Generative AI

How to Create Value Systematically with Gen AI

by Todd McLees, Nicole Radziwill and Greg Satell

December 7, 2024

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Summary. The difference between incremental and transformative gen AI lies not in technical sophistication or strategic vision, but in a shared understanding of what drives performance for your organization. This article describes a simple strategic tool that your organization can use as a framework to assess gen AI maturity and build the capabilities needed to create and capture value from AI.

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Since ChatGPT's enterprise launch in March 2023, organizations of all sizes and industries have been racing to unlock value with generative AI (gen AI). While the capabilities of the technology itself are expanding quickly, most enterprises' ability to realize

this value has improved little, if at all.

Few organizations have developed a coherent strategy to create and capture value from gen AI, so it shouldn't be surprising that most programs lack structure or planning. Most of the time, they acquire access to gen AI services, make the technology available to employees, and hope for the best.

We can do better. Over the past 18 months, we've been working feverishly with enterprises to help them develop skills for effective gen AI collaboration. In this work, we've developed a simple tool — the generative AI value-creation pyramid. We've already seen it help many of our client organizations make significant progress in a short period of time.

The Generative AI Value-Creation Pyramid

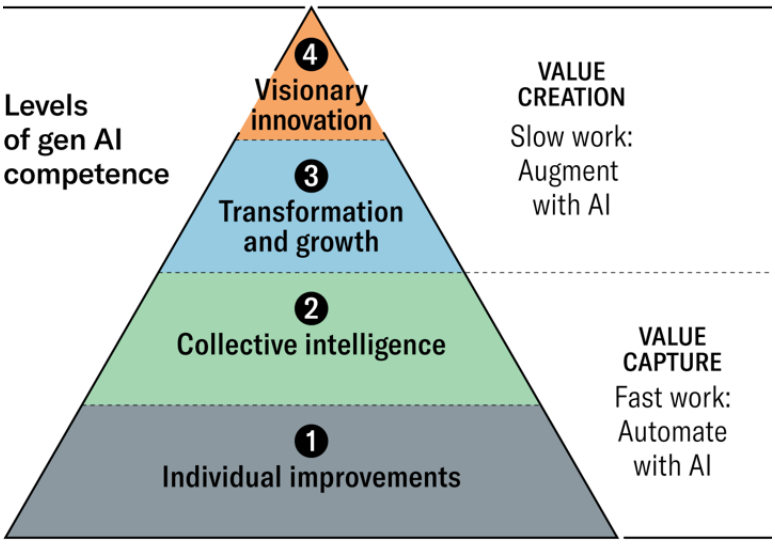
The difference between incremental and transformative gen AI lies not in technical sophistication or strategic vision, but in a shared understanding of what drives performance for your organization. This pyramid provides a clear framework to assess gen AI maturity and build the capabilities needed to create and

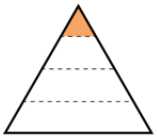
capture value from AI.

While organizations initially focus on small-scale productivity gains, market leaders systematically build value through four levels of competence: individual improvements, collective intelligence, transformation & growth, and visionary innovation:

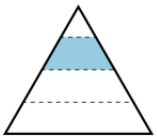
Generative AI Value-Creation Pyramid

A framework for systematically building gen AI capabilities and value.



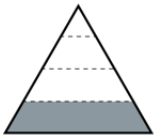


Visionary innovation
Create new markets, products, and services. Transform customer and stakeholder relationships. Drive business model evolution.



Transformation and growth
Enhance customer value. Reimagine core work processes. Focus on quality. Balance expertise with innovation.

Collective intelligence
Build shared team understanding. Integrate AI as a team member. Enable cross-functional collaboration.



Individual improvements
Enhance individual productivity. Build foundational AI skills. Achieve quick, measurable wins.

Source: humanskills.ai with Todd McLees, Greg Satell, and Nicole Radziwill

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Note that each level builds upon previous capabilities. Let's walk through each one:

Individual Improvements

Research has shown that individuals can increase their capabilities in a relatively short period of time. Studies of specialists such as customer-service agents, software engineers and data scientists found that gen AI significantly improved productivity with minimal training.

The degree of improvement can vary widely according to skill level, experience, and profession. In these studies, customer service agents resolved issues up to 34% faster, with new hires showing the most rapid improvement. Software engineers delivered 26% more code, and data scientists completed tasks, on average, in 10% less time.

While these are significant gains, they need to be put in perspective: Even a 34% one-time improvement for isolated tasks represents a much smaller impact when applied to an entire enterprise. When applied this way, gen AI represents what Nobel laureate Daron Acemoglu and his co-author Pascual Restrepo call "so-so technologies" — innovations that displace workers, but do not increase productivity enough to impact competitiveness or improve lives.

Many organizations are at this stage. It requires little more than making gen AI technology and guidance available to employees. At this stage, while there may be pockets of improvement, the effect is likely to be minimal. Depending on adoption rates in your industry, you might even find yourself lagging behind your

peers.

