask: Are we measuring behavior change, or just license utilization?

These questions have nothing to do with algorithms. They have everything to do with whether the algorithms will matter.

The Human Layer



Over the following chapters, I'll show you the six dimensions that determine whether AI helps or destroys your organization. Leadership. Data. Skills. Process. Governance. Culture.

Together, they form what I call the Human Layer.

They are almost certainly the thing you're not measuring. And they are almost certainly the thing that will determine whether your AI investment succeeds or fails.

This book offers you a focused sprint: 90 days to build the foundation that makes AI safe to scale. Not a multi-year transformation that will lose momentum by month four. Not

a comprehensive framework that requires an army of consultants. A focused sprint designed for organizations that can actually move in 90 days.

That's you. If you choose to use it.

The technology is ready. The question is whether your organization is.

AI is the engine. You are the steering wheel.

I still drink Coca-Cola, by the way. I know it's irrational. But I've made peace with the fact that I am not a rational creature, and neither is your organization.

The question is not whether your people are irrational. They are. We all are.

The question is whether you've built systems that account for that irrationality. Systems that help hands reach for the right thing, even when minds are uncertain.

That's what this book will teach you to build.

Let's begin.



THE ACCELERATION TRAP

AI is an accelerator. An accelerator doesn't care what direction you're traveling.

1

THE NUMBER IS NEGATIVE SIXTY

AI initiatives are failing, not because the technology doesn't work, but because the approach is wrong.

The number that changed how I think about AI is not a percentage of productivity gained. Not a revenue multiple. Not a customer satisfaction score.

The number is negative sixty.

Research on AI implementation reveals a pattern that should stop every CEO mid-signature on their next AI contract. When organizations implement AI without preparing the human systems around it, they don't just fail to gain. They go backward.

The technical term is the "J-curve," an initial productivity decline before gains materialize. You invest, you implement, and for the first several months, your organization gets worse. Your people slow down. Confusion increases. The old ways stop working. The new ways haven't taken hold yet.

How steep is the decline? It varies by organization and sector. Sometimes single digits. Sometimes, when researchers adjust

for the selection bias of firms that actually survive the transition, the productivity drop approaches sixty percentage points.

Let me say that again, because it still shocks me every time I repeat it: some companies that implemented AI became 60% less productive than they were before.

Not slightly worse. Not flat. Sixty percent worse.

These weren't companies using toy tools or running hobby projects. These were serious enterprises making serious investments, following the playbooks, hiring the consultants, buying the platforms. They did everything they were supposed to do.

And they ended up worse than when they started.

When I first encountered this research, I felt two things simultaneously.

The first was vindication. For years, I had been telling clients that AI readiness was not about the AI. It was about the organization. I had watched transformation after transformation stall, not because the technology failed, but because the humans around it weren't prepared. Now I had data to prove what I had been seeing with my own eyes across the region.

The second feeling was dread. Because if this research was correct, and everything I had experienced suggested it was, then the wave of AI adoption currently sweeping through Asia-Pacific was heading straight for a wall. Companies were rushing to implement AI without understanding what it would accelerate. And what it would accelerate, in most cases, was their existing dysfunction.

> AI does not fix broken organizations. AI reveals them. And then it makes them worse, faster.

The Pressure You Already Feel

You've probably felt it already.

Your competitor announces they're "going all in on AI." You see the LinkedIn post. The press release. The photo of their leadership team at some vendor's innovation center, everyone smiling, holding branded coffee mugs.

You feel something. Maybe annoyance. Maybe anxiety. Probably both.

Here's what I want you to know: that announcement means almost nothing.

In July 2025, MIT's Project NANDA released a comprehensive study of AI implementation across more than 300 organizations. The finding that should be plastered across every boardroom: 95% of organizations are getting zero return from their GenAI investments.

Not low return. Not disappointing return. Zero.

Just 5% of integrated AI pilots are extracting meaningful value, millions in some cases. The others remain stuck with no measurable P&L impact, despite billions in collective investment.

Your competitor just joined a very crowded race where nineteen out of twenty runners will collapse before the finish line.

The question isn't whether they announced an AI initiative. The question is whether they'll be among the few who actually get value from it, or the majority who burn budget, exhaust their people, and end up back where they started, just poorer and more cynical.

And here's what almost no one will tell you: the same question applies to you.

The GenAI Divide

MIT's researchers gave this phenomenon a name: the GenAI Divide.

On one side are organizations extracting real value: cost savings, productivity gains, competitive advantage. On the other side is everyone else. Companies with AI tools deployed, budgets spent, and nothing to show for it.

The divide is stark. And it is growing.

What separates the two sides? The MIT research was unambiguous: "This divide does not seem to be driven by model quality or regulation, but seems to be determined by approach."

Read that again. The technology isn't the problem. The approach is.

At Davos, the talk is of "abundance for all" and trillion-dollar productivity explosions. But as Cognizant CEO Ravi Kumar rightly noted, that value only materializes "if businesses can implement it effectively."

The abundance narrative assumes the plumbing works. It doesn't.

BCG's October 2024 survey of 1,000 executives confirmed the same pattern from a different angle: 74% of companies struggle to achieve and scale value from AI investments. And 70% of implementation challenges are tied to people and processes, not technology.

