

Artificial Intelligence; Real Leadership:

The Management Imperative
in AI Adoption



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Welcome from our Chair

Jacky Wright

Background

The Chair of CMI's prestigious **AI Advisory Council**, Jacky Wright is an innovator in every sense of the word. As McKinsey's first Chief Technology and Platform Officer (CTPO), Jacky has a proven history of leveraging technology to drive innovation, adopting sustainable and accessible business models, and facilitating digital transformation for leading global institutions.

She has held roles including Chief Digital Officer and Corporate Vice President for Microsoft US, and Chief Information Officer positions at BP and General Electric. Jacky also served as HM Revenue and Customs' Chief Digital and Information Officer within the UK government.

Jacky is **CMI's 2026 Gold Medal** recipient, recognising leaders who are at the pinnacle of their careers. She holds honorary doctorates from Aston University and the University of Bath, and was recognised on the UK's most powerful Black Briton in the Powerlist 2022.

In addition, Jacky is a Women in Science and Engineering Ambassador, a member of the World Economic Forum Chief Digital Officer Community, and an advisory board member for the Paul H. Chook Department of Information Systems and Statistics at Baruch College, City University of New York.



AI is no longer a future ambition, it's a present-day reality for organisations across every sector. But successful adoption isn't just a technical challenge. It's also a leadership and cultural one. Without strong, informed leadership, AI risks being underutilised or delivering uneven results. To truly unlock AI's potential, leaders need the strategic foresight to know where AI creates value and the ability to bring people along to new ways of working.

It has been a pleasure to work alongside fellow members of the CMI's AI Advisory Council to help both identify what needs to be done to get this right, and to support the development of workable tools for leaders at every stage in their career journey.

”

Jacky Wright
CMI AI Advisory Council Chair

Foreword

Ann Francke OBE, CMgr CCMi FIC | CEO, CMI



The AI revolution is well underway, and the impact will be transformative. But beneath the hype of this technological revolution lies a classic, age-old management paradox.

This report strikes at the very heart of organisational culture and the enduring ‘say-do gap.’ We are seeing senior leaders loudly champion the shiny new promise of AI in the boardroom, yet fall short in equipping their teams to actually put these tools to work on the ground.

Yes, 70% of managers are realising some basic efficiency gains, but only a paltry 5% have actually achieved truly transformational results. We are leaving substantial productivity gains on the table.

Perhaps the most alarming statistic suggests managers are being cut out. A staggering 70% of staff are now turning to AI apps for workplace guidance instead of their own managers. Why? Because they are offering faster, more detailed support than an untrained ‘accidental manager’ can provide. If that isn’t a wake-up call to professionalise your managers, I don’t know what is.

Throwing valuable resources at AI-readiness without backing it up with skilled managers is a recipe for wasting time and money. You cannot expect untrained leaders to oversee complex implementations and deliver real-world ROI. At best, you get haphazard, fragmented results. At worst, you get inertia and a workforce in dire need of the direction required to deliver the productivity boost that both your business and the wider UK economy desperately need.

The evidence in this report points to one undeniable conclusion: AI must be viewed as a core business strategy, not a standalone IT investment. It is a major change management initiative. That requires rigorous planning, crystal-clear communication, and deep colleague buy-in. None of those things can be automated; they require professional human leadership.

I hope you use this report to refine how you integrate AI into your teams. We have launched a new suite of Leading AI qualifications designed specifically to help managers at every level confidently navigate this disruption and translate AI hype into hard commercial ROI.

It may be artificial intelligence, but it still requires real human leadership!

Finally, I must extend my sincere thanks to our remarkable CMI AI Advisory Council, chaired brilliantly by Jacky Wright. Their considered expertise has been instrumental in shaping these findings. It has been a privilege to lead this collaboration, and we owe them our gratitude.

A handwritten signature in black ink that reads 'Ann Francke'.

Ann Francke OBE, CMgr CCMi FIC | CEO, CMI

Executive Summary

This report aims to support employers to move beyond their significant investment in game-changing AI infrastructure into identifying the blockers that are preventing that crucial next step – delivering impact. Grounded in real world experiences that move beyond notional benefit, the research points to a worrying managerial capability gap holding back the irrefutable upside of an AI revolution.

AI adoption: Reality on the ground

Despite funding and ambition, the research finds significant pinch points for many organisations.

→ Pilot purgatory

68% of managers' organisations are still in the early stages of experimenting or building pilots.

Despite this, 52% of managers expect their organisation to be operating AI ways of working or be “AI future-ready” within the next 12 months. At present, only 29% of managers believe their organisations are performing at that level.

→ Stalled productivity

While 70% of managers see productivity gains, only 5% report “transformational” improvements, with most gains limited to basic speed and efficiency uses.

Worryingly, one in four managers (26%) say they have seen no gains at all.

→ Generative vs. agentic confidence gap

While only 26% of managers feel “very confident” using generative AI, confidence plummets to just 10% when it comes to using agentic AI. This highlights that significant steps are needed to build capability for more advanced autonomous workflows and productivity gains.

→ The “say-do” gap

The research identifies a disconnect where 64% of senior leaders encourage AI experimentation, but only 13% of managers strongly agree that senior leadership actively experiments with AI tools themselves.

And just one in five (18%) of managers strongly believe that their senior leaders fully understand the benefits AI can deliver.

→ Confidence gap

Only 12% of managers feel “very confident” leading AI-enabled teams.

→ Workplace fallout

A striking 70% of managers report that they seek advice from generative AI rather than going to their managers for guidance, citing speed and technical detail as the primary reasons.

Future of work: Agentic-AI workplaces

To move beyond localised, smaller efficiencies to game-changing use cases, the research looks at what's working, where the workforce risks lie and the need to evolve in the agentic AI era.

1 Accidental middle-management gap

It warns that as AI automates routine entry-level tasks, the traditional pipeline for developing future middle managers is being disrupted.

2 Lean into Gen Z

It frames the incoming, AI-fluent Gen Z workforce not just as “juniors”, but as “accelerated citizen developers” who can fundamentally change team output.

3 SMEs on the front foot

It highlights that SMEs are currently outpacing larger organisations in experimentation (51% vs. 34%) and achieving early productivity gains, suggesting a shift in competitive advantage.

4 The new hybrid

It moves the conversation from “human vs. AI” to the management of “hybrid human-machine workflows” where processes are completed by a mix of human effort and AI automation working together.

AI leadership: New ways of working

This report speaks to the evolving nature of leadership in the age of AI and the skills needed to execute a generational workplace change.

→ The “agent boss”

A shift from supervising human tool-users to orchestrating complex workflows involving human staff and autonomous AI agents.

→ “Intelligent commissioners”

Leaders are urged to act as commissioners who use their experience to oversee, validate and own the consequences of AI outputs rather than just procuring AI stacks and consuming AI deliverables.

→ Practical risk calibration

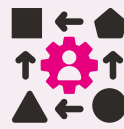
Instead of rigid no-use policies, it advocates for risk calibration - managing security and ethics as accountability shifts from IT departments directly to line managers.

→ Human-centric soft skills

It argues that as AI handles analytical work, the premium on emotional intelligence, empathy, and human-in-the-loop decision-making becomes a critical differentiator.

Key recommendations

To bridge the managerial capability gap and deliver transformational return on investment, this report presents four core recommendations for leadership:



Drive accelerated change

Treat AI adoption as a major change project that is happening at pace, one that requires an experimental mindset and buy-in across an organisation, and is aligned to strategic goals. This shifts the management model to “agent bosses”: directing and orchestrating complex projects involving human employees alongside autonomous AI systems.



Elevate human skills

Act as “intelligent commissioners” by dialing up human leadership skills (e.g., emotional intelligence) and maintaining a human-in-the-loop approach to oversee AI outputs.



Commit to continuous learning

Personally engage with AI to gain hands-on familiarity, moving beyond basic usage to understanding underlying concepts and committing to continual development. This includes sharing of AI use cases – including best practice, success stories and learnings – across the organisation and peer networks to accelerate learning and build practical capability and confidence.



Uphold governance and ethics

Focus on practical risk calibration, managing security, intellectual property, and ethical alignment as accountability shifts to line-of-business managers.

“

AI adoption is not just a tactical shift, it fundamentally transforms how we do business and interact. To succeed, we must double down on human capabilities: curiosity, creativity, communication and critical thinking.

Matt Brittin,
Guardian Non Executive Director;
former President, Google EMEA



Introduction

The Chartered Management Institute's mission – since our inception in the aftermath of World War II – is to increase the number and standard of professionally qualified managers and leaders, resulting in an economy with better-led and managed organisations. That goal has not shifted, regardless of dramatic technological advances, changing geo-political realities, economic shocks and a global pandemic. The march at pace of generative AI into our lives in recent years – and the speed with which it has infiltrated every aspect of the modern economy – is the latest moment that requires fresh thinking and new approaches from managers and leaders to ensure our economy can respond at pace to game-changing, powerful tools and deliver much-needed productivity gains.

As AI rapidly transforms industry and society, offering unprecedented opportunities for innovation, efficiency and competitiveness and the potential to significantly boost business outcomes, it nonetheless faces blockers. The primary hurdles to successful adoption are not technological, but human. Strikingly, 93% of global AI and data leaders identify human factors – such as culture, trust, and adaptability – as the primary barrier to AI implementation¹. While there is high ambition among organisations to integrate AI, a profound “delivery gap” exists; for instance, 89% of generative AI pilots fail to be deployed business-wide².

The UK Government has stated its commitment to AI adoption across the economy. It wants to rapidly pilot and scale AI products in order to drive better experiences and outcomes for citizens and boost productivity³. If achieved, the Government believes that investments in AI infrastructure, data assets, skills and regulation will drive economic growth and open up new opportunities. It has argued that better AI adoption could unlock up to £140bn a year in economic growth and has ambitions to upskill 10 million workers by 2030.

While AI investments are rising globally, many companies fail to achieve their desired returns due to organisational inertia, cultural resistance and

skills mismatches. These barriers are often rooted in a lack of strategic vision, inadequate change management and poor communication – all areas where leadership and management play defining roles. Without effective leadership to champion transformation and managers equipped to align teams with new AI workflows, even the most sophisticated technologies can falter.

This report identifies the specific managerial and leadership shortcomings that are holding back organisations from successful AI adoption. It also presents solutions born of both quantitative research and expert qualitative input. Under the guidance of the CMI AI Advisory Council and working in partnership with TechSkills, this research aims to give leaders a roadmap to success. It helps chart their path through myriad challenges around governance, change management, strategic pivots, the need for human, hands-on involvement and how an appetite for continuous professional development will enable their teams to move with the technology, not be consumed by it.

These findings contain some counter-intuitive results, including the slight edge currently enjoyed by SMEs when it comes to successful adoption. This speaks to both leadership uptake, an entrepreneurial mindset, and a degree of agility that is harder to find in large employers. It contains instructive moments for leaders in larger organisations that are struggling to gain purchase when it comes to translating investment into impact. The following pages speak to a ‘say-do’ gap in senior leadership, the imperative for leaders to share their own AI use cases and success stories if they are to inspire their teams to move forward with confidence. The findings in this paper also examine the risks of both moving too fast – without necessary training and guardrails – and of moving too slowly as AI adoption continues to dictate the economic environment in which we all operate.

¹ Harvard Business Review (2026), [Where Senior Leaders Are Struggling with AI Adoption, According to Research](#)

² Accenture (2024), [Generating growth: How generative AI can power the UK's reinvention](#)

³ Department for Science, Innovation & Technology (2025), [AI Opportunities Action Plan](#)

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The business imperative is clear - organisations must implement AI effectively. If they don't, their competitors will be doing a better job, and they will be left behind.

