



Three Products, One Transformation

*How WatsonAI's Assessment, Recompose, and Open Nudge
work together, end to end*

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Case Study · June 2026

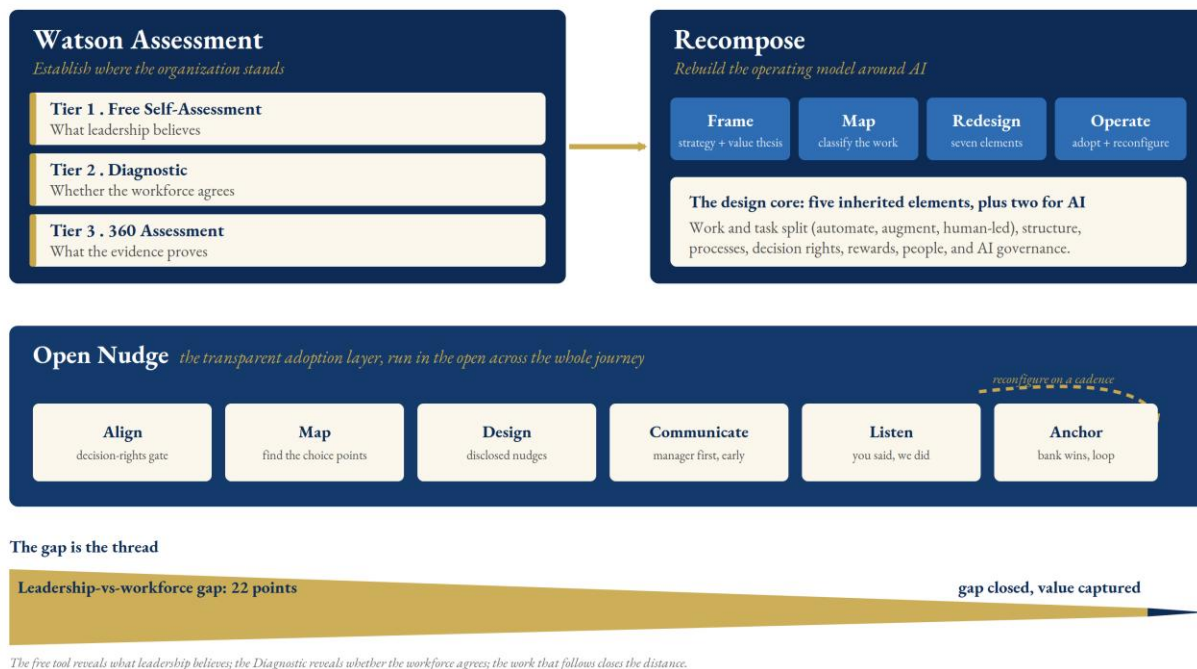
Organizational Design for the AI Era

About this case study. Larkspur Advisory is an illustrative composite, not a real client. The figures show the shape a result can take rather than report one, following the same convention as the worked example in the Recompose white paper. The method, the sequence, and the instruments are real; the firm is a stand-in.

The Situation

Larkspur Advisory is a regional accounting and advisory firm with roughly 450 professionals across four offices. Its strategy is to win on the speed and depth of client advisory services while protecting margins and the talent pipeline that feeds them. Like most firms its size, Larkspur had already bought AI. Research assistants, document tools, and a drafting copilot were in use across the practice. What leadership could not find was value. Adoption was scattered and individual, the busy season still strained capacity, associates were leaving, and fee pressure kept rising. The managing partner put it plainly in the first conversation: the firm was doing tools, not transformation.

That instinct is common and correct. Across the market, most organizations now use AI somewhere, yet very few have turned it into enterprise value because the constraint is rarely the technology. It is the human and organizational layer, roughly seventy percent of the work that sits beneath the tool. Larkspur started where every WatsonAI engagement starts: by finding out where it actually stood.



The Larkspur journey: three products applied as one architecture.

Phase One: Assessment, Where Larkspur Stood

WatsonAI Assessment is a model that measures readiness at three depths of evidence. Each tier scores the same four conditions of readiness (Strategy, Culture, Operating Model, and Workforce Capability) on a single zero-to-one hundred index, read against three bands: Not Ready, Emerging, and Ready. What changes between tiers is not the question but the rigor of the evidence behind the answer.

What leadership believed

The managing partner began with the free Self-Assessment, completing twenty items in minutes. Larkspur scored 68 in the Emerging Band, with the weakest readings in its Operating Model and Workforce Capability. The score was credible and a little flattering, and it did its job: it gave leadership a reason to look deeper.

Whether the workforce agreed

The Diagnostic added the voice that the self-assessment could not hear. Leadership completed the full instrument, and a sample of the workforce as well. The result was the firm's first honest look at itself, and the headline was a gap. Leadership rated the firm's culture and capability far higher than those living in them did.

Readiness condition	Leadership self-view	Workforce experience	The gap
Strategy (20%)	70	64	6
Culture (30%)	74	52	22
Operating Model (26%)	60	51	9
Workforce Capability (24%)	66	49	17
Overall index	68 (Emerging)	53 (Not Ready)	15

Figures are illustrative.

The validated index came in at 58, below where leadership had placed it, and the widest gap, twenty-two points, sat in Culture. The partners believed their people were eager and well supported. The people themselves were anxious about what AI meant for their roles and unclear on where their careers were headed. That gap, not the technology, was the real risk to any AI investment, and it became the thread that the rest of the engagement followed.

