AI & DIGITAL

From AI Awareness to Organizational Transformation

A Five-Stage Path for Agencies and Employers to Drive Workforce Effectiveness and Efficiency

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Abstract. Artificial intelligence is now present in most organizations, yet only a minority convert its use into measurable enterprise value. This article presents a five-stage path (awareness, governance, pilot, redesign, and transformation) that public agencies and employers can use to move from scattered experimentation to sustained gains in workforce effectiveness and efficiency. Drawing on survey evidence, federal oversight reports, risk-management standards, and experimental studies of worker productivity, it offers strategies, examples, measures, and recommendations for each stage.

Introduction

Artificial intelligence (AI) has moved from the margins of organizational life to its center in less than three years. McKinsey & Company (2025) reported that 88 percent of surveyed organizations use AI regularly in at least one business function, up from 78 percent a year earlier. Yet the same survey found that only about one-third of respondents had begun scaling AI beyond isolated teams, that just 39 percent could attribute any enterprise-level earnings impact to it, and that roughly 6 percent qualified as high performers. The pattern is visible in government as well. The U.S. Government Accountability Office (GAO, 2025) found that reported AI use cases across 11 agencies nearly doubled in a single year, from 571 to 1,110, while generative AI use cases rose from 32 to 282. An earlier GAO (2023) review had already shown that most agency use cases remained in the planning phase rather than in production. Use is expanding faster than the organizational capacity to convert it into results.

The stakes for the workforce are considerable. The World Economic Forum (WEF, 2025) projects that 39 percent of workers' core skills will change by 2030, reports that 86 percent of employers expect AI to transform their businesses, and identifies skills gaps as the most significant barrier to business transformation. For agencies and employers, the practical question is therefore not whether to engage AI but how to do so in ways that improve both effectiveness (the quality and outcomes of work) and efficiency (the time and cost required to produce it). This article offers a five-stage path, summarized in Figure 1, and pairs each stage with strategies, examples, and measures.

Figure 1. The Five-Stage Path from AI Awareness to Organizational Transformation

Each stage has one organizing question and one measure that tells leaders whether to advance



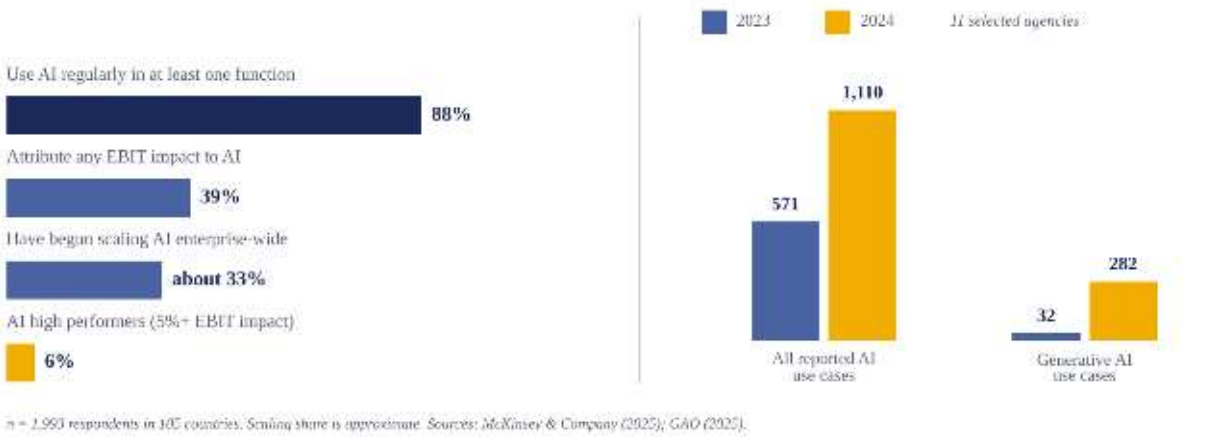
Why Adoption Alone Does Not Produce Value

Task-level evidence is encouraging. In a study of more than 5,000 customer support agents, Brynjolfsson et al. (2025) found that access to a generative AI assistant raised issues resolved per hour by about 14 percent on average and by roughly 34 percent for the least experienced workers. Noy and Zhang (2023) found that, in an experiment using professional writing tasks, ChatGPT reduced completion time by about 40 percent and raised rated quality by about 18 percent.

