seramountHR
The Strategic Change Partner

EXECUTIVE SUMMARY

AI and the New Workforce Transition

HR’s Role in Building Capacity for Work Redesign, Talent Flow, and Leadership Capacity without Breaking Workforce Confidence

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How HR Determines Competitive Speed

Foreword

AI is proving itself to be more than a new technology. It is accelerating the pace of change and testing an organization's capacity to adapt, evolve, and transform.

Legacy systems were not built with the capacity to absorb change at the pace today's environment demands, causing slow adaptation as roles, workflows, and expectations evolve. As routine work is automated and roles are reconfigured, organizations are losing traditional pathways for skill development, experience building, and leadership growth. That's why AI adoption is widespread but its impact is uneven.

The organizations that succeed in today's business environment will be those that can build the capacity to adapt to continuous disruption. As a foundation of SeramountHR's **mission to support CHROs on the path from insight to enterprise action**, this new series of research installments addresses the challenges of transition and transformation capacity.

Steve Pemberton
Head of SeramountHR

The Adaptable Workforce Agenda

AI and the New Workforce Transition

As pressure for AI experimentation results increases, HR will either serve as an accelerant or a bottleneck on change. **Our analysis defines HR's role in setting the pace of corporate strategy in response to AI.**

Toward a New Skills Paradigm

As roles shift and the demand for new capabilities grows, legacy systems reduce employees' ability to create the most value. **Our examination into workforce fluidity identifies actionable steps to enable talent mobility as work evolves in the AI era.**

From Career Pyramid to Diamond

As career pathways shift and development models fall short, organizations face growing strain on managers' capability to translate strategy into action. **Our research pinpoints the leadership systems organizations must build for stronger strategic execution.**

Methodology

In addition to extensive secondary research spanning academic journals, labor market analyses, and industry publications, SeramountHR interviewed chief human resource officers, talent leaders, and executives managing large-scale workforce and operational changes. Taken together, this research provides evidence-based guidance for workforce transformation in the AI era.

AI Will Change More than Just How We Work

AI is creating and will continue to create new business models. Just as we saw with the Internet, new technological innovation sparks new competitors—the business models that now define sectors such as retail, higher education, media, and transportation would have been difficult to imagine in the early days of the Internet.

Internet-Driven Business Models We Barely Glimpsed in the Late 1990s

Retail	*Manufacturing*	*Higher Ed*	*Utilities*
Online commerce	JIT and global supply chains	Online degrees	Smart grids
Financial Services	*Media*	*Entertainment*	*Transportation*
Online payment platforms (PayPal, Venmo)	Social media and digital content creation	On-demand, digital streaming (Netflix, Spotify)	2-sided online marketplaces (Uber, Lyft, Airbnb)

Peering deeper into that not-so-distant past, we see that the organizations that succeed in periods of technological advancement are those that can build the capacity to harness continuous disruption to their advantage faster than their competitors.

A Long History of Technological Advancement and Unseated Industry Leaders

1970s-1980s	*1990s-2000s*	*1990s-2010s*	*2000s-2010s*	*2007-2015*
Mainframe to PC	**Analog to Digital**	**Physical Retail to E-Commerce**	**Film Rental to Streaming**	**Mobile Computing**
IBM	Fujifilm	Amazon/Walmart	Netflix	Apple
Winners v. Losers				
DEC	Kodak	Borders	Blockbuster	Nokia

Agile Adaptation Will Separate the Winners and Losers of AI

What separates the winners and losers in moments of technological change is rarely a failure to see change coming or a failure to invest in new technology. The break tends to come later, when a company tries to fit a new technology inside legacy operating systems. Where scale was once an advantage, it becomes a disadvantage in disruption: The very structures that once created consistency and control begin to slow adaptation when speed matters most.

AI is likely to follow a similar path, opening the door to new forms of value creation that many organizations still cannot fully see. While AI adoption is only beginning, we are already seeing how it can magnify capacity across an entire business and impact every function along the value chain. Accordingly, it's only a matter of time before companies use AI to change their industries' competitive standards faster than ever.

A perfect example is **MEDVi**, a two-person company that has single-handedly disrupted the medical marketing industry with a few key tools.

MEDVi *"It's not an AI company, but we did it with AI"*

Scenario

- A two-person telehealth business that sells GLP-1 drugs
- An established market, with competitors like **Hims & Hers Health** and **Ro**
- Hims has 2,442 employees and generated $2.4B in revenue in 2025

Key Actions

- Used ChatGPT, Claude, and Grok to build the website
- Developed AI agents to coordinate software systems
- Leveraged AI voice tools to communicate with customers
- Used image and video generators to create media for the website and ads

Outcomes

- Gained **300 customers** after **one month**
- Added **1,000 more customers** by the second month
- Generated **$401M in sales** in one year, with **16.2% profit**
- Projected to generate **$1.8B in revenue** in 2026

