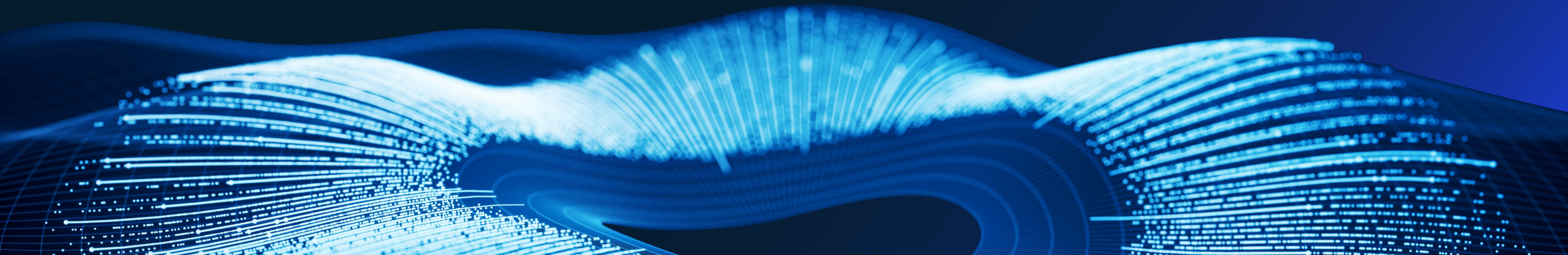McKinsey
& Company

Developing Leadership in the Age of AI

2025

Our focus today

What does successful leadership look like in a world where human action and technology intersect?

What are **examples of leadership development programs** being implemented in the world of AI, and what can we learn from them?

How does the rise of AI demand a **complete rethinking of the people function**, and what does that look like in practice

+ Concrete practical next steps for you as a leader
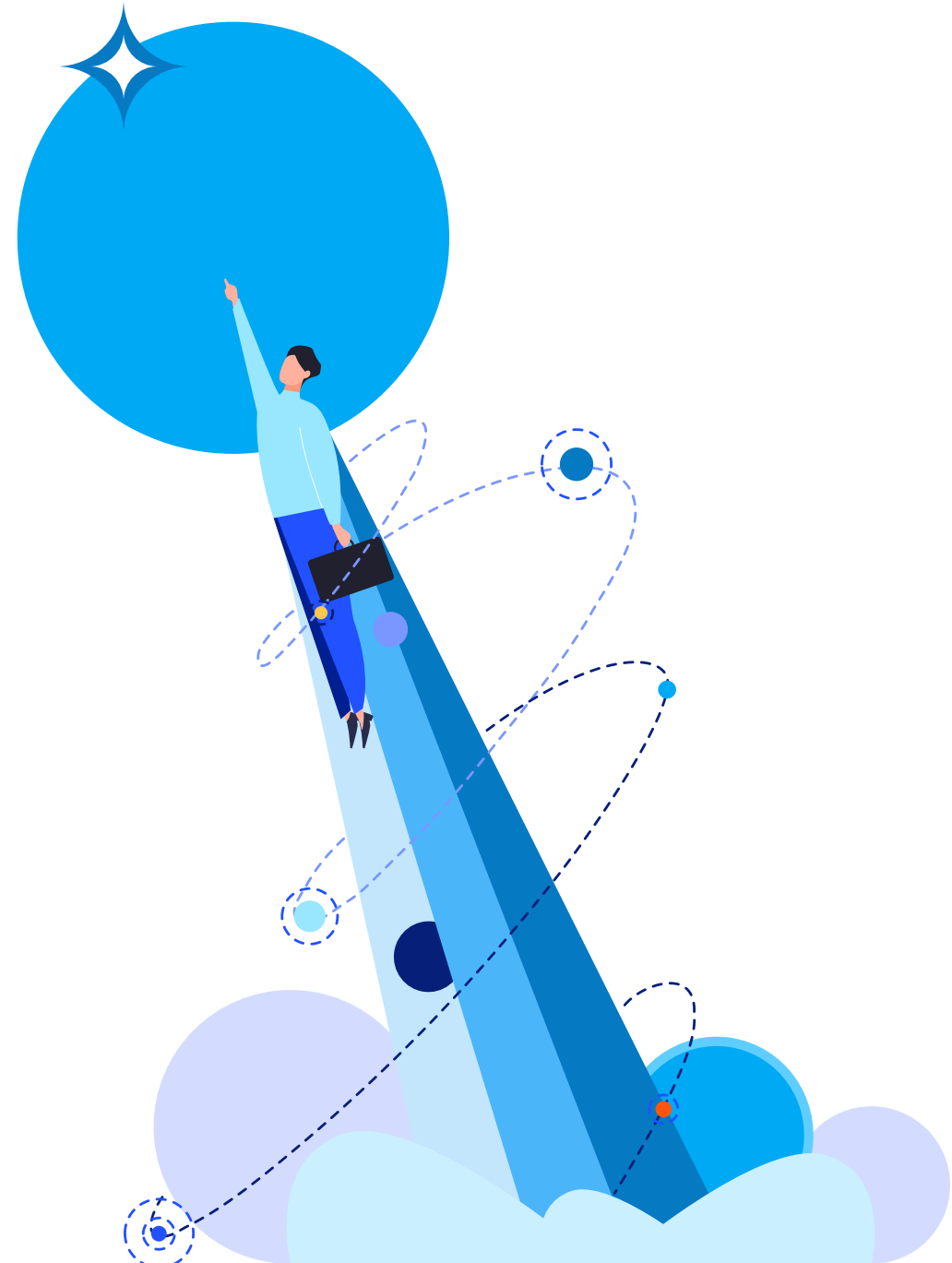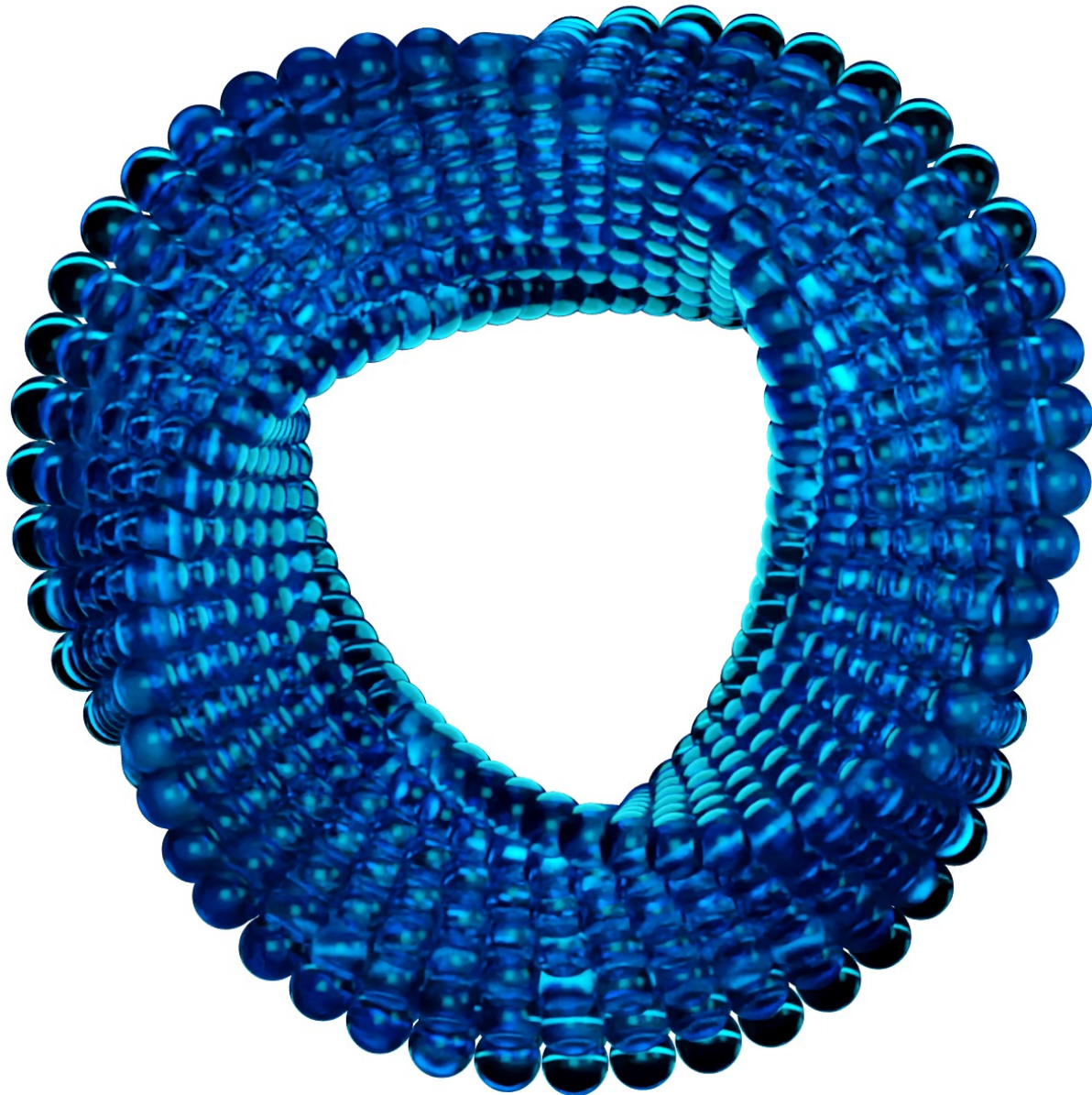
A new, more human approach to leadership is required

