



BUSINESS RESILIENCE

Strategy to Execution: The 70-30 Rule to Gen AI Efficiency

Professor Mohanbir Sawhney

Associate Dean for Digital Innovation
McCormick Foundation Professor of Technology
Kellogg School of Management

Sidhant Rastogi

President
Zinnov

In this episode of the Zinnov Podcast, Zinnov's Sidhant Rastogi, sits down with Professor Mohanbir Sawhney, to explore the past, present, and future impact of Generative AI, delving into its opportunities, adoption, and scalability.

This is an edited version of the conversation.



Sidhant: Welcome to the brand-new episode of the Zinnov podcast. I'm your host Sidhant Rastogi, President at Zinnov. Today, I'm privileged to host Professor Mohanbir Sawhney, an acclaimed author, educator, and global expert in Digital Transformation and business innovation. Welcome, Professor Sawhney, it is a pleasure to have you with us.

Mohanbir: Thank you for that wonderful introduction. It's a pleasure to be here.

Sidhant: Let's begin. Professor, your extensive work with digital transformation across various sectors gives you a unique vantage point to examine multiple industries and technology leaders.

My first question to you is, how extensively is AI, or specifically Generative AI and automation technologies, currently being adopted across various sectors?

Mohanbir: Let me talk about it from the perspective of breadth and depth. So, breadth is where the use cases are and what industries will be impacted. Depth is the level of adoption and current implementation of AI algorithms and use cases. So, from a breadth standpoint, I think this technology is very far-reaching.

It is very secular in its impact; I can't think of an industry that would not be affected. But when you look at Generative AI, the important distinction is that Generative AI shines when a human is interacting with the machine.

Any human-facing Applications are the sweet spot for Generative AI. So, Generative AI I think will be very useful for, say, the legal services industry, for creative services, wherever there's content generation, content analysis, summarization, information extraction, and knowledge management.

So, that's in terms of the breadth. Now, where are companies in terms of the adoption? I think it's still in the infancy stage, the early stage. Now, traditional Machine Learning applications, of course, are being used quite extensively, more by the digital natives. So, if you think of a company like Airbnb or Uber, they've been using Machine Learning for a very long time.

It has thousands of applications. Even in financial services, right? Fraud detection, medical claims management, and so on. On the Generative AI front, we're still seeing experimentation, and, in the early stages, we have not seen the production scale use.

We're still a little bit short of the productionization because there are a lot of issues related to, making sure that the data that you have is, unbiased, and representative, but also, making sure we're dealing with the data privacy issues and all the other challenges and these algorithms and models are still in their infancy stage.

So, putting guardrails around it, making sure you have proper governance. So those are some of the issues that are holding back the broader deployment of Generative AI. But I expect these issues to be sorted out by the end of this year, and 2025 will be the year when we start to see production-scale Generative AI applications.

The C-suite cheat code to driving Gen AI efficiency

Sidhant: As someone who coaches executives, can you give us examples of how C-suite leaders could use Generative AI to work much more efficiently?

Mohanbir: Generative AI not only helps an enterprise in the way that you interact with customers, but it also helps in your day-to-day work.

I think that is low-hanging fruit. That's where you have to think about literally a hundred little ways that every executive should be using Generative AI. I like to say that today you should never start work without a Chat GPT window or whatever your favorite LLM is open by your site.

That's what they call it, Co-pilot. It assists you whether it's drafting emails, summarizing a document, managing meetings, or writing meeting summaries. Your day-to-day productivity can be enhanced a lot, by managing your internal workflows and prioritizing your schedules.

So increasingly we will see Siddhant, the embedding of Co-pilots into every application, right? Microsoft is embedding Co-pilot into your productivity applications, and Salesforce is embedding Co-pilot into all of its applications - Marketing, Cloud sales, Cloud, and so on. Let me give you a specific example.

I was with a company last week, a company called Planview. Planview builds software that allows you to manage very complex IT portfolios. So, if you've got hundreds of projects, you can see how those projects are doing and what is the velocity, the flow, what are the problems.

They built a Co-pilot application where you can go in as the CIO or the head of IT or portfolio management and say, what should I be worried about? And it'll say, this project is connected to that project, and it is being delayed. Because the team is working more on defects.

And so, it sits on top of your project management software like Jira and so on. It will reassign teams and can look across projects and guide you by acquiring your data.

