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# The Radiating Red Dot

The screen was the only light in the room, and had been for hours.

It was sometime past five in the morning, and I sat at my desk running on coffee and a feeling close to wonder, laced with dread.

Six weeks earlier, Vinay had helped me set up Claude AI and a software platform called Replit. He did so mostly to satisfy a fixation he described, generously, as my "dopamine fix." He was also helping me address a question that had been bothering me for weeks.

What would AI disruption do to our business, our industry, and the premise on which we had built a company with $1.5 billion in revenue?

On an otherwise unremarkable evening that started around eight o'clock, I was doing what no reasonable person who knew me would have predicted. Having never touched a line of code in my life, I was building a software program.

I am OneDigital's co-founder, our growth guy, our storyteller, and our value-proposition architect, a guy always looking toward the horizon, trying to understand the road ahead. I am about as far away from a software programmer as a person can get.

A year earlier, the people who knew me would have laughed at the idea of Mike Sullivan spending a night writing code. The laughter would have been audible from the parking lot. I mean, I majored in history! Yet there I was, pulling the programmer's trademark all-nighter, iterating on software puzzles to design an app that would solve my most pressing concern.

Around six in the morning, I succeeded. The image on my screen was extraordinary.

With no coding experience, I built a working software tool in ten hours. In a single overnight, I accomplished what would traditionally have required weeks of professional developer time, a scoping process, a roadmap, and a budget in the tens of thousands of dollars. How was this possible?

My experience went well beyond the convenience of a super-powerful new technological gadget. My all-nighter was a *partnership* with a form of intelligence, and that collaboration expanded the boundaries of my own capabilities. I wanted to think more about that, except I couldn't focus on that insight at the moment because a different realization was causing my heart rate to increase.

On my screen, in the app I had developed, was a radiating red dot. That dot confirmed both my greatest excitement and my worst fear.

The idea for my app was to pull together the best available research on AI disruption from leading institutions and synthesize it into a consensus view. I wanted to know where a company like OneDigital would fall on the readiness scale and to see it mapped visually. With Claude and Replit set up on my laptop, I wrote my prompts. I described what I wanted, provided all the context and information I had at my disposal, gave feedback on the program's design, and iterated until we had a product that could answer my question.

The process was addictive, and I quickly lost track of time. It was my first truly integrated AI Coworker exploration in which the final blended work product mattered at a strategic level. Around five in the morning, I wondered, *Is this what the future of work is going to feel like?*

The app pulled from fourteen sources, including McKinsey, Bain, and the World Economic Forum. These were firms that had published their own analyses of how AI would reshape industries and realign white-collar job categories. When I was sure it had all the right information and the right context for analyzing it, I gave it this prompt: "I want a four-quadrant framework that visually shows where OneDigital sits on the AI readiness scale. I want to see a dot showing exactly where we are."

More iterations followed. Then, in the early morning hours, the visual materialized.

My first reaction was amazement. The tool had done precisely what I asked, drawing from sources I could never have synthesized on my own. Not in ten hours, not in a hundred. Between dinner and sunrise, I had built my own AI-readiness assessment tool. I was quite proud of my work.

My second reaction was real concern. And I mean *real* concern.

The graph placed OneDigital in the upper-right quadrant, with a radiating red dot signaling our bad position. The diagnosis read:

> **"Without adaptation, OneDigital is susceptible to disruption from AI. You are in the asymmetry-of-information, advice-giving business, and you need to evolve what you do and how you do it."**

The consensus was that if an organization in our position did no reskilling and made no investment in augmentation, roughly a quarter of its workforce would be performing tasks that AI could do faster and at lower cost. That was the do-nothing scenario.

Vinay and I recognize that headcount reductions and margin expansion can be constructive for a company's bottom line. We are also human beings who work with other human beings, and we all need jobs to provide for our families. I felt sick at the thought that a quarter of OneDigital was doing work that could be replaced by AI.

The red dot stopped being abstract pretty quickly, replaced in my mind by the faces of people I knew.

I thought first of a benefits consultant in Maryland, a woman who had spent five years building her career by staying on calls until 9 p.m., helping a confused employee untangle a denied health insurance claim. I happen to be close friends with her parents. The data pulls and plan comparisons that filled her calendar could now be completed in seconds by AI tools. I settled my nerves with the reminder that the advisor she was on her way to becoming, the one a client would call first, was still possible. To get there, she would need to spend more of her time on the work only she could do, while the routine work that had previously consumed large parts of her workday faded into the background.

A retirement advisor in Kansas City came to mind next. Fifteen years sitting with small business owners and helping them think through what an exit might mean. He had held clients steady during 2008 when their first instinct was to sell at the bottom, and the trust he built earned him countless business referrals. However, half of his regular work week was spent on plan comparisons and contribution math, work that AI could do far faster and more accurately. I reflected on his need to rebuild his practice around the work only he could do, before AI tools that any client could open on a phone took over the rest.