Human-centric leaders operate from a higher state of awareness, embracing and balancing the inherent tensions in modern life

Human-centric organizations see success across multiple dimensions

Human-centric organizations focus on culture

More resilient

Healthy organizations are **2.4x** less likely to show signs of financial distress

Stronger performance

Companies that focus on cultural health show an **18%** increase in EBITDA after one year

Higher talent retention

Employees of healthy organiza-tions are **1.5x** more likely to stay in the company

Stronger long-term returns

Cultural health is the best causal indicator of long-term financial performance with **2.5x** ROIC for healthy organizations vs unhealthy organizations

This human-centricity is core to successful women CEOs

Human-centric attributes like self-awareness, humility, and resilience are **paramount** for effective leadership; so is the importance of **embedding personal and organizational purpose** into leadership vision

Effective CEOs navigate organizational tensions by **balancing seemingly opposing demands**, such as confidence and humility, decisiveness and empowerment, professionalism and authenticity

Research indicates that **women often excel in relational competencies, systems thinking, learning mindsets, and purpose-driven vision,** traits essential for navigating modern leadership challenges
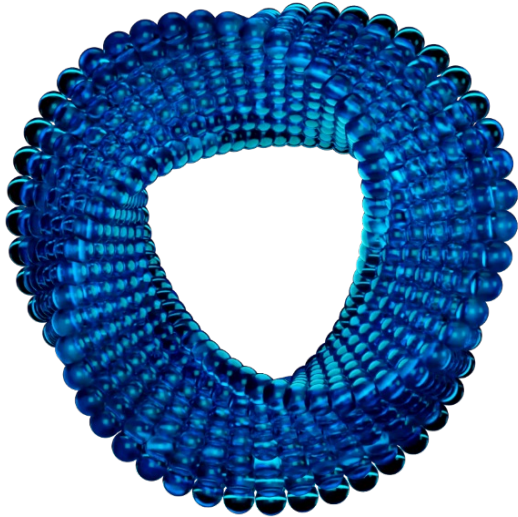

The inner game of women CEOs

May 21, 2025 | Article

Pick two of these 12 human centric practices, that stand out to you. Share with your neighbor, why you have made this choice!

By adopting these behaviors, individuals can learn to navigate the competing tensions and complexities of leadership in a rapidly changing world