Task-level gains do not automatically become enterprise gains. McKinsey & Company (2025) identifies workflow redesign as one of the strongest correlates of enterprise impact: high performers were nearly three times as likely as other organizations to have fundamentally redesigned individual workflows, and they were more likely to pursue growth and innovation objectives alongside efficiency. Davenport and Ronanki (2018) reached a consistent conclusion earlier, advising organizations to begin with well-defined business problems and process-enhancing projects rather than technology-first showcases.

Figure 2. AI Use Is Surging, but Enterprise-Level Impact Remains Concentrated

Left: share of organizations (McKinsey & Company, 2025). Right: federal AI use cases (GAO, 2025)



n = 1,993 respondents in 105 countries. Scaling share is approximate. Sources: McKinsey & Company (2025); GAO (2025).

Figure 2 summarizes the gap. The implication for leaders is that the binding constraint is rarely the model itself. It is governance, data readiness, skills, and the willingness to change how work is organized. The five stages that follow address those constraints in sequence.

The Five-Stage Path

Stage 1: Awareness

Awareness means that every employee, from front-line staff to executives, can explain what AI tools do, where they fail, and what the organization permits. Without it, use proceeds informally and unevenly, creating both missed opportunity and unmanaged risk. Practical strategies include a baseline survey of current (including unsanctioned) tool use; role-based training that moves beyond definitions to hands-on practice with non-sensitive data; and a short list of approved and prohibited uses written in plain language. For example, a regional workforce agency might hold a 90-minute orientation for all staff, followed by role-specific labs in which case managers practice drafting client communications and verifying every factual statement against the source record. The signal to advance is the share of staff who complete training and can correctly classify sample scenarios as allowed or not allowed.

Stage 2: Governance

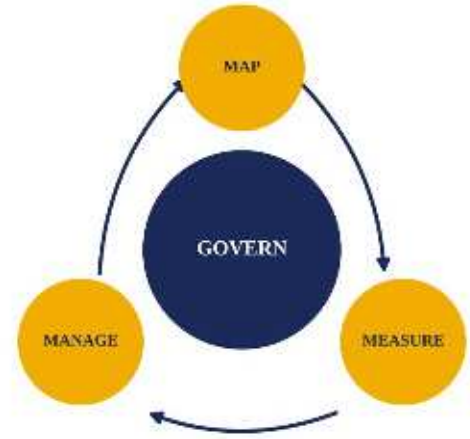
Governance converts awareness into rules and accountability. The NIST AI Risk Management Framework organizes this work into four functions (Govern, Map, Measure, and Manage), with governance as the cross-cutting foundation (National Institute of Standards and Technology [NIST], 2023; see Figure 3). In the federal sector, Office of Management and Budget (OMB) Memorandum M-25-21 directs agencies to strengthen AI governance, including through designated chief AI officers (OMB, 2025), and GAO's (2021) accountability framework organizes oversight around governance, data, performance, and monitoring. Non-federal agencies and employers can adopt the same logic proportionately.

Core actions are to name an executive owner, form a small cross-functional review group (operations, legal, human resources, information technology, and a front-line representative), build an inventory of AI

uses, and tier each use by risk. Drafting internal meeting summaries is low risk. Screening job applicants or recommending eligibility determinations is high risk and warrants human review, bias testing, documentation, and procurement clauses that require vendors to disclose how their systems were trained and tested.