I then thought about a wealth advisor in New Jersey, thirty years in, and the kind of advisor whose clients told him secrets they had not even shared with their spouses. I had to ask myself, honestly, whether the judgment he had developed over those three decades was still worth what we were charging for it. I knew he brought value to clients in ways that don't begin to fit on a spreadsheet. The question that remained was how to push this value even further and build upon what he is doing now. Otherwise, some clients might consult with AI on their own time, in an attempt to figure out how to work their finances.

Since that moment of facing the red dot, Vinay and I have come to believe that the danger to OneDigital and the people we serve lies in our own inaction. AI is not the real threat. It does not care if OneDigital survives, thrives, or dies. Inaction is the threat to our future viability.

According to my app's consensus, a quarter of our employees were performing roles whose informational and analytical components—the core tasks that filled their days—could be handled by AI at a fraction of the cost. This data does not make those people expendable. Instead, it means that without a deliberate strategy for functional expansion and role redefinition, the gap between AI capabilities and employee output would widen until the economics became impossible to ignore.

In fact, upon further investigation, the employees most exposed in the do-nothing scenario were also the ones best positioned to become the most evolved advisors the firm had ever put before clients.

The red dot demanded action.

So, what were we going to do?

Here is what we figured.

Millions of families rely on OneDigital's work. If the readiness model warned of such a fate for us, then it also held for most of our clients in some form. The HR director, trying to keep an anxious workforce informed, and the business owner, asking what AI meant for the next five years of their company, needed a guide. So did the salesperson, trying to figure out what would differentiate them in a market where the analytical layer of expertise was suddenly abundant. The same questions keeping me up at night would keep them up at night.

What if OneDigital had the solutions that could help our clients rest easy?

We could not credibly advise our clients on a transformation we had not undertaken ourselves. The firms that try to consult on AI from the outside, having read the McKinsey reports and the Boston Consulting Group (BCG) case studies without moving their own people through the change, struggle to resonate with change leaders. For OneDigital, the right path meant putting our own organization through the work first. We needed to embrace all the missteps and uncomfortable conversations that are sure to come with transforming a 6,000-plus-person organization.

We had to earn the lessons we would carry into client conversations the same way we had earned our stripes during the pandemic: by doing the work alongside our people, even as the outcome remained uncertain. A firm that undertook this evolution from within would be the one our clients would rely on in the future.

After my all-nighter, sleep was out of reach. I felt like a proud papa waiting for a recital, except my kid was a software tool that had just told me what I needed to know. I waited, anxiously, for Vinay to log on.

Vinay Gidwaney is my partner in what I sometimes call, to his ongoing horror, the story of an Irishman and an Indian who walked into a bar. He is wired for founder mode the same way some people are wired for endurance running. Vinay operates with systems thinking and an 807-slide PowerPoint deck (as of now) that contains the key ideas he has had throughout his OneDigital career. The deck, he admits, nearly crashes PowerPoint every time he opens it.

Vinay and I held a shared conviction. The companies that would survive the advent of AI were those willing to run toward the unknown. We had been playing offense for our entire careers. We had done that during the dot-com collapse, the introduction of the Affordable Care Act, and the COVID-19 pandemic. Those earlier crises had been business-model problems. The AI question threatened the value of each knowledge worker in our firm, which made the problem bigger and more urgent.

When Vinay appeared on screen that morning, I skipped the pleasantries. *"Did you see my tool?"*

He had, and he responded with a line my mind still plays on repeat. *"I love the tool. I hate what it's telling us."*

We talked about overreaction, about whether the models were exaggerating, about all the reasons a reasonable person might dismiss the consensus and go back to running the business the way we always had. Then we stopped making excuses because neither of us believed them.

A large portion of our business today is predicated on employment. Our employer clients rely on us to help them manage their workforce, navigate benefits, manage risk, prepare for retirement, and deliver expert guidance. We exist in part because of information asymmetry, the gap between what a specialist knows and what a generalist can figure out on their own. Now we had to ask what happens when that asymmetry narrows, when the informational advantage that justifies our current fees erodes, and when the premise of our business meets a technology that makes the analytical component of our expertise abundant and accessible at low cost.

The answer, we would come to realize, depended on whether we chose to augment our people or leave them behind. That fork is not unique to OneDigital. Every firm with knowledge workers will reach the same one, and what a firm decides in that moment will say more about it than any mission statement ever could. I said to Vinay, "This is really troubling, and it's also the biggest opportunity I've ever seen."

He agreed.

## The Book That Reshaped My Thinking

Months before my all-night programming session, I read a perspective-shifting book, *Co-Intelligence: Living and Working with AI*, by Ethan Mollick. Mollick is a professor at the Wharton School of the University of Pennsylvania. Vinay recommended the book to me because it had been making the rounds among AI thought leaders.[1]

I finished the book in a matter of hours.