The AI works fine. The organizations don't.

Tools like ChatGPT and Microsoft Copilot are everywhere. Over 80% of organizations have explored or piloted them. Nearly 40% report deployment. But here's the uncomfortable truth: these tools primarily enhance individual productivity, not organizational performance. They make individuals faster at their tasks without changing how the organization operates.

Meanwhile, enterprise-grade AI systems, custom or vendor-sold, are being quietly rejected. Sixty percent of organizations evaluated such tools, but only 20% reached pilot stage. Just 5% reached production.

Most fail not because the technology doesn't work, but because of what the MIT researchers called "brittle workflows, lack of contextual learning, and misalignment with day-to-day operations."

In other words: the Human Layer.

The Acceleration Trap

Here is the mental model that explains why negative sixty happens, and why the vast majority end up on the wrong side of the GenAI Divide.

Most leaders think of AI as a solution, a tool that solves problems. They have a process that is slow, and they believe AI will make it fast. They have data that is messy, and they believe AI will make sense of it. They have employees who are overwhelmed, and they believe AI will give them capacity.

This is the wrong mental model.

You can see this trap snapping shut in a recent experiment with professional software developers, the very architects of this technology. Researchers at METR and Tilburg University studied experts working on real-world tasks. These were not

novices. They were confident the AI would help. They predicted it would make them 24% faster.

The reality? They got 19% slower.

Why? Because they had rich context in their heads: project architecture, edge cases, unspoken rules. The AI didn't have any of it. Instead of coding, they spent their time feeding context to the machine, reviewing its mediocre first drafts, and debugging errors a human wouldn't have made.

The AI didn't remove the work. It changed the work from creation to auditing. And without the right skills and workflow, auditing took longer than creating.

> AI is not a solution. AI is an accelerator. An accelerator doesn't care what direction you are traveling

Think of your organization as a power grid. Your AI models are the power plants, capable of generating massive amounts of energy. But your leadership, processes, and culture are the transmission lines.

As the IEA noted in late 2024, data center electricity consumption is hitting transmission limits globally. Organizations face a similar Human Layer limit: you can have 10x productivity at the source, but if your wires are thin or brittle, the power never reaches the customer. Most initiatives melt down because they lack the grid capacity to carry the load.

An accelerator does not care what direction you are traveling. If you are heading toward your destination, an accelerator gets you there faster. If you are heading toward a cliff, an accelerator gets you there faster too.

Think about what this means in practice.

If your leadership is aligned on strategy, AI accelerates your ability to execute that strategy. But if your leadership is confused, if different executives have different visions, if priorities shift every quarter, if no one can articulate why AI matters beyond "we need to keep up," then AI accelerates the confusion. Now you have expensive AI tools amplifying mixed signals across the organization.

If your culture supports experimentation, AI accelerates your learning. People try new things, share what works, iterate quickly. But if your culture punishes failure, if mistakes are career-limiting, if people are afraid to admit they don't know something, then AI becomes another thing people are afraid to try. The tools sit unused. The licenses go to waste. And the gap between your organization and your competitors widens.

If your processes are designed well, AI makes them faster and more efficient. But if your processes are broken, if they have unclear handoffs, if they were designed for a different era, if they were never really designed at all but just evolved through accumulated workarounds, then AI makes you faster at being broken. You produce more errors, more quickly. You scale your dysfunction.

This is the acceleration trap.

The Cloud That Evaporated

I saw a version of this trap play out with an insurance broker in Southeast Asia, before AI was even the technology in question.

The company had decided to move from on-premises infrastructure to the cloud. This was during the digital transformation wave, when every consultant in the world was telling every company that cloud was the future. The broker hired a major provider and spent several hundred thousand dollars on the migration.

On paper, everything looked right. Reputable vendor. Executive sponsorship. Project plan. They made the move.

And then the new CEO arrived.

He started asking questions. Why are we paying so much for cloud? What's the return on this investment? What happens if this goes wrong?

No one could answer him.

The previous leadership had made the cloud decision because cloud was what you were supposed to do. They could point to the brand name as if that were a strategy. But when the new CEO pressed for specifics, there was nothing behind the decision except trend-following.

So he made the call: Repatriate. Move back on-premise.

The company reversed course. They dusted off the old on-prem servers. They migrated back. And they lost money on the way out, just like they had lost money on the way in.

A year later, they tried again. Different vendor, same approach. Technology first, people second.

Same result.

The last time I spoke with their CEO, he told me something I've never forgotten: "We didn't have a technology problem. We had a 'we don't know who we are' problem. We kept buying new systems to avoid figuring that out."

