Praise for Hyperadaptive

"This is one of the most thoughtful books on AI organizational transformation available today. *Hyperadaptive* applies all the best principles, from true business agility to AI, with remarkable alignment and connection throughout. Fantastic."

—Ken Spangler, (retired) EVP of IT and CIO of Global Operations Technologies, FedEx

"We're all being asked the same question right now: 'Where do we start, and how do we scale responsibly?' *Hyperadaptive* answers that with a concrete path from isolated pilots to AI-native ways of working. I appreciate how it balances ambition with operational discipline, grounded in real case studies, clear stages, and a very human view of the change curve our people are being asked to walk."

—Ed Keisling, SVP, Chief AI Officer, Progress

"A practical, humane blueprint for scaling AI beyond pilots. *Hyperadaptive* shows leaders how to rewire governance, teams, and funding so value shows up in the P&L—without breaking the business."

—Angela Tucci, Board Director and Executive Coach

"A bold, humane vision for organizations to become Hyperadaptive, where people and AI learn, innovate, and evolve together. This book reframes AI as organizational change, guiding leaders to redesign human and structural foundations to facilitate continuous innovation, measurable results, and entirely new ways of creating value."

—Audrey Boydston, Chief Experience Officer for Thoughtful Agile

"Most companies are trying to bolt AI onto a system built for predictability, not speed. *Hyperadaptive* cuts through the noise with a clear-eyed framework for rewiring how work actually gets done. This isn't about adopting AI. It's about becoming an organization that evolves with it."

—Marc Sirkin, Founder, Marc Sirkin Consulting, former CEO of Third Door Media

"In an era defined by AI-driven uncertainty, leaders need more than inspiration. They need a playbook. In *Hyperadaptive*, Melissa M. Reeve shows executives how to rewire their organizations to thrive amidst constant change, turning AI potential into durable advantage. A timely and credible guide for leaders preparing their enterprises for tomorrow's reality."

—Kathleen Schaub, Management Strategist,
author of *Marketing in the (Great, Big, Messy) Real World*

"This work is exceptionally relevant as global businesses grapple with the urgent need to evolve in the face of AI-driven disruption…Ultimately, *Hyperadaptive* serves as an essential playbook for fundamentally reshaping an organisation to thrive in an AI-powered world."

—Myles Hopkins, Value Architect

"This book serves as a useful guide to business leaders navigating the complex and evolving AI landscape."

—Luke Hohmann, Serial Entrepreneur, Author, SAFe® Fellow

"Melissa is your expert mountain guide to climbing through 5 stages to becoming a Hyperadaptive organization powered by people with AI…This is a must read for all stages of your organization's AI journey!"

—David Droge, Digital Lead at Roche, Novartis, and WWF

"*Hyperadaptive* is a thoughtfully written, research-backed guide for leaders ready to reimagine their organization and take meaningful steps toward what's next."

—Carol McEwan, Human-Centered Change Leader,
Connector, and Community Builder

"*Hyperadaptive* stands out because it respects the reality leaders face. It shows how AI adoption succeeds only when organizations rethink decision-making, learning, and structure together, not in isolation.

—Giles Lindsay, CEO, Agile Delta Consulting, Ltd.

HYPER ADAPTIVE

REWIRING THE ENTERPRISE TO BECOME AI-NATIVE

HYPER ADAPTIVE

MELISSA M. REEVE

Foreword by **Ryan Martens,** Founder of Rally Software
and Director of Manifest AI

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Dedication

To my family. And friends who are family. I love you all.

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FOREWORD

By Ryan Martens,
Founder of Rally Software and Director of Manifest AI

"Ah ha!" "Wow" "Holy shit" I hope you've had at least five to ten of these moments with AI by now.

This general-purpose technology keeps surprising me. I came out of retirement after discussions with my longtime friend John Kembel got us to the Rocky Mountain AI Interest Group meetings in the fall of 2023. Like everyone else, I was stunned by what I saw. But unlike my previous three decades riding technology waves in the enterprise, this one felt different. And after reading Melissa's manuscript, I understand why.

Let me put this in perspective. I've been through every major enterprise transformation since bringing a PC to college in 1983. That first wave, which included teaching graduate engineers to use spreadsheets instead of writing Fortran on mainframes, was about distributing computing power away from centralized control. Then came client-server technology, where I consulted for US WEST's Global Village as they struggled with the rise of modem lines and broadband. We built a theater to showcase this new thing called the World Wide Web, replacing GUI development with HTML and cutting customer service app development from years to months.

The internet wave led me to Avitek, a custom Java software company building "thin clients" for telecom companies. We were acquired by BEA Systems because we could speed their WebLogic server into production. Then came the rise of Agile, Lean, and DevOps practices that Rally helped champion, managing a faster, more adaptive way of building with these technologies.

Each of these waves—PC, client-server, web, mobile, digital transformation—took years to roll through organizations. They followed predictable technology adoption life cycle curves. The internet changed customer expec-

tations and created a mobile-first world, focusing transformation outside-in on the enterprise through ecommerce, mobile apps, and customer support. But it was still a thirty-year cycle with time to plan, pilot, and scale. We could manage the human side of change because the technology waited for us.

Not this time.

AI adoption isn't following any playbook we know. Your employees are popcorning ideas across every department. Major model updates drop every six weeks. Billions of people are experiencing this revolution simultaneously in just a couple of years. We're in the middle of a technology explosion that's impacting "everything, everywhere, all at once," to quote a recent movie title.

And this revolution is about humans as much as technology.

Which brings me to Melissa and this remarkable book.

I ran into Melissa at one of those Rocky Mountain AI meetings, and we had much to discuss. We'd worked together at Scaled Agile, where I served on the board following Rally Software's sale, and she ran marketing while being part of the leadership team. I quickly discovered she was way ahead of me in applying AI, using Deep Research like a tenured professor, and actively applying AI in her marketing consulting business.

She was also thinking deeply about the human dimensions of this change, using her understated background in Lean, Agile, and systems thinking to conceptualize how it would transform the enterprise. While John Kembel and I were building Manifest AI (mnfst.ai), a startup focused on individuals and communities, Melissa was tackling the problem of how established enterprises could navigate this transformation without imploding.

That last point is more than a minor consideration. After three solid decades in enterprise technology, from reengineering with Michael Hammer to systems thinking with Peter Senge, I learned that success ultimately comes down to human judgment, motivation, and leadership. Technology adoption was always gated by how quickly humans could metabolize change.

Right now, AI adoption is being pulled and pushed in all directions at once. It feels like we're on rough seas. And as a sailor, I know you can't strategize your way through a hurricane.

We need a different approach to navigate these waters. When things get choppy, plowing straight through the waves to your destination is a losing proposition. Sometimes you need to ease off course to make faster progress toward your destination. I see too many companies right now trying to sail straight into the AI headwind, thrashing and bashing their brains out without making productive headway.

Melissa's book shows you how to ease off by twenty degrees and sail with speed over each wave. But more than that, it recognizes that in these conditions, you need to take care of your crew first.

An engineer and an MBA raised me. I became both. I'm a left-brain-dominant male technology leader who spent the last few years working hard to reconnect my head to my heart and actually "feel." What Melissa and the Women in AI Labs group in Boulder taught me is that we have to address the human dimension first. People are scared of AI and its implications. They're looking at the world in black-and-white terms, searching for leaders to tell them how to think and what to do.

This isn't your typical leadership challenge. Your staff isn't in a position for collaboration or coaching given this crisis. You must meet them where they are, or your culture will collapse into fear, passive aggression, and political gamesmanship. No framework can save you then.

Consider making this social contract with your team:

"These are rough waters for all companies. We're no exception. It's hard sailing and could result in reductions, including me. I commit to transparency and supporting your human development through this. We're all going to live in a world with AI. I want you to develop skills to be better humans that AI can amplify. Whatever happens, we'll grow through this journey, not just get tossed around."

Only then can you begin the work Melissa outlines in this book.

What makes *Hyperadaptive* different from the flood of AI books hitting the market is its grounding in decades of organizational wisdom reimagined for today's challenges. This isn't breathless AI hype or dystopian fearmongering. It's a practical synthesis of everything we've learned about transformation—from Clayton Christensen's disruption theory to Amy Edmondson's psychological safety, from Kahneman's thinking about decision-making to the hard-won lessons of Agile and DevOps.

Melissa introduces five core capabilities that distinguish truly Hyperadaptive Organizations: AI-powered sensing and response, integrated learning loops, augmented decision-making, value orientation, and continuous adaptation. These aren't just buzzwords. They're the organizational muscles you need to develop, stage by stage, to operate at the speed of computation rather than the speed of committees.

The book's structure—three parts covering foundation-setting, implementation, and frontier exploration across five evolutionary stages—mirrors how organizations actually change. Not through big-bang transformations

that leave 70% of companies exhausted and cynical, but through deliberate, capability-building progression.

As I've returned to coding after thirty years, now with an agentic team doing the heavy lifting while John and I act as head chefs designing and architecting solutions, I'm experiencing firsthand what Gene Kim and Steve Yegge describe in their *Vibe Coding* book. It gives me great joy to be back in the kitchen creating. Everyone will have these abilities with AI, but only if they can first get out of their sympathetic nervous system by feeling heard, understood, and supported.

This is why Stage 1 of Melissa's framework focuses on foundations before technology. Stage 2 optimizes processes while augmenting human capabilities. Only in Stage 3 do you implement focused automations. It's a deliberate progression that builds organizational muscle memory for working alongside AI systems.

The human-steered, AI-augmented organizations will define the future. Unfortunately, past performance in calm waters won't tell you who your rough-water leaders will be. As Melissa points out in Stage 4 and 5, top performers will emerge as people who can create capacity, innovations, and orchestrations. This book shows you how to let these new leaders emerge while advancing everyone.

John and I are doing the work of ten to twenty people in our AI-native startup, raising less money and moving 10X faster than we did with Rally in 2003. But for large organizations to achieve similar Hyperadaptivity, leaders can't outsource their thinking to AI or continue business as usual. The AI era demands centered, grounded, wise human leadership like never before.

My advice for reading this book? Don't treat it like a traditional business book. It's a navigational instrument, not a novel. Skim first to understand the model, locate your current state, then jump to relevant actions. Avoid panic and thrashing by using her framework as your compass.

The goal isn't just to adopt AI tools. It's to shift the conversation from AI as technology to the human hands that wield it. Hyperadaptivity as a core capability doesn't mean outsourcing human judgment to machines; rather, it means elevating human leadership to meet this moment.

Final word: Breathe. Orient. Start steering over every wave, one wave at a time. Melissa's book is your chart through these waters.

Ryan Martens (Boulder, Colorado, 2025)

INTRODUCTION

Your Organization's Operating System Won't Run AI

AI noise is deafening right now. Headlines are filled with AI-fueled hype, doom, and robots taking over our lives. But the headlines are pointing the camera in the wrong direction. The real extinction-level event is the slow, invisible obsolescence of our operating structures.

If you look beyond the headlines and the hype, you'll find organizations that have been quietly integrating AI solutions for *years*. These organizations have learned over time that AI can't be tacked onto our existing structures. It demands an entirely new approach to operating.

Those who fail to recognize this will face insurmountable competitive disadvantages. Unlike digital transformation, you don't have a ten-year window. You have an eighteen-month one. The twentieth-century operating system has been obsolete for years, yet most companies still rely on it. They are about to become fossils. The question isn't *whether* you should embrace AI. It's whether you can rewire your organization before it's too late.