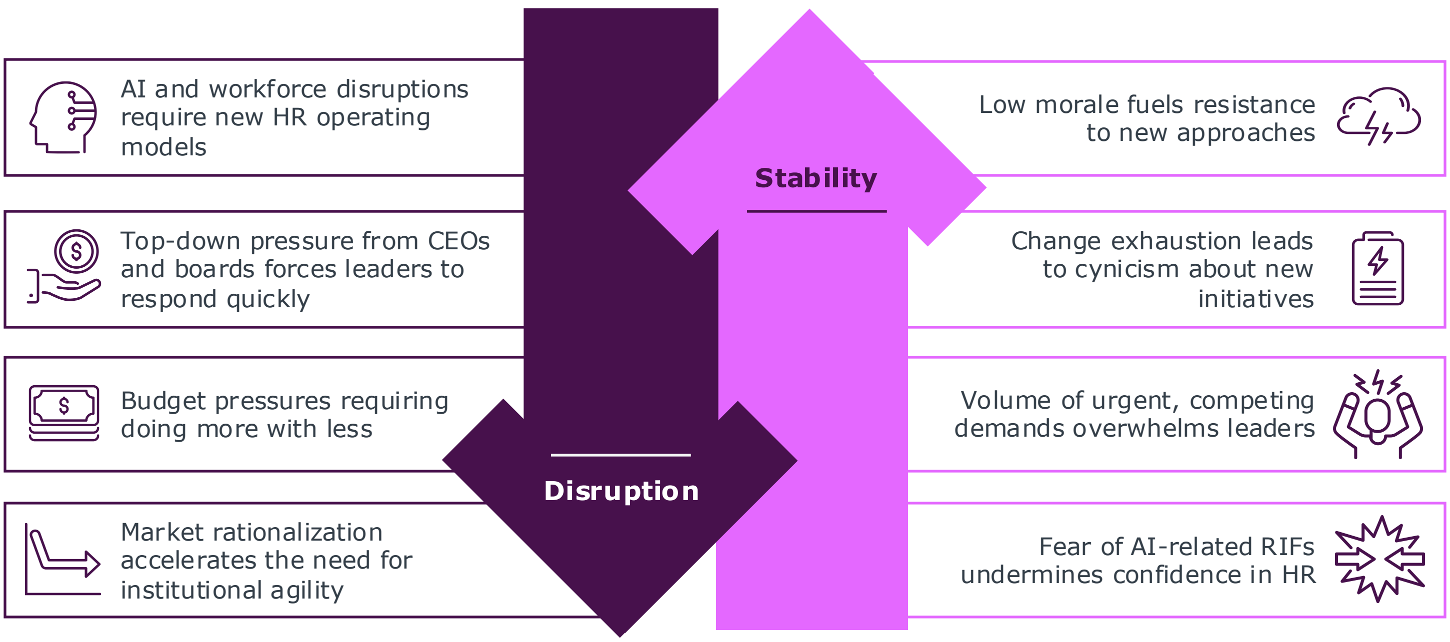
That is what makes HR so consequential in the AI era. If the function keeps talent tied to rigid roles and legacy rewards, it slows the organization's response to change. However, if human capital systems are adaptable enough to move the workforce toward new opportunities for value, then businesses can be transformed faster than market disruption.

The Capacity Organizations Need to Manage Disruption

For CHROs, the challenge of AI is confounding nearly every human capital strategic decision. **Competitive market pressures demand bolder, faster changes** that HR functions are trying to adapt their workforce strategies and the talent systems to meet. However, the speed of AI change is hard to keep up with. At the same time, the workforce is craving more stability and less change as AI pressures make their work increasingly difficult and less predictable.

At this moment, many CHROs are asking how can HR find the middle point between harnessing the required disruption and considering the human needs of our workforce? And how can we do it quickly enough to ensure that HR operating models can become an accelerant—not a bottleneck—to AI change?

Navigating the Push and Pull of the "Messy Middle"



In our research, SeramountHR has identified four key capabilities organizations must develop to **manage the transition through AI disruption**.

Work Redesign

Transforming work with AI

Talent Flow

Moving talent to new value centers

Leadership Capacity

Translating repeated change

Workforce Confidence

Moving fast without freezing or panicking

Work Redesign

Will AI Truly Transform Work?

1

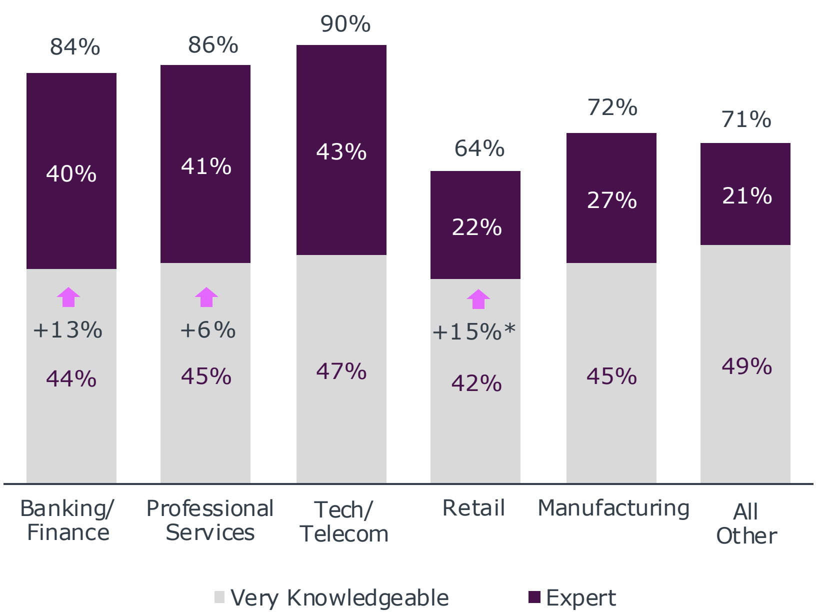
AI Adoption Is Widespread but with Modest Returns

Boards are pressing for returns from AI, and that pressure is beginning to shape the first real test for CHROs: whether AI will remain a broad but shallow productivity tool or become a force that truly redesigns work. While many companies can prove experimentation, far fewer can point to meaningful bottom-line impact.