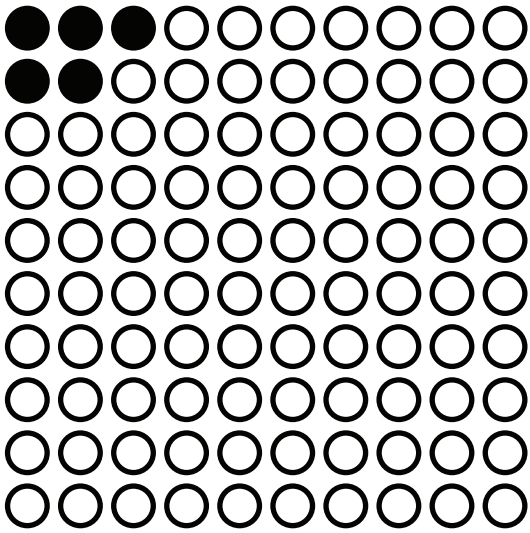
> Transformation without strategy is just expensive churn.

AI makes this worse, because AI is more powerful than cloud migration, more integrated into daily work, and more dependent on organizational readiness. If cloud migration exposed their handoff failures, AI will weaponize them.

The Hidden Costs

The insurance broker's story might sound like an outlier, a cautionary tale, but surely not the norm. Most AI implementations must be working, right? Otherwise, why would everyone be investing?

The GenAI Divide



The MIT data tells a different story.

Think about what those numbers mean for a moment. If you are a mid-market CEO considering an AI investment, you are facing odds that would make a casino blush. Nineteen out of twenty companies that try what you are about to try will fail to get what they expected.

And yet, everyone keeps investing. The AI market continues to grow. The vendors continue to sell. The consultants continue to consult.

Why? Because the winners are so visible, so celebrated, so loudly marketed, that they create an illusion of inevitability. We hear about the wins. We don't hear about the nineteen failures for every win. We see the highlight reel and assume it represents the typical experience.

It does not.

The MIT researchers documented the typical experience precisely: "a pilot that shows promise, a rollout that stalls, an adoption rate that plateaus, and a quiet burial of the initiative when the next priority comes along." Tools that technically work but practically don't, because no one redesigned the processes they were supposed to enhance. Training that teaches people which buttons to click but not when to use the tool or why it matters.

The typical experience is failure. And the research on negative sixty suggests that failure doesn't just mean "we didn't gain anything." It often means "we actively lost ground."

The real damage isn't just the money you spend. It's the damage that compounds.

Direct cost: The budget you burn on licenses, consultants, and infrastructure that never delivers.

Opportunity cost: The initiatives you didn't pursue because AI was consuming all the attention.

Credibility cost: The next time you propose transformation, your board remembers the last one. Your people remember the last one. Trust erodes.

Culture cost: Your people become cynical. "Remember when we tried AI? That worked out well." Every future initiative now has to overcome not just its own challenges, but the scar tissue from this one.

Competitive cost: While you recover, the organizations that got it right are compounding their advantage. Every month you spend healing is a month they spend growing.

These costs don't just add. They multiply. And the wounds take years to heal.

I see this pattern in every organization I visit. Excitement peaks in the first three weeks. Users are intrigued. They're "doing AI." But by week four, they hit what I call the crater of disappointment. Usage plummets. By month three, 80 percent of the seats are dormant.

Why? Because the organization treated AI as a tool skill when it is actually a management skill. They gave their people a six-hour "how to prompt" session and expected a transformation. Instead, they got negative sixty. The survivors, the small minority who didn't quit, were the ones who realized that you don't just use AI. You manage it like a capable but inexperienced collaborator.

The Mid-Market Trap, and Advantage

If you are running a mid-market enterprise, say $50 million to $500 million in revenue, you face a particular version of this problem.

Large enterprises have resources. They can hire McKinsey or Accenture or Deloitte. They can pay seven figures for transformation programs. They can staff entire teams dedicated to AI strategy. They get access to the best thinking, the most experienced practitioners, the most battle-tested methodologies.

Individual users and startups have access too, just at the other end of the spectrum. Google and Microsoft offer free AI courses. YouTube is full of tutorials. If you're one person trying to

figure out ChatGPT, you can learn enough to be dangerous in a weekend.

But mid-market companies are stranded in the middle.

You're too mature for the free courses. You have real complexity: multiple departments, legacy systems, regulatory requirements, employees who have been doing things a certain way for decades. A YouTube tutorial on prompt engineering isn't going to solve your problems.

But you can't justify Big 4 fees either. A million-dollar transformation program isn't in your budget. Your board would laugh you out of the room if you proposed it.

This is the mid-market Goldilocks Zone. Too mature for free online courses. Too lean for McKinsey. You have enough complexity to fail spectacularly, but not enough resources to access the expertise that might help you succeed.

So what do you do?

You buy tools. You run training. You hope for the best.

And you fail at the same rate as everyone else who skipped the hard work of actually preparing their organization.

But here's what most people miss, and what the MIT research confirmed with data: if being mid-sized is your vulnerability, it is also your greatest weapon.

The MIT study found that while enterprises lead in pilot volume, they "lag in scale-up." They start more AI initiatives, but they finish fewer.

Mid-market companies in the study moved faster and more decisively. The top performers reported implementation timelines of 90 days from pilot to full deployment. Enterprises took nine months or longer.

Read that again: mid-market companies are implementing AI in one-third the time of large enterprises.

That's not despite your size. That's because of it.

In Asia, where family-owned conglomerates often dominate the mid-market, this agility is often hampered by centralized decision-making. We will address how to break that deadlock in Part II.