AI-native organizations know that traditional organizational structures, designed for an era of specialization and hierarchical control, simply cannot support AI-driven organizations. McKinsey Global Institute projects AI will deliver an additional global economic output of around $13 *trillion* by 2030.[1] Yet many organizations are integrating AI on top of "linear" structures, where strategy flows down through layers of management and work moves sequentially across functional departments. (See Figure 0.1.) That's like trying to build the Mars Rover with an assembly line designed for the Model T.

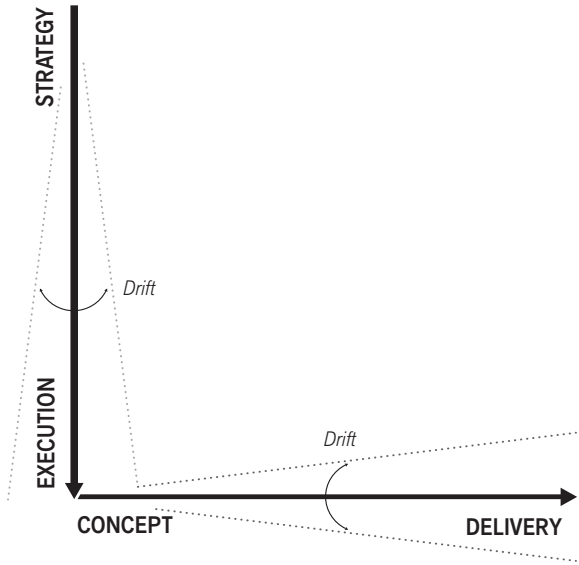

FIGURE 0.1: The Linear Organization

Friction (delay) and **Fidelity** (drift) are introduced as **Strategy** goes down the hierarchy toward **Execution**, and work product goes across functions from **Concept** to **Delivery**. These are the hallmarks of linear organizations. AI has the potential to compress both dimensions, leading to less friction and higher fidelity.

Yet, this is what most companies are trying to do right now. Most companies are building static learning curricula on information that changes daily. They are trying to bolt AI onto processes made for human bandwidth. They are trying to create new career ladders for AI roles, not realizing the hierarchy has melted into a network.

Organizations that win with AI recognize that they need to create inherently different companies. I call them Hyperadaptive™ Organizations. By combining human insight with machine intelligence, Hyperadaptive Organizations create new pathways for communication, decision-making, and structure. They are architected to **learn fast, pivot quickly, and make smarter choices than any human could make alone**. This book is your guide for going from where you are today into a Hyperadaptive future.

My journey to this book started on a factory floor in Tokyo. For three decades, "under the hood" of my career, I've been obsessed with systems. My foundation began at Waseda University, studying the Toyota Production System. It was there that I saw how an organization's operating system is its

destiny. I observed how the tiniest tweak in workflow could save millions, but only if the "OS" itself empowered people in the system to do so. That Lean mindset never left me and became the bedrock for my work pioneering Agile marketing starting in 2011. We weren't just "doing Agile," we were installing a faster, more adaptive operating system on top of the hierarchical norms. Later, as an executive and thought leader for Scaled Agile, Inc. (provider of SAFe®), I explored this challenge at enterprise scale, drawing from researchers like John Kotter and Peter Senge and the experts who surrounded me.

Through all these experiences, I gained a front-row seat to the very real, very human challenges of organizational change. I saw where the frameworks met reality—and where the old, rigid "OS" often failed to change.

In November 2022, I was running the Agile Marketing Alliance when ChatGPT arrived. I knew immediately that this was it. This was more than a new technology. **It was the great forcing function.** I realized that AI would create a crisis so total and fast that it made breaking down silos, flattening the organization, and "rewiring" the organization no longer optional. It was the moment that would test every principle I had ever learned, all at once.

Hyperadaptive is the culmination of that thirty-year quest. It connects the ground-truth of process excellence from that Tokyo factory floor with the human side of transformation from the Agile trenches. My experience, combined with deep research on what's working in leading companies, provides a practical, grounded path for leaders to finally evolve their enterprises in a way that makes sense for an AI-driven world.

This isn't another book about AI technology. This is a book about the organizational evolution that AI demands.

The best companies right now, those moving toward Hyperadaptivity, are updating decades-old playbooks, and integrating the success patterns from AI-forward companies. They are using continuous feedback loops that echo Senge's systems thinking and learning organizations. They emphasize experimentation, incorporating principles from Lean Startup and the Agile mindset. They focus on breaking down silos, mirroring everything we've learned from decades of process reengineering success and failures. They combine the leading research-backed frameworks with real-world learnings from companies putting AI into practice.

These companies are on a journey to becoming Hyperadaptive. By examining and learning from them, you can transform every part of your organization to meet the unprecedented challenges of AI integration.

This book is for those wrestling with AI: leaders charting strategic vision, division heads reinventing how work gets done, and change champions in the trenches pushing cultural shifts in their organizations. If your responsibility extends beyond implementing AI tools to figuring out how your organization can manage the people, processes, and cultural changes associated with integrating AI into your organization, you've found the guide you need.

The book is structured in three parts:

- Part I establishes the conceptual foundation, contrasting linear and Hyperadaptive Organizations.
- Part II provides concrete guidance for the first three stages of transformation.
- Part III explores the frontier of organizational evolution, including radically reinventing your organization.

Throughout the book, callouts labeled "Hyperadaptive Insights" will help you understand the change taking place by comparing and contrasting Hyperadaptive Organizations with traditional organizations of today. You can scan for these to ground yourself in what it means to be a Hyperadaptive Organization.

This book meets you where you are, with the understanding that your organization's starting point and path forward will be uniquely yours. Most readers are already experimenting with AI and can benefit from both the practical guidance in Part II and the vision in Part III. Others face the dual challenge of modernizing legacy systems while simultaneously adopting AI. Start where it hurts the most. This isn't a prescription, but a guide and companion on your AI journey.

Those who successfully navigate the AI transition will shape markets for decades, while those who delay will face increasingly insurmountable competitive disadvantages. The question isn't whether you should embrace AI. It's whether you can adapt your organization at every level. You can't expect twenty-first century results with an operating system built for last century.

PART I

THE HYPERADAPTIVE ORGANIZATION

CHAPTER 1

The Great Acceleration

Cambridge, Massachusetts. Early 2023. ChatGPT had just stunned the world, and boardrooms everywhere were buzzing. In a glass building along the Charles River, Moderna's leadership team was planning something bigger than chatbots.

CEO Stéphane Bancel stood before his executive team with an audacious proposal: Moderna would bring fifteen new drugs to market in just five years. To put this in perspective, that's like announcing you're going to run fifteen marathons in the time it takes to train for just one. In the methodical world of pharmaceutical development, where a single drug's development from lab to patient spans ten to fifteen years and costs upward of $2 billion,[1] this goal seemed almost impossible.

But Bancel wasn't asking his team to work harder, faster, or longer to achieve this goal. He was asking them to work entirely differently, where AI wasn't just a tool but a coworker, a strategic adviser, and an accelerant.

"If we had to do it the old biopharmaceutical ways, we might need a hundred thousand people," Bancel explained. "We really believe we can maximize our impact on patients with a few thousand people, using technology and AI to scale the company."[2]

While most companies were still debating whether to even allow ChatGPT in the workplace, Moderna was "looking at every business process—from legal, to research, to manufacturing, to commercial—and thinking about how to redesign them with AI."[3]

This wasn't Moderna's first dance with disruption or AI. They had already achieved a time reduction of 70% for real-world data extraction and analysis using AWS Data Exchange.[4] Their AI models were identifying crucial insights three weeks ahead of schedule.[5] Drug development success rates had increased by up to 50% using AI-assisted technologies.[6]

Moderna's goal was to achieve 100% generative AI adoption and proficiency across the organization in six months.[7] Where other companies were still tiptoeing around AI's capabilities, Moderna had run full speed ahead and stuck the landing, a feat that Brad Miller, then Moderna's Chief Information Officer, notes is exceptionally rare. "Ninety percent of companies want to do GenAI," Miller explains, "but only 10% of them are successful, because they haven't built the mechanisms to transform their workforce."[8]

At Moderna, those mechanisms are precisely engineered. They launched an AI prompt contest to identify their top hundred power users, turning them into a cohort of internal AI Champions. They established local office hours in every business line and geography. Their internal AI forum grew to two thousand active weekly participants, and they used AI to teach AI, creating a self-reinforcing cycle of learning and adaptation.[9]

Their success shows that success with AI isn't happenstance. It requires dedicated, coordinated efforts across the organization. The biggest barrier to AI integration isn't technology, it's hesitation.

Soaring with AI

Moderna's story represents what we might call "The Great Acceleration"—a moment where those who leverage AI can soar past those struggling with implementation. Moderna rethought every process from scratch with AI as a first-class citizen. Instead of asking, "How can AI fit into our current way of working?" they asked, "What's the best way to work in an AI-powered world?"

Young pharma companies have the advantage of creating new processes that are digital and AI-infused from the beginning. Big pharma companies, however, need to go through the painful process of turning analog processes digital after the fact.

Beyond any single company's success, this represents a shift in how organizations can operate by fully leveraging AI. As McKinsey notes, "Generative

AI can empower people—but only if leaders take a broad view of its capabilities and deeply consider its implications for the organization."[10]

Consider Tomorrow.io, an $100 million company competing against industry giants with decades of experience. Their marketing team of just three people consistently wins against organizations many times their size by reimagining the organization's operation for the AI age.

"If [we] try and play like the Yankees, we're just going to lose," explains Dan Slagen, Tomorrow.io's CMO at the time. "We don't have the budget to compete. We don't have the resources to compete. And if [we] try and think like them, then we're just going to lose on the field."[11] Instead, they built an AI-native organization from scratch.

The power of this approach became undeniable when they entered a high-stakes Request for Proposal (RFP) for a major Hollywood studio. They were up against deeply entrenched industry players, including large consultancies and creative agencies with the resources to throw entire strategy, creative, and production departments at a single project.

Tomorrow.io didn't have a production department. But they did have an AI-native workflow.

They rejected the traditional process and the standard output of a written proposal. Instead, they used AI to ingest the studio's film catalog and completely reimagine their characters, environments, and story worlds inside weather-driven scenarios. They built a custom, cinematic narrative that showed the technology seamlessly integrated into the studio's own universe. Tasks that would have required multiple teams, numerous handoffs, and weeks of time were compressed into days. The result was a pitch that felt authentic to the client. They moved to the next round based on this innovative approach.

"My aha moment was seeing AI unlock a level of creative and strategic output that simply shouldn't have been possible for a team our size," VP of Marketing, Kelly Peters, reflected. "It felt like we stepped into a different league overnight. That pitch made me realize that small, focused teams can outperform entire departments when they lean into AI fully."[12]

This begs the question: If AI offers such compelling advantages, why aren't more organizations moving faster to adopt it? To understand why so many organizations struggle with AI integration, we need to examine how we got here and what's holding us back.

Why Traditional Organizations Can't Handle AI

The Ghost of Frederick Taylor

Have you ever wondered why brilliant ideas so often die in corporate corridors? Why transforming an organization feels like turning a cruise ship with a kayak paddle? The answer lurks in management theories from over a century ago.

In 1911, Frederick Taylor published the classic *The Principles of Scientific Management* and cast a shadow that still looms over today's workplaces. When Taylor introduced his system, later dubbed "Taylorism," he created a sharp divide. There was a "management class" that determined the "one best way" to do things and a "laboring class" that followed these instructions without question.