1. Teams and organizations

Our focus of this session

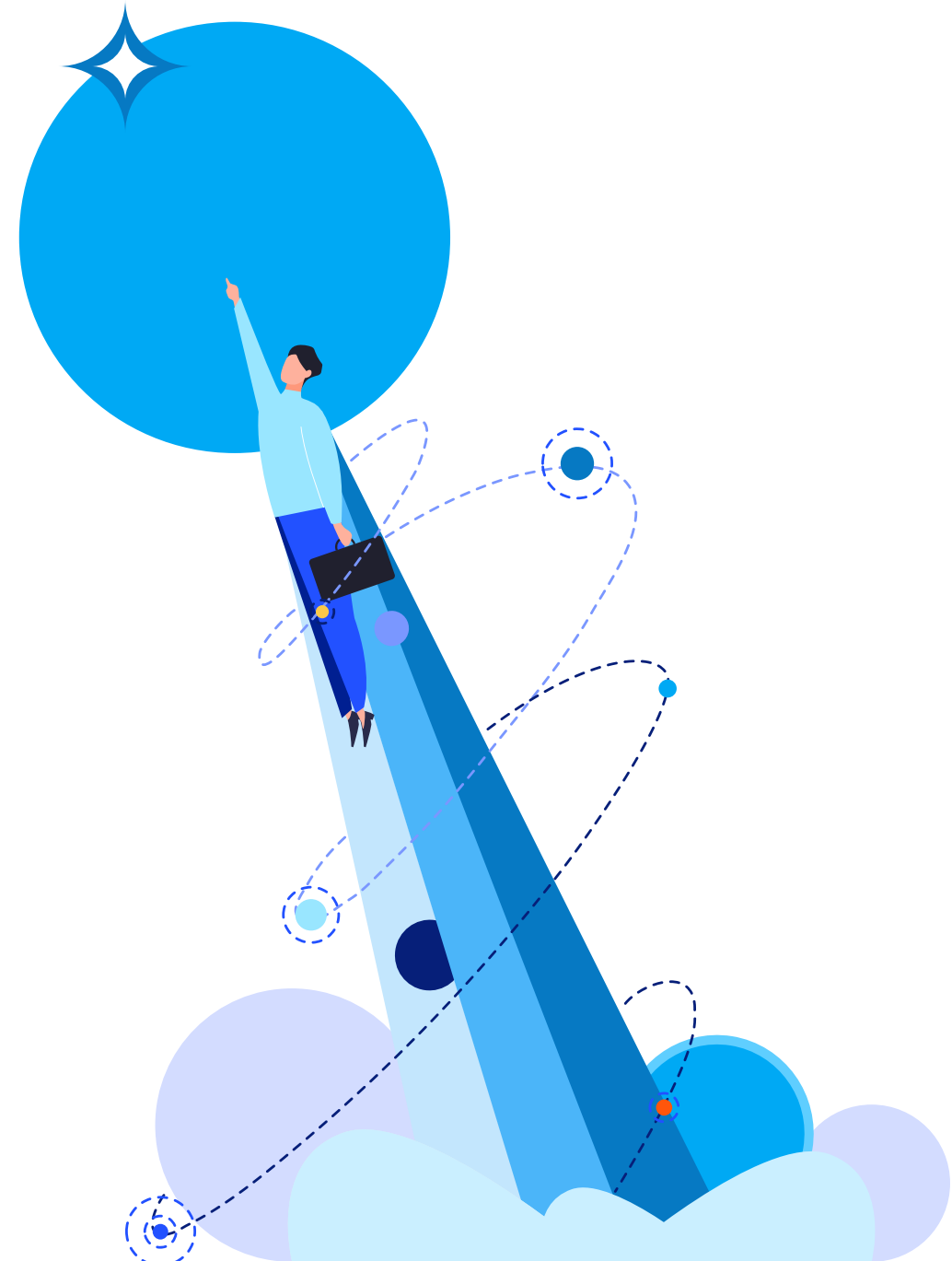**What does successful leadership look like** in a world where human action and technology intersect?

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Core themes: Learning programs

Impact case studies

1   Laying the foundation for enterprise-wide adoption of Gen AI (telco)

2   Digital &AI executive capability building program (leading global CPG player)

3   Unlock team potential through "People Leader as a Coach" (professional services firm)

4   Empowering Leaders to Navigate AI-Anxiety and Overcome Team FOBO (global tech player)

5   Generating impact through high-performing teams (bank; verbal example)

Success factors

Create a journey to develop human-centric leaders throughout the organization, both for upskilling and to evolve the culture

Initiate team-based journeys to re-imagine ways of working and update operating models in the organization

Incorporate human-centric principles into performance reviews and scorecards

Develop a culture of open feedback to drive trust and growth

Reward colleagues who role model human-centric leadership attributes throughout the organization

Laying the foundation for enterprise-wide adoption of Gen AI (telco)

Impact case study 1

Context

Aligned with the **CEO's vision** to **become an AI leader** within the telecom industry, a top provider set out to **test and scale GenAI tools** (e.g., ChatGPT) across all business units and functions **to drive enterprise-wide growth**

Despite recognizing significant potential, the **organization faced challenges such as low adoption of existing GenAI tools**, limited IT-HR collaboration, and **lack of a coordinated GenAI strategy**

Approach

To deliver a successful GenAI pilot, we employed a comprehensive **change management interventions** including:

1. Established a GenAI Hub with HR and IT **experts to drive change across all elements of the influence model**

2. **Engaged senior leadership through bespoke 1-on-1 sessions** to unlock GenAI 'aha' moments, build capabilities, and identify exciting use cases

3. **Conducted cohort-based GenAI training** with recognized institutions, tailored by level

4. **Leveraged change agents (super users)** to promote peer learning and employed ongoing re-engagement strategies (e.g., nudges) to ensure sustained adoption

5. Tracked **pilot success with metrics on tool adoption**, retention, user experience, productivity gains, and business benefits for high-priority use cases

Impact

Delivered 4.5K+ hours of live **GenAI training** within eight weeks

Achieved 85% active participant engagement with GenAI tools multiple times weekly

Saved pilot respondents **an average of one hour daily** through GenAI tools

Generated $10–13M annual economic impact across 14 business applications via **revenue growth and cost efficiency**

Digital &AI executive capability building program (leading global CPG player)

Impact case study 2

Context

Leadership teams faced growing complexity and rap**id technological advancements**, **requiring deeper digital fluency** and innovative thinking

Leaders needed **tailored capability-building** to successfully navigate evolving challenges and drive tangible business impact

Previous generic training methods lacked alignment with specific strategic business priorities and practical, hands-on engagement

Approach

The approach focuses on 7 key elements:

1. Delivered **immersive workshops** across multiple cohorts[1], providing intensive, hands-on experiences

2. Offered **asynchronous online microsites** with curated articles and interactive training, enabling flexible and continuous learning

3. **Provided Senior (ELT) 1:1 coaching sessions** led by McKinsey experts to personalize capability-building

4. Organized **Go-and-See visits** with digital peer companies[2], fostering direct learning from industry-leading practices

5. Hosted a dedicated **Stanford HAI session** for selected leaders, embedding cutting-edge insights on human-centered AI

6. Facilitated **pre- and post-program assessments** to systematically gauge leader progress

7. Planned **implementation of formal badging** and credentialing to recognize and motivate continuous leadership development