The Force Multiplier

This is why I want you to think about your organization differently. Not as a disadvantaged mid-sized player. But as something more agile. More focused. More dangerous.

In 2010, I partnered with Peter Treselyan, a former British Special Forces instructor who had trained Navy SEALs. We were running crisis training for CEOs in Australia. I learned something from Peter that has shaped how I think about competitive advantage ever since.

Special Forces units don't win by having more soldiers. They win through what the military calls force multiplication: the use of technology, tactics, and training to generate outsized impact from small teams.

A twelve-person SEAL team can accomplish what would require a hundred conventional soldiers. Not because they're superhuman, but because they've mastered the multipliers: precision equipment, superior training, flawless coordination.

This is the mid-market advantage with AI.

The enterprise giants are the conventional army. Massive, slow, burdened by logistics. They have more budget, more people, more resources. But they also have more bureaucracy, more

politics, more inertia. I've watched Fortune 500 companies spend 18 months just getting internal alignment on an AI pilot. By the time they launched, the technology had moved on.

You are the Special Forces unit.

AI is your force multiplier. It allows a team of 50 to output like a team of 500, but only if you have the discipline, the training, and the coordination to use it effectively.

The enterprise is filling out requisition forms for AI approval. You can deploy next Tuesday.

You can get your leadership team in one room. You can make a decision this quarter and implement it next quarter. You don't need 14 layers of approval to redesign a workflow.

That speed, that agility, that ability to concentrate force where it matters: this is why the mid-market will produce more AI success stories than the Fortune 500. Not despite your size. Because of it.

But force multiplication only works if the force is coordinated. A Special Forces team with bad intelligence, misaligned objectives, and internal conflict is just a small unit that gets destroyed. The leverage works in both directions.

The question is: Is your organization ready to be multiplied?

Why the Winners Succeed

If most AI initiatives fail to deliver value, what separates the ones that succeed?

The MIT research was clear on this point, and it confirms what I have observed across two decades of transformation work: the difference is not the technology.

The winners do not have access to better AI. The algorithms are largely the same. The platforms are available to everyone. OpenAI will sell GPT to any company that wants to buy it. Microsoft will license Copilot to you this afternoon.

The winners are not smarter. They don't have genius employees who can see things others can't. Mid-market companies that succeed have the same mix of talent as mid-market companies that fail.

The difference is preparation. The difference is approach.

The MIT research identified specific patterns among organizations that crossed to the right side of the GenAI Divide:

They demanded deep customization. The successful organizations didn't accept off-the-shelf solutions. They insisted on AI tools aligned to their internal processes and data. They treated AI vendors less like software providers and more like business service partners, holding them accountable to operational outcomes, not feature lists.

They focused on workflow integration. They didn't just deploy AI tools; they embedded them into how work actually gets done. They redesigned processes around AI capabilities rather than layering AI on top of broken workflows.

They built learning systems. The most common complaint about failed AI implementations was that the tools "don't learn from feedback" and "repeat the same mistakes." The winners invested in systems that adapt, remember, and improve over time.

They empowered line managers, not central labs. Rather than creating isolated "AI Centers of Excellence," successful organizations pushed adoption authority to the people closest to the work. Individual contributors and team managers, people who already understood the workflows, became the champions.

They partnered rather than built. This finding surprised me when I first saw it: organizations using strategic partnerships with external vendors achieved deployment 67% of the time, compared to just 33% for internal builds. The instinct in most mid-market companies is to "figure it out ourselves." But the data suggests the opposite approach works better.

In short, the winners prepared their organizations before they implemented AI. They invested in what I call the Human Layer: the leadership alignment, cultural readiness, capability building, process redesign, and governance that makes AI safe to scale.

And only then, after all that preparation, did they implement the AI.

The Six Dimensions

So what actually determines whether your organization is ready?

After two decades of leading, observing, and studying organizational transformation, I've identified six dimensions that predict AI success or failure. These dimensions are not about technology. They're about the human systems that surround technology.

I call it the Human Layer: the deliberately designed system of human judgment, governance, and capability that makes AI safe to scale.

Leadership & Vision: Do your leaders understand AI well enough to lead, not just approve?

Data Readiness: Is your data accessible, clean, and governed? Or is it locked in silos, controlled by people who treat information as power?

Skills & Capability: Can your people judge AI outputs, not just use AI tools? Do they know when to trust the AI and when to override it?

Process Maturity: Have your workflows been redesigned for AI, or are you layering AI on top of broken processes?

Governance & Ethics: Are there clear policies for AI use that people actually know and follow?

Culture & Change Capacity: Does your culture support experimentation? Is it safe to try something with AI and fail?

These six dimensions determine your AI readiness score. They determine whether AI helps or destroys. Part II of this book explores each dimension in depth, with stories from my own experience and the lessons I learned from both success and failure.

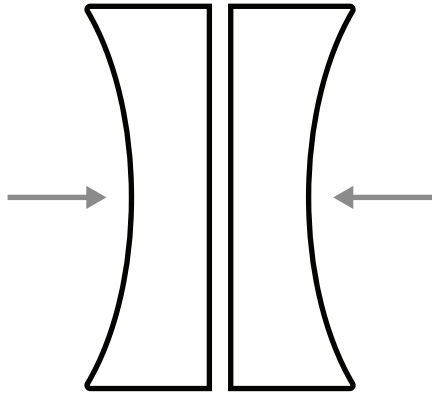
The 18-Month Window

Here is why this matters right now, in this moment, for mid-market companies across Asia-Pacific.

