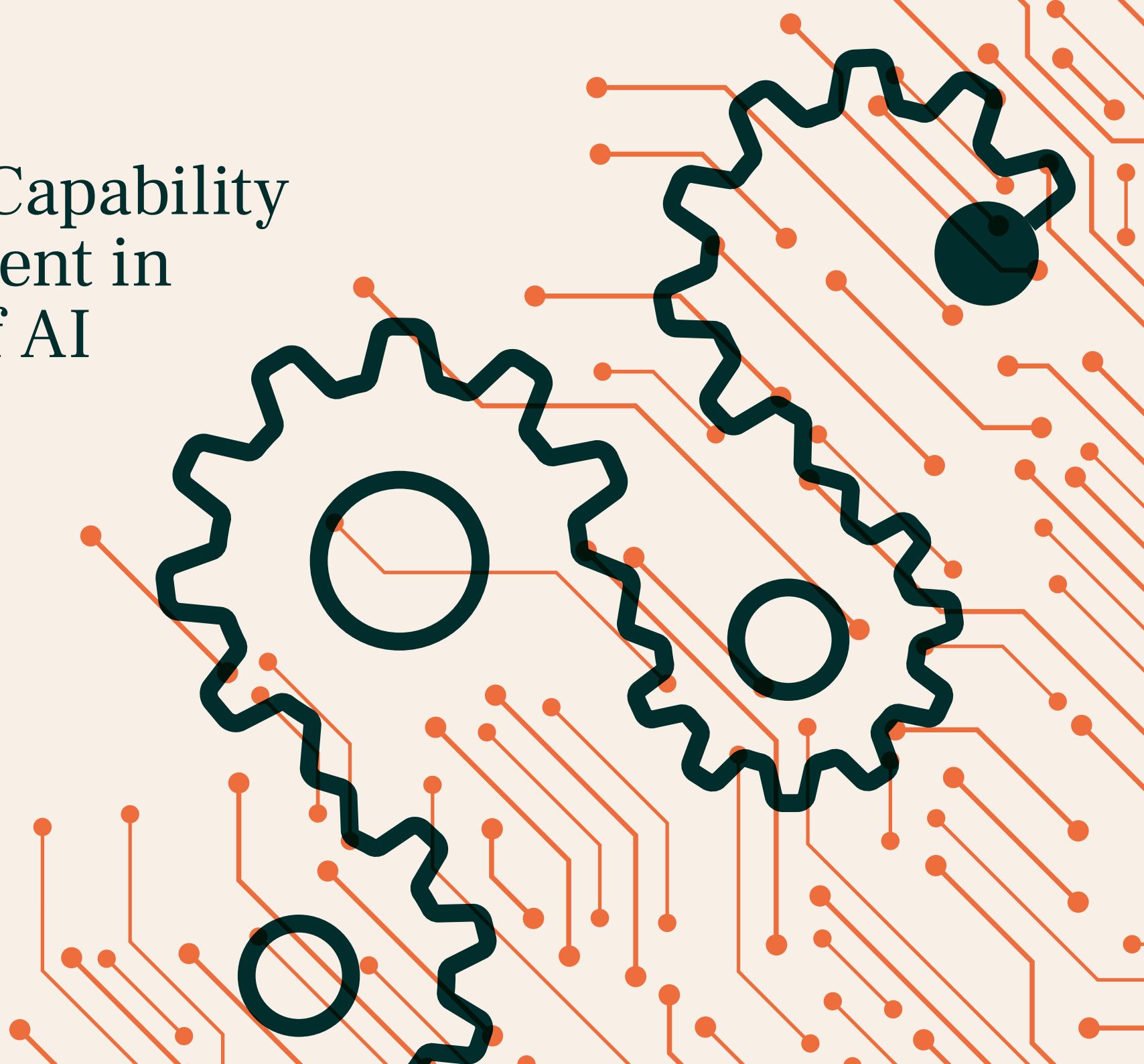


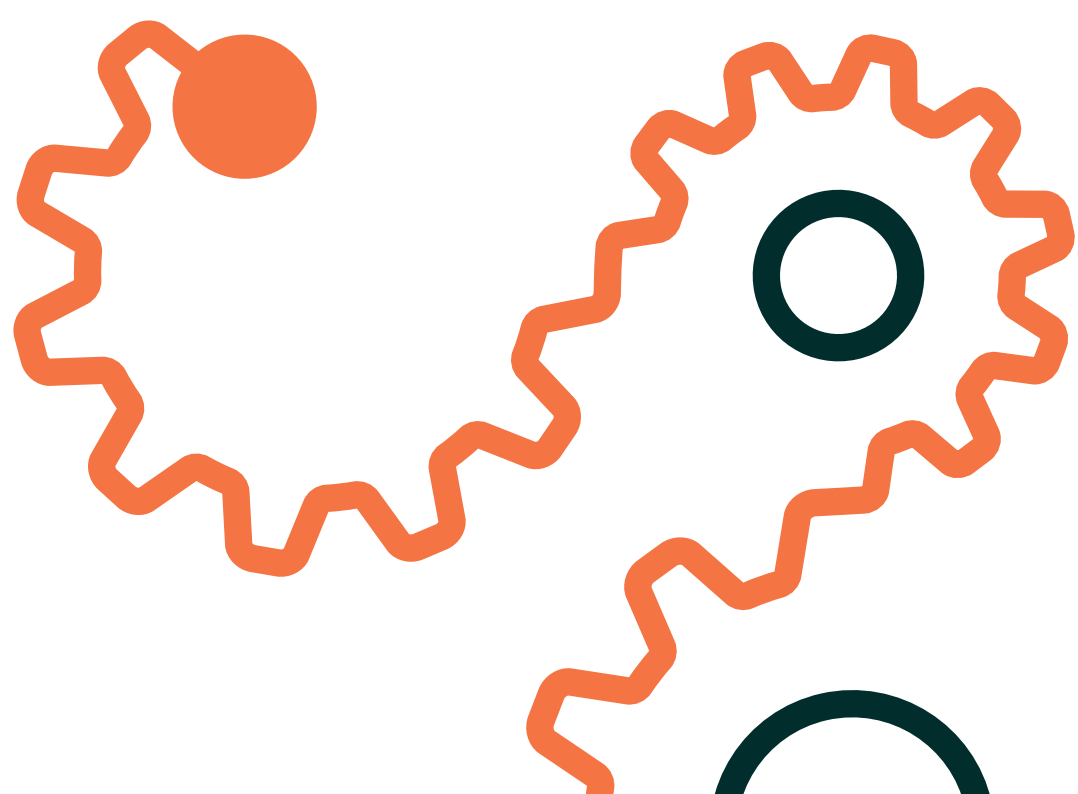
Strategic Capability Development in the Age of AI

By Dr. Chris Rowell





AI does not make human capability less important. It changes which human capabilities matter most.



AI is reshaping how work gets done. Tasks that once required time, expertise, and coordination can increasingly be completed by intelligent systems, faster, cheaper, and in abundance.

For many leaders and organisations, the first instinct has been to ask: how can we use AI to optimise what we already do?

But this is only a small part of the opportunity.

A more useful lens is to shift from task-focus to value-focus:

- Where is value coming from?
- How does AI change or enable new sources of value?
- And which human capabilities become strategically important to create value in conjunction with AI?

This small change could mean the difference between optimising for outdated norms, and catalysing radical change for a thriving, sustainable future.



How A Narrow View Limits Human Potential

If we only ask what AI can do, we limit the scope of possibility.

You can see this play out in extreme AI alarmism. Human contribution is seen as a shrinking category: we're only good for whatever AI can't replicate yet. Every improvement means one less thing humans are left to do. A countdown to human obsolescence.

While we don't yet know the ceiling to AI's capability, we'd be mistaken to make the leap from "AI can do more" to "there's less room for us."

AI may reduce the cost of a task. But that does not automatically reduce the value of the human role. In many cases, it increases the value of the human capabilities that sit around, above, and beyond the task.

Failing to see the full breadth of human potential is a costly blind spot.

Just ask radiologists.