So, another quick, example of this. Mars Corporation, which Wrigley Mars makes candy. They have built something that they called Snacking GPT. So Snacking GPT is a model that is trained on their data and if a salesperson is going to visit Walmart the next week, they're like, what promotions have we been running with Walmart?

Which of these have been profitable? What is the next promotion that I should offer them? You're going for a sales call. You can ask, what does this account need? What is the most likely thing that they're going to buy from us next? The breakthrough here is you can now have conversations with your data. This is the idea of democratizing analytics, Machine Learning, and AI, and bringing it to the fingertips of C-suite.

That's why I think the C-suite is so excited about Generative AI because until now, AI has been the preserve of data scientists, right? It needs skill, it needs coding, it needs expertise, and algorithms. But now I can build apps by speaking in English.

"I like to say that today you should never start work without a Chat GPT window or whatever your favorite LLM is open by your site. That's why they call it, Co-Pilot."

Sidhant: How can the C-suite prioritize and manage rapid technological advancements in the organization?

Mohanbir: I think the first observation I want to make is that technology implementation and adoption is kind of the easy part, people and change management are the most challenging. Because as you put in new systems, as you put in new AI applications, it changes the way people work and behave.

It changes the skills that are needed. There will be a lot of job displacement. There will be reskilling and upskilling required. It's a change management project. It's a people management project.

It's a process project. So, from that standpoint, as a business leader you have to start with culture and mindset, creating that culture of agility and change. Create a learning organization where people are incentivized to learn to adapt. Build what Satya at Microsoft calls a beginner's mind, where you are constantly learning, and constantly adapting. But that has to start from the top, and this is my core message to business leaders - get immersed and play with the tools yourself. There's a difference between brainstorming and bodystorming, right?

Brainstorming is an intellectual activity whereas Bodystorming is experiencing it yourself where you have to get familiar with the tool, and you have to lead from the front.

I like to say that the actions of leaders cast very long shadows. Everyone's watching you. So, you can say that we want to be an AI-first company. You can say that we want to be innovative and do digital transformation. But they're going to look at, are you voting with your time?

Are you voting with your dollars? Are you voting with your attention? Time, money, and attention are the critical assets that a leadership team has. So, in companies that are moving faster, that are more receptive to change I see adoption at the board level and at the leadership level.

This doesn't mean you have to be a technology expert. No, it means that you need to be supportive. You need to understand conceptually and viscerally what this change involves and then create a culture where people are incentivized to not do the same thing over and over again. And that's a big challenge.

This also has nothing to do with the size of the company. Even, this is a myth that only small companies can be agile. Some of you might know, I've been on the board of Reliance Jio for 10 years. And this company is over 100, 000 people, but it is extremely agile and so that's a very important lesson.

“The actions of leaders cast very long shadows. Everyone's watching you. You can say that we want to be an AI-first company. But they're going to ask - are you voting with your time? Are you voting with your dollars? Are you voting with your attention? ”

At the crossroads of universities and companies stands a skilled Gen AI workforce

Sidhant: Based on your experience working with both companies and universities, what's the playbook for shaping talent to build an AI-ready workforce?

Mohanbir: The question is - What will be the capabilities of the future? Because corporations are end users of these capabilities, and universities are producers of the talent.

What kind of talent will be needed and what kind of talent will be less relevant? So, if you look at what Generative AI does, I like to say that you will never start any problem, any day, any proposal, or anything that you want to do with a blank page.

You will have the tool available to you to do the first 50, 60, and 70 percent of the work. So, you start at 70, but now the value that you add in that 30 is what matters, and what is that value? It's the ability to query. It's prompt engineering capability. It's strategic thinking. It's pattern recognition.

It's the ability to ask the right questions. These critical skills, that help you become more of an architect as opposed to the implementer, will be more valuable. Because you'll be freed up from doing mundane work.

So, for instance, two days ago I was in Florida, and I was on a panel with one of my students, former students. She runs all of the AI and software portfolios for Phillips in the medical.

It's a half-billion-dollar business. What Madhuri was telling me was that today, if you look at the use of AI in imaging, the workload for radiologists is very high and there's burnout. It's a very tedious job looking at scans and 95% of the scans are normal.

So, AI now moves that 95% away and then says, these are the 5% where we need human judgment. Not only is their work less tedious, but it is more rewarding because now I'm only looking at the challenging cases and I'm using more human judgment. So, I think AI doesn't replace humans.

