

Editor's letter

Special issue: Entering the era of strategic AI

- Davenport and Mittal: Integrating AI into processes and strategies to enhance value
- How leaders can resolve resistance to digital transformation
- Rotman researchers: The fundamental economics of AI
- Tapping the strategic potential of AI process mining
- Fostering AI strategy from the corporate middle
- Chamorro-Premuzic: The human-plus-AI evolution
- *In memoriam*: Frances Hesselbein

In this issue, Volume 51, Number 2, the article authors and the AI researchers interviewed consider the strategic opportunities and associated leadership challenges of the increasingly widespread corporate adoption of Artificial Intelligence and related technologies. In three interviews, *Strategy & Leadership* contributing editor Brian Leavy, Emeritus Professor of Strategy at Dublin City University Business School, asked leaders in the field of AI for their insights on its strategic potential. Currently in the business media quite a few cynics acerbically opine that the potential of AI and related technologies is overblown. I'll let the authors and interviewees answer the skeptics:

- In their interview, **"Integrating AI into business processes and corporate strategies to enhance customer value,"** Thomas Davenport and Nitin Mittal, the authors of *All-In on AI: How Smart Companies Win Big with Artificial Intelligence*, advise that "Companies should increasingly be asking, 'What can we do with AI to create new offerings to help us grow?'" Their research found that "High-achieving organizations were more likely to use AI in pursuit of growth-oriented goals, such as improving customer satisfaction, creating new products and offers and entering new markets," they told their interviewer, Professor Leavy.
- In his provocative article, **"Recognizing and outmaneuvering the resistance to digital transformation,"** Stephen Denning shares a bold theme from his new book, *Reinventing Capitalism in the Digital Age*. He notes that "It has become increasingly apparent that the most successful firms at digital transformation are being run very differently from industrial-era management practices."
- In their interview, **"Understanding the fundamental economics of AI,"** University of Toronto experts, Ajay Agrawal, Joshua Gans and Avi Goldfarb, authors of *Power and Prediction: The Disruptive Economics of Artificial Intelligence* anticipate that "Transformation will be some time in the future when we move beyond simply substituting the new technology into existing systems and start to leverage its potential to enable the reimagining of old system solutions and innovate radically new value propositions." They told Professor Leavy, "To realize the full potential of AI, companies need to adopt a 'system mind-set,' in contrast to the 'task-level thinking' which still predominates."
- In his guide, **"A transformative technology initiative: from process digitization to AI strategic digitalization,"** Vadake (V.K.) Narayanan, Professor of Strategy & Entrepreneurship, at Drexel University, advises that "Strategically focused AI digital transformation will almost certainly be more profound than the era of AI-enabled process optimization that has preceded it because it potentially changes the way the organizations operate and compete in the marketplace."

- In their article, **“From efficiencies to transformation – tapping the full potential of process mining,”** Lisa Higgins. President and CEO of the American Productivity & Quality Center and IBM researchers Anthony Marshall, Kirsten Crysel and Jacob Dencik, show how “the scope of process mining initiatives has widened to encompass more sophisticated mission-critical functions, notably human capital, cybersecurity and sales.” Recent surveys show that leading companies are also exploring ways process mining can yield strategic benefits such as new innovation breakthroughs and improvement in the speed and quality of organizational learning.
- In his interview, **“The human-plus-AI evolution and its risks,”** Tomas Chamorro-Premuzic, the author of *I, Human: AI, Automation and the Quest to Reclaim What Makes Us Unique*, warns that “One of the key leadership challenges for the next five years will be to humanize work in the age of AI.” A caution about AI he shared with Professor Leavy: “Instead of nurturing our hungry minds, algorithms feed us more of what we want to consume, turning information into the fast-food equivalent of knowledge.”
- ***In memoriam: Frances Hesselbein***
Frances Hesselbein, who recently passed away at the age of 107, was one of the last of a generation of influential thought leaders who practiced and taught much of what we know as great leadership today. She believed, “If your leadership flows first and foremost from inner character and integrity of ambition, then you can justly ask people to lend themselves to your organization and its mission.” Rita McGrath, professor of management at Columbia University Business School, has graciously allowed *Strategy & Leadership* to quote extensively from her published homage to Mrs. Hesselbein.

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