While the traditional assembly line has evolved, Taylor's core belief that management must define work for workers remains the operating system for decision-making in most organizations.

The corporate archaeology gets even more interesting when we dig deeper. After World War II, companies optimized around specialized departments (Finance, Sales, Marketing), creating the functional silos that stymie cross-departmental collaboration today.

The 1980s added additional management layers through corporate raiders and conglomerates. The 1990s promised to break down walls through process reengineering, but they largely reinforced the existing power structures. Even the Agile revolution of the 2000s—for all its iterative innovation—remained largely quarantined within technology teams.

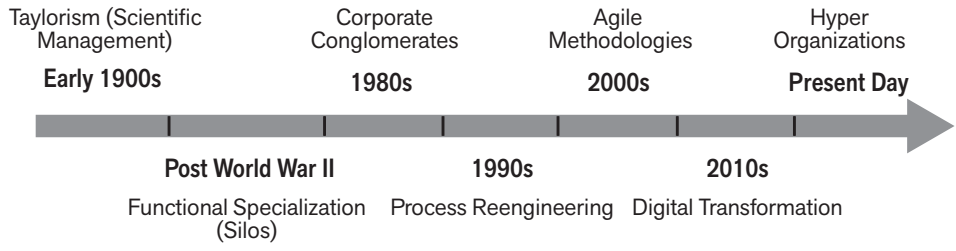

FIGURE 1.1: The Evolution of Organizational Models: A Century of Change

Through all these evolutions, two characteristics of traditional organizations remain firmly in place: 1) Top to bottom: Strategy flows down through layers of management to execution. 2) Left to right: Work moves sequentially across functional specialties toward delivery.

These structures aren't just organizational constructs. They are mental models that shape how information flows, how decisions get made, and ultimately, who gets to innovate.

Three Critical Barriers to AI Integration

Linear structures create three distinct barriers that prevent organizations from leveraging AI effectively. The evidence appears everywhere, but perhaps nowhere more clearly than in how companies approach new technology.

As one Reddit user recently observed about AI adoption: "If you're a small business owner or a solo entrepreneur, it's relatively easy to experiment with and implement AI tools quickly. You don't have layers of bureaucracy, thousands of employees, or legacy systems to deal with. But if you're in an enterprise with 40,000 employees? Good luck embedding AI into all your processes anytime soon."[13]

Those "layers of bureaucracy" and "legacy systems" aren't accidents. They're structural artifacts of Taylorism—physical manifestations of the belief that control must flow from the top down, that workers cannot be trusted to determine the best way to do their own work, and that change must be managed, approved, and implemented by those who manage rather than those who do.

Barrier 1: Information Friction

Think of your organization as a game of telephone. A brilliant idea starts with leadership, but by the time it filters down through layers of approvals, committee meetings, and PowerPoint decks, it doesn't look the same. Each handoff creates drift (what engineers might call "fidelity loss"), where a bit of the original signal gets degraded. Likewise, by the time a frontline insight reaches decision-makers and returns as action, it morphs into something unrecognizable.

Friction comes in many forms, including lack of psychological safety. Volkswagen's rigid organizational structure and top-down hierarchy created a culture that contributed to the "dieselgate" scandal. The company's inflexible processes and lack of open communication meant engineers were unable to admit problems, leading them to use a "defeat device" to lie to the EPA about emissions. Following the scandal, Volkswagen made sweeping changes to its processes, putting experts in charge of decision-making and replacing the old, rigid system with a more transparent and collaborative one.[14]

Information friction includes the amount of time spent searching for information. The average knowledge worker spends 9.3 hours per week—more than an entire workday—searching for answers and clarifying information.[15] That's not work; that's an enterprise-wide scavenger hunt. Meanwhile, ineffective communication and decision-making cost organizations a staggering $1.2 trillion per year in lost productivity.[16]

Degradation of information through handoffs, lack of psychological safety to share information, and scattered information represent just a few of the human and structural issues that challenge AI integration.

Barrier 2: Decision Bottlenecks

Frederick Taylor separated "thinking" from "doing" in his scientific management approach. This model assumed the need for specialized expertise at each layer of approval. We've spent decades optimizing work, yet we've somehow made decision-making *slower*.

The US military, with its deeply entrenched hierarchical structure and siloed branches, exemplifies this. The military has historically struggled with collaboration and information sharing across different branches. During the early years of the War on Terror, the lack of effective communication and coordination between the Army and the Air Force hampered efforts to gather intelligence and conduct joint operations, leading to inefficiencies and delays in adapting to new threats.[17] While command and control makes orders clear, it becomes a liability as hierarchical organizations try to quickly adapt themselves for AI.

In these traditional hierarchies, information and decision-making power are concentrated at the top, while those at lower levels have limited autonomy. This leads to delays in AI implementation, as decisions require approval from multiple layers of management.

Organizations that resist decentralizing decisions are at a severe competitive disadvantage. While their decisions slowly navigate multiple approval layers, competitors with AI-enabled decision networks respond to market shifts in near real time. The difference becomes existential in industries where speed to decision translates directly to market leadership.

Barrier 3: Functional Boundaries

AI doesn't just compress decision hierarchies; it also democratizes capabilities that were once the domain of specialists. HR professionals can now create sophisticated online training programs without instructional designers. Marketing generalists can run complex financial scenarios without analysts. Legal teams can develop governance chatbots without engineers. Capabilities once requiring years of specialized training become more accessible to anyone with AI assistance and domain knowledge.

At Tomorrow.io, a marketing generalist analyzes meteorological trends and market dynamics without a research team. They use AI to process satellite data, model weather patterns, and identify business opportunities—work that traditionally required meteorologists, data scientists, and market researchers working in sequence. This democratization creates "AI-augmented generalists"—professionals who maintain deep expertise in their domain while using AI to develop competencies across traditional boundaries.

The marketing specialist doesn't become a meteorologist, but they can leverage meteorological insights directly. The HR professional doesn't become an instructional designer, but they can create effective training. The implications extend beyond individual productivity. When more people can access specialized knowledge and capabilities:

- decision-making accelerates as fewer handoffs are required,
- innovation increases as diverse perspectives can act on insights directly,
- silos weaken as people can operate across traditional boundaries,
- and organizations become more resilient as knowledge is no longer trapped in specialized roles.

This democratization also changes the talent equation. Organizations no longer need to hire specialists for every capability. Instead, they can hire for learning agility, domain expertise, and the ability to effectively partner

with AI. The premium shifts from "knowing how" to "knowing what and why."

Despite opportunities to evolve, legacy boundaries around functional areas become inertia that keeps organizations locked into the status quo. Marketing discourages HR from creating recruiting videos with AI, Legal insists on reviewing even the most standard social media post, and IT becomes a bottleneck for citizen-developed apps. Traditional functional boundaries, coupled with fear of irrelevance and territorialism, stymie AI integration.

The Paradigm Shift

Picture two companies competing in the same market. One relies on traditional management layers where decisions flow up, approvals flow down, and middle managers serve as information gatekeepers. The other runs on AI-powered decision networks where insights emerge from data—not organizational charts—and experimentation happens at the speed of thought. Which company adapts faster? Which innovates more boldly? Which attracts the best talent?

AI represents an organizational paradigm shift. When AI meets hierarchy, it rewrites how decisions get made, who makes them, and how fast organizations can learn and evolve. Companies like Tomorrow.io let AI reshape their DNA. They've discovered that artificial intelligence creates a "compression effect," where traditional management layers collapse into dynamic networks where knowledge flows freely, experiments run constantly, and the best ideas win regardless of their source.

But AI only wins this battle when organizations are willing to rethink how they operate.

Ask yourself, what would Taylor make of today's workplace? He might be surprised to find his ghost still haunting our organizational charts. But he was, after all, obsessed with efficiency. Perhaps the most Taylorist thing we can do is finally recognize when a management system has outlived its usefulness and design something better.

Why Standing Still Isn't an Option

The organizations that will dominate the AI age aren't necessarily the biggest or best funded. They're the ones willing to dismantle bureaucratic bot-

tlenecks, redistribute decision-making, and embrace AI as a new operating model. They bet on reinvention before disruption forces their hand. And they understand that standing still is the riskiest move of all. These radical new companies will gain several competitive advantages over traditional, linear organizations: speed, talent, effectiveness, and growth. (See also Figure 1.2.)

Speed

True AI integration into roles, processes, and technology accelerates everything. Organizations adapt faster, operate more smoothly, and drive additional revenue. Research published in the *Open Journal of Business and Management* shows that delaying AI integration allows your competitors to gain a substantial lead, potentially changing the rules of the game through advanced decision-making, streamlined operations, and enhanced customer experiences.[18]

Talent

The rapid advancement of AI has created a significant demand for professionals with AI skills.[19] Organizations that delay AI integration not only struggle to attract new AI talent but also risk losing their existing workforce to competitors who offer more opportunities to work with cutting-edge technologies. Research indicates that while 75% of companies have adopted some form of AI technology, just one-third of employees received AI training in the last year, creating a limited supply of talent in the face of increasing demand.[20] Those who wait will pay more for scarce talent or be restricted in their organization's ability to capitalize on AI's potential.

Effectiveness

Those who capitalize on AI integration create more effective organizations. AI allows organizations to continually adapt and improve, reducing errors, improving quality, maximizing resources, minimizing costs, and delivering higher-quality products and services. Research shows that consultants with AI access finished 12.2% more tasks and reached final solutions 22.5% faster, with output quality improving by over 40%.[21] In healthcare, AI is estimated to reduce 86% of worker errors, potentially saving over 250,000 lives annually.[22]

Growth

AI is not just about improving existing processes; it's also about identifying new growth avenues and creating innovative products and services. Those

who integrate AI free up workers to focus on creative problem-solving and strategic thinking.[23] AI is rapidly becoming a key driver of innovation across various sectors. By automating complex tasks, analyzing vast data sets, and providing valuable insights, AI empowers businesses to develop new solutions, optimize processes, and create innovative products and services.[24] The shift is enormous.

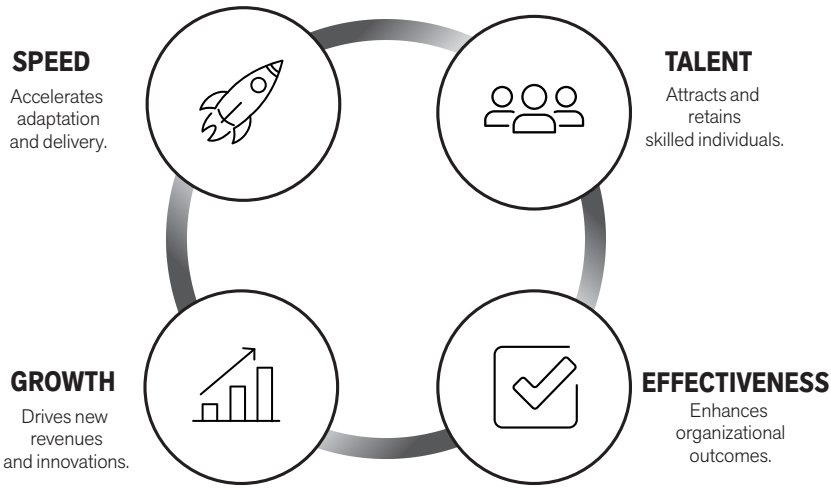

FIGURE 1.2: Competitive Advantages of Hyperadaptability

The companies clinging to rigid hierarchies and functional silos are like sailors using sextants in the age of GPS. They might eventually reach their destination, but they'll be the last to arrive, if they make it at all.