Collective Intelligence

The effectiveness of a team depends on building and evolving a shared understanding of the work to be done together. Organizations that leverage gen AI to close gaps in understanding between people will gain significant competitive advantage over those that do not.

Research shows that building consensus about the purpose and context of work positively impacts the quality, novelty, and utility of output. Groups can use gen AI to identify and remove barriers to human-human collaboration, discover shared mental models of their work, reduce bias in decision making, and resolve conflicts more quickly.

For example, when an insurer's innovation team was drowning in post-merger work, predictive and generative AI methods developed by one of our teams (Nicole's team) revealed the root cause: unclear requirements and expectations from new stakeholders. Leveraging gen AI, the team routinely clarified task definitions, reducing waste and significantly improving productivity within weeks.

The key isn't just teaching people to use AI; it's creating a common language around what is possible. Teams we work with are discovering that they can work with gen AI almost as if it were another colleague. Treating the technology as a specialized team member, working alongside human experts with clearly defined roles, unlocks deeper collaborative potential and delivers meaningful results.

Transformation & Growth

While improving productivity is valuable, gen AI's real power is in reimagining how work is done altogether. Organizations that move beyond individual productivity improvements and collective intelligence can create entirely new sources of value.

Consider a doctor documenting a patient visit. Ordinarily, they would have to divide their focus between actively listening to the patient and taking detailed notes. Using AI to collect and organize key information, the doctor can engage more fully with patients, families, and caregivers.

The Cleveland Clinic has begun implementing AI systems across various aspects of care. In his 2024 State of the Clinic address, CEO and President Tom Mihaljevic, MD, highlighted how AI is already helping providers reduce documentation time and assist with paperwork, allowing physicians to focus more on patient care.

However, using AI for mission-critical tasks requires careful consideration. As noted by the World Health Organization's updated guidelines, robust ethical and safety protocols are essential. At the Cleveland Clinic, the emphasis is on leveraging AI to enhance healthcare delivery while ensuring that human oversight and accountability in patient care remain at the forefront.

Organizations seeking to harness AI's transformative potential must carefully balance innovation with responsibility. We advise clients to create a dedicated space for experimentation where teams can safely challenge established practices, test new

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approaches, and discover novel ways to augment their expertise with gen AI capabilities.

Visionary Innovation

Once you build the habits and practices to reimagine internal processes, you can begin to transform how you engage with your customers, suppliers, and other stakeholders to create innovative new products and services. Here is where AI can be truly revolutionary and change the game entirely.

New research from one large U.S. R&D lab shows that gen AI can accelerate the pace of innovation. In this study, scientists discovered 44% more materials and generated 39% more patent filings than in a previous time period. However, 82% of scientists reported less job satisfaction due to decreased creativity and skill underutilization, so that's something to keep in mind. In our work, we have found that human skills training can partially or even wholly mitigate those effects.

When we work with organizations to reach this level of the pyramid, we ask them to be aspirational and map the experiences that most impact their business. As they progress beyond individual achievement and begin to focus on scalable efficiencies and customer value, they start to think bigger.

In a workshop one of us (Todd) led with a billion-dollar distributor, a single half-day session provided a shift from tactical to transformative. Leveraging their market expertise, a non-technical team built a custom GPT that generated varied customer personas to evaluate product marketing materials. It immediately uncovered messaging blind spots and ignited new

thinking about customer interactions.

This sparked innovation by showing what's possible with gen AI. Business units discovered new approaches to leverage the technology themselves to better serve customers. Data science and AI teams partnered across units to develop breakthrough products and services driven by their newfound insights.

Putting the Pyramid into Practice

While the pyramid provides a clear framework, its real power lies in how quickly organizations can move from concept to execution. Our experience shows that teams can progress from basic individual improvements to transformational prototypes in just half a day using a structured approach:

Start with discovery (60 minutes)

Cross-functional teams of four to six people inventory current gen AI usage and identify opportunities at each pyramid level. The key is looking beyond obvious productivity gains to find use cases that could transform how teams work together or serve customers (levels 2 & 3).

Prioritize use cases (30 minutes)

Teams evaluate opportunities based on potential value creation and implementation feasibility. The focus isn't on speed, but on quality improvements that matter to stakeholders. The best candidates align with company objectives and require only existing gen AI tools like ChatGPT, Copilot, or other enterprise solutions already in place.

Build to learn (90 minutes)

Selected high-priority opportunities move straight to prototype development. In just 90 minutes, teams can build working prototypes that demonstrate transformational value — no complex technical infrastructure required.

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Make no mistake, we are at the beginning of a long journey with gen AI. The winners will be determined by who best leverages the technology to amplify their collective ability to create meaningful value. In the end, sustainable AI transformation isn't just a technology story — it's a human story about equipping people to serve stakeholders in revolutionary new ways.

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