We are in a window. The AI adoption curve is still early enough that the leaders have not yet separated decisively from the laggards. The winners are pulling ahead, but they haven't disappeared over the horizon. It is still possible to catch up.

But that window is closing.

The 18-Month Window



The MIT research validated this urgency with data. Their interviews with seventeen procurement and IT sourcing leaders established consensus around an 18-month strategic positioning window, closing roughly between mid-2026 and early 2027.

As one CIO told the researchers: "We're currently evaluating five different GenAI solutions, but whichever system best learns and adapts to our specific processes will ultimately win our business. Once we've invested time in training a system to understand our workflows, the switching costs become prohibitive."

This is the compounding trap. Organizations that build AI readiness now, that invest in the Human Layer, that prepare their people, that redesign their processes, are creating advantages that compound monthly. They're building data feedback loops that make their AI systems smarter. They're developing organizational capabilities that accelerate future adoption.

Every month that passes, the gap widens. The companies that are getting AI right are learning, iterating, compounding their advantage. The companies that are failing are burning resources, building skepticism, and falling further behind.

The MIT researchers were blunt: "In the next few quarters, several enterprises will lock in vendor relationships that will be nearly impossible to unwind."

Eighteen months is not a precise prediction. It's a reasonable estimate based on how technology transitions typically unfold. The precise timing matters less than the direction: the window is closing, not opening.

If you are reading this book, you still have time. But not infinite time.

The Question That Matters

Before you read further, I want you to answer something honestly.

If you deployed a powerful AI system across your organization tomorrow, one that could automate decisions, generate content, analyze data, and interact with customers, would your organization be better off? Or would it be chaos?

Would your people know how to use it? Would they trust it appropriately, not too much, not too little? Would there be governance to catch mistakes before they reach customers? Would your data be accessible and clean enough to fuel it? Would your leaders be aligned on what it's for?

If you answered "chaos," you're not alone. You're normal.

But normal is the majority.

Normal is negative sixty.

Normal is being on the wrong side of the GenAI Divide while your competitors figure this out and you're still debating which vendor to call.

The Path Forward

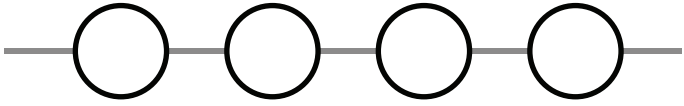
This book is organized around a simple premise: you can join the winners, but only if you build what they built.

In Part I, I will show you the traps that catch most organizations. Not just the acceleration trap we've discussed in this chapter, but the specific ways that organizations sabotage their own AI initiatives: by automating the wrong things, by hoarding data, by confusing motion with progress.

In Part II, I will introduce you to the Human Layer in depth, the six dimensions that determine whether AI helps your organization or hurts it. For each dimension, I will share stories from my own experience, successes, failures, and the painful lessons I learned from both.

In Part III, I will give you a playbook: a 90-day sprint that can take you from wherever you are today to a position of genuine AI readiness. Not a multi-year transformation program. Not a million-dollar consulting engagement. A focused, practical sequence of actions that any mid-market leadership team can execute.

The 90-Day Sprint



Remember: the MIT research found that top-performing mid-market companies move from pilot to full deployment in 90 days. Not nine months. Ninety days.

That's the timeline this book is built around. Not because it's easy, but because the window is closing.

The path forward starts with understanding how organizations destroy value while believing they're creating it. In the next chapter, I'll show you a mistake I made at HSBC, one that cost the bank more than any technology failure ever could, and what it taught me about the hidden dangers of automation.

The technology is ready. It has been ready for a while.

The question is whether you are ready for the technology.

Let's find out.

AI is the engine. You are the steering wheel.

2

SKELETON CREW AI

The spreadsheet says cut headcount.
The spreadsheet is lying.

The money was gone before anyone understood what had happened.

In 2005, I was Assistant Vice President of Operations at HSBC Global Resourcing, responsible for a core banking process that was structurally unsuited for remote processing. It should never have been in Malaysia in the first place. It was called BACS (Bankers' Automated Clearing Services), and it handled the payment of weekly wages for our corporate clients in the UK.

The process had originally been run from Leicester, where it belonged. But someone in London had done the math and realized that Malaysian salaries were a fraction of British ones. The labor arbitrage was irresistible. So the process was outsourced, like so many others, shipped halfway around the world to a team in Kuala Lumpur who would handle it at a fraction of the cost.

A cost model in London said the math worked. What the calculation missed was the context.

This was not a simple data entry task. This was a process where British companies trusted HSBC to pay their employees correctly, every week, without fail. The workers on the other end of those payments were living paycheck to paycheck. A mistake meant someone couldn't pay their rent. A mistake meant someone couldn't buy groceries. A mistake meant angry calls to our corporate clients, who would then become angry at us.