Figure 3. Mapping the NIST AI Risk Management Framework to Agency Practice

GOVERN supports every system; MAP, MEASURE, and MANAGE repeat for each use case (NIST, 2023)



GOVERN	Assign an executive owner, adopt an acceptable-use policy, and set risk tiers for vendors and staff.
MAP	Inventory each use case: who is affected, what data it touches, and what could go wrong.
MEASURE	Test accuracy, bias, and security before launch, then track error rates and user overrides.
MANAGE	Decide to scale, fix, or retire the tool; document incidents and review on a fixed schedule.

Source: National Institute of Standards and Technology (2023).

Stage 3: Pilot

Pilots are deliberate experiments, not demonstrations. Select two or three bounded use cases in which tasks are repetitive, data are not highly sensitive, and a baseline can be measured. Candidates include summarizing case notes, drafting first versions of grant narratives or job postings, and answering routine policy questions from an internal knowledge base. Record baseline time and error rates before the pilot, run it for eight to twelve weeks, and compare pilot users with a comparison group where possible.

The field evidence suggests two design choices. First, because gains were largest for less experienced workers in Brynjolfsson et al. (2025), pairing new staff with AI tools and strong review practices may accelerate onboarding. Second, because Noy and Zhang (2023) measured quality as well as speed, pilots should track both. Require human verification of outputs, log errors, and decide in advance what result will justify scaling.

Stage 4: Redesign

Redesign is where many organizations stall and where the evidence indicates value is created. The task is to rebuild a workflow around what people and machines each do best, rather than attaching a tool to an unchanged process. Consider a hypothetical benefits intake process with nine hand-offs. A tool-first approach adds a chatbot at the front end and leaves the nine steps intact. A redesign maps the process with the staff who perform it, removes duplicate data entry, automates document checks, routes complex or ambiguous cases to trained specialists, and rewrites standard operating procedures and job descriptions accordingly.

Useful strategies include process-mapping workshops with front-line staff, explicit decision rights (what the system may recommend and what only a person may decide), data-quality remediation, and retraining

tied to the new roles. Measures should be operational (cycle time, rework, and cost per case) and experiential (client satisfaction and staff workload).

Stage 5: Transformation

Transformation occurs when AI capability is embedded in strategy, budgeting, and workforce planning rather than managed as a series of projects. Leaders revisit which services the organization can offer, how roles evolve, and how savings are reinvested, for example by shifting staff time from data entry to coaching clients or engaging employers. Kotter's (1996) change principles remain apt: communicate a clear vision, generate and publicize short-term wins, and anchor new practices in performance management and culture.

The WEF (2025) findings on skill change imply that continuous upskilling must be budgeted as a standing function, not a one-time event. At this stage, mission outcomes are the relevant measures: time to service, placement rates, quality indicators, and equity of outcomes across populations, supported by periodic reviews under the governance structure established in Stage 2.

Recommendations

1. Begin governance and pilots in parallel once baseline awareness exists; waiting for perfect policy delays learning.
2. Name one accountable executive and a cross-functional review group within 60 days.
3. Inventory and risk-tier all current and planned AI uses within 90 days, including tools staff already use informally.
4. Choose pilots with measured baselines and predefined criteria for scaling or stopping, and share results internally, including failures.
5. Fund redesign explicitly by allocating front-line process experts' time and a retraining budget; do not expect tools to change workflows on their own.
6. Balance efficiency and effectiveness measures, and avoid evaluating AI solely by headcount reduction.
7. Report progress quarterly using the stage measures in Figure 1.

Conclusion

The evidence points to a consistent lesson: organizations that benefit most from AI treat it as a catalyst for organizational change rather than as a software purchase. The five-stage path gives agencies and employers a sequence of decisions, each with a defined measure, that links literacy, governance, experimentation, and redesign to workforce outcomes. The studies cited here come from particular settings, and results may not transfer automatically, so leaders should validate gains locally and revisit their governance as the technology and its regulation evolve.

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