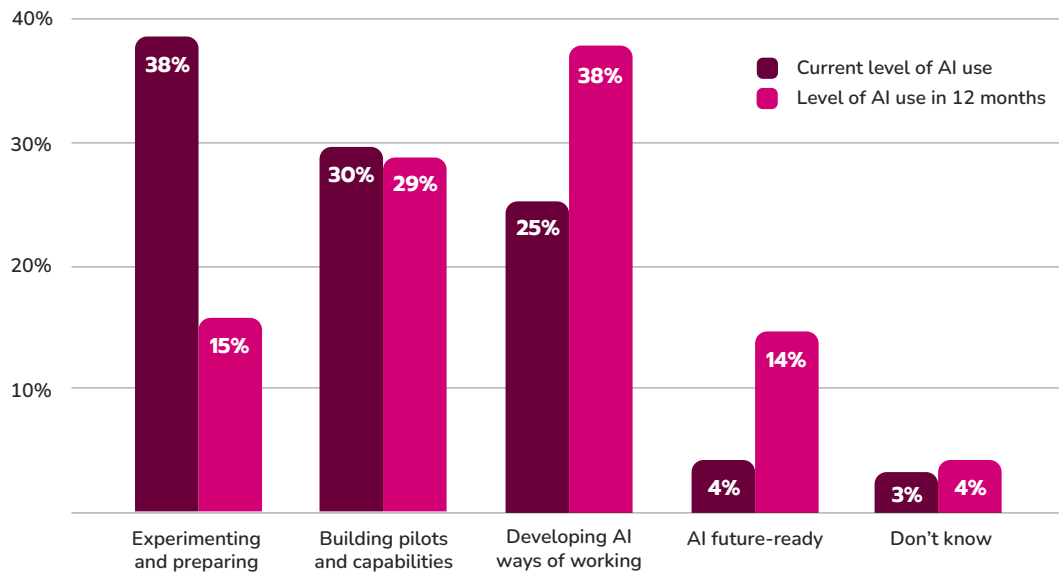
Sir Warren East CBE,
Chair of the Board at NATS,
former CEO at Rolls-Royce

01

The Current State of AI Adoption and Future Ambitions

There is a striking tension at the heart of the AI landscape: the gap between where businesses are today and where they demand to be tomorrow. At present, the majority of organisations are still tentatively testing the waters. Two-thirds (68%) find themselves at the very beginning of their AI journey, split between those simply experimenting (38%) and those building initial pilots (30%). Just three in ten (29%) have successfully advanced to developing true AI ways of working. Yet, despite this early-stage reality, businesses harbour aggressive timelines for growth. Over half of managers (52%) anticipate that their organisations will vault from these foundational steps to reach advanced strategic integration, or become fully “AI future-ready”, within the next 12 months.

Chart 1: Current vs. anticipated level of organisational AI use in 12 months



(Base: 717 - managers whose organisation currently uses AI in at least one function or area of work)

Definitions provided in the survey of each level of AI use were:

Experimenting and preparing

Learning and experimenting AI, setting basic policies, improving data access, identifying human-in-the-loop needs (e.g., internal workshops, testing or experimenting use cases, drafting usage guidelines, early data audits)

Building pilots and capabilities

Running use cases, starting automation, sharing data via Application Programming Interfaces, using generative AI to support tasks (e.g., chatbots, using AI routinely for admin tasks, secure AI access to internal documents, content generation)

Developing AI ways of working

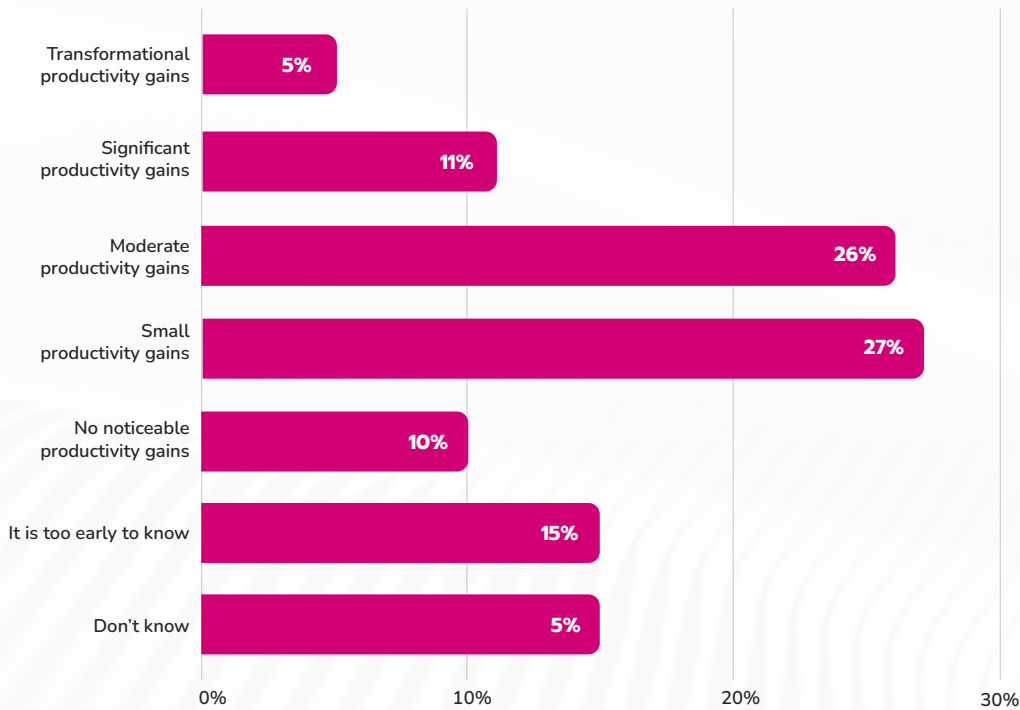
Expanding automation, adopting test-and-learn practices, re-using and integrating pretrained models, exploring agentic AI (e.g., AI embedded in software, workflow automation, AI-supported decision-making)

AI future-ready

Embedding AI in decisions and processes, offering AI-enabled services, combining generative, agentic and robotic AI (e.g., AI in core operations, automated end-to-end workflows, workforce trained to work alongside AI)

This rapid rush toward integration, however, has revealed a distinct “productivity paradox”. The promised benefits of AI are materialising, but not in the revolutionary ways many leaders expect. While a strong majority of managers (70%) report AI-driven productivity gains, these benefits remain largely tactical. Employees are enjoying time saved on routine tasks (75%) and general increases in efficiency (66%), but deep, structural change remains elusive. Only a fractional 5% of managers report that AI has delivered truly transformational productivity gains that fundamentally improve operations across all areas.

Chart 2: Productivity gains from AI use in organisations



(Base: 717- managers whose organisation currently uses AI in at least one function or area of work)

Schneider Electric⁴

To escape the “pilot purgatory” that many industrial firms struggle with, Schneider Electric implemented an AI-at-scale strategy by designing an organisational model that prioritises deployment at scale from the outset. The result is nearly 100 use cases already in production across both internal operations and customer-facing products. Leaders at the firm anchored every AI initiative in clear business value, embedded AI directly into existing workflows and engaged front-line employees in development and training to ensure solutions moved rapidly from inception to widespread deployment. This shift ensures that AI is treated as a core element for both creating internal efficiencies and adding value for the customer. It is not presented as isolated pockets for experimenting.

⁴ MIT Sloan Management Review (2026), [How Schneider Electric Scales AI in Both Products and Processes](#)

SMEs: Early momentum

Interestingly, this narrative shifts slightly when looking at company size, where small and medium-sized enterprises (SMEs) are carving out their own distinct path. SME managers reveal a faster start; 51% are currently at the experimenting or preparing stage, compared to just 34% of larger organisations. However, their ambitions remain just as aggressive with half (51%) of SME managers expecting their firms to become AI-enabled within a year – mirroring the 53% target set by larger corporations.

Crucially, this SME ambition is backed by promising early momentum. SMEs are already extracting slightly higher levels of early productivity impact from their AI tools than their larger counterparts. A third of SME managers (33%) report seeing small productivity gains compared to 25% in large organisations, and they are slightly less likely to experience zero noticeable impacts (22% versus 27%). This early traction may be driven by stronger personal capabilities at the leadership level, as SME managers report higher confidence in using generative AI (31% feeling “very confident”) than large organisations (23%).



Case Study

Cherry Professional reinforces the pattern of early momentum emerging among SMEs. As a technology-forward recruitment business, Cherry Professional has approached AI adoption with a clear commercial lens, prioritising productivity, revenue generation and stronger client engagement from the outset.

“Our starting point was simple, how can this help us generate more revenue, build more connections, and spend more time with clients? AI had to support those outcomes.”

This clarity of purpose has enabled a faster transition from exploration to practical application. Rather than relying on rigid frameworks, the organisation deliberately encouraged experimentation, trusting employees to identify relevant use cases in their day-to-day work. “We didn’t want to hand people a rulebook, we showed them what AI could do and gave them the space to apply it in ways that made sense for their role. That’s where we saw the quickest wins.” That emphasis on practical value is already translating into tangible productivity gains.

“Something like contract comparison used to take a full day, now it’s done almost instantly. That frees up time for the work that actually drives revenue.”

Ultimately, Cherry Professional’s experience underscores a key theme in SME adoption: momentum is driven by a combination of leadership confidence, cultural openness and immediate, practical application.

“

AI isn’t one-size-fits-all, you need to give people a framework, but also the freedom to explore. The human side of the job, relationships, judgement, conversations, that’s still what makes the difference. AI just gives you more time to do it.

Sarah Gibson,
Operations Director, Cherry Professional



A successful AI strategy requires alignment across all levels of an organisation.

The research reveals significant friction and capability gaps broken down by organisational level.

02

Current Capabilities and Barriers

The organisation: Failing to enable AI success

To understand the confidence and skills deficits at the managerial and employee levels, we must look at the systemic support provided by the organisation itself. The survey data reveals a stark reality: organisations are fundamentally failing to set their managers up for success. Most critically, only a quarter of managers (25%) rate their organisation's management training on AI adoption and driving AI-enabled change as 'good' or 'very good'. This systemic lack of targeted upskilling is the root cause of the adoption bottlenecks seen across businesses; without training leaders on how to manage the transition, even the best technology will falter.

Beyond management training, there is significant room for improvement in how organisations are leading their AI transformations holistically. In fact, no more than half of managers rate their organisation as 'good' or 'very good' combined on any of the following foundational metrics:

- **Strategy and accountability**

Just 31% report clear organisational strategy and communication about AI plans and impact. Furthermore, only 29% see defined ownership or accountability for AI initiatives, and a mere 18% report having clear metrics to monitor and evaluate the return on investment and impact of these initiatives.

- **Resources and integration**

Only a quarter rate their organisation's ability to integrate AI with existing systems and workflows (26%) or provide adequate budget and resources for AI initiatives (24%) positively.

- **Culture, governance and support**

While half (50%) report a culture that supports experimentation, learning and trust, executive and leadership commitment sits at just 44%. Furthermore, only 37% rate their governance policies for AI-related risks, accuracy, and accountability highly, and effective cross-team collaboration sits at just 30%.

- **Broader workforce skills**

Alongside the critical lack of management training, general workforce AI training and literacy (e.g., role-specific application, how to effectively prompt AI) is also lagging, rated highly by just 30% of managers.