Impact

Enhanced **leaders' ability to link capability-building** directly to measurable, business-specific outcomes and strategic priorities

Significantly **increased leader engagement,** collaboration, and confidence in **digital decision-making** through tailored, hands-on learning experiences

Established a **replicable, scalable capability-building model** with clear accountability, enabling ongoing improvement aligned to enterprise-wide strategic goals

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1. 3 sessions, half-day each
2. 2 sessions

Unlock team potential through "People Leader as a Coach" (professional services firm)

Impact case study 3

Context

Organizations face increasing volatility and change, demanding leaders who can empathetically guide teams through uncertainty

Traditional leadership approaches often fall short in unlocking sustained team performance and personal growth

Effective coaching and structured feedback have become essential skills, but many leaders lack training to navigate challenging conversations confidently

Approach

It contains 3 core content dimensions (WHAT):

1. **Lead through change:** Master the GROW model and handle challenging conversations confidently with practical coaching techniques

2. **Optimize team performance:** Build coaching skills to help teams identify and overcome performance barriers effectively

3. **Give structured feedback:** Deliver clear, specific, and actionable feedback to drive continuous improvement

Program delivery is structured as a 6-week sprint (HOW):

1. **Participate in three interactive, 2-hour virtual workshops** to adopt a **coaching mindset**

2. **Practice the GROW framework** intensively to guide impactful **coaching conversations**

3. **Collaborate in peer coaching pods**, guided by a certified coach, and **reflect with peers** on real-world challenges

Impact

Enhanced clarity on coaching vs. other leadership styles, enabling more engaging, collaborative, and impactful conversations

Strengthened mastery of the structured GROW model, improving effectiveness and confidence in coaching dialogues

Improved capability to navigate challenging coaching situations, reinforced by real-time **professional feedback**

Empowering Leaders to Navigate AI-Anxiety and Overcome Team FOBO (global tech player)

Impact case study 4

Context

Rapid technological advances, particularly in AI, are triggering widespread **anxiety among workers** about becoming obsolete - FOBO[1]

Employees are increasingly exhibiting stress-related behaviors, such as resistance to new technologies, excessive certifications, and strategic avoidance

Leaders face the **critical challenge of navigating this anxiety** and shifting teams toward creative, collaborative, and **proactive responses**

Approach

The approach focuses on **three core modules**:

1. Equip **leaders** through **training and coaching** to **proactively recognize FOBO-driven behaviors** ("fight-flight-freeze"), teaching them specific techniques to move teams from anxiety-driven responses toward creative, solution-oriented collaboration

2. **Build teams' capability to maintain productive engagement** during uncertainty by **introducing structured reflection exercises** and **mindset-shifting workshops**, empowering them to avoid premature or reactive decision-making

3. Facilitate **regular practice of practical skills** such as conscious breathing, carefully **guided communication scenarios**, and **reflective debriefs**, fostering an environment conducive to collaborative, innovative responses to technological change

Impact

Shifted mindsets from defensive reactions **toward curiosity-driven engagement with AI** and technology

Achieved significant improvements **in team collaboration**, creative problem-solving, and adaptive learning

Embraced uncertainty, **empowering teams as distinctly human contributors** leveraging technology for growth, innovation, and enhanced performance

1. FOBO - Fear of becoming obsolete

Core themes: Learning programs

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5 **Generating impact through high-performing teams (Financial Services institution; verbal example)**

Reminder: Success factors

Make It Relevant: Tailor Learning to Real-World Roles and Challenges

Reduce Fear of Failure: Create a Safe Space for Experimentation and Growth

Make It Fun: Use Gamification and Interactive Learning to Boost Engagement

Embed Ethics: Teach Responsible AI Practices to Build Trust and Confidence

Foster Collaboration: Encourage Cross-Functional Teams to Learn and Innovate Together

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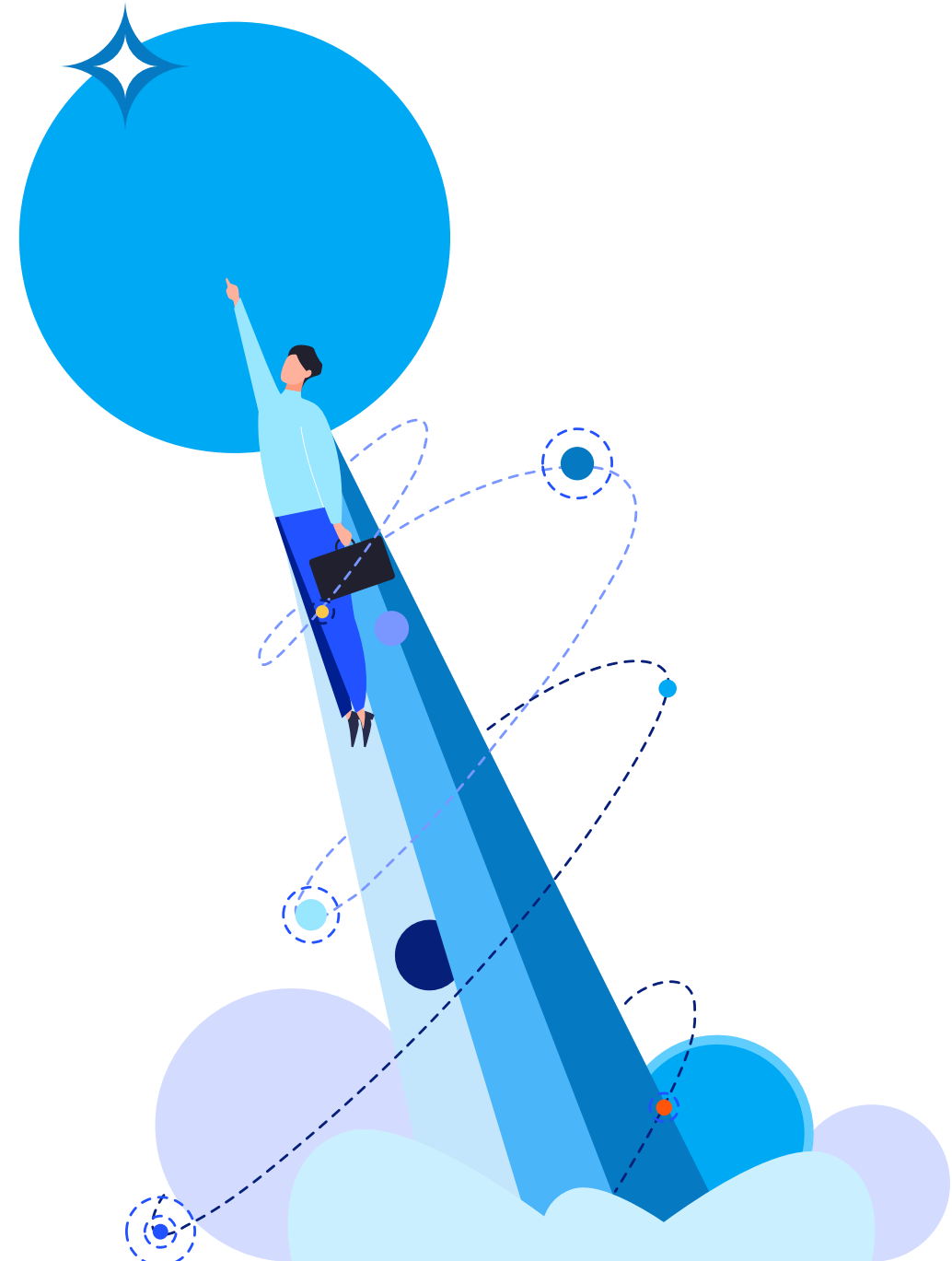
>60% of today's People Management processes can be automatically delivered or fully automated

