FOR YOUR LEADERSHIP TEAM

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The Stack

Brief your leadership in ten slides: why most AI transformations fail, and the five layers that decide it.

The deck a manager opens, then presents.

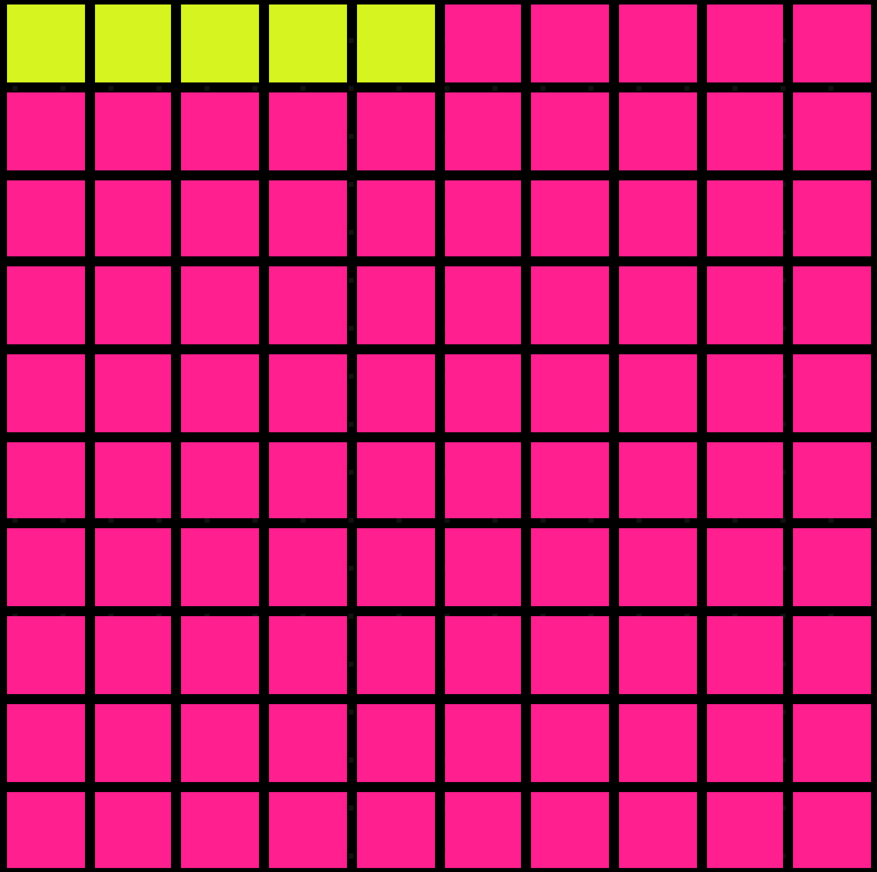
Every figure is sourced. The method is repeatable. Two ways in at the end.

EVERY SQUARE IS ONE TRANSFORMATION

95%

of corporate AI transformations returned zero measurable impact on profit and loss.

MIT counted what the industry had avoided counting. A 95% failure rate is not a performance problem you fix with another workstream. It is a mortality rate.



ZERO P&L — 95   RETURN — 5

Share of corporate AI transformations by measurable P&L impact. Source: MIT NANDA, 2025.

It is not the model. It is a learning gap.

The failures did not trace to weak models or a shortage of talent. The tools could never absorb how the company actually works — the processes lived in people's heads, on data that contradicted itself, in service of a vision no machine could read.

So the model amplified the confusion at speed. **A powerful tool added on top of a process it cannot understand changes nothing — except the velocity of the mess.**

ADOPTION IS SPRINTING. RESULTS ARE RARE.

Adoption and earnings impact: McKinsey, 2025. P&L win: MIT NANDA, 2025.

WHAT IT MEANS

If adoption alone worked, 78% would be winning. The result lives in the method, not the tool.

Three celebrated projects. Three different organs. Not one killed by the AI itself.

McDonald's × IBM

PROCESS

An order-taking model on a drive-thru built on a process no one had cleaned. You cannot automate a mess — the mess wins. Bacon on the ice cream, and the pilot was pulled.

Air Canada

GOVERNANCE

A support chatbot invented a refund policy that did not exist, and the airline tried to disown what its own agent had said. A tribunal disagreed. You own what your agents say.

Klarna

VISION

Replaced human support to chase the cheapest answer, declared victory, then quietly began rehiring as quality fell. The cheapest answer was the most expensive one.

In each case the model did exactly what it was built to do. What broke was a layer that was rotten before the technology arrived.

The Stack. You break at the layer you ignored.

Real systems are topologies, not lists — one thing must be true before the next can be. **Vision** is the foundation. **Data and Process** are the load-bearing middle. **Human Experience** is the layer your people touch. **AI is the roof** — the layer that multiplies whatever is underneath.

THE RULE

A perfect roof on no foundation is 0% there, not 60%. The lowest layer caps everything above it.

BOTTOM-UP: STABILISE BEFORE YOU TURN ON THE ROOF

05	**AI — the roof**	MULTIPLIES THE BASE
04	**Human Experience**	THE LAYER PEOPLE TOUCH
03	**Process**	THE NERVOUS SYSTEM
02	**Data**	THE FUEL · ONE TRUTH
01	**Vision**	THE FOUNDATION

Same exponent. Opposite outcome. The base decides.