Organizations are still in an uneasy middle. AI adoption is already widespread across industries, with many industries gaining broad comfort and expertise. However, use is uneven across functions.

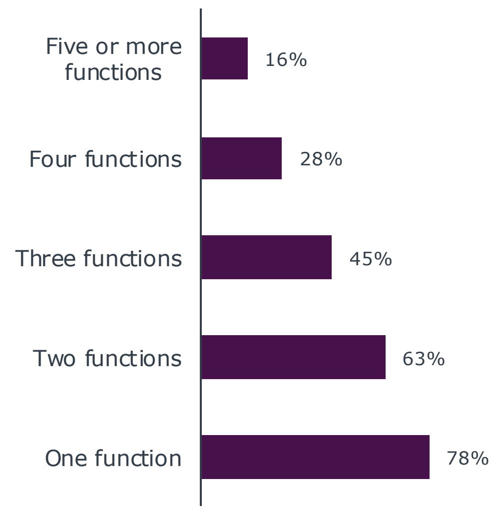
AI Adoption Is Happening Across All Industries …

Knowledge and Familiarity with GenAI by Industry



… But Use Is Concentrated in a Limited Number of Functions

Share of Organizations by Number of Business Functions Using AI



Average = Three of 11 business functions

One reason the returns on AI investments remain modest is that most AI adoption is still broad but shallow. Enterprise-wide, horizontal use cases are now familiar: copilots, drafting tools, summarization, general productivity aids. They spread quickly because they are easy to deploy across many roles but rarely transform how value is created.

Adopting Both Vertical and Horizontal Integration Strategies

The most promising AI adoption efforts we've identified in our research are those that rethink entire workflows and verticals—where AI can change how decisions are made, how processes are sequenced, and how human effort is deployed. While more complex to deploy than general-purpose tools, vertical cases are also where more durable gains begin to emerge.

Vertical Integration

R&D	Supply Chain	Customer Service
Idea generator - Surface trends and research directions **Research curator** - Auto-tag and organize content	**Supply risk assessor** - Identify supplier vulnerabilities **Demand forecaster** - Predict demand patterns	**Support assistant** – Suggest responses and articles **Ticket categorizer** – Route by urgency
Procurement	**Marketing & Sales**	**HR Operations**
Negotiation assistant - Suggest next-best terms **RFP generator** - Auto-create responses	**Sales assistant** - Prioritize and qualify accounts **Insight provider** - Translate data into campaign KPIs	**Payroll automation** – Process compensation **Compliance reporting** – Generate required filings

In most companies, there are already dozens or even hundreds of early vertical AI efforts underway. While this experimentation is important, there is no question that not all of them matter equally. HR leaders should be wary of trying to standardize these approaches too early and rather should focus on where these experiments appear to be shifting work in ways that could create real advantage.

From there, CHROs can help the business structure those efforts more deliberately through time-bound pilots, clearer role implications, and better change support. In that sense, work redesign becomes more about recognizing where the next operating model is beginning to take shape.

Where HR Should Get Involved

- Where are employees already experimenting with AI?
- Which initiatives show measurable traction?
- How are we capturing lessons from failed pilots?
- How can HRBP and L&D accelerate promising use cases?

In many organizations, getting HR's own vertical integration in order is a prerequisite for leading broader enterprise change. Broadly, HR is still behind many functions in how deeply it is using AI. The risk is lost influence as the function attempts to lead transformation before it has demonstrated what effective AI-enabled redesign looks like in its own work.

Talent Flow

Can Talent Move to New Value Centers?

2

Outcomes Will Get Worse Before They Gets Better

As organizations face growing pressure to demonstrate returns on AI investments, executive leaders are looking for faster ways to translate adoption into measurable outcomes. While leaders expect AI to create immediate value, it—like many technologies before it—is following a J-curve, where performance dips before new value emerges.