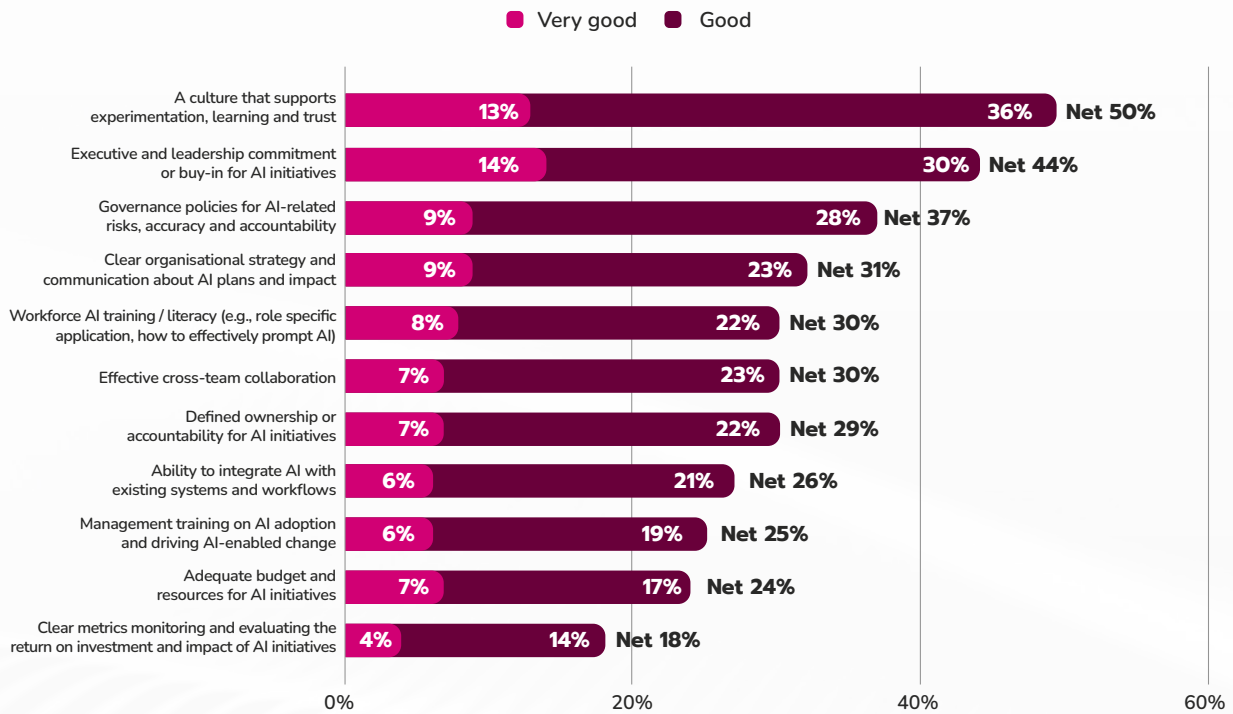
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One of the realities with AI is that employees are already using it – whether their organisation has formally embraced it or not. One business leader described this to me as 'grey AI': the space where companies are still debating their AI policy while their people are already experimenting with it to improve their own productivity and efficiency.

The challenge for leaders is not whether AI adoption is happening. It already is. The real question is how organisations turn fragmented experimentation into structured, organisation-wide adoption. Because when businesses successfully embed AI into workflows, decision-making and operations, rather than leaving it as isolated individual use, the impact on performance and productivity can be transformational.

**Anthony Impey MBE FCGI,
CEO, Be The Business;
Non Executive Director of Skills England**

Chart 3: Ratings of organisations in areas of AI adoption



(Base: 823 - managers whose organisation currently uses AI in at least one function or area of work, or is planning to use AI)

Senior management: The “say-do” gap

For AI adoption to succeed, it must be championed from the top down. However, the data reveals a significant ‘say-do’ gap among executives: senior leaders are generally supportive of AI in theory, but fail to model the necessary behaviours in practice. While 64% of managers agree that their senior leadership encourages staff to experiment with AI tools, only 13% of managers strongly agree that their senior leaders actively experiment with the tools themselves. Qualitative insights from the expert interviews also corroborated that while the C-suite is driving AI investment decisions, they are often the ones with the most “question marks” regarding their personal use of the technology. Senior management training serves as a valuable lever for addressing the executive ‘say-do’ gap, providing leaders with the familiarity and capabilities required to steer complex AI transformations.

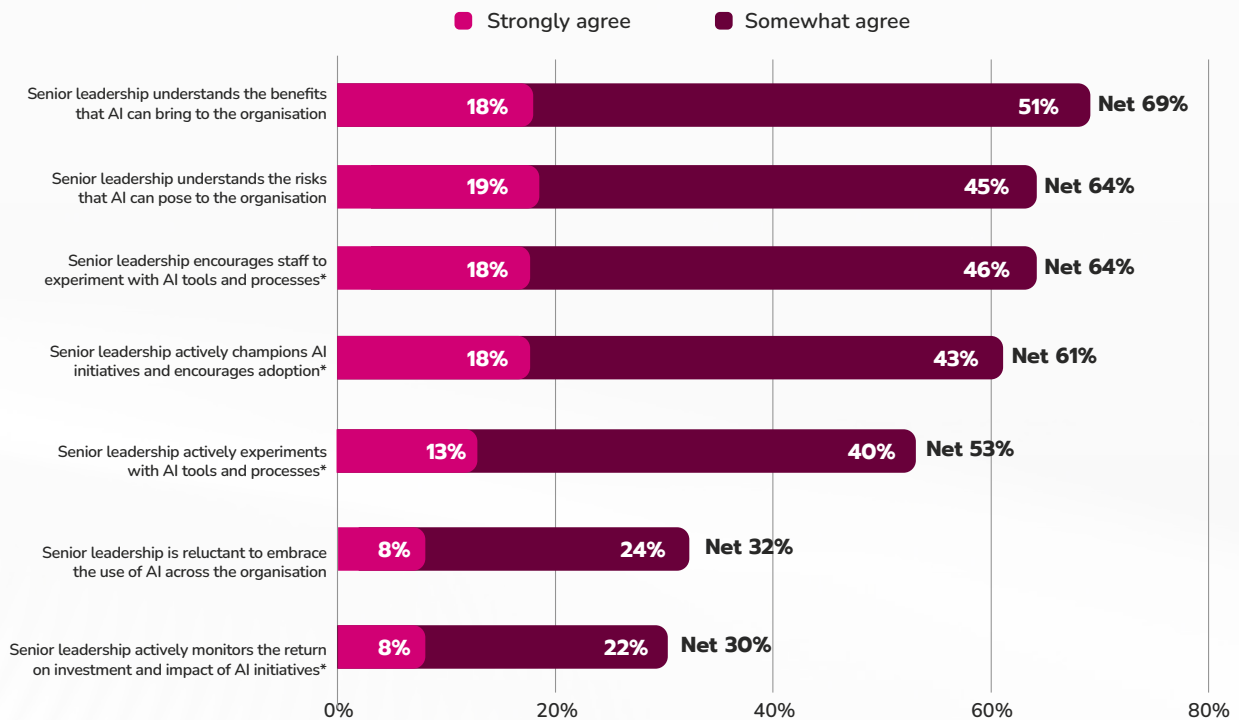
Lloyds Banking Group⁵

Lloyds Banking Group announced a bespoke 80-hour “Leading with AI” training programme for senior leaders, delivered in partnership with Cambridge Spark and experts from the University of Cambridge. More than 110 senior leaders, including three Group Executive members, have already completed the programme, with a commitment for all senior leaders to complete it by the end of 2026. The programme requires leaders to develop practical understanding of generative AI and real business use cases, ensuring they actively engage with the technology themselves. By embedding hands-on learning at the top of the organisation, Lloyds is directly addressing the senior management disconnect by establishing a culture of responsible AI adoption and value-focused innovation that trickles down to the wider organisation.

⁵ Lloyds Banking Group (2025), [Lloyds Banking Group pioneers AI leadership training with Cambridge partnership](#)

This lack of visible experimentation creates ambiguity: when leaders do not visibly share their own AI prompts or acknowledge the technology’s limitations, they fail to model the curiosity and agility required for the AI era. Managers also doubt senior leadership’s broader conceptual grasp of AI. While a majority agree that leadership understands the benefits and risks of AI (69% and 64% respectively), just one in five (18%) *strongly agree* that senior leadership understands the benefits, and only 19% *strongly agree* they understand the risks. Furthermore, fewer than one in ten (8%) *strongly agree* that senior leadership actively monitors the return on investment and impact of AI initiatives.

Chart 4: Perception of senior leadership’s attitude towards AI in organisations



(Base: 934 - all managers except for those who are self-employed or have no employees)

* Only asked to managers whose organisation currently uses AI in at least one function or area of work, base: 717.

This leadership disconnect is compounded by a severe gap in organisational guidance. Just a quarter of managers (27%) say their organisation provides comprehensive AI usage policies, leaving managers and employees to navigate complex ethical and operational risks in the dark.

Managers: Mixed emotions, low confidence and skills deficits

Managers are the linchpins of AI adoption and, personally, they are approaching the technology with optimism. When asked to describe their feelings towards their organisation's AI adoption, managers predominantly choose positive adjectives (83% overall) over negative ones (39%): they are curious (54%), open (38%), hopeful (34%) and excited (24%). Only a small minority report feeling anxious (16%), fearful of job loss (13%) or mistrustful (12%).

Chart 5: Managers' emotions toward organisational AI adoption

Larger words have greater prevalence, from Curious (54%) to Resistant (8%).



(Base: 823 - managers whose organisation currently uses AI in at least one function or area of work, or is planning to use AI)

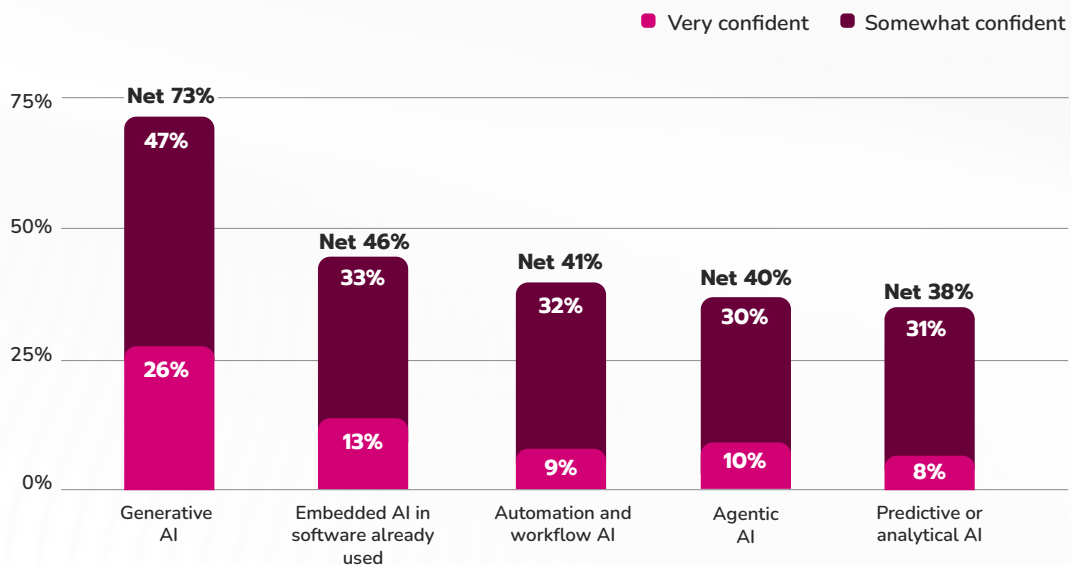


However, this personal curiosity is not translating into managerial capability, and managers feel remarkably underprepared to lead others. Just 12% of managers rate themselves as “very confident” in their ability to support their teams’ AI adoption. The primary barriers to personal adoption include a systemic lack of training (38%, rising to 40% among managers aged 35 or over), a lack of knowledge about how to use the tools (34%) and a fear of their own skills deteriorating (31%).