Why This Time Is Different (But Also the Same)

Walk into a bookstore in 1990. Peter Senge's *The Fifth Discipline* is prominently displayed, with its revolutionary concept of the "learning organization." Next to it sits *Leading Change,* by John Kotter, laying out eight steps of organizational change. Flip through the pages of these books today, and you'll get déjà vu.

These books highlighted the accelerating pace of change. They provided organizational strategies to dismantle internal silos, integrate new ways of

working, and operate in increasingly competitive markets. "The organizations that will truly excel in the future will be the organizations that discover how to tap people's commitment and capacity to learn at all levels," Senge wrote.[25] Sound familiar?

The AI revolution feels unprecedented, and it is. But we've been rehearsing for this moment for decades.

When Chris Argyris, the "father of organizational learning," first introduced "double-loop learning" in the 1970s (see Figure 1.3), he couldn't have imagined how fast AI would force this questioning. Those who scratch the surface of problems without uncovering root causes will amplify their mistakes with AI. The psychological barriers he identified—including defensive routines that prevent honest examination—remain the same.

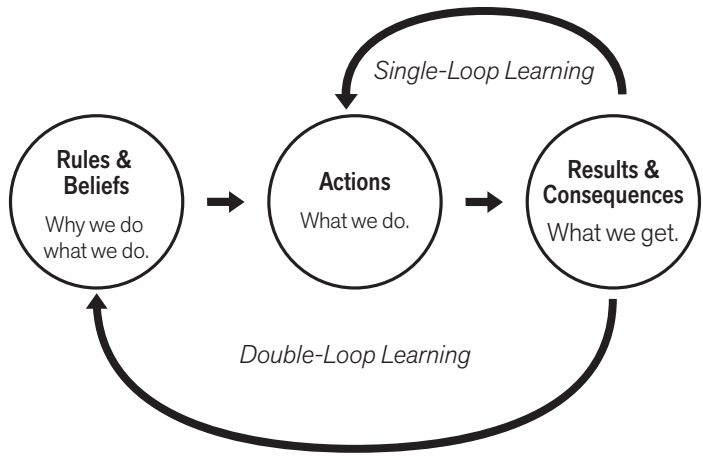

FIGURE 1.3: Double vs. Single Loop Learning

Amy Edmondson, professor at Harvard Business School and author, didn't have AI experiments in mind when she wrote in 1999 about how psychological safety enables innovation, but her research explains precisely why organizations where people fear making mistakes will struggle most with AI.[26]

Ed Schein wrote in his book *Organizational Culture and Leadership*, "If you do not manage the culture, it manages you."[27] He couldn't have anticipated at the time how AI would supercharge this truth. The gap between

organizations willing to reimagine everything and those wedded to traditional approaches will widen exponentially.

Despite these luminaries showing the path forward, the barriers to change remain stubbornly consistent. The path from linear to Hyperadaptive will hit the same resistance as change initiatives always have, but with bigger outcomes and a stronger forcing function:

- People will still resist change. Before, resistance meant slower growth. Now it means organizational irrelevance in a stunningly short timeframe.
- Middle managers will still feel threatened by decentralized decision-making. They used to worry about losing authority. Now their entire role rearranges.
- Leaders will still struggle to balance short-term results while reinventing themselves. The timeline for "long-term" has compressed from years to months. A five-year plan is a creative exercise at best with the speed AI moves.

The direction of change hasn't altered, but its magnitude has exploded. AI represents a burning platform that mandates radical change. Decentralization can't stop at pushing decisions down one level. It must flow to wherever information and insights are richest, regardless of hierarchy. Learning cycles can't be quarterly or monthly. They must be continuous, with real-time adaptation replacing periodic review. Cross-functionality isn't about occasionally working across department lines. It's fluid teams forming and dissolving around problems instead of permanent functional structures.

Zappos lights the way with its unconventional approach called Holacracy. They replaced traditional departments with five hundred self-governing "circles," enabling employees to plug into multiple teams as needed.[28] Experimentation becomes how work gets done, with every process a continuous experiment in improvement. As Tony Hsieh, former CEO of Zappos, put it, "We think of every single employee as a human sensor."[29]

The good news? We're not starting from zero. We can take the best of the past, blend it with lessons learned, and apply it to building Hyperadaptive Organizations of the future. This isn't about abandoning decades of organizational wisdom. It's about responding to change at the speed of computation instead of the speed of committees.

Conclusion

We've seen exactly why traditional organizations struggle to implement AI. Informational friction, decision bottlenecks, and functional boundaries all work to keep the status quo in place. But understanding the problem isn't the same as solving it. The barriers to AI integration become existential threats in an AI-powered world.

The organizations that will win aren't the ones with the deepest pockets. They're the ones with the most courage, willing to look at their bureaucratic bottlenecks and say, "We're done with this." The ones who stop hoarding decisions at the top and start pushing them out to the edges. They get that AI represents a new operating model and bet on reinvention before disruption forces their hand.

These AI-forward organizations represent Hyperadaptivity. We'll explore their stories in Chapter 2.

CHAPTER 2

The Hyperadaptive Alternative

Ever owned a car with 200,000 miles on it? Then you know how legacy companies fail. Not from a sudden catastrophe (although that sometimes happens, too), but a series of small issues that compound until you're standing by the side of the road with a dead car. Organizational inertia is gravity. It pulls companies toward outdated habits, inefficient structures, and risk-averse thinking. In the AI era, this inertia moves from a liability to an extinction event.

Look at the roadkill from the last technology shift. Blockbuster had the chance to buy Netflix for $50 million but dismissed the idea.[1] Kodak literally invented the digital camera but delayed promoting it for fear of cannibalizing film sales. Nokia ruled the mobile world but clung to outdated operating systems while Apple reinvented everything. None of these companies failed because they lacked technology or resources. They failed because they hesitated. As famed business thinker and author Clayton Christensen said, "The reason successful companies fail is that they invest in what worked in the past. They 'won the last game' but are unprepared for the next one."[2]

Frederick Taylor established the premise that there is "one best way" to accomplish work. This created a century of corporate warfare. Build a business case, support your claims, check and challenge, prove you are correct. This has been the bedrock of organizations for years.

Hyperadaptive Organizations take a different approach. They see work as experiments. They know the "best way" today could change tomorrow. They cut through debate by centering on learning cycles and iterative design, turn-

ing themselves into perpetual learning machines. The result: faster time to value with less risk. (See Figure 2.1.)

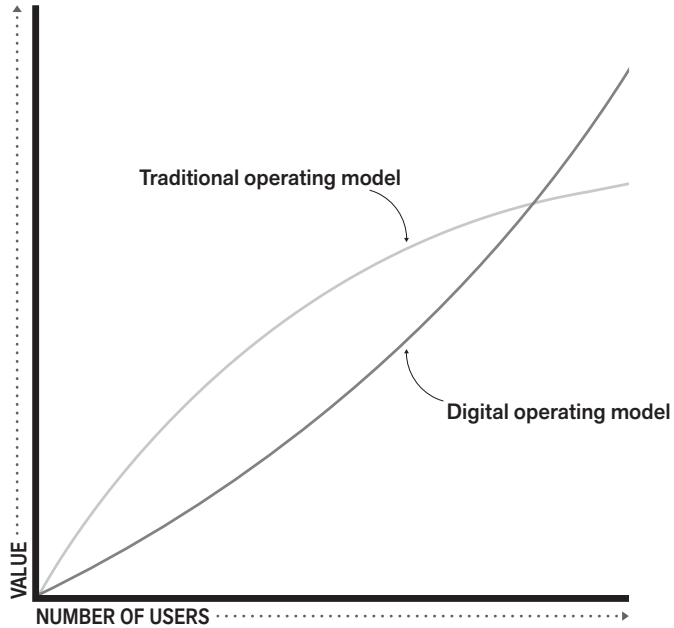

FIGURE 2.1: How AI-Driven Companies Can Outstrip Traditional Firms
Source: Marco Iansiti and Karim R. Lakhani, "Competing in the Age of AI," *Harvard Business Review* (January-February 2020).

What Makes Organizations Hyperadaptive

When Netflix was sending DVDs through the mail, they didn't know they would become a streaming giant. They just wanted to help people tired of driving to video stores and racking up late fees. What makes Netflix revolutionary, however, isn't their initial solution. It's their willingness to repeatedly reinvent themselves as possibilities evolve.

This willingness to sense, respond, and reinvent is the hallmark of a Hyperadaptive Organization. AI changes the organization across multiple dimensions at once. Hyperadaptive Organizations integrate these changes as shown in Table 2.1.

TABLE 2.1: The Hallmarks of Hyperadaptive Organizations

Dimension	Linear Organization	Hyperadaptive Organization
Information Flow	Hierarchical; top-down and sequential.	Multi-directional; continuous feedback loops.
Decision-Making	Centralized at management levels.	Distributed and AI-enhanced at all levels.
Organizational Structure	Functional silos; rigid boundaries.	Value-oriented; fluid boundaries.
Response to Change	Reactive; slow adaptation cycles; maintain status quo.	Proactive; continuous sensing and adaptation.
Learning Process	Occasional; formalized training.	Continuous; embedded in daily work.
Innovation Approach	Planned initiatives; controlled experimentation.	Distributed experimentation; rapid iteration.
Work Design	Fixed roles and responsibilities.	Fluid roles based on capabilities and needs.
Performance Measurement	Function-based metrics; activity-focused.	Value-based metrics; outcome-focused.
Leadership Style	Command and control.	Facilitative and enabling.
Use of Technology	Technology supports processes & operations.	Partner in nearly every aspect of business.

As you can see, AI goes beyond "implementation," impacting the organization across everything from performance measurement to decision-making. The question becomes how to move the organization incrementally

along the continuum from linear (where it is today) to Hyperadaptive (an AI-native stance).

How AI and Hyperadaptive Organizations Amplify Each Other

Think about what happened when electricity first replaced steam power in factories. The initial instinct was to keep the same factory layout designed for steam, with one massive engine powering everything through a complex system of belts and pulleys. The gains were modest at best. The real revolution came when someone asked, "What if we designed factories as if electricity had always existed?" This led to completely new layouts with distributed motors, dramatically improving efficiency and enabling entirely new manufacturing possibilities.

We're at precisely this moment with AI.

When structured correctly, AI isn't just another efficiency tool sitting alongside your email and spreadsheets. It's more like organizational electricity—a force that can power entirely new ways of working if we're brave enough to reimagine our organizational "factories."

The relationship between AI and a reimagined organizational factory is symbiotic. AI supercharges the Hyperadaptive Organization by:

- Empowering both people and technology to act like thousands of organizational sensors, providing real-time feedback that helps teams adapt on the fly.
- Breaking down information silos by making specialized knowledge accessible to everyone.
- Accelerating learning by running hundreds of experiments, scenarios, and simulations at once, analyzing results, and suggesting improvements faster than any human team could manage.
- Augmenting decision-making by surfacing patterns and insights that would remain hidden in traditional analysis or seem too costly.
- Freeing human capacity from routine tasks and creating space for creativity, empathy, and strategic thinking, which remain uniquely human strengths.