It augments. I like to say that A should stand for Augmented Intelligence, or Assisted Intelligence, not Artificial Intelligence. So particularly when you're talking about life and death decisions, mission-critical decisions, like medical diagnosis, you will need human judgment, but that human judgment is now aided by algorithms that will remove some of the tedium.

It's the same thing with law firms. The firm that I work with has created algorithms for automated contract reviews. They do the same thing. You take a hundred-page agreement and say 98% is okay, but you focus on this clause and this clause, which seemed to be nonstandard. So that reduces the time that lawyers need to look at the agreement by 87%. But that 13% is higher value work. So let me give you a very funny analogy that people in India will understand. What Generative AI is, is the Kota factory of business. What that means is that, when people prepare for the IIT exam, they all go to Kota.

If you don't go to Kota, there's no way you're going to get in, but if you do go to Kota, then you've just come to the same level as everybody else. And now you have to compete. Everybody's at 70. But now that 30 is what matters.

It's the human, the creativity, the synthesis, the prompt engineering, and that is something that I'm teaching. So, I'm incorporating Generative AI tools into all of my product management classes. We teach them the specific tools, the tools for persona, tools for customer journey mapping, and tools for wireframing.

So, I want to make sure that this becomes part of the fabric of their work. And not something exotic that data scientists do, because I think that we will truly have achieved adoption and use of Generative AI when it just becomes part of the flow of our day-to-day work.

“With Generative AI you never start any problem with a blank page. You will have the tool available to you to do the first 50, 60, and 70 percent of the work. So, you start at 70, but now the value that you add in that 30 is what matters.”

The India opportunity for building unique Gen AI applications

Sidhant: What role does India play in the future development of Gen AI?

Mohanbir: If you look at the landscape in India, clearly the breadth and depth of technical talent that India has is unmatched, even unmatched by China. So, we have a wealth of natural resources or human resources and that is the critical asset nowadays. So, I think the future is very bright. There's a lot of innovation. I've been looking at the landscape and I am amazed to see over 100 Generative AI start-ups in India, a variety of people solving a lot of interesting problems, but a few observations I want to make about, India.

So, if you look at the Generative AI stack, there are three layers, right? You have the infrastructure layer at the bottom, which includes Compute, right? So that's your NVIDIA and Azure and AWS, sort of the data centers and the infrastructure. Then you have the platform layer, which is the Large Language Model, this is where OpenAI, Hugging Face, and all these companies fit in. And then you have the application layer, which includes, enterprise software companies like Salesforce, and Adobe, but also a bunch of really interesting apps. So, if you look at these three layers of the stack, there's an order of magnitude of capital intensity as you go down the stack.

So, at the infrastructure level, it is very, capital intensive, right? You need billions of dollars. So that will be highly consolidated. That will be just a very few companies that can play in that space. And I think that the opportunity in India to build that kind of scale from a capital standpoint is limited.

I think the only companies that have a stab at it are companies like Jio because we have enormous capital investment and infrastructure. I think, for India, the sweet spot is in the other two layers. On the platform layer, there are a lot of really interesting opportunities to build foundation models for the Indian context, which require language. So, there's a company we will be visiting in Bangalore called sarvam.ai, and sarvam.ai is building vernacular language specific LLMs.

So, there's an opportunity at the platform level, but there is an interesting opportunity in the application layer, where India has, not only, a lot of talent, but it also has really large problems. So, you have large problems and the ability to tackle them.

So, I think that India will lead in coming up with India-specific applications for at least three or four big areas, education, Healthcare, financial services, and agriculture. I think these are the domains where the scale and scope of the problems are huge. For example, early diagnostic services Healthcare, or e-learning, custom e-learning applications, and personalized e-learning applications. So, I think there's just a ton of opportunity there. So, I don't think that Indian companies should be copying the OpenAI and Microsoft of the world. But they should be charting their course, building applications and solutions for problems that affect 1.4 billion people and potentially also for the world.

Sidhant: Wow, excellent perspectives, Professor.
Thank you, Professor Sawhney, once again for joining us today.

Mohanbir: Thank you so much. It's been a pleasure.

Sidhant: Great. To the audience, thank you so much for listening. We will be back soon with another leader, with another academician on another interesting topic.

For more exciting conversations like this, tune in to our [Business Resilience series](#).

Thank you.