Automation potential[1] per HR process step

1. People and organizational strategy
- 1.1. Translation of business strategy to people strategy
- 1.2. Translation of business strategy to organizational strategy and organizational design and operations (spans, layers, roles, governance)
- 1.3. Design HR performance and measurement structure
- 1.4. Continuous measurement, benchmarking & improvement

2. People planning
- 2.1. Future people / skill needs assessment, incl. definition of critical (leadership) roles
- 2.2. Current and future people / skill gap analysis
- 2.3. Design of implementation levers to fill gaps
- 2.4. Operational resource planning
- 2.5. Planning effectiveness measurement and reporting

3. People attraction
- 3.1. Need assessment
- 3.2. Design sourcing strategy, incl. Employee Value Proposition
- 3.3. Candidate outreach
- 3.4. Candidate screening and assessment
- 3.5. Interviewing, offer extension and feedback
- 3.6. Onboarding design and delivery
- 3.7. Candidate experience and recruiting effectiveness measurement and reporting

4. People development
- 4.1. Learning and Development need assessment, and design of learning strategy
- 4.2. Content development and training design
- 4.3. Delivery and learning and development pathways/opportunities
- 4.4. Learning diagnostics, measurement and reporting

5. Leadership Development
- 5.1. Succession planning executives
- 5.2. Succession planning non-executives
- 5.3. Career pathing, navigation, individual professional development planning and coaching
- 5.4. Design of performance management system (criteria, targets, cadence)
- 5.5. Execute performance management process
- 5.6. Design of employee recognition, benefits, total rewards
- 5.7. Measurement of long-term Leadership Development effectiveness

6. Employee experience and health
- 6.1. Need assessment and design of initiatives
- 6.2. Delivery and implementation
- 6.3. HR communications strategy and change mgmt.
- 6.4. Measurement, incl. employee sentiment, org health

7. People operations
- 7.1. HR operations and service delivery
- 7.2. Personnel/HR data management
- 7.3. Payroll and compensation mgmt.
- 7.4. Time and absence tracking
- 7.5. Compliance and reporting
- 7.6. Labor relations
- 7.7. Vendor management (L&D, benefits, travel, etc.)

Fully automated processes — ~26%
Entirely managed by technology w/o human intervention (>90% automatable)

Fully automated delivery — ~39%
Combination of automated tasks and human intervention, e.g., in product delivery hubs (60-90% automatable)

Augmented processes — ~34%
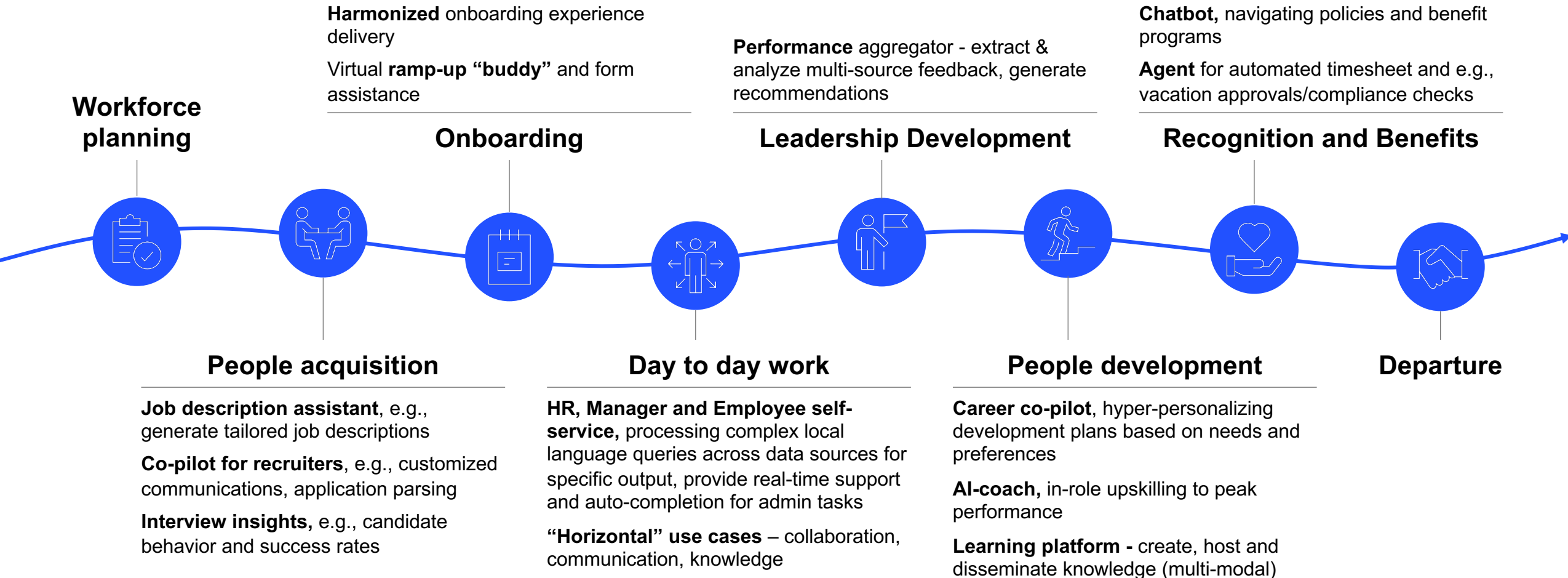Enhanced human capabilities and decision-making (<60% automatable)