There are also deeper, generational psychological fears at play. Among younger managers (under 35), these insecurities are significantly exacerbated: nearly half (46%) are concerned AI might lead to their own skills deteriorating, 26% worry about appearing replaceable, 26% feel that using AI is akin to “cheating” and 24% fear judgement or stigma from their peers for relying on AI. Furthermore, nearly a quarter of all managers (24%) do not trust AI outputs, and 19% do not know how to validate the results.

Crucially, as the complexity of AI tools increases, managers’ confidence sharply declines. While 26% of managers report feeling “very confident” using generative AI, this figure plummets to just one in ten (10%) when it comes to using agentic AI. As the workplace transitions from using AI as a standalone tool to managing hybrid workflows, this critical lack of confidence in deploying and overseeing autonomous agents threatens to severely bottleneck organisational progress.

Chart 6: Personal confidence in using AI tools



(Base: 1019 - all managers)

PocketOS⁶

PocketOS, a company that provides software for car rental businesses, experienced the risks of agentic AI when Cursor, an AI agent powered by Anthropic’s Claude Opus 4.6 model, proceeded to delete the company’s entire production database and its backups, bypassing explicit safety protocols. This incident highlights the governance challenges associated with agentic AI, demonstrating how higher levels of autonomy can result in unintended and irreversible actions when oversight and constraints are insufficient.

⁶ The Guardian (2026), [Claude-powered AI agent’s confession after deleting a firm’s entire database: ‘I violated every principle I was given’](#)

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Good leadership in the age of AI in one way looks the same as good leadership has always looked like, but with that additional understanding of AI capability and the capability to lead not only the humans on your team, but the AI agents on your team too.

Rachel King,
Employer Engagement Director, TechSkills

Kraken⁷

Kraken successfully drove adoption of its generative AI tool, Magic Ink, by prioritising ease of use and ensuring employees remained actively involved through a human-in-the-loop approach. By enabling teams with AI-assisted message drafts, the tool is used by over 8,000 agents globally and generates over 2 million monthly messages, freeing staff to focus on more complex customer needs. This people-centric approach to deployment built trust and momentum, with over 60% of customer emails now AI-assisted and achieving higher customer satisfaction scores.



⁷ techUK (2024), AI Adoption Case Study: Kraken's generative AI tool for customer service helping Octopus Energy; plus additional information from Kraken

Employees: High anxiety and communication gaps

The lack of confident, visible leadership trickles down directly to the frontline workforce, where anxiety currently outweighs enthusiasm.

Three in five managers (61%) report that their employees feel anxious about AI adoption, compared to just 53% who say that employees are enthusiastic or optimistic.



Case Study

As a senior manager at NHS England, Zoe Olivia Bradley plays a central role in shaping national priorities, setting strategic direction and delivering on government commitments across the health system. Within this environment, AI is beginning to reshape how management is practised. In Bradley's team, it is positioned not as a decision-maker, but as a practical tool to improve productivity, reduce administrative burden and support more effective use of leadership time. "AI should support, not replace a person's role. Responsibility and judgement must always sit with the individual."

In practice, this means using AI to develop first drafts of briefings, summarise complex information and support routine tasks, while ensuring that outputs are always reviewed, challenged and refined. The expectation is clear: "AI can accelerate work, but it does not remove accountability."

Despite the availability of organisation-wide tools, governance frameworks and training adoption remains uneven. Some staff are sceptical about the value of AI, while others are uncertain how to use it effectively. Concerns about job displacement also persist,

particularly where the purpose of AI has not been clearly communicated. "Addressing this is less about technology and more about leadership."

Bradley highlights the need for leaders to actively shape how AI is used in practice, setting expectations, modelling appropriate use and creating space for teams to test and learn. "There's still a belief that using AI might replace roles, but in reality, it frees people to focus on leadership, problem-solving and higher-value work."

This requires a deliberate focus on capability. Managers need to understand how to use AI tools themselves, both to guide their teams and to ensure that outputs meet the standards expected in a high-stakes environment such as the NHS.

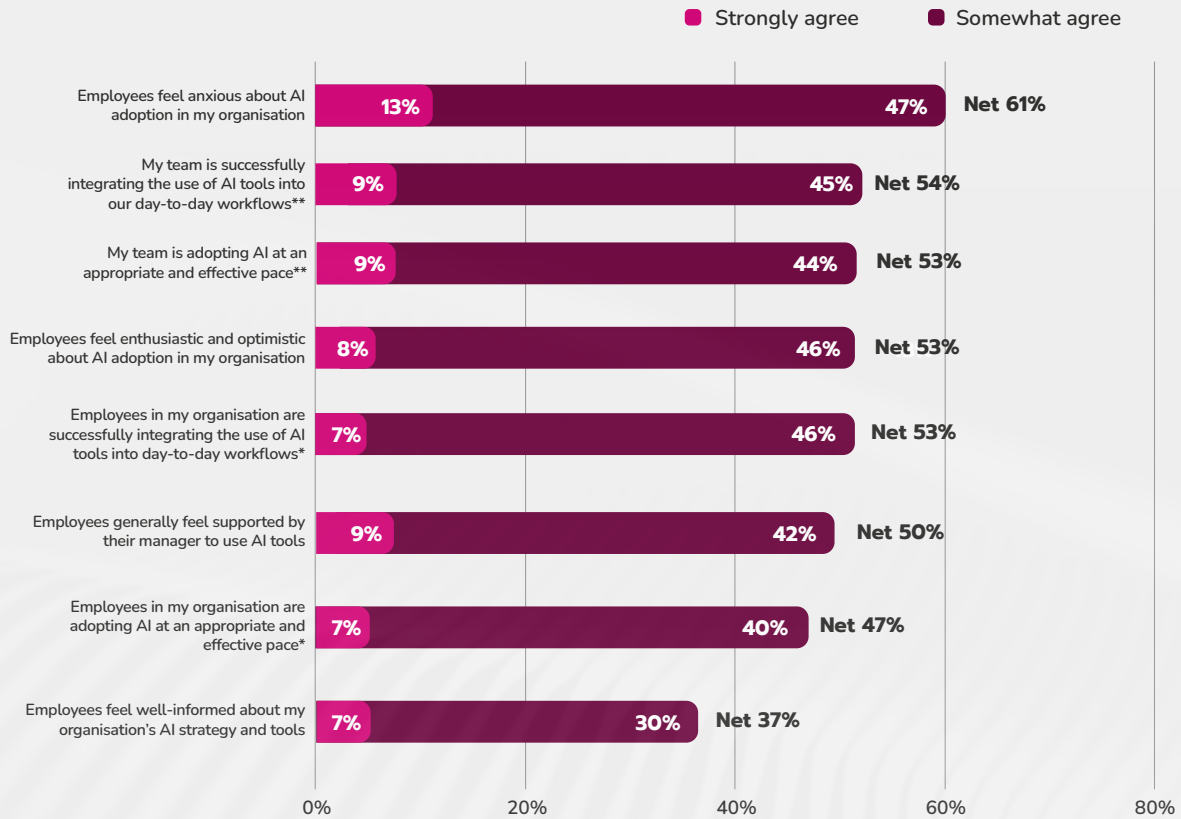
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Managers need to be confident using it themselves, otherwise people will use it informally and without the right safeguards.

Zoe Olivia Bradley,
Senior Programme Manager, NHS England



Chart 7: Perception of employees' attitudes toward and readiness for AI adoption in organisations



(Base: 823 - managers whose organisation currently uses AI in at least one function or area of work, or is planning to use AI)

* Only asked to managers whose organisation currently uses AI in at least one function or area of work, base: 717.

** Only asked to managers whose organisation currently uses AI in at least one function or area of work, and with line management responsibility, base: 520.

This anxiety is heavily compounded by poor communication and a lack of support. Only 37% of managers agree that employees feel well-informed about their organisation's AI strategy and tools, with a staggering 56% actively disagreeing. Furthermore, only half (50%) of managers agree that employees generally feel supported by their manager to actually use AI tools. This creates a vacuum of leadership presence, leading to emerging risks such as the use of "grey tech" (where employees use AI tools unofficially because policies have not kept pace), or a concerning trend where employees turn to AI tools for workplace guidance over their own managers because the AI offers faster, more knowledgeable support. In fact, CMI research from May 2025 revealed that 70% of managers reported that they have sought advice or guidance from generative AI tools at work instead of their manager, for reasons of receiving quicker, more detailed, timely or more technical guidance than their manager would provide.

The manager-AI trust gap⁸

Reporting on these findings, The Times highlighted that this trend exposes a lack of trust between managers and their bosses just as much as it reflects the impact of emerging technologies. Specifically, a quarter of those surveyed valued asking AI first to work out the right questions without facing ridicule from less patient human colleagues, and one in seven noted that they used AI to avoid being criticised for not already knowing the answer.

SMEs have a less fearful workforce: It is worth noting that the workforce within small and medium-sized enterprises (SMEs) appears less threatened by AI integration. Employees in SMEs are significantly less fearful of job losses as a result of AI (6% compared to 15% in large organisations) and exhibit much lower levels of mistrust towards the technology (8% compared to 14% in large organisations). Managers in SMEs (21%) are more likely than those in large organisations (14%) to agree that they feel empowered by their organisation's AI adoption.



⁸ The Times (2025), [Managers turn to AI chatbots for advice before bosses](#)

AI adoption is causing continual disruption, demanding a fundamental reshaping of leadership⁹.

03

Augmenting Management Skills for the New AI Age

Leadership skills have augmented importance for successful AI adoption & transformation

Qualitative insights from the CMI AI Council and expert interviews highlight four key areas where traditional management skills must be augmented:

✓ Driving change

- Change management
- Strategic focus
- Innovation and experimental mindset
- Reimagining what's possible
- Rethinking organisational design



✓ Human/people skills

- Making judgements and decisions, based on experience & AI understanding
- Vision
- Communication



✓ Appetite for learning

- Personal AI literacy and experimentation
- Training of teams
- Involvement beyond procurement
- Continual development



✓ Governance

- Risk - nature of and openness to risk
- Ethics, governance and data
- Exercising agency



All underpinned by **Pace and Pervasiveness**



Driving Change

AI adoption necessitates a fundamental change in the management operating model, moving leaders from being supervisors of human tool-users to becoming “agent bosses” – orchestrators of complex, hybrid human-machine workflows. Driving this structural change successfully requires executive focus on a specific set of augmented capabilities, particularly given the rapid pace and pervasive nature of AI transformation. This shift must also explicitly redefine team structures and individual roles, as integrating AI agents fundamentally changes daily tasks and collaborative ways of working. The goal of this redesign is to move roles beyond simple tool-usage to actively managing and orchestrating the new hybrid human-machine workforce.

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AI is changing work by abstracting away the complexity of technology itself. We are moving from a world of specialised programming, complex interfaces, and technical expertise to one where people simply describe outcomes, and intelligent systems generate results. The interface is no longer the software systems – it is intent. This shift is already transforming sectors such as software development and is rapidly extending into other areas of work. Tasks that once required technical capability, coordination, or operational overhead are becoming accessible through natural language and AI driven orchestration.

