

biased, incorrect, or otherwise problematic results that reduced employees' confidence in AI or created financial losses.⁶

Finding the right formula

If organizations redefine themselves as AI-first organizations—entities driven by AI, not just power users of it—the characterization can help them address key issues. AI-first organizations focus not just on the technologies behind AI but also on the operating models, culture, talent, leadership, and capabilities required to get the most from their AI investments.

Embedding AI in corporate culture

AI-first organizations are focused on building a perpetual-learning culture and teaching AI to the whole workforce. That's the only surefire way to drive widespread acceptance of AI. The organizations that report the highest returns from AI are nearly three times more likely than others to report using a variety of capability-building programs (such as experiential learning, self-directed online courses, and certification programs) to develop technical employees.⁷ They are also nearly twice as likely as others to offer programs for nontechnical employees.

Hiring or developing AI-savvy leaders

At a system level, leaders in AI-first organizations will likely need to establish new technology roles—for instance, chief analytics officer, chief data officer, and chief privacy officer. These leaders will have the requisite technological skills and background but will also need to demonstrate business acumen and understand how the organizations and the ecosystems they operate in create value and drive growth. They will also understand that corporate conduct counts, so they will show a keen interest in understanding and adhering to data ethics and hygiene. For example, they could make it clear that some suggestions about data-oriented projects and practices simply aren't up for negotiation. In this way, they can help ensure that organizations steer clear of potential privacy issues.

Leaders in AI-first organizations also must be change agents who can advocate for the inclusion of technology in strategy and process discussions. They can help bridge the divide between technology and business teams. Above all, they can actively embrace their role as talent scouts—attracting,



retaining, and cultivating high-end machine-learning experts, software engineers, data engineers, data scientists, and other top talent for AI-related roles. McKinsey research shows that the companies seeing the biggest bottom-line returns from applied AI are more likely than others to have well-defined capability-building programs to cultivate AI talent.⁸

Being thoughtful about AI-related risks and ethical concerns

AI-first organizations contribute to and adopt the requirements for responsible, trustworthy AI use. They consider possible unintended effects on societal and environmental well-being, technical safety, data privacy and governance, diversity, and fairness, among other factors. These are many of the same concerns that already affect people analytics.

McKinsey research shows that the companies seeing the biggest bottom-line returns from applied AI—those that attribute at least 20 percent of EBIT to their use of AI—are more likely than others to follow the best practices that enable explainable AI.⁹ That is, they can always express why an AI system reached a particular decision, which is especially important in organizations in which AI models may be used to automate hiring searches, loan approvals, or other sensitive processes. We have seen steady increases in the focus on mitigating AI risks related to equity and fairness.