1 Early adoption disrupts performance

Organizations deploy new AI tools before workflows and skills fully adapt

2 Short-term transition costs

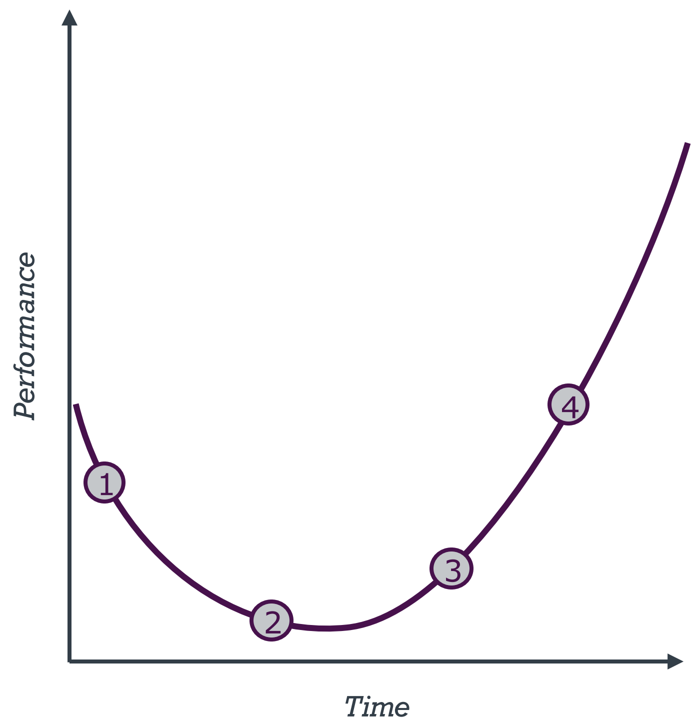
Early adopters invest in new capabilities before benefits materialize

3 Adjustment takes time

Teams need time to redesign processes, learn new systems, and experiment with use cases

4 System stabilizes and gains follow

Firms that absorb the transition period ultimately outperform peers



Role Reconfiguration Taxonomies Are Not Necessarily the Answer

To help CHROs guide organizations through the J-curve, vendors are rushing in with solutions that promise to deconstruct the entire workforce into tasks, skills, and role archetypes so companies can "rebuild" work at scale. That pitch is appealing because it suggests there is a clean, enterprise-wide path from adoption to productivity. However, the reality is messier.

Full-scale role reconfiguration efforts may generate impressive volumes of data, but they often produce more data than actual operating change. Particularly when AI use cases are still emerging unevenly across the business, a top-down redesign can quickly become detached from where value is being built.

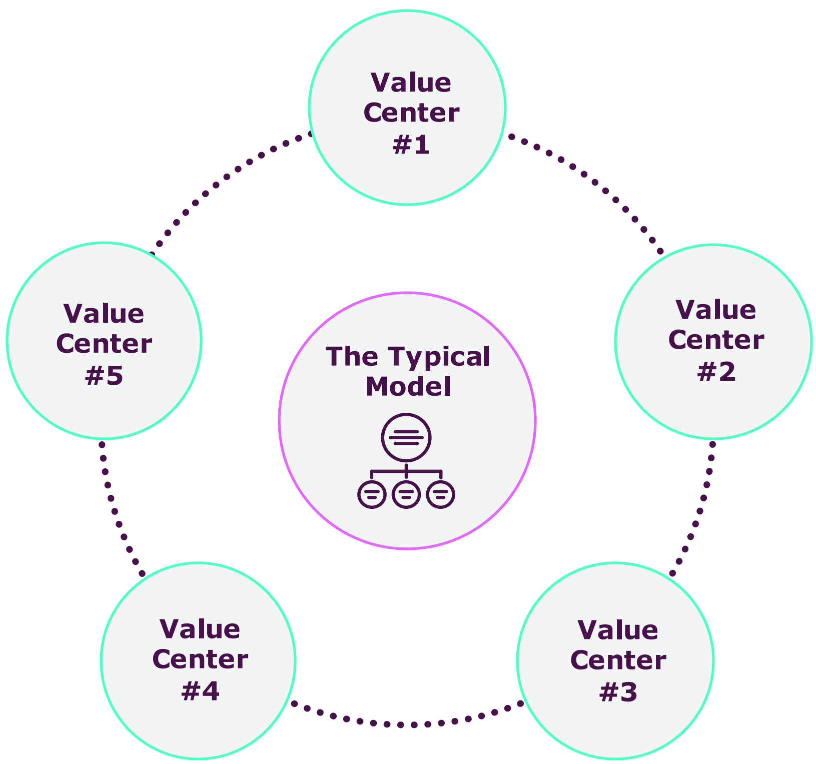
Additionally, these approaches often cause additional pressure on the workforce as employees hear "role redesign" and assume elimination, while leaders are really being asked to commit to new structures before they know which workflows will truly be transformed.

Building Adaptable Talent Systems to Maximize AI Value

Rather than trying to reconfigure the whole workforce at once, leading organizations are using hiring as a more practical entry point into work redesign. Each open requisition becomes a structured review of the work itself. HR and the hiring manager ask what parts of the role remain essential, what can now be augmented by AI, what work no longer belongs in the role, and which new judgment or coordination responsibilities need to be added. That keeps redesign close to live business demand.

However, redesigning roles one requisition at a time creates value only if talent can move with the work. As AI continuously changes what organizations need from different roles, talent must be able to move with them. A role map can describe where work is changing, but workforce fluidity determines whether the organization can actually follow that change with people, skills, and incentives before opportunity is lost.

> The goal is not to define the final shape of every role upfront but to build a system that can keep reallocating work and talent as AI changes where value is created.