The pace and scale of this change are transformational for organisations and workforces. Many of us are investing in AI not only to create advantage, but to avoid strategic irrelevance. Leaders must therefore view AI as an opportunity to fundamentally rethink their business and how it is designed and delivered.

Rahul Chakkara,
Founder, Magikx AI

Leaders must first view this as an accelerated change management project, demanding elevated change management skills to navigate a transition that is much faster and broader in scope than previous digital rollouts. This commitment requires deploying an innovation and experimental mindset, prioritising fast, small-scale, lower-risk ventures to successfully build organisational capability and confidence at scale. Crucially, this experimentation must be anchored by a strategic focus, ensuring that pilots are aligned to clear business problems to maximise the likelihood of scalable, transformational returns. Ultimately, this shift compels senior professionals to reimagine what’s possible and new opportunities – actively seeking leverage points as AI evolves, rather than focusing solely on threats and losses. This long-term vision must be paired with a willingness to rethink organisational design and incentives, potentially requiring a strategic redesign aligned to the new AI architecture and the impact of agent teams on traditional structures.

Kantar¹¹

Kantar recognises that successful AI integration depends on human adoption as much as technological capability. Rather than treating people and AI strategy separately, it has created a combined People & Agents function, bringing together People, Change teams and the Agent Factory to build AI literacy and support a hybrid human-AI workforce by design. By embedding behavioural change and everyday use of AI into operating models, Kantar is shifting employee attitudes from scepticism to engagement while improving efficiency and outcomes.

KANTAR

“

We need to be using people in a different way for a new world, not thinking ‘well what did we do before’ and then get that done... Actually, what’s the new world?.. You’ve got to transform the system.

Dr Umang Patel,
Chief Clinical Information Officer, Microsoft; Paediatrician, NHS

¹¹Andy Doyle on LinkedIn (2026), [The future of work won't be won by better AI – but by how well people adopt it.](#)



2

Human/people skills and “intelligent commissioning”

As AI takes over routine analytical work, the premium on human-centric soft skills drastically increases. Leaders must act as “intelligent commissioners”, applying critical thinking and experience to oversee AI outputs, judge their accuracy and own the consequences of AI-assisted decisions.

“

Leaders must be ‘intelligent commissioners’, a role that goes beyond simply procuring AI and requires critical thinking about embedding the technology, understanding how the intended benefits will be delivered, and assessing potential risks. This focus on how and why technology is deployed ensures that leaders retain responsibility for the human impacts and outcomes associated with it.

**Hayaatun Sillem CBE,
CEO and Founder, Argentic Associates;
Former CEO, Royal Academy of Engineering**

This shift mandates a human-in-the-loop approach to decision-making: leaders must leverage their traditional experience and expertise, while also grounding their judgments in an understanding of how AI works and its underlying principles. Consequently, traditional human leadership skills need dialling up. This includes deploying elevated levels of emotional intelligence, empathy, inspiration and confidence. Furthermore, leaders must set the tone and communicate a clear AI vision, which is essential for instilling confidence and allaying the widespread anxiety employees are currently experiencing, ensuring the team is fully onboarded for the adoption journey.

The cost of unverified AI outputs^{12 13}

Work produced by Deloitte consultants in 2025 for government clients in both Canada and Australia was found to contain AI-hallucinated content, including academic citations to non-existent pieces of research and an invented reference from an Australian court judgement. While Deloitte maintained that the overall strategic value of the work was sound, they worked to correct the errors, acknowledged publicly that they were written with the support of AI and, in the case of Australia, agreed to partially repay the fee charged for the work.

¹² The Guardian (2025), [Deloitte to pay money back to Albanese government after using AI in \\$440,000 report](#)

¹³ The Independent (2025), [Deloitte breaks silence on N.L. healthcare report](#)

NHS provider organisations in London¹⁴

For NHS provider organisations in London, successful AI adoption is strongly linked to having the right culture and leadership, with both senior leadership support and staff buy-in identified as critical in driving initiatives forward, particularly from clinicians who understand real-world challenges and lead solution development. This involves individual champions and leads at different levels with expertise and interest in AI, through to the support of senior management with clear communication who can champion and interrogate AI at board level, creating an environment where staff feel empowered to experiment while maintaining oversight. Building confidence in AI requires strong, active leadership to ensure adoption is understood as safe, well-governed and aligned with patient care priorities.

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You've got to find a way to get people to buy in and change their mindsets about how they do their jobs and what they deliver day-to-day using the tools you've invested in to enable them to do that.

Tamara Box,
Chair and Non-Executive Director

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Essential skills for managers and leaders today go beyond simply understanding how to use AI, they include using it responsibly, recognising the ethical implications, ensuring decisions remain fair and unbiased, and creating opportunities for employees to get hands-on experience with the technology. Organisations that succeed will be those that build confidence and capability at every level, not just among technical specialists.

The rise of AI makes human skills more important, not less. Strong management and leadership, creativity, sound judgement, and the ability to build relationships will be critical differentiators.

It is this combination of technical awareness and deeply human capability that will define success in the years ahead.

Dr Nicola Hodson,
Chair of IBM UK and Ireland

¹⁴ UCLPartners (2025), [AI in London healthcare: The reality behind the hype](#)

A commitment to continuous learning

AI is not a one-time IT procurement project; it demands ongoing learning. Managers must personally experiment with AI to gain hands-on familiarity and understand the underlying logic of the technology, rather than outsourcing all knowledge to technical departments.

This involvement is crucial because AI has a whole-business impact and broader risk profile than typical tech stacks, meaning leaders must be more involved than just at the procurement stage. Crucially, while managers do not need technical skills such as data engineering, their commitment must extend beyond using a Large Language Model (LLM). It needs to involve a level of understanding of the underlying concepts of AI and even building small-scale agents for personal use. This new requirement mandates a practical AI literacy that sits between basic usage and technical expertise, allowing managers to read system outputs, recognise signs such as hallucinations and understand confidence scores. Developing this crucial middleground skill set is essential for effective governance and directly mitigates operational risk.

Due to the rapid pace of AI advancement, this self-familiarisation is not a one-time task but a commitment to continual development to stay up-to-date. Furthermore, to support this capability, teams will also need training to develop their AI usage skills.



One of the things I would counsel for leaders and managers is you've got to get away from the fact that you've been pretending probably for a long time that you know what's going on and you haven't had the time to really use it. Also these tools have taken away some of the stuff that you've relied on to make you different: All of a sudden somebody a lot more junior than you with less qualifications can get the same level of experience. I think the best leaders are going to be the ones that sit there and work out how to do prompts, for example.

Dr Umang Patel,
Chief Clinical Information Officer, Microsoft;
Paediatrician, NHS



Case Study

Loretta Cooper, Head of Marketing at The Economist Educational Foundation brings a practical perspective from a small, mission-driven organisation focused on creating news resources for young people. Working within a lean team where individuals often juggle multiple responsibilities, she highlights how AI is being adopted not as a transformation programme, but as a day-to-day support tool to enhance capacity and efficiency. “We’re a small team juggling lots of priorities, AI acts almost like a personal assistant. It helps speed up manual processes and gives us more capacity to focus on higher-value work.”

This mindset has contributed to a faster start than is often seen in larger organisations. Early adoption was supported by both structural and cultural factors, including alignment with the wider Economist group and strong leadership advocacy. Crucially, senior leadership has not only encouraged experimentation but visibly modelled it. “Our chief executive has been very open about using AI themselves and actively encourages everyone to experiment. That set the tone early and it made it feel safe and expected to try things out.”

This visible leadership engagement appears to have reduced the “say-do gap” often

observed in larger firms, replacing ambiguity with clarity and momentum. To embed this experimentation, the organisation introduced “AI champions” across teams, creating a decentralised but highly active learning culture. Knowledge-sharing sessions and external inputs have further accelerated capability-building.

“It hasn’t been about formal training, it’s been about hearing how colleagues are using AI, sharing examples, and learning from each other. That’s what really builds confidence.” This confidence is reflected in early productivity gains. AI has already been integrated into core workflows, particularly in data analysis, an area where smaller teams often face resource constraints.



The most important thing is to encourage experimentation and make it visible. If people are too cautious, they’ll fall behind. Creating space to share what works and what doesn’t is what really drives progress.

Loretta Cooper,
Head of Marketing, The Economist
Educational Foundation



NatWest Group¹⁵

NatWest Group is building an AI-driven organisation by prioritising AI fluency across all levels, with a strong emphasis on education starting from the Board and executive leadership. Through tailored briefings, scenario-based workshops and structured learning programmes, senior leaders are equipped to understand both the opportunities and risks of AI before cascading knowledge across the organisation. This approach has enabled large-scale upskilling of tens of thousands of colleagues, embedding responsible and effective AI use into everyday banking operations.



¹⁵ NatWest Group (2025), *AI for everyone: how NatWest Group is building an AI-driven workforce*

Governance, ethics and risk calibration

As AI scales, risks become more complex and cross-functional. Accountability is shifting from IT departments to line-of-business managers. Leaders must focus on practical risk calibration, proactively managing data security, intellectual property and ethical AI alignment while continuously educating their teams.

This new environment also redefines risk tolerance: due to the speed of change and competitive market pressures, leaders may need to accept an increased appetite for risk to stay ahead and develop proofs of concept with AI. Furthermore, because AI reaches across traditional business siloes, leaders must anticipate and manage risks that are far more wide-reaching. Crucially, the foundation of this risk management is upholding rigorous ethics and governance standards and recognising the importance of data for safe and responsible adoption.

BAE Systems¹⁶

AI adoption in defence comes with exceptionally high trust requirements. Governments procuring defence systems must ensure they are reliable, ethical, accountable and compliant with stringent public, legal and political realities. BAE Systems addresses these necessities in AI adoption through its “AI with Purpose” strategy. It has embedded multi-layered governance, traceability and human oversight into the entire lifecycle. They ensure human operators remain in-the-loop at every critical decision point. This trust-based framework underscores its ability to deploy AI capabilities in the high-stakes environment in which it operates. It does so while positioning ethical leadership as a core component of its risk mitigation, providing reassurance to its customers.

Oak National Academy¹⁷

Oak National Academy developed “Aila”, an AI lesson assistant, to help reduce teachers’ administrative workload when planning and adapting curriculum resources. Given the risks of AI generating inaccurate or misleading lesson content, producing biased material or mishandling educational data, the system is supported by a governance and risk framework with moderation and mitigation controls designed to prevent incorrect information, inappropriate content or unsafe outputs from reaching classrooms. This includes the use of retrieval augmented generation (RAG), where similar lessons from Oak’s corpus are returned and displayed to the user, and content anchoring to ensure outputs remain accurate, relevant and aligned with the curriculum. This is alongside a human-in-the-loop design where teachers co-create, review and approve all outputs before they are used with pupils.

¹⁶ Klover (2025), *BAE Systems’ AI Strategy: Analysis of Dominance in Defense*, Aerospace, Information Security AI

¹⁷ Cabinet Office, Department for Science, Innovation & Technology and Government Digital Service (2024), *Oak National Academy: Aila (Oak’s AI Lesson Assistant)*

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There are some conventional leadership and management capabilities that are required even with AI: being able to understand change and how this technology is going to impact the organisation; to understand and be comfortable with risk; to be able to bring people along; to be able to communicate both the risks and the benefits and give a balanced view. These are quite traditional leadership capabilities and leadership skills I would argue that leaders ought to have anyway. What's different is that AI brings into a boardroom or into a senior management discussion something that previous waves of technology have not: AI changes the risk profile of an organisation when it's implemented.