The tolerance for error was effectively zero. The consequences of failure were severe. And yet, because the work looked routine on paper (input data, generate payments, transmit files), it had been sent to a skeleton crew on the other side of the world.

I inherited this process. And I inherited the headcount that came with it: the absolute minimum number of people required to keep the operation running. There was no margin. No redundancy. No buffer for the unexpected.

It was a disaster waiting to happen.

Autonomous Does Not Mean Unsupervised

When I was seventeen, I answered a small advertisement in the newspaper for a "jungle adventure." It turned out to be run by instructors from 69 Commando, the elite special forces unit of the Royal Malaysia Police, who had just retired and were starting a training business.

They treated us like cadets.

The first night, they were friendly. Laughter, a good dinner, warm smiles. At 2am, a sharp whistle. Everything in our backpacks went into a locked shed. We kept only the shirts on our backs and a machete. For five days, we went deep into jungle

that hadn't been trekked since the communist insurgency decades earlier.

The final test: they abandoned us in the middle of the jungle. We had to find our way out using secret signs they'd left on trees. Hours of navigation through thick undergrowth, tracking downstream until we found civilization, where they were waiting with beaming smiles.

Later, they told us they had been watching us the entire time. Secretly following from a distance. Ready to intervene if we were genuinely in danger.

They didn't hold our hands. They didn't do the walking for us. But they never let us die.

This is how you manage AI agents.

The organizations that fail with AI make one of two mistakes. Either they hover over the AI constantly, approving every output, turning the speed advantage into a bottleneck. Or they set it loose with no supervision, trusting it to figure things out, and discover too late that it's been confidently making catastrophic errors.

The 69 Commando approach is the right one: set the destination, provide the survival skills, watch from a distance, and intervene only when necessary.

> Autonomous does not mean unsupervised. It means supervised differently.

MIT's GenAI Divide research found that the organizations extracting value from AI share a common characteristic: they've designed explicit human intervention points into their AI workflows. They know when the AI should operate freely and when humans must step in. They've thought about edge cases before the edge cases happen.

The organizations getting zero return? They've either strangled the AI with constant oversight or abandoned it to make mistakes nobody catches until the damage is done.

The Double Payment

One of our corporate clients was a massive industrial conglomerate. Let's call them ForgeTitan. They employed several thousand workers in the UK, all paid weekly through our BACS process.

One week, something went wrong.

The specifics of how it happened are less important than what happened: we paid ForgeTitan's workers twice. Every employee received two weeks of wages instead of one. Hundreds of workers. Thousands of pounds. All paid out before anyone noticed.

When the error was discovered, I was naive enough to think the solution was simple: they received an extra payment this week, so we just won't pay them next week. The math nets out. Problem solved.

My boss quickly corrected me.

The mistake was HSBC's. We couldn't simply withhold the next payment. These workers hadn't done anything wrong, and they were entitled to their wages. The money we'd accidentally sent them was our problem to recover, not theirs to forfeit.

So we had to ask the employees to return the money.

Think about that for a moment. Hundreds of workers, most of them living paycheck to paycheck, had received an unexpected windfall. The money was in their accounts. Many had already spent it on bills, on groceries, on things they'd been putting off. Now HSBC was calling to ask for it back.

Some returned the money. Most didn't.

We chased for months. Letters, calls, follow-ups. The responses ranged from apologetic ("I've already spent it, I can't") to hostile ("Your mistake, your problem") to simply silence. Each unreturned payment sat on our books as an outstanding receivable, a constant reminder of the failure.

Eventually, the outstanding amounts were sent to a debt collector. And eventually, after the collection efforts produced little, the whole thing was written off as a loss.

The total was recorded as the largest unrecovered loss in the history of HSBC Global Resourcing Malaysia's operations at that time.

A skeleton crew, half a world away from the affected workers, processing high-stakes payments with no margin for error. One mistake. Months of consequences. A loss that exceeded years of the supposed savings from offshoring the process in the first place.

The Two FTEs

After the ForgeTitan disaster, I went to the leadership in London with a request.

I needed two additional full-time employees. Not twenty. Not ten. Two.

With two more people, we could build in the checking and verification steps that would prevent this kind of error from happening again. We could create redundancy in the process: a second pair of eyes on high-risk transactions, a buffer when someone was sick or on leave, a margin of safety that the skeleton crew didn't have.

The request was approved. The two FTEs were hired. The process was restructured.

And from that day forward, that operation never had another significant loss.

The math was simple. The two salaries cost HSBC UK a fraction of what the ForgeTitan write-off had cost. The return on investment was essentially infinite. Two people prevented millions in potential losses.

But here's what bothers me to this day: why did it take a catastrophe to justify a staffing level that should have been obvious from the beginning?

The answer is that the original decision wasn't evaluated on its own merit. It was evaluated through the lens of a cost model that treated all processes as equivalent. The model saw "payment processing" and assumed it was the same as any other payment processing. It didn't distinguish between low-stakes and high-stakes. It didn't account for context.

Someone in London had looked at the task (input data, generate payments) and concluded that it was commodity work. And commodity work goes to the lowest-cost location.