The Typical Model	Value Center Approach
• Managers "own" talent and decide when and where to move staff	• Talent follows high-value work, even when it involves other teams
• Skilling happens when L&D teams create a program	• Learning happens continuously on the job
• Tenure and performance drive promotions and pay	• Value creation drives pay and performance

Leadership Capacity

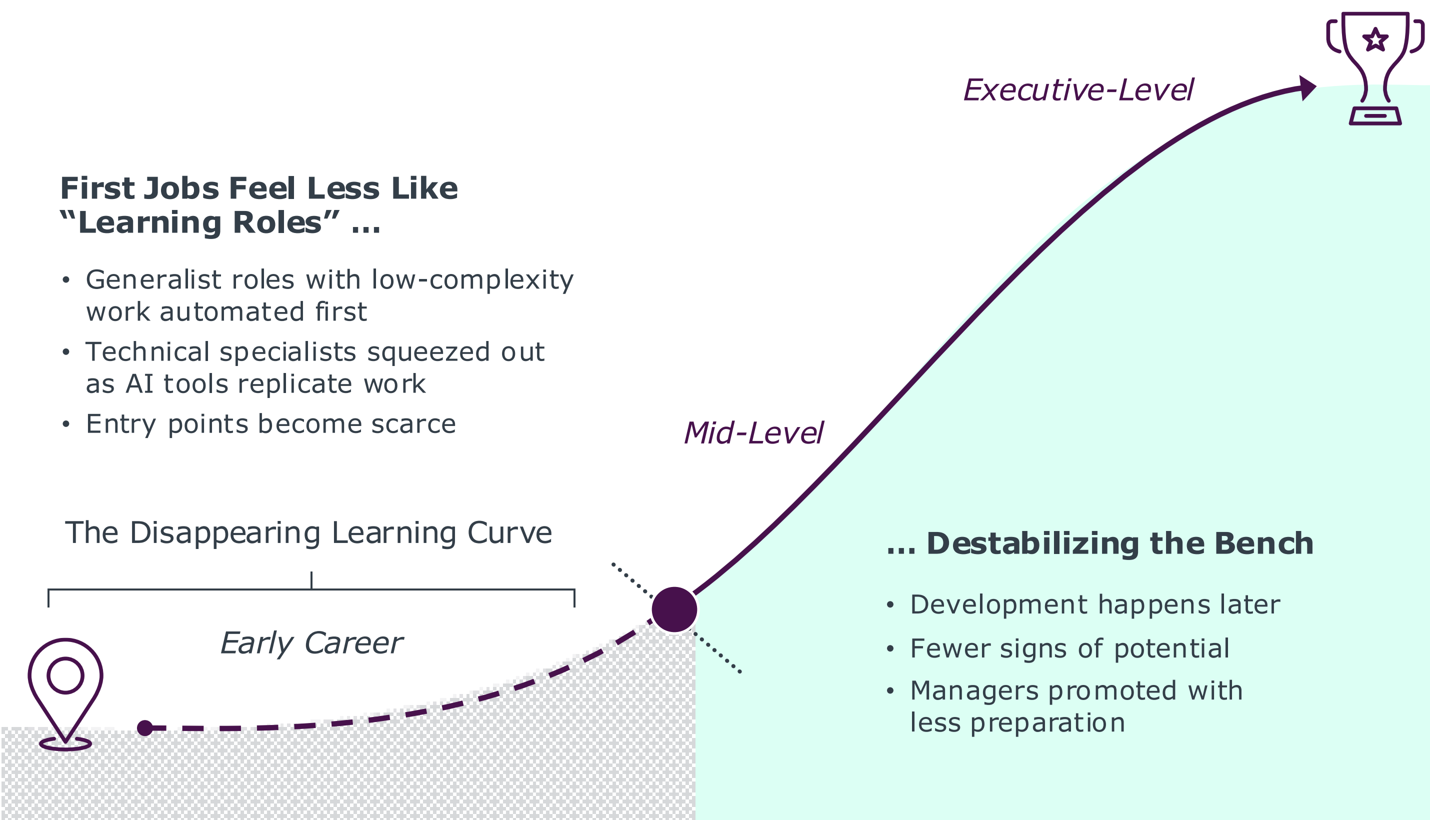
Can Managers Absorb and Translate Repeated Change?

3

AI Is Eroding the Apprenticeship Model of Development

GenAI is beginning to affect manager absorption long before employees ever step into management roles. Early-career jobs with high AI exposure are already seeing steeper declines in hiring. When that early learning curve disappears, development happens later and less evenly, and organizations lose many of the day-to-day opportunities they have traditionally relied on to identify future leaders.

The Pathway from Entry Level Roles Is Disappearing



AI automates routine tasks, eliminating the low-stakes work employees use to learn, move, and prove potential

Practically, AI's impact on early-career hiring is starting to erode the development model that many organizations have relied on to produce managers. In adapting to AI for workforce planning, **organizations are weakening the developmental architecture that once fed its leadership bench**—losing the enterprise capacity to absorb new priorities, interpret ambiguity, and turn strategy into operating change—all of which are essential to the response to AI disruption.

Unlocking the Capacity to Execute on Change

In many organizations, the failure or success of transformation depends on managers' ability to turn priorities into execution. As AI changes how talent accumulates within organizations, managers are often promoted with less preparation, making them less equipped to carry repeated waves of change at the exact moment when the business needs stronger execution.