The risks in previous IT or tech implementations were confined very often to specific silos or specific parts of the organisation. You could put a boundary around where those technologies were going to impact the organisation, but AI technologies generally, and multi-agentic systems specifically, can impact all over the organisation all at once. If I've got agents that are learning and morphing, the decisions that these agents are taking today may not be the same kind of decisions that they took six months ago because they've learned in the last six months. They may not be the same decisions that they take in the next six months because they've learned in the next six months.

Ashley Braganza,
Professor of Business Transformation and
Director, Brunel's Centre for AI

“

A lot of companies are willing to take that little bit of risk but it's that sort of balance between 'do I tick every single box to make sure that my risks are properly planned out and I have taken every single mitigation to that?', and some other companies going 'I understand what's in play, I think it's worth taking this small amount of risk in order to see where this takes us'. It really depends.

Shobana Sridaran,
Principal Technical Architect - Data and AI,
Salesforce

Underpinning these four areas is the fact that AI transformations occur at a radically faster pace and are far more pervasive than previous digital rollouts. This means that many of these leadership skills must themselves be deployed at pace.

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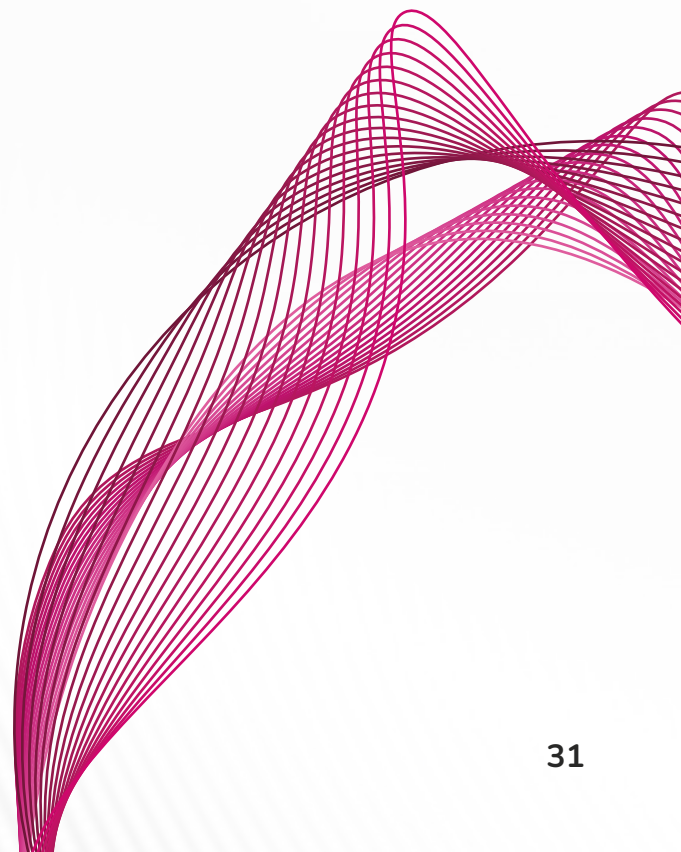
When you move fast, you can do more damage than good... On one hand it's terrifying because you're going way too fast; on the other hand it's exciting because you can actually show value... What people need to do right now is move slowly, sensibly, carefully. And by slow, you're going 100 miles an hour, but not a thousand miles an hour.

Danny Attias,
Vice President UK & Europe, Cloudforce

“

I think that's been the real challenge to leaders and managers in virtually every industry: today you're not doing one transformation project, you're doing about five at the same time. And that's a lot.

Tamara Box,
Chair and Non-Executive Director



“

The implications for organisations that fail to adopt AI are becoming increasingly clear. This technology is moving at extraordinary speed and is already reshaping industries and competitive advantage.

The risk is not simply that some businesses become slightly less efficient than their competitors. It is that they fall materially behind organisations that have successfully integrated AI into the way they operate. When competitors are able to make decisions faster, automate processes, improve customer experience and significantly increase productivity, the competitive gap can quickly become enormous.

The challenge now is not whether businesses experiment with AI, but whether they integrate it in a way that fundamentally changes how the organisation performs.

**Anthony Impey MBE FCGI,
CEO, Be The Business;
Non Executive Director of Skills England**

The necessity of these augmented leadership qualities is not merely theoretical; it is starkly evident in the data. Our survey findings reveal a powerful correlation between active, supportive management behaviours and an organisation's overall AI maturity. Managers within organisations at a more advanced level of AI use (characterised as 'developing AI ways of working' and 'AI future-ready') report a markedly different leadership environment compared to those in organisations still at the early stages of experimenting or building pilots.

In these advanced organisations, leaders are visibly engaged and model the necessary behaviours. Managers in these mature environments are significantly more likely to agree that:

- ✓ Senior leadership actively champions AI initiatives and encourages adoption (79% compared to 55% in early-stage firms).
- ✓ Senior leadership encourages staff to experiment with AI tools and processes (80% compared to 59% in early-stage firms).
- ✓ Senior leadership actively monitors the return on investment and impact of AI initiatives (44% compared to 24% in early-stage firms).

Crucially, this augmented leadership directly alleviates the frontline anxiety and communication gaps identified earlier. By adopting the role of an active, communicative "agent boss", managers in advanced AI organisations create a much more supportive culture. Consequently, employees in these mature environments are far more likely to feel well-informed about their organisation's AI strategy and tools (57% versus just 30% in early-stage firms). Furthermore, they are significantly more likely to feel genuinely supported by their manager to use AI tools (66% versus 47%).





Case Study

Claire Smith, Deputy Director for Student Experience and Support at the University of Leeds brings a dual perspective as both a full-time leader and a part-time student pursuing an executive leadership master's degree. "It helps me manage emails, summarise documents, and pull together meeting actions. It's a real time-saver in a world of constant meetings."

The University of Leeds is taking a proactive approach by embedding AI through internal tools. "Professional services are already seeing efficiency gains, but in teaching and learning we're still working through how to use AI responsibly."

Underpinning her approach is a strong emphasis on leadership behaviour and capability building. Claire stresses that managers must actively engage with the tools themselves, not just oversee its deployment. "If managers aren't using AI confidently, it's very hard for teams to feel safe experimenting with it."

This reflects the shift toward AI as an embedded productivity layer rather than a standalone tool. However, she emphasises that the primary barrier to scaling adoption is not technology, but confidence as well as ethical implications. Many staff remain hesitant due to fear and uncertainty, often amplified by external narratives around AI risk.

“

The biggest challenge is building user confidence. People need to see it used well, not just hear about it.

Claire Smith,
Deputy Director for Student Experience and Support, University of Leeds



“

I look at AI as just another one of the changes that organisations are going through, but the pace is so fast that it makes it harder for people to keep up with it.

Research shows us that if leaders communicate

What their purpose is

How people tie into it

Why they're going through a change

they're much more likely to get acceptance and speed their way to excellence.

Jeannette Lichner CCMI,
Non Executive Director, Information Commissioner's Office

Ultimately, these findings prove that reaching the advanced, transformational stages of AI adoption requires leaders who do not just passively procure technology, but actively champion, govern and communicate the change.

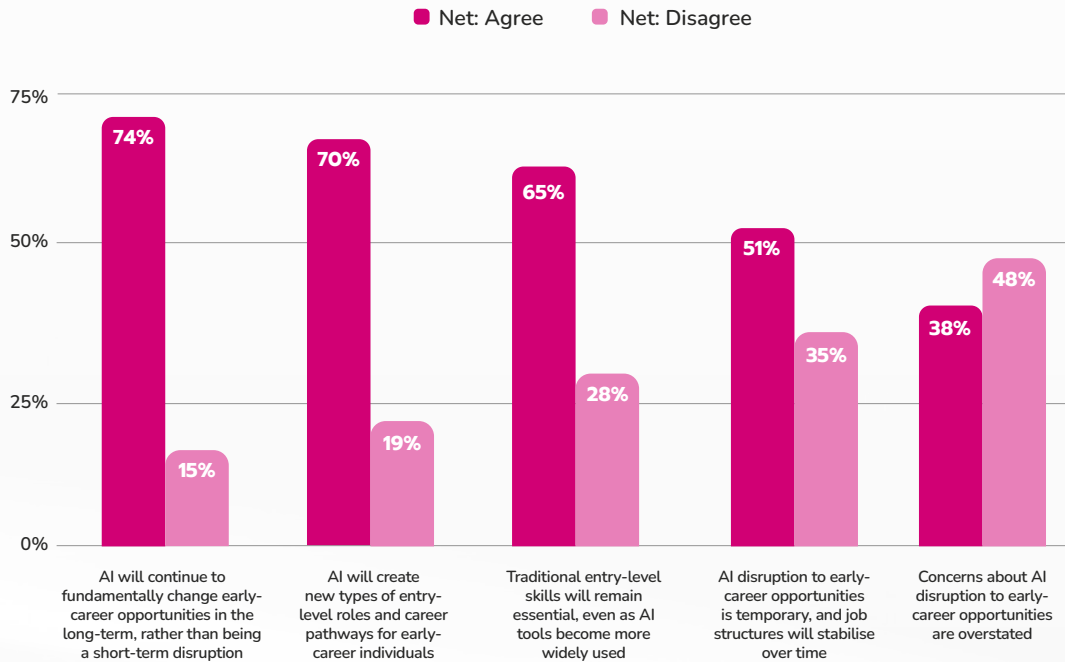
The automation of routine tasks is fundamentally reshaping entry-level roles, prompting an urgent need for leaders to rethink their talent pipelines and organisational structures.

04

Future-Proofing the Talent Pipeline and Early Careers

Three-quarters of managers (74%) agree that AI will continue to fundamentally change early-career opportunities in the long-term.

Chart 8: Perception of early-career opportunities in an AI-enabled workplace



(Base: 1,019 - all managers)

However, the narrative that AI alone is destroying junior jobs is inaccurate. While there has been a recent slowdown in early-career hiring, evidence suggests this is largely driven by broader macroeconomic conditions rather than solely AI displacement¹⁸. In fact, seven in ten managers (70%) agree that AI will actually create new types of entry-level roles and career pathways. The challenge for leaders is not a lack of roles, but rather managing the transition and redesigning how junior employees learn and progress.

¹⁸ Financial Times (2026), *The AI Shift: What millions of job ads reveal about AI displacement*; LSE Business Review (2026), *Are jobs getting better? "AI has the potential for a massive productivity uplift"*; Anthropic (2026), *Labor market impacts of AI: A new measure and early evidence*



The “middle-management gap”



Historically, early-career professionals built their foundational knowledge by performing basic, routine activities. With AI automating these tasks, organisations face a critical challenge: how do junior staff build the necessary experience to become the mid-level managers of tomorrow? If leaders fail to intentionally maintain this talent pipeline, organisations risk a severe gap in future management depth and institutional knowledge¹⁹.

Managing “accelerated citizen developers”



Managing “accelerated citizen developers”: Younger workers entering the workforce are often highly AI-fluent. The CMI AI Council defined these early-career individuals as “accelerated citizen developers” who bring immense technological capability to their teams. Forward-thinking tech companies are already actively increasing entry-level hiring to capitalise on this Gen Z fluency²⁰.

The premium on human-centric skills



Because AI handles the analytical and routine tasks, the value of traditional “soft” skills for early-career professionals has skyrocketed. As one CMI AI Council expert noted, organisations are finding that while their new graduates are highly tech-savvy, they often require training in basic interpersonal skills, such as phone etiquette and human-to-human communication.