Hyperadaptive Organizations create conditions to fully utilize AI by:

- Building flexible structures where AI can integrate across traditional boundaries to expand information and access instead of being trapped in functional silos.
- Establishing feedback loops that allow AI systems to continuously learn and improve instead of remaining static.
- Cultivating cultures where experimentation is celebrated instead of punished, reinforcing the learning from human feedback that AI needs to grow smarter.
- Pushing decision rights to where information is richest, allowing AI insights to be applied where they matter most.
- Developing fluid roles that evolve alongside AI capabilities instead of rigid job descriptions that become obsolete.

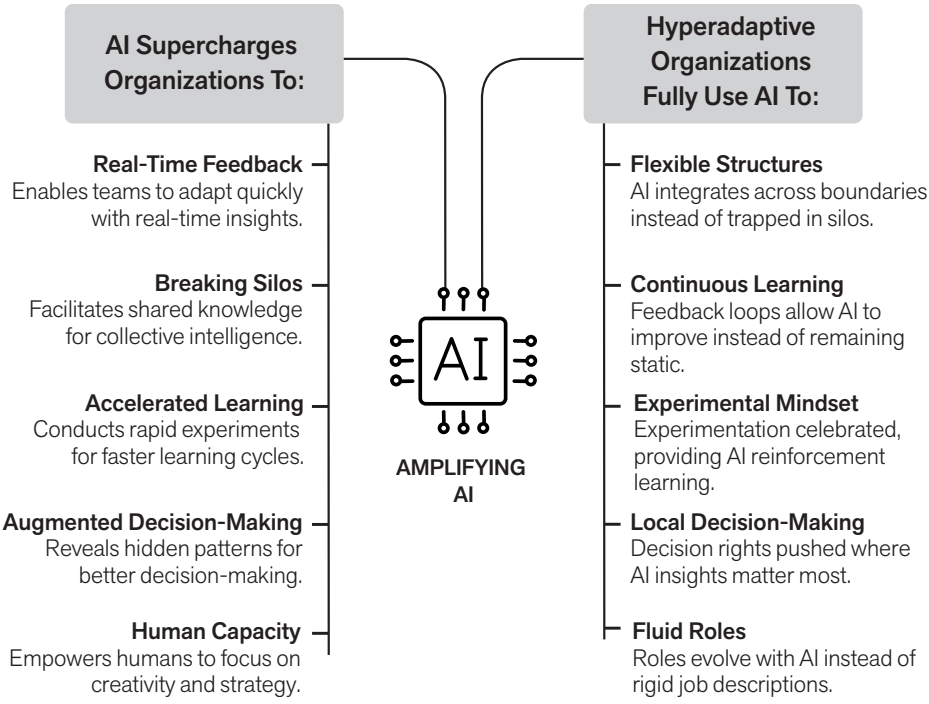

FIGURE 2.2: How AI and Hyperadaptive Organizations Amplify Each Other

This symbiotic relationship (see Figure 2.2 on previous page) explains why organizations that merely add AI tools to traditional structures or get stopped by the status quo see disappointing results. The full potential of AI emerges only when organizational design evolves in parallel with technology. Just as electricity eventually transformed factories into something the steam-power engineers could never have imagined, AI will transform our organizations into something management theorists are only beginning to envision.

Hyperadaptive Intelligence

Imagine if your company could learn the way AI does, by constantly absorbing new information, testing hypotheses at lightning speed, and improving with every interaction. In this scenario, your company analyzes a million customer interactions overnight. Waiting three months for your next quarterly planning cycle is like choosing to walk while everyone else is flying.

Tomorrow.io's story reveals a path where AI reinvents the entire organizational operating system. One where engineering, marketing, and product are acting as one team, whether it is at the leadership level or execution. They create together, creating a continuous cycle of learning, adaptation, and reinvention that stays perpetually ahead of market shifts.

When Tomorrow.io's team examines any initiative, their first question isn't "How do we do this?" but "How do we use AI to drive this work?" This mindset shift has recast every aspect of their operations.

When Accenture's marketing department set out to reinvent how they function using AI agents, they discovered a marketing project that once took 135 steps to complete without AI could take just 85 with AI agents. The AI agents help with everything from research and data analysis to strategy drafting and budget allocation. The agents condensed multiple handoffs across departments and layers of approval.[3]

"You're running this track, but you keep having to make a pit stop," explains Accenture CMO Jill Kramer. "Research team, pull that data. Analytics team, pull those reports…Depending on the busy-ness of those other teams, you'd get something back in a day, a week, a month, then you'd have to integrate it. Now, [agents] bring it all back to you and they help you integrate it."[4]

The coordination of information across functions and agents represents streamlined operations *and* Hyperadaptive Intelligence. Hyperadaptive

Organizations operate with the same Hyperadaptive Intelligence as a great jazz ensemble, responding to each other in real-time, building on themes, adapting to shifts, and creating something greater than any individual could produce alone.

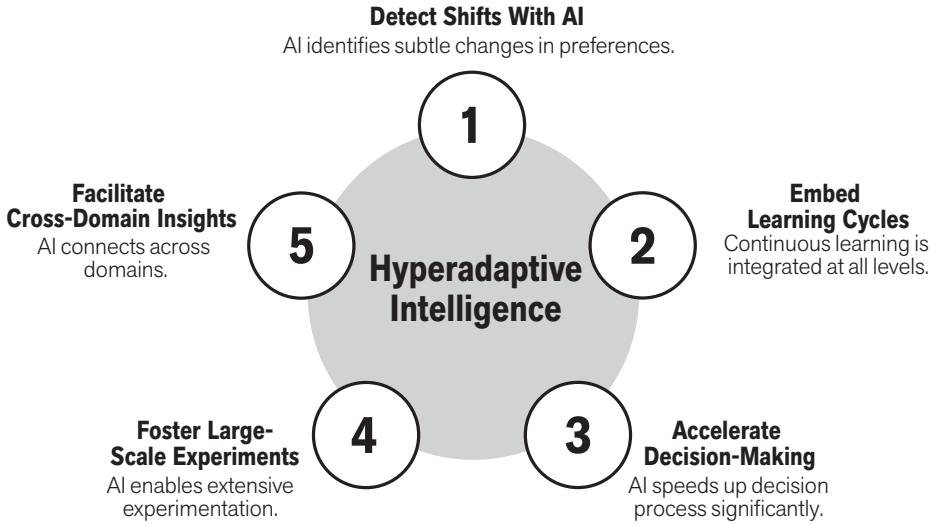

FIGURE 2.3: Hyperadaptive Intelligence with AI

Hyperadaptive Intelligence emerges as a system that uses AI not just to collect feedback but to detect subtle shifts in preferences before customers themselves can articulate them. It's like having thousands of listening posts constantly tuned to weak signals that traditional organizations would miss entirely. It also embeds continuous learning cycles at every level, not as a special initiative but as the default operating system. When Spotify engineers identify a bug, they use AI to search for similar patterns across their entire codebase,[5] turning one lesson into system-wide improvement.

Hyperadaptive Intelligence leverages AI-integrated decision-making to compress response times from weeks to minutes. When Stitch Fix stylists notice a trend, AI immediately analyzes its potential across customer segments,[6] allowing the company to pivot before competitors even notice the shift.

This intelligence supports experimentation at a scale that was previously impossible, using AI to run thousands of simultaneous tests while extracting insights that would remain hidden to human analysts alone. Amazon doesn't run A/B tests, they run A/infinity tests, constantly refining their understanding of customer behavior. It breaks down silos not through reorganization but through information flow, using AI to connect insights across traditionally separate domains. The question shifts from "Who owns this process?" to "How does this insight transform every process?"

As we saw with Accenture, Hyperadaptive Organizations deliver value sooner by compressing traditional workflows from sequential handoffs to simultaneous collaboration, reducing not just time but the fidelity loss that occurs with each transition.

Make no mistake. Companies are already building these capabilities. At Paysafe, implementing AI-driven feedback loops means streamlining operations, eliminating entire categories of time-consuming tasks, and breaking down language barriers that had previously made international collaboration feel like communicating through fog.[7]

Klarna discovered that success wasn't about adding AI tools to existing processes, a lesson their CEO, Sebastian Siemiatkowski, articulates with refreshing honesty: "People say, 'Oh, don't worry, there's going to be new jobs.' But it's not that simple."[8] Instead, they had to reimagine their entire operating model, creating new roles and ways of working that leverage AI's unique capabilities.

Accenture, Klarna, and others recognized the need to redesign their organizations across multiple dimensions on their way to Hyperadaptivity. Everything from how decisions get made to how teams are structured goes under the microscope. By streamlining processes, running more experiments, and integrating learning, they leverage AI to achieve exponential—not just incremental—results.

Conclusion

Remember that car with 200,000 miles we started with? The one that finally dies on the side of the road? Here's what most people forget about that moment. It's not really about the car. It's about the driver who kept postponing the inevitable, who chose familiar dysfunction over uncertain change.

Organizations face that same choice today. Not tomorrow. Not next quarter. Today.

The companies we've examined didn't become Hyperadaptive through some grand transformation program. Netflix didn't know streaming would define their future when they were stuffing DVDs into envelopes. They simply started asking different questions. Instead of "How do we optimize what we have?" they asked, "What becomes possible if we rethink everything?"

You can bolt AI tools onto your existing processes and see modest improvements. Your competitor who redesigns their organization to be AI-native will operate in a different universe. They'll compress months into minutes. They'll sense market shifts before you notice anything changed.

The Hyperadaptive alternative isn't some distant future state. It's happening now, in companies brave enough to question their fundamental assumptions about how work gets done. These organizations think like AI. They learn continuously, adapt reflexively, and evolve perpetually.

So, what are the core capabilities that an organization needs to become Hyperadaptive? We'll explore those next.

CHAPTER 3

The Five Capabilities of Hyperadaptive Organizations

Early 2023, the Agricultural Development Trust (ADT) in Baramati, India, faced a critical challenge. For decades, they had helped farmers in drought-prone regions of India adopt modern farming methods. But climate change was making weather patterns unpredictable. Even their "modern" methods couldn't keep up. Farmers needed more than better tools; they needed a completely different way of working.

They integrated weather stations, soil sensors, satellite imagery, and AI analysis into a unified system that continuously monitored conditions and provided real-time guidance. The result? Crop yields increased by 30% to 40% while using less water and fertilizer. They also created a system that could learn and adapt as conditions changed.[1]

The challenges that drove ADT Baramati to reimagine farming are the same ones pushing organizations across every industry to evolve. Increasing complexity, rapid change, and the need to make better decisions faster have become universal pressures. What makes this moment different from every previous wave of technological change is the pace of AI evolution itself.

Today's AI represents the worst we'll ever experience. Tomorrow's will be more capable. Next year's, exponentially so. This reality fundamentally changes how organizations must approach AI. You can't build for a specific technology. It will most likely be obsolete before your implementation is complete. You can't train for tools that will reinvent themselves every few

months. You can't plan for a fixed future when the rate of change keeps accelerating.

This is why the most successful organizations build durable capabilities that transcend any particular technology. They're creating organizational muscles that strengthen regardless of which AI model or platform emerges next. Like ADT Baramati's farmers, who needed more than better tools, these organizations recognize that they need a fundamentally different way of approaching work.

The path forward requires building five core capabilities that transform how your organization senses, learns, and responds. You develop these capabilities through progressive stages of integration. You're teaching your organization to become a living system, one stage at a time, maturing the capabilities as you go.