Managers Are a Critical Component of Translating Strategy into Execution

To Bridge the Gap, Managers Must:

- Learn and internalize the proposed change themselves
- Introduce and communicate the change to frontline staff
- Develop departmental/unit-specific timelines and milestones
- Implement new policies, procedures, and process steps
- Help staff understand how their actions impact goals
- Monitor and track adoption of the change over time
- Keep costs within or below budget

If the traditional learning apprenticeship model is eroding, CHROs will need to build a more explicit model in its place. Rather than preserving legacy entry-level work for its own sake, employers should ensure that they recreate the developmental value of the tasks and experiences AI is replacing. That means creating more intentional ways for employees to build judgment, demonstrate potential, and gain operating exposure to forms of work that make capability visible earlier.

The payoff of redesigning these systems will be that of strengthening leadership succession over time and improving the organization's ability to translate AI strategy into day-to-day execution. Conversely, the cost of leaving leadership pipelines weakened risks reinforcing the drag on execution that is already appearing as AI-driven change moves faster than leadership readiness.

Workforce Confidence

Can We Move Fast Without Freezing or Panicking?

4

Change and People Management Is Key to Success

GenAI is beginning to strain employee confidence at the same time leaders are under pressure to move faster.

Notable, senior leaders are increasingly impatient for AI to produce returns, while employees are still trying to understand what the technology will mean for their jobs, their skills, and their future in the organization. That gap means that the workforce feels increasing instability and hesitancy toward AI adoption. If that gap becomes too wide, confidence begins to erode before AI value can materialize.

Employee Views on Workplace AI

52% of employees are worried about how AI may be used at work

31% of individual contributors express enthusiasm about AI adoption at work

32% of all employees say AI in the workplace will lead to fewer jobs

42% of AI users think use in the workplace will lead to fewer jobs

Persistent AI Concerns

- Keeping pace with the rate of change
- Missing out on promotions
- Impact on pay
- Ethical, security, and legal concerns

Recognizing the Tension Between Strategy and Execution

These employee sentiments mean that **AI transformation is going to move at the speed at which people can absorb change**, leaving HR leaders managing a widening gap between the speed the top wants and the speed the organization can realistically absorb. HR must translate urgency into executable plans and sequence change with enough guardrails in place so that the workforce does not freeze, panic, or resist the transition outright. Acting as the bridge between enterprise urgency and employee confidence, CHROs can ensure that the pressure to move faster toward new AI-driven capacity and capabilities does not outpace the organization's ability to successfully guide the workforce through transformation.

C-Suite Imperatives

- Move fast to capture AI advantage
- Deliver productivity and cost gains
- Signal bold transformation to markets

HR's Role

- Translate urgency into executable plans
- Sequence change and set guardrails

Middle Management Reality

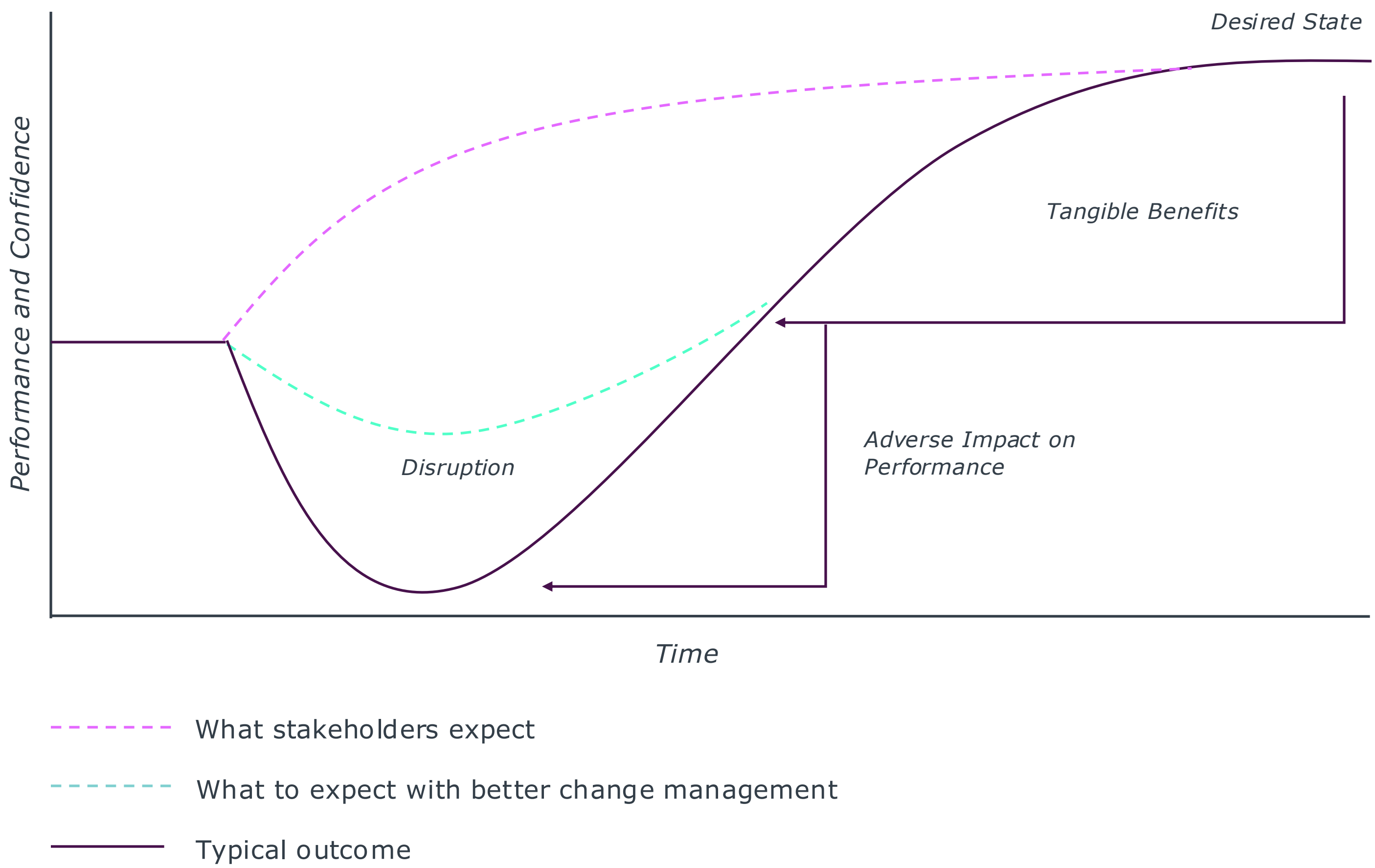
- Own day-to-day execution
- Manage workforce anxiety and adoption
- Balance timeline with operational risk