AI is creating new opportunities to rethink how we develop entry-level talent. As the workplace evolves, there is growing value in focusing on agility, adaptability and creativity, which are uniquely human skills that will help future-proof the talent pipeline from entry level through to leadership.

Sarah Moors,
Head of Early Careers and Apprenticeships, BBC

¹⁹ The Economist (2026). [How big a threat is AI to entry-level jobs?](#)

²⁰ Fortune (2026). [IBM is tripling the number of Gen Z entry-level jobs after finding the limits of AI adoption](#)



Consulting cuts vs. tech hires

As AI is performing foundational tasks faster and more cheaply, some major management consultancies are scaling back on their graduate hiring. In the UK, KPMG reduced its graduate intake by 29% while EY made cuts by 11%²¹. In contrast, IBM is tripling its entry-level hiring in the US by redesigning roles across sectors to prioritise AI fluency, reflecting a broad definition of entry-level that includes recent graduates, career returners and individuals reskilling or pivoting into new careers. Dropbox and LinkedIn are also expanding their internship and new-graduate programmes by 25% and 40%, respectively, to capitalise on younger workers who are AI-native²².

To successfully navigate this disruption, leaders must proactively overhaul their approach to junior talent. Managers identify several vital interventions required to maintain a strong pipeline in an AI-enabled workplace:

Redesigning roles:



Two-fifths of managers (41%) emphasise the need to redesign entry-level roles so that juniors work alongside AI, focusing on high-value human interactions rather than routine processing.

Continuous upskilling:



63% of managers cite ongoing upskilling and reskilling pathways as critical as AI tools evolve.

Targeted mentoring:



43% of managers believe mentoring and coaching programmes specifically tailored for early-career individuals are essential to help them navigate this new, less structured learning environment.

Targeted management training:



Half of managers (49%) stress the need for dedicated management training to effectively support and manage entry-level staff who work alongside AI.

Ultimately, preserving the talent pipeline requires a strategic commitment from leaders to protect “human grounding”. By intentionally designing human-centric learning environments, managers can harness the technological fluency of early-career professionals while developing the critical thinking and leadership skills they will need for the future.

“

The leaders we need now aren't ‘busy fools’, they are curious, passionate people who take a personal interest in new tech rather than just supervising it. We have to move away from teaching content and slides, and instead focus on sharing lived experience. Since young professionals lack experience and will naturally make mistakes, the role of a leader is to act as a role model, bringing knowledge to life and sharing the wisdom that AI cannot replicate.

Professor Tim Stewart,
Vice-Chancellor, BPP University

²¹ The Times (2026), *My daughter wants a career that survives AI — so I ranked them*

²² Business Insider (2026), *These 7 companies are increasing hiring of entry-level engineers*; plus additional information from IBM

Recommendations: Closing the Gap

This multi-phase research has resulted in a wealth of data that points to the actions that managers and leaders can do now to leverage the potential that AI offers:

1

Driving accelerated change

Managers and leaders must shift their operating model from supervising tool-users to being “agent bosses”, orchestrating complex hybrid human-machine workflows.

- ✔ **Treat AI as an accelerated change management project:**
Elevated change management skills are required to navigate a transition that is much faster and broader in scope than previous digital rollouts.
- ✔ **Deploy an innovation and experimental mindset:**
Prioritise fast, small-scale, lower-risk ventures to successfully build organisational capability and confidence at scale.
- ✔ **Anchor experimentation strategically:**
Ensure that pilots are aligned with clear business problems to maximise the likelihood of scalable, transformational returns.
- ✔ **Rethink organisational structures:**
Be willing to rethink organisational design and incentives, potentially requiring a strategic redesign aligned to what added value AI is capable of delivering.

2

Elevating human/people skills and “intelligent commissioning”

As AI automates routine analytical work, the value of human-centric soft skills increases, requiring leaders to become “intelligent commissioners”.

- ✔ **Maintain a human-in-the-loop approach:**
Leaders must leverage their traditional experience and expertise, while grounding their judgments in an understanding of how AI works and its underlying principles.
- ✔ **Dial up human leadership skills:**
Deploy elevated levels of emotional intelligence, empathy, inspiration and confidence.
- ✔ **Communicate a clear AI vision:**
Set the tone and communicate a clear vision for AI adoption, which is essential for instilling confidence and allaying employee anxiety.

3

Committing to continuous learning

AI demands ongoing learning – it is not a one-time IT project. Leaders must personally engage to build fluency.

- ✓ **Gain hands-on familiarity:**
Managers at all levels must personally experiment with AI to gain hands-on familiarity and understand the underlying logic of the technology.
- ✓ **Focus beyond LLM usage:**
Extend commitment beyond merely using a Large Language Model (LLM) to understanding the underlying concepts of AI.
- ✓ **Prioritise continual development:**
Maintain a commitment to continual development to stay up-to-date with the rapid pace of AI advancement.
- ✓ **Upskill teams:**
Provide training to teams to develop their AI usage skills.
- ✓ **Promote a culture of shared learning:**
Actively encourage the transparent sharing of AI use cases – including both successes and documented failures – across the organisation and peer networks to accelerate learning and build practical capability and confidence.

4

Upholding governance, ethics and risk calibration

Accountability for AI risk is shifting from IT to line-of-business managers, requiring a focus on practical risk management.

- ✓ **Focus on risk calibration:**
Proactively manage data security, intellectual property and ethical AI alignment while continuously educating teams.
- ✓ **Uphold ethics and governance:**
Uphold rigorous ethics and governance standards and recognise the importance of data for safe and responsible adoption.
- ✓ **Manage wide-reaching risks:**
Anticipate and manage risks that are far more wide-reaching, as AI technologies can impact all over the organisation all at once.
- ✓ **Accept increased openness to risk:**
Be prepared to accept an increased openness to risk to stay ahead and develop proofs of concept with AI, due to the speed of change and competitive market pressures.

“

Today's managers need to create environments of trust and experimentation to navigate AI effectively. Ultimately, you are not going to be replaced by AI; you are going to be replaced by a human using AI. Investing in the human side of leadership is the best place to start.

Matt Brittin,
Guardian Non Executive Director; former President, Google EMEA

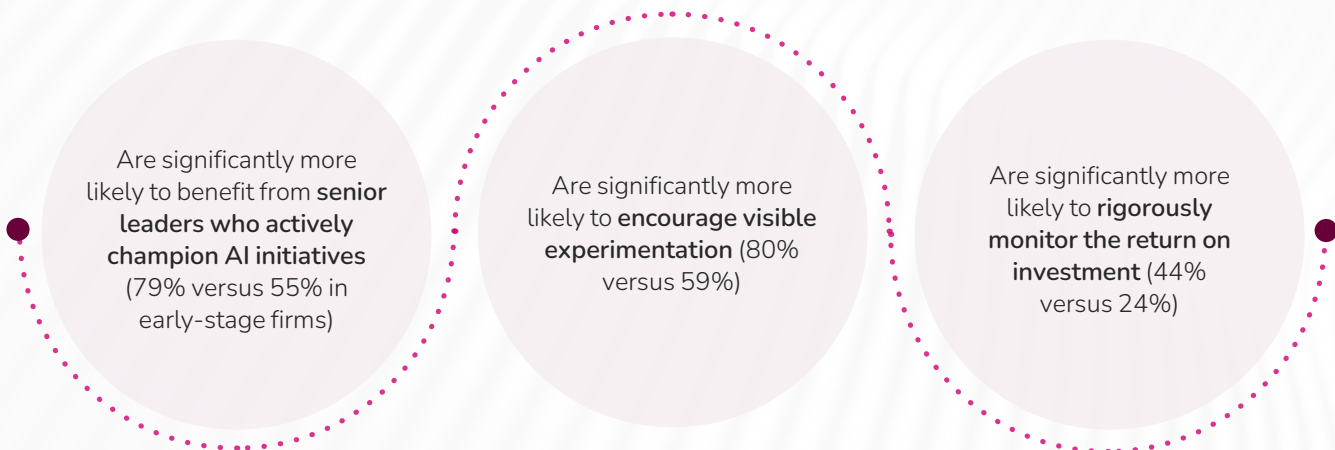
The data makes it overwhelmingly clear: failing to upskill management is the single biggest threat to an organisation's AI ROI (return on investment). Over 80% of managers agree that both their own performance, and their team's performance, would improve with a better understanding of how to manage AI.

The survey data also establishes a clear and compelling link between strong AI leadership practices and overall business success, underlining that effective AI management is a critical business imperative.

Managers who rate their organisation's business performance as "good" or "very good":



This correlation between leadership and success is also reflected in AI maturity levels. Organisations at advanced stages of AI integration:



Ultimately, the data demonstrates that advancing AI capabilities – and intentionally investing in the human leadership skills required to orchestrate them – is a fundamental driver of business performance.

Rolls-Royce²³

Rolls-Royce has embedded AI at the core of its TotalCare business model, integrating it throughout the full lifecycle of engine design, manufacturing and in-service operations. This means data from engines is continuously used to improve performance, reliability and service outcomes. To execute this ambitious vision, Rolls-Royce established R2 Data Labs to tether AI directly to solving real-world business problems and creating customer value, ensuring best practices and technological breakthroughs are disseminated throughout the organisation and fostering a unified digital culture. By treating AI as a core corporate strategy, with leaders championing it at the highest levels, Rolls-Royce builds competitive advantages across the entire value chain as an industry leader that is difficult for competitors to replicate.

²³ Klover (2025), [Rolls-Royce's AI Strategy: Analysis of Dominance in Aerospace](#)

The demand for targeted support is substantial. When managers were asked what resources would best support them in leading their teams through AI transformations, the response was clear: they need comprehensive, practical and leadership-focused training.

While over half (52%) cited a need for foundational technical AI skills training, the subsequent demands were overwhelmingly focused on the human and strategic elements of AI adoption:



A formal qualification in managing and leading AI adoption is a key solution to these challenges, and CMI's new Leading AI suite delivers all of these highly requested resources. By packaging strategic leadership training, practical toolkits, ethical governance frameworks, and change management strategies into one comprehensive programme, CMI's qualifications provide the exact holistic support that managers are actively calling for. CMI partnered with TechSkills to rigorously integrate essential technical AI skills into the qualifications.

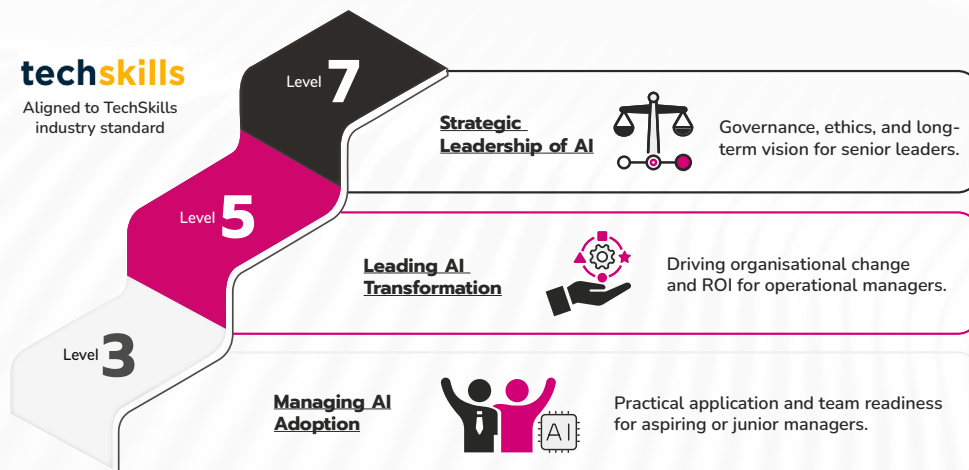


CMI has always supported leaders in managing change and overcoming uncertainty. With AI accelerating on a daily basis, the core purpose of CMI's leadership development has never been more important.