Still in the Picture: Radiologists in the Age of AI

In 2016, Geoffrey Hinton famously suggested that medical schools should stop training radiologists because AI would become so good at reading X-rays.

At first glance, the prediction seemed plausible. But it missed some important factors.

First, radiologists do more than read X-rays. They interpret patterns in context, apply expert judgement, communicate with patients and clinicians with care and compassion, and take responsibility for decisions that carry real human consequences. As AI reduces the cost of image analysis, the value of these complementary human capabilities does not disappear. It increases.

Compounding this, Australia has an ageing population, which is steadily increasing demand overall for medical imaging.¹ AI can help meet more of that demand, faster and more affordably, but it still needs radiologists to do it.

10 years on from Hinton's prediction, radiologists have not disappeared. Quite the opposite.

As AI improves image analysis and demand for medical imaging continues to rise, we now do not have enough radiologists to meet demand.²

The task changed, but the profession did not disappear. In fact, the human capabilities around the task became *more* important.

This same story is now playing out in some way across every organisation.

A More Strategic Approach

Some Assembly Required: How IKEA Sharpened its Human Edge

In 2021, Ingka Group, the largest IKEA franchisee, introduced its AI chatbot Billie to handle simpler customer enquiries. By 2023, Billie was resolving 47% of the enquiries it received.

A narrow automation logic might have viewed this as an opportunity for headcount reduction. Instead, Ingka reskilled 8,500 call centre co-workers in areas such as remote interior design, digital retail sales, relationship building, and complex customer problem-solving.