Workforce Confidence to Accelerate AI Adoption

To mitigate the risk of tension between executive priorities and employee sentiment, organizations need to treat confidence through transition as a core part of the AI strategy rather than a downstream communications challenge.

Better change and people management is what reduces the depth and duration of the AI J-curve. Practically, that means sequencing change in ways employees can absorb it and creating enough transparency that the workforce understands not only how work is being augmented but why new technology is being introduced as well.

When organizations preserve workforce confidence while change is underway, employees are more willing to experiment, managers face less resistance in adoption, and the business benefits from operating gains sooner. The inverse is equally important. If CHROs do not address transitional confidence, AI becomes easier to resist, harder to scale, and more likely to deepen workforce anxiety without producing the returns leaders expect.



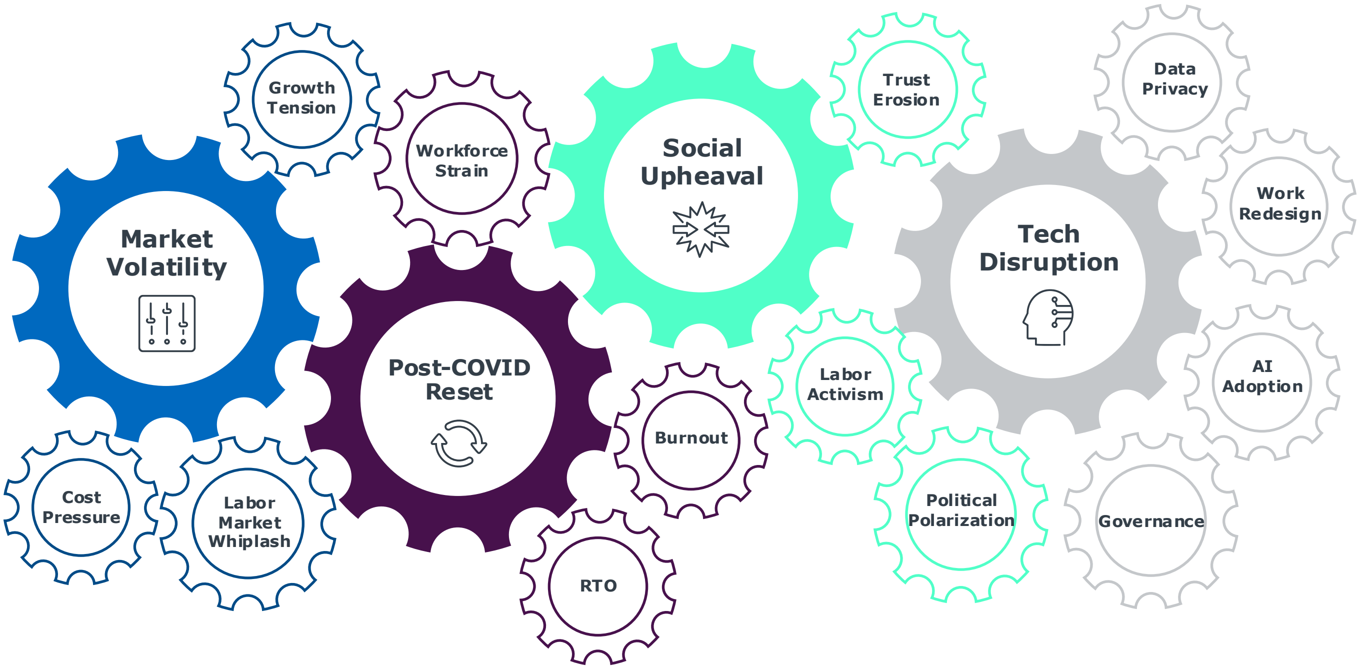
Workforce confidence is not a given for AI-driven change—it is one of the conditions that determines whether the enterprise can translate AI adoption into real performance.