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1. Mid-point scenario by 2030, average of HR activities for EU-10 + US; Potential based on full technical feasibility (i.e., availability of technology to potentially automate work activities)
Note: Does not sum up to 100% due to rounding

Source: MGI Automation model November 2024; McKinsey internal analysis

GenAI use cases can catalyze automation across the entire hire-to-retire lifecycle

Workforce planning

Harmonized onboarding experience delivery

Virtual **ramp-up "buddy"** and form assistance

Onboarding

Performance aggregator - extract & analyze multi-source feedback, generate recommendations

Leadership Development

Chatbot, navigating policies and benefit programs

Agent for automated timesheet and e.g., vacation approvals/compliance checks

Recognition and Benefits

People acquisition

Job description assistant, e.g., generate tailored job descriptions

Co-pilot for recruiters, e.g., customized communications, application parsing

Interview insights, e.g., candidate behavior and success rates

Day to day work

HR, Manager and Employee self-service, processing complex local language queries across data sources for specific output, provide real-time support and auto-completion for admin tasks

"Horizontal" use cases – collaboration, communication, knowledge

People development

Career co-pilot, hyper-personalizing development plans based on needs and preferences

AI-coach, in-role upskilling to peak performance

Learning platform - create, host and disseminate knowledge (multi-modal)

Departure

We build on expert insights

Envisioning the future of People Management

Leading players in HR technology and/or People Management

Adecco · Valence · Microsoft · visier · Google · workday · TALENT TECH LABS · eightfold.ai

Blue chip companies

T Systems · intel · DBS · SAP · Shell · aws · 3M · IBM · Walmart · adidas · JPMorgan Chase & Co. · NETFLIX · Deutsche Telekom · Grab · amazon

Thought leaders & academia

Hochschule Niederrhein University of Applied Sciences · HAI Stanford University Human-Centered Artificial Intelligence · Wharton University of Pennsylvania · SHRM Society for Human Resource Management · AIHR Academy · Harvard Business Review · Gartner · CIPD · MODERN · josh bersin · INSIGHT 222

and others

Selective insights

Hyper-personalized employee experiences at scale, tailoring processes (e.g., L&D) to improve employee (and manager) experience and performance

Elevated humanness with business leaders as people leaders providing heartfelt care to employees, augmented by technology

Frictionless people & skill ecosystem creates business value through the best composition of capabilities ('skills to tasks')
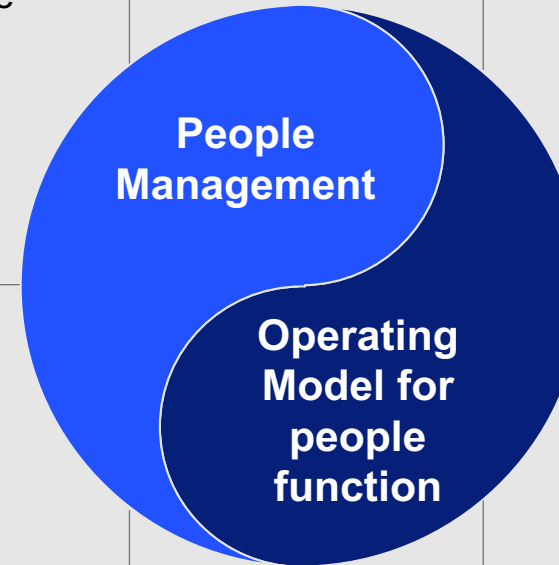
Value-driving 'Triumvirate' of roles in people function:

people strategist, people scientists, and people technologists

Single-layered, centrally-steered, virtual flow-to-work pools of experts and silo-transcending processes, with technology that (partially) dismantles CoEs and SSC

Transcending (legacy) data and systems - enabling significant automation, allowing for focus on customizing where it matters in people processes, including the "experience layer"

People Management

Operating Model for people function

More insights available for future discussions

People Management of the future will be increasingly employee-centric and strategic for the business ...

People Management

People function
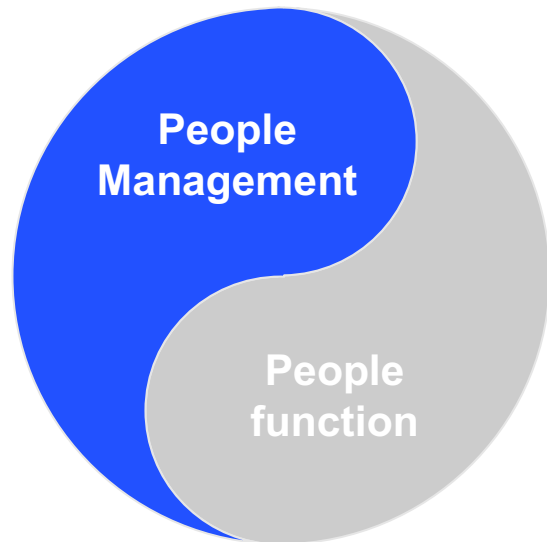
|	
N=1 hyper-personaliza-tion	**Experience at the core** of People Management
	Offerings **fully tailored to the individual's needs and preferences**, at enterprise scale
	Personal agents providing real-time assistance, in the flow of work, 24/7
Frictionless	**Proactive and forward-looking People Management**, real-time and data-enabled (predictive) decision insights on business outcomes
	Fluid people and capability deployment (flow skills to tasks), beyond organizational boundaries, towards business value
Elevated humanness	Focus on building out of **human skills** (e.g., empathy, judgement) in age of technology **augmentation**, critical role of executives esp. on ethics and responsibility considerations
	Managers as the human interface to employees, shifting people management and leadership from HR to managers, enabled by technology and the people function

... therefore, the people function of the future must be enabled by technology and deep expertise