What they missed was that this particular commodity work had uniquely high stakes. The consequences of error were not symmetrical. A mistake didn't just cost money to fix; it cost reputation, relationships, and trust. These costs didn't appear on the model, so they didn't factor into the decision.

This is how organizations destroy value while believing they're creating it. They optimize what they can measure and ignore what they can't.

The Lesson for AI

I tell this story because we are about to make the same mistake with AI at a scale that will dwarf anything that happened with offshoring.

The logic is identical. Labor arbitrage then. Intelligence arbitrage now. AI can perform tasks that humans currently perform. AI is cheaper than humans. Therefore, we should replace humans with AI wherever possible. The cost model says yes.

But the cost model is telling a partial truth that, without context, becomes a dangerous falsehood.

Not all processes are the same. Not all tasks have the same stakes. Not all errors have the same consequences.

The BACS operation looked like routine data processing. It was routine data processing. But it was high-stakes routine data processing, the kind where a single error could cascade into unrecoverable losses. The appropriate response was not to staff it as cheaply as possible, but to staff it with the margin of safety that its risk profile demanded.

The same logic applies to AI.

Some processes are excellent candidates for AI automation. They have clear inputs and outputs. Errors are easily caught and corrected. The stakes are low. The volume is high. AI can handle these processes beautifully, at a fraction of the cost, with fewer errors than human workers who get tired and distracted.

But other processes should not be automated, or should only be automated with extensive human oversight. They involve judgment calls that require context AI doesn't have. They have asymmetric consequences where the cost of error vastly exceeds the benefit of automation. They depend on relationships and trust that AI cannot build.

The companies that will thrive in the AI era are the ones that can tell the difference. The companies that will fail are the ones that treat AI like the accountants in London treated offshoring: a cost-reduction lever to be pulled indiscriminately, without evaluating each process on its own merit.

Skeleton Crew AI

I have started calling this mistake Skeleton Crew AI: the practice of staffing AI systems with the minimum human oversight necessary to keep them running, optimizing for cost while ignoring the catastrophic risks of edge-case failure.

Skeleton Crew AI emerges from the same logic that drove the offshoring decision: humans are expensive, AI is cheap, so we should minimize the humans and maximize the AI. It looks brilliant on the cost line. It looks catastrophic when something goes wrong.

Here's how Skeleton Crew AI typically manifests:

A company implements an AI system to handle customer service inquiries. The AI does well on routine questions, maybe 80% of the volume. The company sees the performance metrics and concludes that it can reduce its customer service staff. They cut the team from twenty people to five, leaving just enough humans to handle the 20% of cases the AI can't manage.

On paper, this is a 75% reduction in headcount. The CFO is thrilled.

Then something unexpected happens. A product recall. A service outage. A viral social media complaint. Suddenly, the volume of complex inquiries spikes. The five remaining humans are overwhelmed. The AI keeps handling routine questions, but the exceptions pile up. Response times balloon. Customers who

need help can't get it. The company's reputation takes a hit that will take months to repair.

The skeleton crew couldn't flex when the unexpected happened. And the unexpected always happens eventually.

The Asymmetric Risk Pattern

I see the ForgeTitan pattern repeating across every industry I work with.

In healthcare, companies are using AI for initial patient triage, then reducing their nurse staffing because "the AI handles the easy cases." The AI handles the easy cases beautifully, until it encounters a patient whose symptoms present atypically. The AI routes them wrong. The skeleton crew is too busy to catch the error. Someone gets hurt.

In manufacturing, companies are automating quality control with computer vision, then reducing their human inspectors. The AI catches visible defects, until a supplier ships components with a subtle defect the AI wasn't trained to recognize. The defective components make it into products. The recall costs more than years of inspector salaries.

In every case, the pattern is the same:

1. AI performs well on routine cases
2. Company reduces human staff based on routine performance
3. Non-routine case occurs
4. Skeleton crew cannot respond adequately
5. Losses exceed all savings from headcount reduction

The fundamental error is treating AI performance on the average case as though it predicts AI performance on the edge case. It doesn't.

> AI systems are generally excellent at the middle of the distribution and often terrible at the edges.

The edges are exactly where you need humans, and the edges are exactly where Skeleton Crew AI fails.

Signs You're Running Skeleton Crew AI

How do you know if you've fallen into this trap? Here are the warning signs:

- Your AI oversight is "everyone's second job" and no one is specifically accountable
- You've calculated the savings but not the failure costs
- Edge cases are handled "when they come up" rather than anticipated
- There's no escalation path when the AI is wrong
- The people monitoring AI outputs don't have authority to stop processes
- Success is measured by cost reduction, not by error prevention
- You couldn't name who would catch a subtle but costly mistake

If three or more of these apply, you're running Skeleton Crew AI. The savings you're seeing are borrowed against future losses. The question is not whether an edge case will expose the gap. It's when.

The Learning Gap

This problem is compounded by what MIT's research identified as the Learning Gap: the finding that most AI systems don't retain feedback, adapt to context, or improve over time.

Users reported:

- "It doesn't learn from our feedback."
- "Too much manual context required each time."
- "Breaks in edge cases and doesn't adapt."
- "Can't customize it to our specific workflows."