Massimo Brebbia,
Regional Director – Middle East & Caspian, Global Maritime

Organisations must proactively invest in developing AI-fluent leaders by moving beyond generic technology training to focus on the human and strategic dimensions of AI. To support businesses and training providers in this critical transition, CMI has developed a robust suite of Leading AI qualifications.

- ✔ **Targeted learning pathways:**
CMI's qualifications span three tiers (Level 3, Level 5 and Level 7), ensuring that everyone from early-career "citizen developers" to senior executives receives appropriate, targeted training.
- ✔ **Focus on management, not just code:**
Designed specifically to address the market gaps in change management, communication, ethics and psychological readiness, these qualifications teach leaders how to responsibly orchestrate AI transformation.
- ✔ **Future-proofed:**
While the core focus on human skills helps to future-proof many elements, the product suite is designed to accommodate the rapid pace of AI evolution. CMI will work with partners to ensure that new developments (such as modules on managing AI agents) are quickly integrated, guaranteeing the qualification remains current and relevant.



80% contextualised management and leadership

Driving Change

1. Navigating and leading change for AI adoption
2. Driving innovation through AI

Human Skills

3. Building and leading AI confident teams
4. Using AI-driven insights to make decisions

Making an Impact

5. Personal development for effective AI leadership
6. Managing an AI project

Governance

7. Management and leadership for AI
8. Responsible for ethical AI adoption

20% technical skills for managers

9. AI fluency for managers and leaders
10. AI feasibility and risk governance

techskills

CMI worked in collaboration with TechSkills – the UK’s employer-led accreditation body for digital skills – to develop brand new units in AI, cybersecurity and data to ensure that technical AI skills are part of the syllabus. To meet the urgent demands of the modern workplace, TechSkills brought together a group of leading employers to define the core competencies required of managers and leaders today and for the future. For TechSkills, this process involved:

- ✓ **Employer engagement:** Leading a series of strategic roundtables to establish rigorous standards across AI and data sectors. Employers included Amazon, De Montford University, Infosys, Fortinet, The Cyber Scheme, UK Cyber Leaders Challenge, National Fire Chiefs Council and Place Informatics and spanned industries across technology, financial services, public sector, professional and business services and infrastructure and telecommunications²⁴.
- ✓ **Expert synthesis:** Utilising subject matter experts to translate high-level employer requirements into actionable, structured learning units.
- ✓ **Iterative refinement:** Consulting closely with the employer group to fine-tune unit content for maximum practical impact.
- ✓ **Rapid delivery:** Executing the entire lifecycle – from initial convening to the production of final modules – within an accelerated two-month timeframe to meet critical project deadlines.

This agile collaboration ensures that CMI’s new offerings are both academically robust and directly aligned with the real-world needs of leaders navigating the AI era.

²⁴ <https://techskills.org/news/222/techskills-and-cmi-collaborate-to-embed-digital-capability-in-leadership-qualifications>

“

AI is not just reshaping what organisations do, and how they do it, it is redefining who leads within them. Leadership is no longer tied to title or tenure, it is becoming a capability expected at every level. Entry level roles are increasingly required to manage and collaborate with teams of AI agents. And as AI introduces greater uncertainty, the need for strong, clear leadership has never been greater.

In this landscape, technical skills alone are not enough. The qualities that matter most are deeply human: clarity, calm, curiosity, the confidence to challenge and question and the ability to communicate with purpose and conviction.

This is why AI-ready leadership demands both speed and care, the courage to act, balanced with thoughtful caution.

It has been a pleasure to work with the Chartered Management Institute, who have responded with real pace by partnering with **TechSkills** to shape new tech and AI leadership standards for this new era. This reflects what is needed now: collaboration, clarity and leadership at every level.

Lorna Willis,
CEO of TechSkills

“

As a leader, it's about making sure that when we're looking at how we're using AI, we're doing it in an ethical way. And I think what the CMI does in terms of its leadership framework and setting an ethical standard and a level of professionalism, I think is a really important part of making sure that we as business leaders ensure that we're leveraging AI for good and not creating unintended consequences.

As leaders, whilst we need to invest in training our people in the best way possible to take advantage of AI as a tool, we also need to invest in ourselves and our own awareness and our own understanding. And so I'm super excited by this programme because I think it's an opportunity to help leaders grasp how to take control of AI in a way that it can drive a really positive impact for that business and ultimately for us and for society.

Chris Brown CMgr, CCMi, CHMC,
SVP & UK&I Market Leader, NCC Group

CMI is committed to embedding the skills required for the AI age across all its offerings. To ensure broad relevance, CMI has updated specific current programme modules to reflect the realities of AI management, which are now available for use within its core qualifications. Furthermore, reflecting the pace and pervasiveness of AI across all industries, CMI has updated its management and leadership Professional Standard, to ensure that the standards of management and leadership align to the requirements of the age of AI.

By engaging with CMI's new product suite, business leaders can transform their managers from anxious bystanders into confident, critical-thinking "intelligent commissioners", capable of unlocking the true transformational productivity that AI promises.



Appendix 1: Methodology

CMI conducted 13 depth interviews among experts in the field of management and leadership and AI, including:

- **Danny Attias**; Vice President UK & Europe, Cloudforce
- **Tamara Box CCMI**; Chair and Non-Executive Director
- **Ashley Braganza**; Professor of Business Transformation and Director, Brunel's Centre for AI
- **Massimo Brebbia**; Regional Director – Middle East & Caspian, Global Maritime
- **Matt Brittin CCMI**; Guardian NED & former President Google EMEA
- **Sir Warren East CBE CCMI**; Chair of the Board at NATS, former CEO at Rolls-Royce
- **Dr Matt Forshaw**; Senior Advisor for Skills; Head of Skills for AI Assurance, DSIT; Reader in Data Science, Newcastle University
- **Dr Nicola Hodson**; Chair, IBM UK and Ireland
- **Elisabeth Kelan**; Professor of Leadership and Organisation, King's Business School, King's College London
- **Dr Umang Patel**; Chief Clinical Information Officer, Microsoft; Paediatrician, NHS
- **Rebecca Robins CCMI**; CEO, Advisor Quilt.ai; Author of Five Generations at Work
- **Shobana Sridaran**; Principal Technical Architect - Data and AI, Salesforce
- **Professor Tim Stewart CCMI**; Vice-Chancellor, BPP University

CMI also conducted a survey of 1,019 managers in February 2026. Where survey data is cited in this report but not specifically referenced, this survey is the source of the data.

CMI used generative AI throughout the research process and in the development of this report.

Appendix 2: References

The following reports, organisations, and data sources are cited in this report, with an extensive literature review forming part of the research process:

- **CMI Managers' Voice Poll** of 1,019 UK working managers conducted between 20th February and 9th March 2026
- **CMI Managers' Voice Poll** of 1,014 UK working managers conducted between 19th May and 30th May 2025
- **Harvard Business Review (2026)**, [Where Senior Leaders Are Struggling with AI Adoption, According to Research](#)
- **Accenture (2024)**, [Generating growth: How generative AI can power the UK's reinvention](#)
- **Department for Science, Innovation & Technology (2025)**, [AI Opportunities Action Plan](#)
- **MIT Sloan Management Review (2026)**, [How Schneider Electric Scales AI in Both Products and Processes](#)
- **Lloyds Banking Group (2025)**, [Lloyds Banking Group pioneers AI leadership training with Cambridge partnership](#)
- **The Guardian (2026)**, [Claude-powered AI agent's confession after deleting a firm's entire database: 'I violated every principle I was given'](#)
- **techUK (2024)**, [AI Adoption Case Study: Kraken's generative AI tool for customer service helping Octopus Energy](#)
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- **Andy Doyle on LinkedIn (2026)**, [The future of work won't be won by better AI — but by how well people adopt it.](#)
- **The Guardian (2025)**, [Deloitte to pay money back to Albanese government after using AI in \\$440,000 report](#)
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- **NatWest Group (2025)**, [AI for everyone: how NatWest Group is building an AI-driven workforce](#)
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- **Cabinet Office, Department for Science, Innovation & Technology and Government Digital Service (2024)**, [Oak National Academy: Aila \(Oak's AI Lesson Assistant\)](#)
- **Financial Times (2026)**, [The AI Shift: What millions of job ads reveal about AI displacement](#)
- **LSE Business Review (2026)**, [Are jobs getting better? "AI has the potential for a massive productivity uplift"](#)
- **Anthropic (2026)**, [Labor market impacts of AI: A new measure and early evidence](#)
- **The Economist (2026)**, [How big a threat is AI to entry-level jobs?](#)
- **Fortune (2026)**, [IBM is tripling the number of Gen Z entry-level jobs after finding the limits of AI adoption](#)
- **The Times (2026)**, [My daughter wants a career that survives AI — so I ranked them](#)
- **Business Insider (2026)**, [These 7 companies are increasing hiring of entry-level engineers](#)
- **Klover (2025)**, [Rolls-Royce's AI Strategy: Analysis of Dominance in Aerospace](#)

Appendix 3:

Acknowledgements:

We extend our incredibly grateful thanks to the remarkable CMI AI Advisory Council. Composed of distinguished leaders in AI and management, the Council was instrumental in shaping this report's findings and CMI's research viewpoint. Their commitment, including attendance at dedicated council meetings, also guided and optimised the development of the new Leading AI qualifications suite:

- **Jacky Wright**; Former Chief Technology and Platform Officer, McKinsey & Company (Chair)
- **Dame Alison Rose DBE**; Senior Partner, Charterhouse; former CEO of RBS
- **Dr Ben Attwood BSc MB BChir FRCP FRCA PGDip**; Chief Digital and Information Officer, Oxford University Hospitals Group
- **Chris Brown CMgr, CCMI, CHMC**; SVP & UK&I Market Leader at NCC Group; Former Hybrid Cloud Services Leader UK&I, IBM Consulting
- **Professor Pawan Budhwar**; Associate Deputy Vice-Chancellor International, Aston University; Strategic Lead for AI at British Academy of Management
- **Emily Campbell-Ratcliffe**; Head of AI Adoption, Governance and Skills, DSIT
- **Rahul Chakkara**; Founder at Magikx AI
- **Orange Gao**; Applied Scientist, AWS GenAI Innovation Center
- **Anthony Impey MBE FCGI**; CEO, Be The Business; Non Executive Director of Skills England
- **James Kelly CCMI**; CEO and Co-founder, Corndel
- **Jeannette Lichner CCMI**; Non Executive Director, Information Commissioner's Office
- **Susan Taylor Martin**; CEO, BSI Group
- **Sarah Moors**; Head of Early Careers and Apprenticeships, BBC
- **Hayaatun Sillem CBE**; CEO and Founder, Argentic Associates; Former CEO, Royal Academy of Engineering
- **Lorna Willis**; CEO, TechSkills

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CMI is the only Chartered Body for management and leadership, setting the standard for professional excellence in the UK and internationally. CMI works through a global network of employers and approved education partners who deliver CMI programmes to their learners and staff, with CMI providing the Professional Standard, qualification frameworks, quality assurance and Chartered pathways.


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