People Management
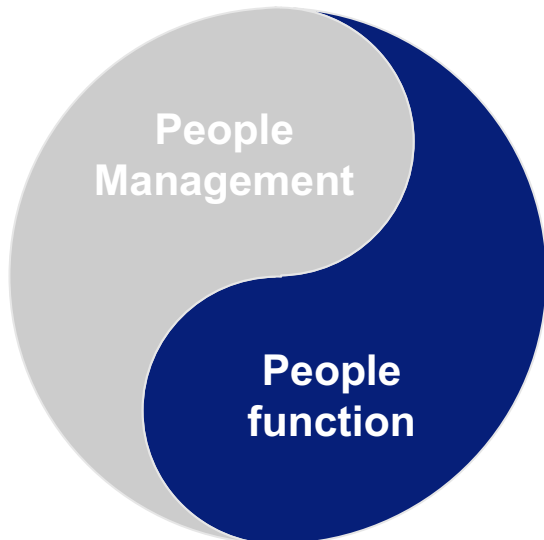
People function

Strategic Triumvirate	**People function as owner and driver of few, strategic** people & organizational priorities, e.g., culture, leadership, organizational development (e.g., ~20% of original HR portfolio)	
	Expertise-driven, technology-enabled, value-driving "Triumvirate" function: people strategists, people scientists and people technologists	
Single-layered	Centrally-steered, **virtual flow-to-work pools of deep experts** working in business-outcome focused projects or "product squads" – evolving traditional CoEs	
	Automation enables 24/7 availability; **farewell to (administrative) SSCs**	
	Significant shift of delivery to technology and digitally-enabled manager (e.g., enabling move towards ~1:200+ in HR care ratio)	
Mastering complexity	**One "core" integrated people data lake and technology backbone** transcending legacy complexity and process harmonization needs	
	Technological advancements enable fully **customizable "experience layer" of people processes**, including the use of data intelligence for holistic predictive insights	

Moving towards this vision creates value across all of People Management

Efficiency

70%
of current HR-process handling freed up due to (partial) automation and augmentation

1:250+
care ratio with 24/7 availability of HR services via digital platforms

Effectiveness

30%
cost savings in future product-oriented People Management

Experience

30+ pts
higher employee engagement, experience and performance in models with strong focus on few people products

2x higher likelihood of overperforming competitors financially

# Putting it all together: How the future of the people function may look

Empowered people leaders as human interface to employee

- Human touch with genuine care and compassion, incl. delivery of human-side of people products
- Personalize, digital toolbox provided by people function
- Capability building and thought-partner in people strategists

Personalized experience

24/7, real-time, in-the-flow of work support from personal agent

Tailored people products to needs and preferences
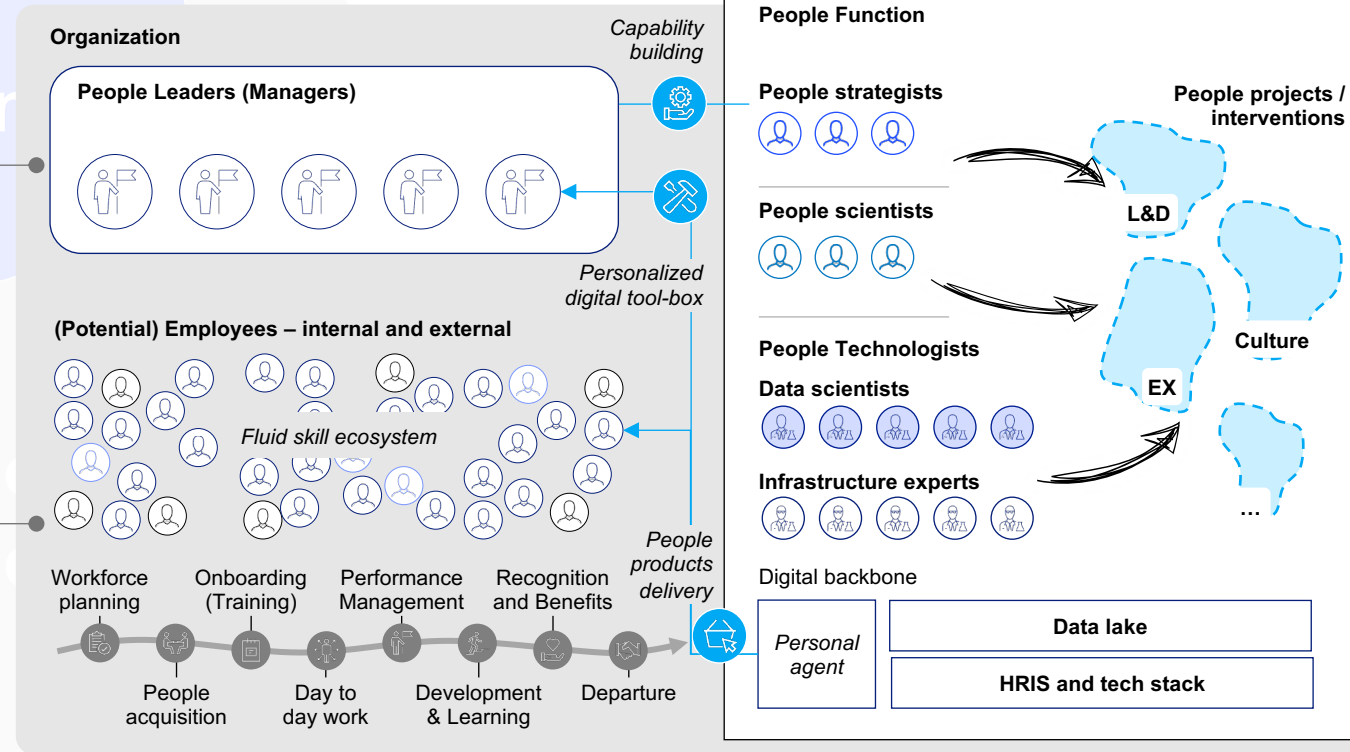
Project-based work
- Prioritized "people products" and people interventions
- Single-layer, centrally-steered
- Organized in fluid, virtual product squads with business

Organization

People Leaders (Managers)

Capability building

Personalized digital tool-box

(Potential) Employees – internal and external

Fluid skill ecosystem

Workforce planning — People acquisition — Onboarding (Training) — Day to day work — Performance Management — Development & Learning — Recognition and Benefits — Departure

People products delivery

People Function

People strategists

People scientists

People Technologists

Data scientists

Infrastructure experts

Digital backbone

Personal agent

| Data lake |
| HRIS and tech stack |

People projects / interventions

L&D — Culture — EX — ...