What makes these capabilities powerful isn't their individual strengths. It's how they reinforce each other. When your sensing capability detects a market shift, your learning loops help you understand what it means. Your decision-making processes determine how to respond. Your value orientation ensures the response serves customers. And your adaptation capability makes the improvement permanent. Remove one capability, and the others lose their potency. Build them together, and they create an organization that thinks and evolves with AI.

These interdependent capabilities transcend your choice of large language model or AI platform. They represent the fundamental abilities any organization needs to thrive when change is the only constant.

The Five Capabilities of Hyperadaptive Organizations

Drawing from established organizational theories and research on early AI adopters, five core capabilities define Hyperadaptive Organizations (Figure 3.1), each representing proven principles adapted for today's AI-powered context:

1. **AI-powered sensing and response:** The ability to continuously monitor internal and external environments and respond in real time.
2. **Integrated learning loops:** Embedded human and AI feedback mechanisms that accelerate learning at every level.

3. **Augmented decision-making:** New approaches to deciding and acting that combine human judgment with AI capabilities alongside the next generation of safety mechanisms.
4. **Value orientation:** Organizing around value (versus function) to deliver value faster and more effectively.
5. **Continuous adaptation:** Building systems and cultures that improve automatically over time.

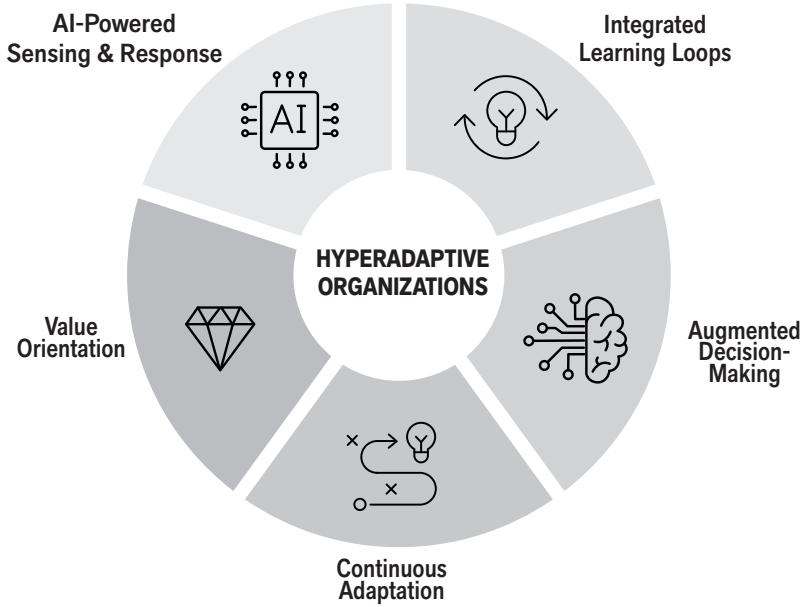

FIGURE 3.1: Five Core Capabilities of Hyperadaptive Organizations

These aren't just theoretical constructs. In the coming pages, we document the enterprises that are actively developing these capabilities across a spectrum of maturity. These organizations show how these competencies look in action and how they deliver on the promise of AI.

Capability #1: AI-Powered Sensing and Response

Traditional organizations look backward like rearview mirrors. Hyperadaptive ones look in all directions like radar. This capability builds on orga-

nizational psychologist Karl Weick's idea of "organizational sensing,"[2] but AI moves it from a sluggish, manual process into a real-time competitive advantage.

Take Adobe's Marketing Agent powered by Microsoft Azure's AI. Marketers no longer wade through mountains of data hoping to spot a trend before it's too late. AI surfaces insights instantly, weaving them into daily workflows. Keith Eadie, former VP and General Manager of Adobe Experience Cloud, explains, "Marketers can ask the Adobe Agent to analyze vast data sets and workflows, providing real-time insights without the need for constant application switching. This accelerates the speed at which we can sense and adapt to customer trends."[3]

More data doesn't automatically mean better decisions. Many organizations face a paradox when implementing AI-powered sensing, shifting from too little information to an overwhelming flood. And "sensing biases," or blind spots in what organizations choose to monitor, can create miscalculations. AI promises omniscient awareness, but that illusion crumbles if you're measuring the wrong things.

Hyperadaptive Organizations don't just invest in sensing technologies. They invest in response frameworks. Khan Academy's AI-driven learning platform analyzes student interactions and tailors insights to individual learning styles, letting teachers make real-time micro-adjustments that improve learning outcomes.[4]

Traditionally, organizations relied on monitoring software to sense changes in their environment, with humans carrying the burden of analysis. This limited both speed and the sophistication of insights. As AI surfaces insights, humans move to asking strategic questions and monitoring AI for drift, bias, and integrity.

Esri, a global leader in geographic information system (GIS) software, integrated AI with their ArcGIS platform, helping cities create "digital twins." These dynamic virtual models simulate a city's infrastructure, environment, and operations, taking urban planning into new territory. Esri R&D Center Director Konrad Wenzel explains, "Digital twins drive system design that can operate more efficiently by understanding data more closely and by helping mitigate the effects of natural disaster through simulation."[5] This embodies AI's sensing and response capability.

AI also expands the scope of what organizations can sense. Social media monitoring, for instance, has become essential for gauging consumer senti-

ment and identifying emerging trends. But with social data exploding, manual analysis has become virtually impossible. AI tools like Sprout Social and Hootsuite Insights use natural language processing and sentiment analysis to distill millions of social posts into actionable insights about brand perception, customer preferences, and market shifts.[6]

This AI-powered agility doesn't replace the need for human judgment. It elevates it. Automating rote analysis and decision-making, AI frees up human capacity for higher-value activities. Trend insights get validated through sophisticated testing, where AI helps organizations test not just A versus B, but A through infinity to find optimal strategies. Researchers have more time to focus on interacting directly with customers, uncovering nuances behind the data.

As organizations navigate complex environments and customers want tailored experiences, the ability to sense and respond becomes a defining competitive advantage. AI radically changes how much, how fast, and how precisely organizations can spot trends and respond to the evolving landscape.

Capability #2: Integrated Learning Loops

Remember when Toyota revolutionized manufacturing with their "stop the line" approach using andon cords? Any worker could halt production after spotting a defect. At the time, this horrified efficiency experts, but it ultimately produced the world's most reliable cars. That's the promise of integrated learning loops in action.

For decades, organizational theorists from Chris Argyris to Peter Senge championed the value of rapid feedback cycles. AI converts these cycles from occasional pit stops into the actual engine of organizational progress.

Take Loops, a platform that doesn't just track KPIs but identifies root causes of declines and suggests solutions in real time. Or consider Rapta's "AI Supercoach," which uses machine vision to provide instant worker training, virtually eliminating defects. The difference between these organizations and their competitors isn't just technological. It's philosophical.

Companies that perform more experiments learn faster. AI helps them develop detailed hypotheses, define success criteria, and identify leading indicators to create "minimum experiments," or small, strategic bets designed for maximum learning. The more small tests run, the more learning happens, the faster the system moves forward.

Imagine your next marketing campaign through this lens. Instead of betting everything on a single creative direction, AI generates diverse options, each with clear hypotheses. You test these at a small scale, with AI monitoring consumer responses in real time. Winners scale, while losers teach you something valuable before consuming significant resources.

This is a shift from the linear, controlled, and prescriptive approaches found in traditional systems engineering toward a flexible, collaborative, and adaptive approach.

Tomorrow's winners are already replacing rigid plans with fluid cycles of action, feedback, and adaptation. They stay directionally strong and communicate clear visions of "where to play" and "how to win," as A. G. Lafley and Roger Martin taught us in their book *Playing to Win*.[7]

To achieve this cultural shift, leaders must become curiosity cultivators, rewarding teams not for perfectly executing predetermined plans but for generating valuable insights, as presented in research by Léa Aboumoussa and Jennifer Pfister for Harvard Kennedy School.[8] The question shifts from "Did we hit our target?" to "What did we learn that changes our next move?" This shift—advocated for decades—just became mandatory.

Organizations that master learning loops will develop "institutional intuition," or the ability to sense shifts in their environment and respond almost instinctively. These organizations will develop a collective intelligence through AI that keeps them perpetually ahead of the curve.

Most companies can implement basic learning loops today. But the real power, where every action teaches and insights flow across boundaries, remains rare. The ability to integrate learning loops at every level will separate tomorrow's leaders from the laggards.

Capability #3: Augmented Decision-Making

When Tomorrow.io's four-person marketing team outperforms competitors ten times their size, or when Accenture's marketing team eliminates a third of their processes, we're witnessing the collapse of decision hierarchies that have defined organizations for over a century.

For decades, we've accepted a trade-off between speed and quality in decision-making. We can make fast decisions with limited information, slow decisions with deeper information, and rarely have complete information. Herbert Simon's "bounded rationality" acknowledges our cognitive limita-

tions that cause us to make "good enough" decisions.[9] We face this every day, knowing we usually have only a fraction of the information needed to make decisions.

Consider how marketing teams plan campaign budgets. A manager might review last quarter's performance across five to seven channels, check competitor spending on a few campaigns, and consult two to three industry reports before allocating millions in spending. They know they're missing what worked in other regions, micro-trends in customer behavior, and real-time competitive moves, but gathering and analyzing that information would take months. So, they work with partial information. This is bounded rationality in action: smart people making imperfect decisions because they lack the capacity to process all relevant information within time constraints.

AI fundamentally changes this equation. It can process all the information, all the time. But—and this is crucial—it can't understand context, navigate office politics, or make judgment calls about what matters most. This is why augmented decision-making is essential for AI-native organizations: It combines AI's computational power with human wisdom to transcend the limitations of both.

We've known for years that pushing decisions to where information is richest beats pushing them to where authority is concentrated (typically the top). Decentralized decision-making leads to better decisions made faster. AI has the ability to compresses traditional approval chains, not by eliminating human judgment but by enhancing it and moving it to the point of greatest impact.

Think about your brainstorming sessions. They draw from a tiny fraction of possible solutions, even for experienced facilitators. AI explodes this horizon, generating and evaluating countless possibilities while drawing from vast knowledge bases, backing up possibilities with concrete information. Discussions shift from opinion-forward to insight-driven, focusing on patterns that stay invisible without AI, then layering in human judgment.

The evidence for human-AI partnership is compelling. Researchers Tian Lu and Yingjie Zhang studied loan officers evaluating loan applications. They discovered that, using traditional methods, officers approved loans with a 12.8% default rate. AI, which evaluated across seventy-two different criteria, reduced the default rate to 5.2%. But when humans and AI worked together, the default rate plummeted to just 3.1%.[10] The combination of AI power and

human judgment resulted in the lowest default rate. This represents the power of AI-augmented decisions.

Leading organizations master AI-augmented decision-making by redesigning their decision architecture in the following ways:

- **Reimagine decision flows:** Leverage both AI's analytical power and human judgment's contextual wisdom. Bayer's Crop Sciences division uses AI to analyze satellite and soil sensor data. They integrate these insights with generational farming knowledge.[11]
- **Build trust through transparency:** When the AI lending platform above explained its reasoning to loan officers, it improved immediate decisions and helped humans develop better mental models for future decisions.
- **Address ethical implications head-on:** When Lu and Zhang's team discovered gender bias in their AI lending recommendations, they didn't abandon the system. They improved it, creating a more ethical process than humans or AI could achieve alone.
- **Commit to improvement cycles:** Where each decision feeds back into the system for further refinement. This isn't about better individual choices but about creating an organizational intelligence that continuously evolves.