This Learning Gap makes Skeleton Crew AI even more dangerous.

If AI systems improved over time, if they learned from their mistakes and adapted to your specific context, you might reasonably expect that edge-case performance would improve. The skeleton crew today might be sufficient because the AI will handle more edge cases tomorrow.

But that's not what's happening. Most AI systems are static. They make the same mistakes repeatedly. They don't learn from the edge cases your human reviewers catch. They don't adapt to your specific workflows.

This means your skeleton crew isn't a temporary bridge to a future where AI handles everything. Your skeleton crew is permanent. And if it's too small today, it will still be too small next year.

The Human Layer isn't a transition state. It's the destination.

The Six Questions

Before you automate any process with AI, ask these six questions:

1. **What is the cost of error?** If the AI makes a mistake in this process, what happens? Is the error easily reversible, or does it cascade into larger problems? Is the cost financial, reputational, or human? How asymmetric is the downside compared to the upside?
2. **Who is affected by errors?** When mistakes happen, who feels them? If the affected parties are internal employees, you may have more latitude for error. If they are customers, partners, or regulators, the stakes are higher. If they are vulnerable people (patients, workers dependent on paychecks, individuals in crisis), the stakes are highest of all.
3. **How will you know when the AI is wrong?** Some AI errors are obvious. Others are subtle and may go undetected for weeks or months. How will you catch mistakes before they cascade? What monitoring will you put in place? Who will review edge cases?
4. **What happens when volume spikes?** If this process suddenly sees 5x its normal volume due to a crisis, a product issue, or a seasonal peak, can your human layer handle the overflow? Or will your skeleton crew be overwhelmed while the AI continues to handle routine cases beautifully?
5. **What context does this process require?** Does the process require understanding that can't be fully encoded in data? Relationship history, cultural nuance, institutional memory, judgment calls that depend on factors the AI can't see? If so, how will you ensure that context is applied?
6. **What is your margin of safety?** If everything goes slightly worse than expected (if the AI performs at the low end of its range, if volumes are higher than forecast, if your team has unexpected turnover), will you still be okay? Or

are you operating at the edge of capacity, where one bad week becomes a disaster?

These questions don't have simple answers. They require judgment, experience, and a willingness to say "the cost model says yes, but the context says no."

That willingness is the difference between organizations that use AI well and organizations that are used by AI poorly.

The Leicester Lesson

There is one more detail about the BACS story that I think about often.

The process should have stayed in Leicester.

Not because Malaysian workers weren't capable. They were. I worked with talented, dedicated people who did excellent work under difficult constraints.

But the process itself was wrong for offshoring. The risk profile didn't match the staffing model. The consequences of error were too severe for a skeleton crew half a world away from the affected workers. The context required (understanding of UK banking relationships, of worker expectations, of the reputational stakes involved) was not something that could be fully transferred through documentation and training.

The decision to offshore wasn't made by people who understood the process. It was made by people who understood price, but not value. Cost structures, without context, are dangerous guides for decision-making.

The same is now true for AI.

Every week, I see organizations making AI decisions based on cost structures rather than context. They ask "Can AI do

this task cheaper than humans?" when they should be asking "Should AI do this task at all?"

The answer is sometimes no. Not because AI isn't capable. Not because the cost savings aren't real. But because the process has characteristics (stakes, complexity, relationship dependency, edge-case sensitivity) that make human judgment irreplaceable.

Evaluate different workflows on their own merit. Don't treat all processes as equivalent just because they all involve data or decisions or customer interactions. Some things that look like candidates for automation are actually candidates for deeper human investment.

The bank learned this lesson the expensive way, through the ForgeTitan disaster. My hope is that you can learn it the cheap way, by understanding the pattern before you repeat it.

The Skeleton Key

Here is what I want you to take from this chapter:

> The opposite of Skeleton Crew AI is not more AI. It is more judgment about AI.

The companies that win with AI will not be the ones that automate the most. They will be the ones that automate wisely: that can distinguish between processes that thrive with AI and processes that require human oversight, that can evaluate edge cases and design for failure modes, that can resist the cost model's siren call when the context demands it.

The BACS operation taught me this lesson with money the bank could never recover. The lesson cost more than those two FTEs would have cost for decades. But the lesson was invaluable: not

all processes are the same, and treating them as equivalent is an expensive mistake.

As you implement AI, you will face constant pressure to reduce your human layer to skeleton crew levels. The math will look good. The vendors will encourage it. The board will ask why you're not achieving the headcount reductions that competitors are claiming.

Resist.

Evaluate each process on its own merit. Understand where AI will excel and where it will fail. Design your human layer for the edge cases, not just the average cases. Build in the margin of safety that skeleton crews don't have.

This is not a plea for inefficiency. This is a plea for intelligence: the kind of intelligence that looks past the cost model to the reality it only partially describes.

The ForgeTitan disaster happened because someone in London made a decision about a process they didn't understand, based on cost structures rather than context. AI failures follow the same pattern, but the decisions happen faster, at larger scale, with consequences that compound before anyone notices.

The next chapter shows what happens when those decisions accumulate: a simple automation project that should have taken two weeks, and why it took nine months instead.

End of Preview