People strategists

Business-focused sparring partners to business leaders

Prioritize, strategically relevant people projects / interventions

People scientists

- Senior experts with deep topical experts
- Translate data insights into effective people interventions (=product design)
- E2E accountable of delivery of "people products" via managers and people function

Technologists

Data scientists

- People data intelligence center, incl. (global and local) people product performance
- Provide selective support to product squads[1]

Infrastructure experts with

- Evolve digital backbone, e.g., API integration
- Maintain infrastructure process and systems, incl. self-service applications / "experience" layer

1. i.e., in localized 'product delivery hubs'

3 archetypes of maturity that define and inform your next steps

The Strategist
Excitement and exploration

In the process of creating a **strategy and roadmap** for successful implementation

Begun **experimenting** with new technologies

Focused on building **backbone and HR capabilities,** e.g., tech, data, people analytics

70%

The Experienced
Differentiating

Focused on **institutionalizing and scaling new technologies**

New way of **working with business** and people leaders

First adjustments in **operating model**, e.g., CoE merging, flow-to-work pools

25%

The Visionary
New normal

Full **AI-flip** of People Management across all processes

HR with seat at **business strategy** table

**People intelligence** engine driving value holistically

5%

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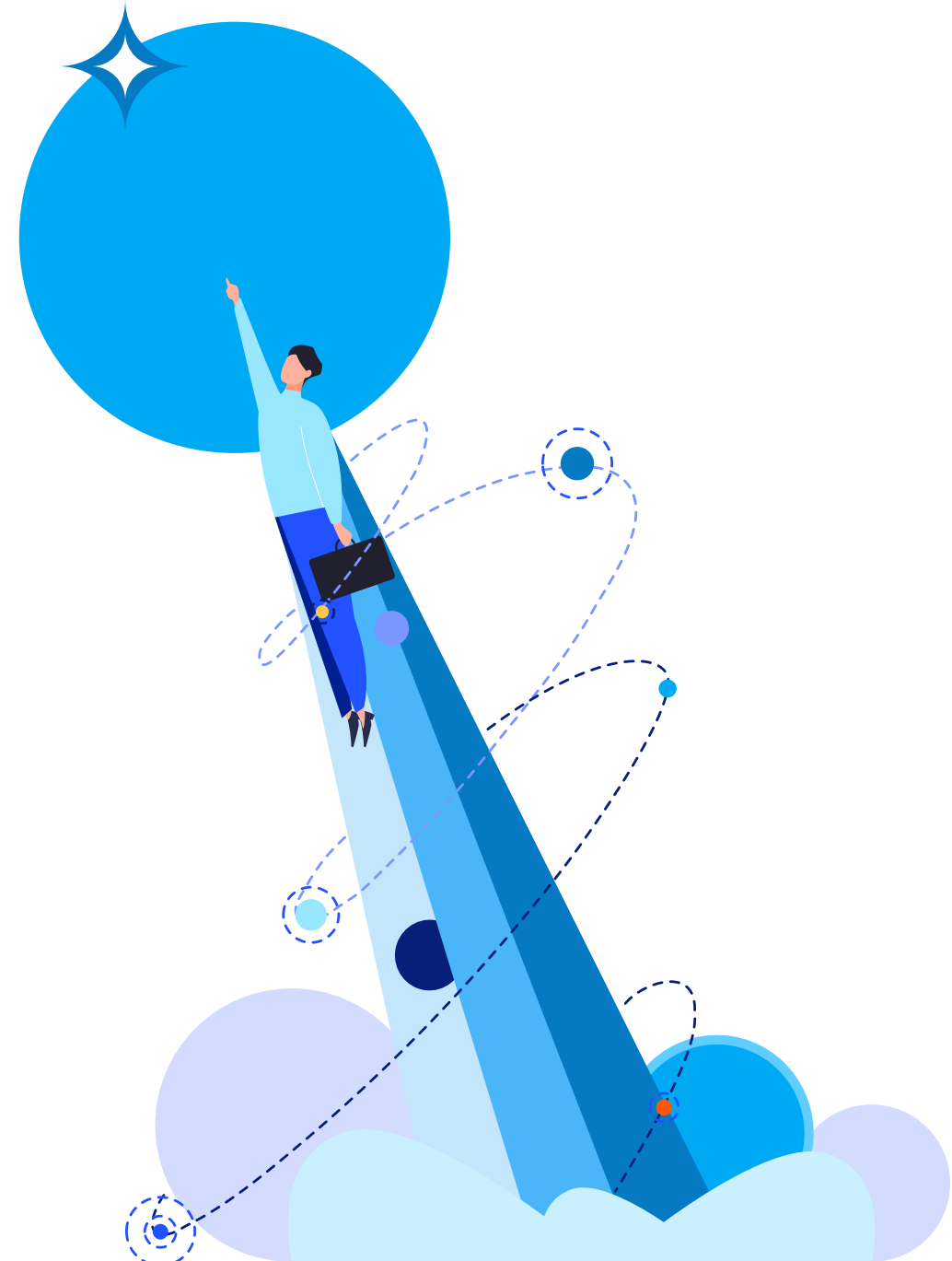
Practices to lead organizations

Example behaviors to adopt

1 Reinforce values and purpose

2 Master clear communication

3 Be a role model for the rest of the organization

4 Build capabilities and promote continuous learning

5 Engage stakeholders

6 Champion inclusion

7 Adopt a "servant leader" mentality

8 Cultivate a growth mindset

9 Incorporate fun in the organization

10 Be decisive, not impulsive

Actions to take

Create a journey to develop human-centric leaders throughout the organization, both for upskilling and to evolve the culture

Initiate team-based journeys to re-imagine ways of working and update operating models in the organization

Incorporate human-centric principles into performance reviews and scorecards

Develop a culture of open feedback to drive trust and growth

Reward colleagues who role model human-centric leadership attributes throughout the organization

Practices to lead yourself

Example behaviors to adopt

1 Put being before doing

2 Pause for productive reflection and solitude

3 Seek and embrace feedback from others

4 Keep learning

5 Embrace optimism

6 Create new sources of inspiration

7 Be open to those closest to you

8 Cultivate physical, mental, spiritual and emotional health

9 Find ways to refresh yourself

10 Find the right balance between personal and professional life

Sample actions to take

Perform a self-assessment and design a learning journey around human-centric leadership attributes

Develop a mini-board composed of leaders with whom you can learn and share

Schedule regular time for reflection on your leadership style, including where and how you want to grow

Construct a leadership scorecard and regularly solicit feedback from individuals at various levels of the organization

Engage a coach or counselor to support you in developing from the inside out

McKinsey & Company

Thank you!