BASE ABOVE ONE

$2^{10} = 1{,}024$

A clean foundation, raised to the tenth power. Small advantages compound into a company that pulls away.

BASE BELOW ONE

$\frac{1}{2}^{10} \approx 0.001$

A broken foundation, same exponent, drops to almost nothing. The roof does not rescue the house; it schedules the collapse.

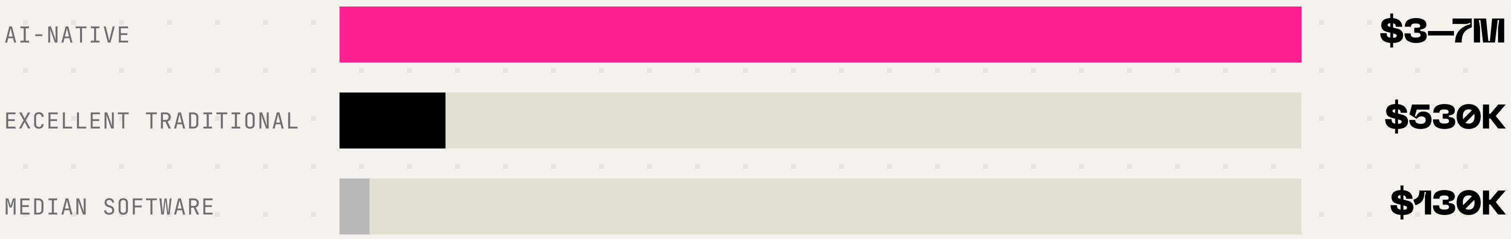
This is the precise reason the 95% failed. They did not buy bad AI. They applied a powerful exponent to a base below one — and it made small things smaller, faster.

58%

of the average knowledge worker's day goes to **work about work** — searching, chasing, and confirming which number is real. You pay for a full week of expert labour and get back about two days of it.

Knowledge-worker time on "work about work": industry research cited in The Blank Collar.

REVENUE PER EMPLOYEE — THE NEW SCOREBOARD



Revenue per employee: AI-native (Cursor) vs an excellent traditional software firm vs the median. Not harder work — more leverage.

READ THE RATIO, NOT THE REVENUE

A company that doubles revenue by doubling staff has grown, not scaled — and quietly doubled its coordination cost.

What the 5% did — and the rest skipped.

01 **Buy before you build.**
Bought tools reach production about twice as often as in-house science projects. Buy the capability that works.

02 **Aim at one P&L number a CFO can find.**
Not “a transformation.” A single line, with a date. No number, no project.

03 **Clean the process before you automate it.**
Write it down, run the five-whys, delete the ghost steps. You cannot automate a mess.

04 **Keep a human where the brand lives.**
Air Canada owned what its agent said the hard way. Accountability cannot be delegated to a tool.

05 **Redeploy the savings into work that compounds.**
IBM’s headcount rose because the hours moved up the value chain — not to a smaller payroll.

06 **Cancel fast.**
A dead initiative is hygiene, not shame. Anything that cannot survive moves one to five is already finished.

A method should end with a move. Here is the ninety days.

DAYS 1-30

Diagnose

Score your Stack and name the red layer. Cancel any initiative with no P&L line. Compute revenue per employee and write it next to the benchmarks.

FIND THE WEAKEST LAYER

DAYS 31-60

Fix the base

Run the red layer's 30-day move. Encode one process. Free your three data hostages. Run one two-week agent pilot from where you sit, inside policy.

RAISE THE BASE ABOVE ONE

DAYS 61-90

Compound

Redeploy what you saved. Hire one orchestrator, not an operator. Re-score the red layer. If it moved, you have proof — and a method you can run again.

TURN ON THE MULTIPLIER

No competent doctor prescribes before they diagnose. Find the truth, raise the base above one, then turn on the multiplier — in that order, every quarter.

Score the five layers. Read the band. It is your roadmap.

Out of 200
lowest layer caps the rest

40–99

The 95%

Zero on the P&L. Stop funding the roof; repair the foundation. A stronger model here only speeds the loss.

100–139

Fragile

A base that holds on a good week and slips on a bad one. One shock from sliding back. Stabilise before you scale.

140–169

A contender

A real base above one. Find and fix the single layer dragging the rest, and the exponent starts to pay.

170–200

The 5%

Compounding. The roof is multiplying a base worth multiplying. Your only real risk now is complacency.

What to do Monday. Three concrete actions.

01

Name the red layer.

Draw the five layers for the organisation as it actually is this quarter. Mark the weakest one. That red layer is the roadmap — and it is almost certainly not where the budget points.

02

Audit every active pilot.

For each: name the single P&L line it moves, and the date. Anything with no number and no owner is theatre. Cancel it and free the budget for one that can survive.

03

Compute revenue per employee.

Write it next to the benchmarks — median ~$130K, AI-native in the millions. Set the target that means you need not hire next quarter, and let it force the conversation.

None of this needs a bigger model or a new budget. Every one of these is a decision you can make this week.

THE EXECUTION WING OF THE BLANK COLLAR

Direct, don't do.

You now know the base rate. Diagnose your Stack, fix the red layer, and run the ninety days with people who have done it. The method is the part that changes the number.

RUN THE EQUATION · THE-INDEX

BOOK A TRAINING · /BOOK

Nobody is born into the five percent.
You choose your way in.