The book opened my mind to the possibilities unlocked by the eventual partnership of AI and human users. Mollick's argument was measured and evidence-based, with implications that stunned me. His research suggested white-collar jobs in the services industry could see productivity gains of 20 to 80 percent through AI augmentation.[2]

At face value, the research sounded great. Get the right AI tools into our people's hands, and productivity would skyrocket. Yet the more I contemplated Mollick's studies and arguments, the more I realized I was thinking about AI transformation all wrong.

If I treated AI like any other technology tool, like an efficiency play, I would blunder this once-in-a-generation opportunity. The way I was thinking matched how every other executive in my network was thinking. We at OneDigital could improve baseline productivity by adopting the new technology, encouraging people to use it, measuring improvements, parting ways with those who weren't getting on board, and watching profit margins improve.

Taking such a traditional approach to AI transformation would be a career-defining mistake. The methodology might have sounded attractive on a quarterly earnings call, but it would not differentiate us or ensure our competitiveness five years down the road. If I had learned anything from Mollick's book, it was that AI transformation was the *worst* possible time to lose human workers. Why?

Artificial intelligence, however powerful, is finite. It is just a statistical model trained on a dataset. AI produces remarkable work, with bounds. Human intelligence operates by different rules.

People do not max out the way a model does, and they do not need a training set to make a connection no one has ever made before. A person carries judgment and conscience, formed by experiences no algorithm can access. Put the two intelligences together, and you get work neither would have produced in solitude.

So, the natural question is, how do we deploy human intelligence and human-AI relationships most effectively? We believe that at the enterprise level, the strength of that deployment will have an exponentially increased impact for each human partnered with our firm's AI. So, while AI will be accessible to all organizations, human intelligence for human-AI partnerships will remain scarce.

This is why AI transformation is the worst time to lose human workers.

The information advantage our industry had run on was now under pressure. AI was eating the analytical part of that advantage. The durable part of the work still took place in person, with an advisor attending to fears and interpreting data in light of each client's specific circumstances. The advisor's job is to ask the right questions and help the client arrive at a decision they can live with. Moving our people from "I know the answer" to "I know what the answer means for you" would be a demanding transition.

I called Adam Bruckman, OneDigital's CEO and my co-founder, and began cascading the message through the organization's leadership. AI offered an opportunity to reshape our value proposition in the marketplace, far beyond an efficiency play. Former limits to our capability, based solely on human capital, had vanished. New opportunities to serve our clients were ahead, limited only by our willingness to collaborate with this new intelligence.

AI is unlike every enterprise technology adopted in the last 30 years. The technology produces work that looks like it came from a thoughtful colleague. It reasons. If you ask a follow-up question, AI remembers the context, adjusts, and offers fresh analysis.

Software does not behave that way. Person-to-person behavior is closer to the experience of working with AI. This is why effective change management during AI transformation won't be led by a technology team, but by people leaders.

Here is how a typical large company introduces a new piece of enterprise software. First, the CIO is the designated leader. Then the work runs through a vendor review, a security review, a procurement cycle, an architecture map, a license agreement, and a training module that teaches employees what the new tool does and how to log in. The operations department announces the launch via a company-wide email and establishes dashboard systems to track usage and review quarterly key performance indicators. At the next review meeting, they present the utilization numbers along with a plan to improve them.

This sequence works for enterprise software deployments. For software, training is operational, and ROI is a question of the tool's efficiency. A CRM stores customer data, while an ERP processes transactions, and a project management platform organizes tasks. The IT department ensures those tools are reliable, well-integrated with the rest of the stack, and have security baked in.

AI transformation does not cleanly fit into the standard change management parameters. How do you train coworkers to develop a working relationship with a digital colleague that, upon onboarding, probably has more company knowledge than you do? Real partnerships between your people and the AI counterparts assigned to them become the metric that matters.

Run the standard IT playbook on AI, and the adoption rate lands somewhere between 15 and 20 percent, most of it concentrated among people who would have found the tools on their own.

AI transformation is fundamentally a talent management problem. Treat the work as a technology deployment, and every dollar you spend on AI will return a fraction of its potential value.

## The Fear Factor

As I started making calls, I didn't reach out to the consultants, advisors, analysts, and account managers closest to clients. By that point, the frontline people had been pulling us forward, already using AI in their work and asking for more from our AI Coworker program (more on this later). They had quietly demonstrated what was possible. For over two years, they had been ahead of the average leader in our industry.

My calls went to fellow leaders, the people running practices, regions, business lines, and senior functions. Their decisions would either accelerate the AI transformation or leave it on hold for another quarter. Those leaders needed the activation moment I experienced after my all-nighter. They needed to feel, in their gut as much as their head, that the trajectory of their work was about to shift, irrespective of their preferred timeline.