How SeramountHR Can Help

5

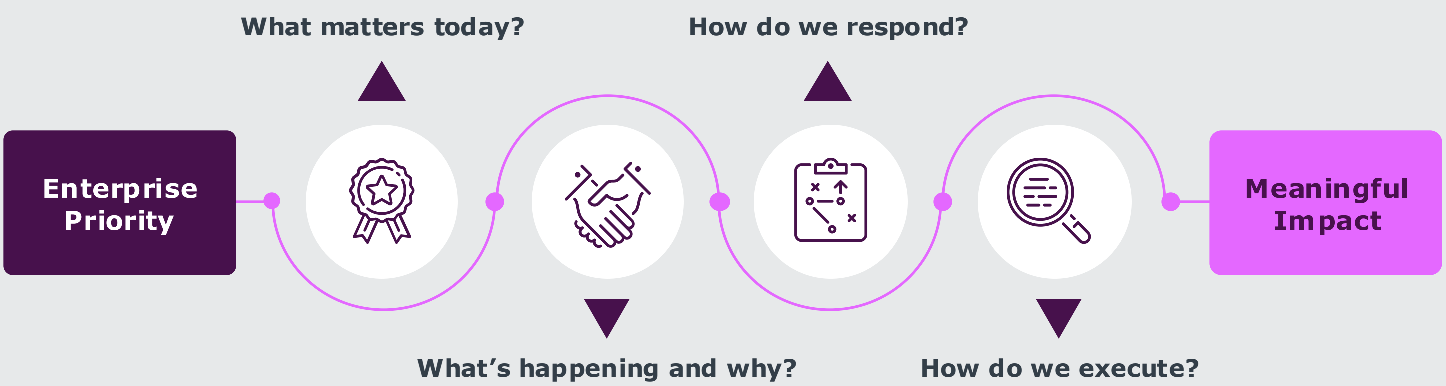
Priorities Are Changing Faster than Workforces Can Adapt

AI is just one of a hundred different disruptions workforce strategy is facing today. While these forces are not new, they are converging and compounding at a rate that most organizations were not prepared for. In this shift, CHROs sit at the center of repeatedly reinventing the workforce without slowing the business or exhausting their teams.



SeramountHR Is Your Strategic Change Partner

Success in this era depends on the ability to adapt talent operating systems to continuous change. Our partnerships help CHROs and their teams navigate change and the roadblocks that stall progress.



A Managed System of Action for CHROs and Their Teams

Our CHRO partnerships are powered by a system of action that helps HR teams anticipate what's next, align around what matters, and activate work that drives impact.

Signals

What matters today?

- Curated strategic intelligence
- Primers on emerging trends and implications for institutional priorities

AgilityIQ

What's happening and why?

- Proprietary assessments, diagnostics, and tools
- Gap identification and prioritized action steps

Activation

How do we execute?

- Accountable action plans and execution support
- Priority cross-walk into operating models and leadership habits

Studios

How do we respond?

- Expert-facilitated workshops
- Stakeholder alignment to accelerate change adoption

Experiences

Immersive community gatherings for CHROS and HRLTs, where Signals are generated and refreshed

How the System Works

Your Director of Partner Success will guide your partnership, providing the **action** and **accountability** you need to navigate continual and compounding change.

Enterprise Priorities
Define the outcome, workforce implications, and constraints

Partner Action Plan
Sequence actions, owners, and evidence of progress

Managed System of Action
Mobilize the right Signals, AgilityIQ, Experiences, Studios, and Activation support

Measurable Progress
Document results and reset priorities as conditions change

Proactive Partner Success keeps the action plan moving and resets priorities as conditions change

Regular progress reviews keep the work accountable and aligned to enterprise outcomes

Defined artifacts make progress visible and auditable

Explore how SeramountHR helps CHROs and their leadership teams navigate continual and compounding change.

seramount.com/contact-us

Build the Transition Capacity AI Disruption Demands

As AI pressure moves from experimentation to execution, organizations cannot treat workforce transition as one broad AI initiative. CHROs need focused changes that determine where to redesign work first, enable talent to move toward emerging value, strengthen managers' ability to absorb repeated change, and preserve confidence through the transition.

The SeramountHR managed system of action can help you achieve measurable progress on work redesign, talent flow, leadership capacity, and workforce confidence.

Signals: *Clarify Where AI Can Create Meaningful Value*

Use research and practitioner perspectives to separate broad productivity use cases from the workflows where AI can materially change how value is created.

AgilityIQ: *Find the Workforce Friction Slowing AI Adoption*

Establish an evidence-based view of your organization's capacity to absorb AI-driven change and the specific friction points most likely to slow adoption.

Studios: *Align Leaders Around the AI Workforce Transition*

Bring together key stakeholders to prioritize the AI opportunities with the strongest evidence of value for your organization. Align on what transformation can look like and what the workforce needs for success.

Activation: *Operationalize the AI Workforce Transition*

Turn agreed-upon priorities into a sequenced plan with clear owners and measures of progress. Help teams test promising AI-enabled workflows, learn what creates value, and scale successful changes without outpacing the workforce's ability to absorb them.

SeramountHR Partners

Contact your **Director of Partner Success** to shape a service plan around work redesign, talent flow, leadership capacity, and workforce confidence.

Not yet a partner?

Schedule time to speak to an expert.

Sources

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