Reimagining decision-making requires a psychological shift. As Lu and Zhang discovered, "It's not natural for humans to collaborate with AI. Experienced humans and domain experts tend to disrespect AI. They inherently don't trust it because AI is still a black box."[12] When John Deere introduced AI-powered precision farming, farmers who had spent decades trusting their instincts and generational knowledge suddenly faced a machine claiming to know better. Picture a fourth-generation farmer whose family had worked the same soil since the Dust Bowl being told an algorithm could optimize irrigation better than their intuition.[13] An identity crisis if there ever was one.

This tension raises the question of how to blend human wisdom with artificial intelligence without losing what makes each valuable. Nobel laureate Daniel Kahneman gives us a mental model. AI operates like what he calls System 1 thinking: rapid, pattern-recognizing, and capable of processing massive data sets in milliseconds. Human critical thinking resembles System 2: deliberate, reflective, and able to question assumptions AI might miss.[14]

The magic happens when these systems complement each other instead of compete with each other.

Johns Hopkins University found this sweet spot with their Targeted Real-Time Early Warning System (TREWS) for sepsis detection. Instead of replacing doctors, TREWS analyzes patient data and—here's the crucial part—shows physicians exactly why it's making specific recommendations. The system catches 82% of sepsis cases, making patients 20% less likely to die.[15] Designing AI to support instead of replace human expertise, Johns Hopkins got not just better outcomes but physician buy-in (arguably the harder achievement). Organizations integrating AI into decision-making encounter several psychological barriers:

- **The trust paradox:** Humans show "algorithm aversion," losing faith in AI faster than in humans when seeing identical mistakes. Yet we simultaneously exhibit "automation bias or over-relying on AI when we shouldn't."[16]
- **The complexity challenge:** AI systems navigate data relationships that humans simply cannot comprehend. At Walmart, inventory management AI distinguishes between meaningful patterns and anomalies—dismissing a freak snowstorm in Florida instead of using it to predict future demand.[17]
- **The transparency gap:** Deep learning models function as "black boxes," making decisions through processes their creators can't explain. Would you trust a colleague who couldn't explain their reasoning?

Leading organizations address these paradoxes with new approaches to human-AI collaboration:

- **Explained AI:** Don't accept black box recommendations. Develop AI systems that articulate their reasoning. In healthcare, AI doesn't just predict heart attack risk but shows doctors which factors triggered the warning, making humans smarter too.[18]
- **Cognitive load balancing:** Determine when AI versus human judgment is optimal. Modern automotive safety systems show this balance, using AI to process sensor data and predict hazards, but leaving final decisions to the driver.[19]

- **Bidirectional learning:** Beyond one-way recommendations, create feedback loops where humans and AI continuously improve each other's decisions. In precision farming, AI systems learn from farmer overrides, while farmers develop deeper insights through AI analysis.[20]

Consider Kahneman's concept of the "two selves" (distinct from the two systems described above): the experiencing self and the remembering self.[21] AI systems optimize for the remembering self's focus on outcomes and metrics. Human decision-makers bring the experiencing self to the table, understanding how decisions feel to those affected, not just how they look in final reports.

Augmented decision-making uncovers what happens when AI and humans truly partner. We strive for better decisions while seeking better decision-making processes. We maintain human agency while leveraging AI's capabilities. Basic AI-assisted decision support is available today. But the real breakthroughs—AI-integrated decision networks across the whole organization—remain the bridge between our current capabilities and the Hyperadaptive future. The organizations crossing this bridge will redefine what decision-making means. The winners will be those who understand how to use AI to create decision-making systems greater than the sum of their parts.

Capability #4: Value Orientation

Pioneering organizations are breaking down traditional hierarchies and reorganizing around what matters: the value they deliver to customers. This isn't a theoretical model gathering dust in business school textbooks. It's the frontier that forward-thinking companies are actively exploring, though few have completely crossed it.

The irony of functional silos is hard to miss. We created them to harness the power of specialization, only to discover we'd built organizational Berlin Walls that prevent effective communication and collaboration. These artificial boundaries force customers to navigate a corporate maze that has nothing to do with their needs and everything to do with our internal organizational logic.

AI brings down these walls by enabling dynamic value networks where expertise flows to where it's needed. Organizations can instantly identify and connect employees with the exact expertise needed for specific projects. They can form and disband supporting networks based on customer needs instead of organizational charts.

Consider Jam, which uses AI to analyze sales call recordings and automatically create personalized customer success and onboarding documents.[22] More than a productivity tool, Jam is dissolving traditional boundaries between sales, customer success, and product teams to create a unified experience centered on customer value.

Hyperadaptive Organizations pursue value-oriented approaches that challenge traditional structures, including:

- **Product-led organizations:** Organize around the product experience itself. When Airbnb uses AI to personalize search results and optimize user experiences, they cut across internal boundaries to create a cohesive experience.[23] Companies embracing product-led approaches see 28% increases in active users, 30% more qualified leads, and 15% higher net revenue retention compared to peers clinging to traditional models.[24]
- **Customer journey–led organizations:** Use AI to map and optimize every touchpoint, eliminating departmental handoffs that frustrate customers while integrating insights across previously disconnected functions.[25]
- **Value stream–led organizations:** Focus on optimizing end-to-end value flow. A leading payment provider uses AI to monitor transactions in real time, generating fraud decisions in milliseconds while simultaneously providing personalized offers.[26] They don't optimize marketing, risk management, or customer service in isolation. They optimize the entire value delivery system.

The business impact is significant. Companies fully integrating AI into these value-oriented structures see 54% increases in productivity and 40% reductions in operational costs.[27]

When large enterprises attempt to break down functional silos and move toward value orientation, they encounter power structures entrenched

over decades. Leaders whose authority is defined by their position within a functional hierarchy resist. Not because they're against better customer experiences, but because they see their domains shrinking. Many equate any changes to salary, direct reports, or budget to a loss of power and either passively or actively work to protect the existing power structures.

Legacy performance metrics also work against change by rewarding functional excellence over end-to-end customer outcomes. Compensation structures (think sales quotas or production targets) reinforce silos, and career progression pathways value depth over breadth. Budget allocation processes designed for functional departments prove remarkably resilient, with resources continuing to flow through traditional channels despite reorganization efforts.

Even when structural changes are implemented, cultural inertia preserves invisible boundaries. Employees continue to identify primarily with their functional expertise over value delivery. "I'm a marketing professional" beats "I help customers achieve their goals." These attitudes can delay the benefits of AI-powered value orientation.

The most successful organizations recognize that these challenges, while daunting, aren't insurmountable. As AI capabilities evolve, they help solve the organizational problems they initially expose. AI-driven insights into value streams provide objective evidence of interdependencies, making territorial boundaries harder to defend. Digital collaboration platforms create transparency that bypasses traditional gatekeepers. Organizations wanting to fully reinvent themselves might create entirely new "AI-first" entities if they can't overcome their legacy cultures and structures.

Leaving functional silos for dynamic, customer-centered value orientation feels risky. Yet large companies already do this at a small scale, and young companies organize this way from the get-go. Like any muscle, and like all of the Hyperadaptive capabilities, value orientation is one that can be developed gradually over time. We'll explore the incremental path from hierarchy to value in Parts II and III of this book.

Capability #5: Continuous Adaptation

Continuous adaptation represents the most advanced capability of Hyperadaptive Organizations. Glimpses of this capability can be seen in forward-thinking companies, but fully realized examples are rare. Most exam-

ples live primarily in pockets of organizations, representing a vision of what's possible when the other four capabilities mature. At its best, continuous adaptation represents a proactive stance to sensing, learning, and responding.

Currently, most organizations live in a perpetual cycle of reactive improvement. They conduct postmortems after failures, schedule retrospectives everyone dreads, and launch improvement initiatives only in crisis. It's the organizational equivalent of waiting until your car's engine is smoking on the highway before considering maintenance.

The goal is to build regenerative systems and cultures that improve automatically. Think of a car that knows when maintenance is due, drives itself to the dealership to get serviced, and reports back on how the service performed. The AI-native approach to continuous adaptation differs from traditional improvement methods in three ways:

1. **Integration:** Traditional organizations treat improvement as a separate activity, like pressing pause on your day for a retrospective meeting. Hyperadaptive Organizations embed learning directly into workflows. Jerry Insurance implemented AI systems to analyze every customer interaction in real time, identifying patterns and improvement opportunities as they emerged, and automated 90% of routine interactions while simultaneously improving the quality of human-handled cases.[28]
2. **Proactive pattern recognition:** Before problems become visible (or unavoidable), AI systems identify patterns and issues that could impact performance. Google's Nest thermostat becomes a learning system that continuously optimizes energy use by analyzing heating and cooling patterns.
3. **Democratized innovation:** Traditionally, improvement was managed by specialized departments, such as process improvement teams, innovation labs, or executive task forces. Hyperadaptive Organizations use AI to empower *everyone* to create tools and improvements.

Continuous adaptation leverages information generated by the integrated learning loops. To support continuous adaptation, information is captured and routed to relevant stakeholders, where it is actioned.

Building this capability doesn't mean humans become passive observers. While AI excels at pattern recognition and routine adjustments, human insight remains crucial for interpreting complex patterns, identifying novel opportunities, and making judgments about which initiatives to pursue. The most effective systems create a self-sustaining system where interactions and ideas continuously feed back into the system and organizations are in constant motion. Rapid adaptation becomes the norm.

As MIT researchers note, "The organizations that will thrive are those that can turn every interaction into an opportunity for learning and improvement."[29] Not just at the process level, but across the enterprise.

Conclusion

Organizations that react to AI scramble to keep up with each wave of change. Those that become Hyperadaptive build capabilities that make them antifragile. They don't struggle to keep up with AI; they get stronger as AI gets stronger.

The five capabilities we've explored aren't a checklist. They're a system. Each one amplifies the others, creating what ADT Baramati discovered with their integrated approach. Sensors without analysis are just noise. Analysis without adaptation is just insight porn. Adaptation without learning becomes random motion. The magic happens when all five capabilities work together.

Consider what this means practically. While your competitors debate whether AI will disrupt their industry, you're already running hundreds of experiments. While they form committees to study implications, you're compressing decision cycles from weeks to hours. While they protect existing processes, you're dissolving the boundaries between functions.

You now understand the durable capabilities needed to transcend the latest AI model releases. Next let's talk about how to build those capabilities, stage by stage, starting exactly where you are today.

CHAPTER 4

Roadmap to Hyperadaptivity: The Five-Stage Journey

In early 2021, Zillow seemed unstoppable. The real estate technology giant's stock hit $203 per share as they revolutionized home selling with their AI-powered Zestimate tool. By analyzing millions of data points across thousands of neighborhoods, the company believed they had cracked the code to algorithmic house flipping. Former CEO Rich Barton set an ambitious target: $20 billion in annual revenue within five years.[1]

By November, everything had changed. Zillow announced the shutdown of their iBuying venture, Zillow Offers, after a staggering $421 million quarterly loss, wiping out $40 billion in market value. "We've determined the unpredictability in forecasting home prices far exceeds what we anticipated," Barton told investors.[2]

What happened wasn't just a technical failure. It was a cascade of organizational missteps that revealed a fundamental truth about AI integration. Zillow scaled too quickly, increasing home purchases by 154% in one quarter.[3] They removed human oversight from their pricing algorithms. Most critically, they tried to leap directly from AI experimentation to full-scale automation without building the organizational muscles needed to support such a dramatic shift.