This enabled Ingka to build a remote interior design offering, powered by highly skilled and AI-enabled human consultants, that generated EUR 1.3 billion in its first financial year (3.3% of total revenue).³

The lesson is not that every organisation should copy IKEA. It's that AI can change the value equation. When routine work is absorbed by technology, new forms of human contribution can become more strategically valuable.

In this frame, human capability is not a cost to be reduced. It is a strategic edge to be developed.

AI is not only a tool for improving the current system. It can be a catalyst for reimagining how value is created, how work is designed, how people collaborate, and how organisations compete.

A more strategic approach begins with the future the organisation is trying to create:

- What problems will we need to solve?
- What forms of trust, insight, service, innovation, and adaptability will set us apart?
- How might humans and AI create that value together in ways that were previously impossible?

Questions like these move the conversation from automation to advantage: How an AI-enabled human edge can create new forms of value.

IKEA's Ingka team reskill is a great example.

How Human Value is Evolving

To develop your human edge, it helps to understand how human contribution is shifting, and the capabilities becoming more strategically valuable.

From Information to Judgement.

AI can find, synthesise, and present information faster than any person. What it cannot do is decide what matters, what's missing, and what to do about it. It's never been more important to develop the critical thinking needed to interrogate AI output, filter what matters, test assumptions, and illuminate blind spots before decisions are made.

From Answers to Questions.

With infinite answers at your fingertips, the advantage moves to the people who can ask the best questions.

From Hindsight to Foresight.

AI is powerful at drawing from what has already happened. Foresight helps us sense what is emerging, imagine what is possible, and see opportunities the data cannot yet name.

From Polish to Authenticity.

In a world where AI can generate polished communication instantly, the people with authentic, human expression will be more memorable and influential.

Strategic and Systems Thinking.

As roles get bigger through AI-based augmentation, people will be increasingly called upon to zoom out, connect their work to the bigger picture, and see the wider system their contribution is shaping.

From Process to Accountability.

When AI runs the process, it can become a black box - even those guiding it may not be able to fully explain it. AI can't be held responsible for an outcome. A person still has to own it.

From Activity to Impact.

When AI can create 100 slide decks before lunch, human value shifts from being busy to ensuring impact. This may call on us to redefine what we mean by "productivity".

How Leadership is Evolving

Leadership is changing too. Beyond how leaders themselves use AI, the focus is on how they create the conditions for AI to be used wisely, ethically, imaginatively, and in service of better value. Distinguishing where AI creates value and where human leadership remains essential is key.

The following are examples of leadership shifts becoming vital for leaders to thrive in future:

From Knowing to Sense-Making.

As AI makes information and answers more accessible, the leader's contribution shifts from being the smartest person in the room to making the room smarter. This means framing better questions, navigating complexity, and creating shared understanding when the path ahead is uncertain.

From Fixed Strategy to Co-Evolving Strategy.

Traditional strategy often assumes stable horizons and linear execution. But what if strategy becomes a living discipline that evolves as the environment, technology, and organisation change, rather than a fixed discipline?

From Optimising the Status Quo to Reimagining What Is Possible.

AI can easily be used to make current processes faster, cheaper, and more efficient. But greater value could be generated if this present-forward focus is complemented with "future-back" thinking: This involves releasing assumptions and imagining a future in which AI is embedded everywhere, and then looking at how we might make that happen through the choices we make today.

From Efficiency Obsession to Adaptability Obsession.

Efficiency remains important, but in fast-changing environments, it is just not enough. Leaders need to be able to learn, adapt, and respond faster than the conditions around them change, without losing focus, discipline, or coherence.

From Ethics as Peripheral to Ethics as Strategic.

AI brings questions of trust, bias, accountability, transparency, and human consequence into everyday leadership decisions. In future, ethics could move from a compliance overlay to a strategic capability that shapes reputation, culture, risk, and long-term value creation.

From Information Generation to Synthesis.

AI can generate more content, analysis, and data than organisations can meaningfully absorb. The leaders that thrive in future will need to connect signals, integrate perspectives, hold paradox, and identify what matters so they can turn complexity into clear strategic direction.

Navigating Constant Uncertainty.

Leaders with an awareness of how the brain and nervous system respond to change, ambiguity, and threat have an advantage in a future where the ground keeps shifting relentlessly.

From Leadership as Position to Leadership as Development.

In an AI-enabled world, authority is less secure when it rests only on title, expertise, or control. Leaders require humility and a growth mindset to keep evolving themselves as the world continues to change.



As AI continues to improve and expand what it can do, new sources of value will continue to open up.

The organisations that thrive will not be the ones that simply do the old work faster, cheaper, or with smaller teams.

They will be the ones who believe in human potential and use this moment to ask better questions about value, work, and leadership.

They will reimagine a future that places people at the heart of competitive advantage, and deliberately develop the human capabilities that enable their vision.

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