After a dozen or so calls, I got another call from Adam. He has been my business partner for 26 years and is an exceptional CEO, with real dexterity in balancing the visionary and the operational. He was alarmed by the phone calls I was making.

"You need to stop scaring people," he said. His pushback was necessary. Scaring people would freeze them, when what I wanted was for them to move. So I tempered the message.

I said, "Meet me in the middle, and let's just scare them a little bit."

My focus shifted toward the opportunities unlocked by action, while keeping the dangers of inaction in view. I was not perfect in that calibration. At times, I leaned too far toward urgency and pushed harder than I would have liked to get leaders to engage with my message.

For several weeks, I made multiple calls per day. I started with the people I trusted most, the ones I knew could hear a hard message and act on it. I walked them through my app and showed them the data it had produced. I shared how I was using AI in my own day-to-day.

Some leaders got it immediately. They had been dabbling already and were waiting for permission to lean in. Their activation was swift, and soon they were emailing me about what they had built and new insights they had discovered.

Other leaders needed time. They listened and expressed interest, then went back to running their business as before. A few pushed back.

I noticed a pattern with the pushback. It mostly came from senior leaders whose careers had grown around a niche skill set. They had yet to process how the value of their expertise was about to be reconfigured. They weren't denying the relevance of AI to their work, but it seemed to me that many leaders thought AI was a bigger problem for entry-level workers and would be solved by someone else at a later time.

Pride carries people through twenty years of building a practice. At the higher tiers of leadership, in the middle of a major industry inflection point, pride can be a liability. To get the best out of an organization's AI transformation, leaders must be willing to accept that the ways they've been operating for the past two decades will change completely in the coming months. That is not easy to accept.

When it came to AI adoption, frontline workers were ahead of many senior leaders. That gap bothered me. A firm in which customer-facing workers ask for more while the leadership tier hesitates loses its best people first. Activation is more profound when it comes from the top.

There is a first-mover advantage at play here. Organizations that build AI infrastructure and training will hold an advantage that is hard to replicate. Specialists who lean into this evolution can offer clients far more value than they may have ever imagined. The leaders above them have to move first.

Using the right framework to drive AI transformation will build some of the most remarkable companies this industry has ever seen.

OneDigital intends to be one of those companies.

## A New Framework for a New Era

What is the right framework for AI transformation?

Again, AI transformation is a talent management problem. For a generation, Human Capital Management (HCM) has been the lens through which organizations think about their people. The textbook definition is fairly stable across the discipline. HCM is the set of practices an organization uses to acquire, deploy, develop, compensate, and retain its workforce, with the underlying premise that the workforce is the sum of the humans on the payroll and that the management challenge is allocating dollars among those humans to maximize the value they produce.

HCM accurately describes what most firms have been doing since the 1990s. As an organizing framework for the next decade, though, the model carries a structural flaw. It's hiding in plain sight. It's the "H."

The HCM framework rests on the assumption that an organization's talent consists solely of humans. With artificial intelligence, that changes. Talent in a modern organization comprises humans and AI working together.

The challenges for traditional HCM go beyond adding AI agents alongside humans on the org chart. Organizations used to ask, "How many people do we need to accomplish a task?" This is the wrong question. A framework that begins by counting humans cannot describe, let alone manage, an organization whose capability comes from the integration of human and machine intelligence.

With AI augmentation, any human knowledge worker asking the right questions can do the work of an entire team. The new measurement is the intelligence powering the work. Today's question reads, **"What intelligence does our organization require, and how do we compose it?"**

By the time I asked this question out loud, Vinay and the team had been building toward an answer at OneDigital for more than two years. What we did next was give that work a name, a framework, and a sense of urgency. We surfaced a framework that applies to every employer of meaningful size in every white-collar industry facing the same disruption. We believe this same framework may also be applicable to gray- and blue-collar work as robotic technology advances.

Our framework is based on the following three assumptions: First, artificial intelligence is a new kind of talent to manage and integrate into your organization's work. Second, software deployment frameworks lack what AI transformation requires. Third, the people best equipped to lead this integration are your people leaders. These are your Chief Human Resources Officers (CHROs) or Chief People Officers (CPOs), the executives who already know how to hire, onboard, supervise, and develop human employees.

Future chapters will dismantle obstructive mental models, equip you with the right language for your organization's change management, and provide your change leaders with the framework we use at OneDigital to drive AI transformation. You will see how we moved from an efficiency lens to a talent-focused lens and what changed as a result. You will also meet the people inside our organization who made the work possible, those who struggled, and the mistakes we made along the way.

The window to do AI transformation right is open, and it will not stay open long. Your moment for action has arrived. This is your radiating red dot. The pages ahead carry the information you need to **move**.