Meanwhile, competitor Opendoor took a markedly different approach. While Zillow was rapidly scaling, Opendoor maintained disciplined growth. The company acquired 37,000 homes throughout all of 2021—a significant number but spread evenly across the year rather than concentrated in aggressive buying sprees.[4] Critically, Opendoor never abandoned human oversight

of its pricing algorithms. As cofounder and then CEO Eric Wu explained, "We are leveraging our responsive pricing and operations platform" while maintaining "discipline in managing risk and overall inventory health."[5]

This meant that while their AI generated initial valuations, human experts reviewed complex cases, particularly for properties with unique features or in volatile markets. Their approach combined computer vision and AI-based modeling.

The company also invested heavily in process optimization before scaling automation. They built a "transaction and operations platform"[6]—tools and systems that enabled effective communication with customers and managed renovations, trade partnerships, and inventory at scale. This infrastructure work, though less glamorous than rapid expansion, created the operational foundation necessary for sustainable growth.

Perhaps most importantly, Opendoor maintained stronger feedback loops between their pricing models and actual market outcomes. When market volatility increased in 2022, they were able to adjust quickly, taking measured inventory write-downs of $458 million while maintaining positive contribution margins.[7] While painful, this demonstrated their ability to course-correct—something Zillow's more aggressive approach had made impossible.

The results speak for themselves. Opendoor now controls approximately 67% of the iBuying market,[8] having learned that, in AI integration, operational discipline beats algorithmic ambition every time.

The contrast between these two companies illustrates why becoming Hyperadaptive requires more than ambition and technology. It demands deliberate progression through stages that build organizational capability alongside technical prowess. Taking a measured approach avoids fragility and reduces risk, allowing both short-term progress and long-term gains.

The Hyperadaptive Model: The Power of Gradual Integration

If you're experiencing transformation fatigue, you're not alone. McKinsey reports that 70% of organizational transformations fail to achieve their goals, leaving employees exhausted and cynical about the next big initiative.[9] The five stages of the Hyperadaptive Model synthesize the lessons learned from previous transformations, while accounting for AI's unique characteristics—

its speed of evolution, its cross-functional impact, and its ability to fundamentally reshape how work gets done.

The model provides a research-grounded roadmap for deliberate, sustainable progress across five key stages. It draws on the iterative and incremental cadence of Agile, the guidance for building learning organizations from Peter Senge, and the latest on transformational research from Harvard, while integrating lessons learned from leading organizations on the front lines of AI.

Each stage in the Hyperadaptive Model works to rewire the organization—its people, processes, and roles. It looks at how incentives, communications, and culture impact success, and shows how each of the five capabilities of Hyperadaptive Organizations strengthen as the organization progresses. Think of each stage as a place where you acclimatize before ascending to the next level.

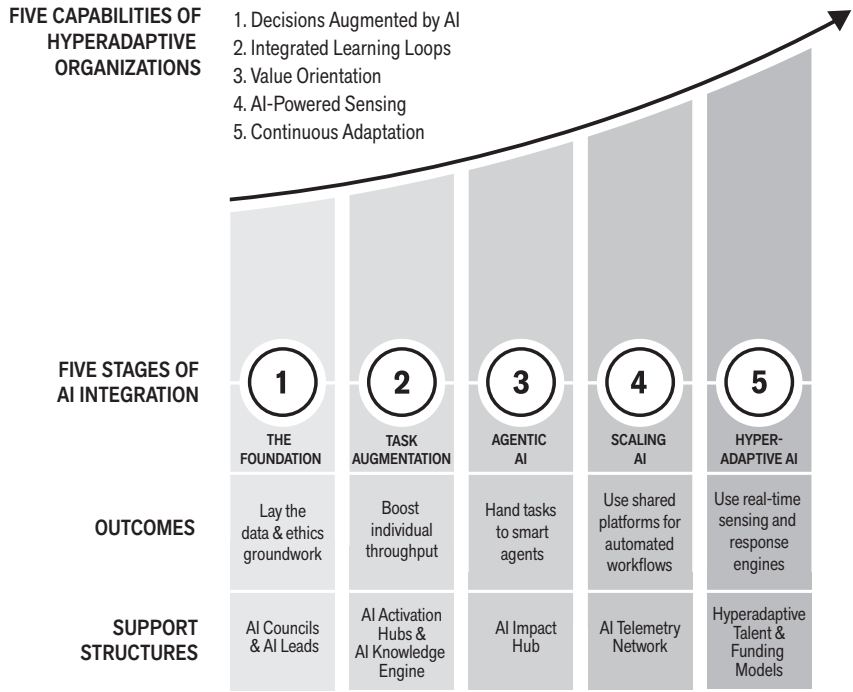

FIGURE 4.1: The Hyperadaptive Model

Stage 1: Foundation Setting

Before any meaningful AI integration can occur, organizations must establish dynamic AI governance through your network of AI Councils, identify high-value problems, and build readiness for change through pilots and your champions, the AI Leads. Think of these as critical support systems upon which all else rests. You're creating the organizational infrastructure and philosophical stances that prevent ambiguity and misalignment and spark AI curiosity.

Stage 2: Process Optimization & Task Augmentation

Here's where many organizations stumble. They try to activate AI without providing proper support. Stage 2 spins up support structures for optimizing how work gets done and how to strategically augment human capabilities with AI. Stage 2 creates AI Activation Hubs and the AI Knowledge Engine to encourage the spread of AI in the organization. This critical infrastructure holds best practices, focuses on upskilling, and builds trust while demonstrating value.

Stage 3: Initial AI Automations

As the organization evolves, and automations and agents begin to deliver tangible value, roles begin to change. Recognizing this disruptive force, spin up AI Impact Hubs to track how AI affects jobs, and its impact on the hierarchy. Stage 3 implements these automations on a small scale in order to learn what support people and the organization need. Run experiments around organizing by value streams, learning as you go. It's where abstract Hyperadaptive potential starts to become concrete reality.

Stage 4: Scaling AI

Having run controlled experiments in Stage 3, Stage 4 expands automation and agentic efforts. Revisiting decision hierarchies, roles, and incentives accommodates the new approach to AI-forward work. The enterprise starts to organize more clearly around value as those left in the hierarchy turn into strategic specialists. This pivotal stage separates organizations "doing AI" from those "becoming AI-native." With more automations in place, the AI Telemetry Network is created to monitor and maintain AI agents and automations.

Stage 5: Hyperadaptive Realization

Stage 5 represents orchestrated value streams driven by AI. The five capabilities—AI-powered sensing, integrated learning loops, augmented decision-

making, value orientation, and continuous adaptation—operate in concert. The organization doesn't just use AI; it thinks and operates fundamentally differently. The hierarchy has mostly disappeared into value streams that are dynamically funded and staffed. The organization behaves like a living organism, supported by AI, alongside the Hyperadaptive Funding and Talent Models. While few organizations have fully achieved this state, early indicators from companies like Ping An Insurance suggest competitive advantages that compound over time.

What Happens to the Humans?

None of the above happens without people. When John Deere brought AI into precision farming, they didn't replace farmers' generational knowledge. They created systems where human expertise and AI capabilities continuously enhance each other. The farmers who succeeded weren't necessarily the most tech-savvy—they were the ones willing to reimagine their work while honoring what made them successful in the first place. The organizations that win won't be the ones with the most advanced algorithms, but rather those that build human systems capable of learning, adapting, and evolving alongside (and at the speed of) their technological capabilities.

This journey requires genuine leadership engagement. It puts programs in place to support AI enthusiasts who become your organization's change catalysts. It demands transparent communication that addresses concerns head-on instead of minimizing them. The conversation must shift from "Will AI take my job?" to "How can AI help me focus on work I'm passionate about?"

Your path forward will require a network of individuals creating a grassroots movement from within instead of from above. These are the bridges between technology and business realities, the translators who help teams understand how AI changes their work without threatening their value. And they need systematic support to navigate this change; it doesn't magically happen on its own.

The stages of the Hyperadaptive Model will show you exactly how to build these human systems. You'll discover how to create the psychological safety that enables experimentation. You'll learn how to help managers evolve from information gatekeepers to insight enablers. You'll develop the communities that turn scattered enthusiasm into a systematic capability of "always-on" social learning.

Most importantly, you'll learn to treat AI integration as the experiment it is—messy, iterative, and deeply human. Organizations treating it as a rigid plan to be executed perfectly struggle. Those treating it as an evolution to be supported organizationally and navigated thoughtfully consistently succeed.

The Reality of Non-Linear Progress

The stages of the Hyperadaptive Model provide an orderly mental model. Rest assured that your journey will be messier than any roadmap suggests. Different parts of your organization will progress at different speeds. Your Marketing team might reach Stage 4 while Operations remains in Stage 2. That's the reality of change.

Research on organizational ambidexterity by Charles O'Reilly and Michael Tushman shows that successful companies manage multiple speeds of change simultaneously. They create what they call "structural separation"—allowing different units to operate at different stages while maintaining overall coherence.[10] This principle applies directly to AI integration.

Why Deliberate Action Matters

The biggest misconception about AI integration is that it happens spontaneously. Leaders install ChatGPT, tell employees to "experiment," and then wonder why nothing changes. It's like giving someone a Formula 1 race car without teaching them to drive—the potential for success is there, but you'll get better results with deliberate action.

To create the conditions where creativity can flourish, you will need:

- funding structures that support upskilling and experimentation without demanding immediate ROI,
- dynamic governance frameworks that provide continuously updated guardrails without becoming roadblocks,
- support systems that help employees build new capabilities,
- learning mechanisms that capture and spread insights at the speed of AI,
- and leadership commitment that goes beyond speeches to resource allocation.

Without these elements, you're not integrating AI, you're tire-kicking, and you'll see no more results than giving someone a PC and not teaching them how to turn it on.

Navigating the Stages

As we move forward, Parts II and III provide detailed guidance through each stage of the Hyperadaptive Model. You'll learn not just what to do in each stage, but how to recognize when capabilities are strengthening, what you need to deepen before advancing, and when you're ready for the next challenge. Each chapter follows a consistent structure:

- the vision of what's possible,
- the path to get there,
- the challenges you'll face,
- and signals you're ready to move forward.

The five stages are grouped into two parts:

- **Part II: Base Camp (Stages 1–3)** represents well-traveled ground. Hundreds of organizations have successfully navigated these stages, leaving us with extensive research, documented best practices, and proven approaches. Here you'll build foundational capabilities with the benefit of others' experience. The path may be challenging, but it's well marked.
- **Part III: The Emerging Frontier (Stages 4–5)** is where pioneers are still charting the territory. Fewer organizations have reached these stages, though early adopters like Amazon, Ping An, and Commonwealth Bank provide signals of what's possible. The rewards are greater, but so are the uncertainties. You're fundamentally rewiring how your organization operates.

As you travel through the five stages, the capabilities we discussed earlier—AI-powered sensing, integrated learning loops, augmented decision-making, value orientation, and continuous adaptation—move from elementary to advanced, supporting your journey along the way.

This gradual strengthening is what allows organizations to *become* AI-native rather than just *use* AI. Each stage doesn't just add new tools; it fundamentally enhances your organizational DNA. By Stage 5, you won't think about being AI-enabled any more than you think about being electricity-enabled—it simply becomes how you operate.

The question is whether you'll approach this evolution deliberately, taking the time to build capabilities alongside technology, addressing the human side of AI, or whether you'll make Zillow's mistake of running before you can walk.

The roadmap is clear. The research is compelling. The only thing missing is that first deliberate step.