What the evidence proved

The 360 Assessment turned perception into evidence. It ran the full engine: executive and functional interviews, an organization-wide survey, focus groups, a review of org charts, strategy, and process documentation, a technology and data inventory, and a directional efficiency and savings analysis. Three findings mattered most. First, the workforce view held up; the anxiety was real and traceable to a specific cause, as no one had told associates which AI decisions were already made and which were still open. Second, the operating model was a poor fit for the strategy: partner sign-off was a bottleneck, decision rights for AI use were undefined, and manual handoffs slowed every engagement. Third, the AI Workforce Impact Map showed where work could move, with roughly a third of associate hours in first-pass work that AI could automate or augment, capacity that could be redeployed to the advisory work the strategy rewarded.

The 360 is the only tier that sizes the prize, and it did so with a directional estimate of the capacity and cycle time the firm could recover, weighed against the cost of the redesign. With the evidence in hand and the case for restructuring made, Larkspur moved from diagnosis to design.

Phase Two: Recompose, Rebuilding the Operating Model

Assessment identified where the value was trapped. Recompose released it by rebuilding the operating model around AI, structured as a four-phase loop rather than a one-time restructuring, because a design frozen today is obsolete tomorrow.

Frame

Leadership fixed the strategy and wrote the AI value thesis: AI would augment associates, compressing research and document work and freeing senior time for judgment and client relationships. Value would be measured by recovered capacity and faster, higher-quality work rather than by headcount removed. The guardrails were set first, namely independence, client confidentiality, professional standards, and human accountability for every client deliverable. Without genuine agreement here, nothing downstream could proceed.

Map

The team built a single source of truth by merging people, roles, activities, and cost, then decomposed roles into the real unit of work, the activity, and classified each by its suitability for AI.

Disposition	Example work at Larkspur	What was built
Automate	Document intake, data extraction, standard reconciliations	AI executes; people audit exceptions and own the outcome
Augment	First-pass research, drafting, anomaly review	AI drafts; an associate reviews, decides, and stays accountable
Human-led	Complex tax positions, advisory judgment, client relationships, sign-off	A person owns the work; AI assists, never decides

The result is not a headcount-reduction list. It is a map of how work is re-divided between people and machines.

Redesign

With the map agreed, Larkspur rebuilt the operating model across the seven elements of the design core, the five inherited from established organization design plus the two that AI makes unavoidable. First-pass research and document work moved to AI, with associate review. A reporting layer was removed, and spans were widened because AI now handled the information processing that managers used to absorb. A small AI enablement cell was stood up to support the practice. A human-and-AI decision-rights matrix made explicit what AI could draft and what required a person to decide and sign. Incentives shifted to reward adoption and recovered capacity rather than hours alone, and roles were redefined so the associate became a reviewer and orchestrator of AI rather than a first-pass processor. The discipline of the phase was alignment: every element was checked against the others, and the trade-offs were named and accepted rather than wished away.

Operate

The new model went live where value and readiness were highest, in the tax practice's research and document workflow, and then was extended. Value was measured by what mattered, namely capacity recovered, adoption, and proficiency, not by licenses purchased, and organizational health was

monitored through spans, layers, and decision latency. Because the loop never closes, the model is set to reconfigure as AI capability advances. This is where the people side decides the outcome, which is why Open Nudge ran alongside the redesign from the first day rather than waiting for a rollout at the end.

Phase Three: Open Nudge, Bringing People Along

The 360 had identified the central risk: a twenty-two-point gap between what leadership believed and what the workforce experienced. Forcing the change would secure compliance and widen the gap; managing perception through quiet persuasion would hold only until people noticed and trust collapsed. Open Nudge took the third path. It ran the change openly and across the whole engagement.

The decision-rights gate

Before any choice was offered, leadership sorted every consequential decision into open and closed and published the split. The closed set was clear: the firm would adopt AI, client deliverables would always carry human accountability, and independence and confidentiality were non-negotiable. The open set was large and genuine, covering which work to augment rather than automate, where humans would stay in the loop, how associate roles would be redefined, the pace of rollout, and the reskilling paths. Naming the closed decisions honestly earned the credibility to nudge on the open ones, and the anxiety the 360 had measured began to ease the moment people could see the line.

Transparent nudges, the right instrument

Larkspur disclosed its defaults rather than hiding them, on the evidence that a disclosed nudge retains most of its force. It then matched the instrument to each decision rather than treating the nudge as the answer to everything.

Lever	How Larkspur used it
Shove (mandated)	Client confidentiality, independence, data handling, and required human sign-off were announced as mandates
Nudge (disclosed default)	The AI research assistant is on by default, sensible presets, and framing are stated openly in open decisions
Hug (reward)	Recognition for associates who adopted well and created new advisory capacity
Smack (penalty)	Held in reserve for genuine non-compliance; never the posture toward the workforce

Leaders, peers, and a loop that listens

Partners used the tools visibly, and a peer-champion network drove adoption at the team level because behavior at scale moves through people, not messaging. Communication went manager-first and early, so nothing landed as a surprise. Upward feedback ran on a cadence, and every theme drew a published You Said, We Did response within a set window, so listening was visibly genuine rather than

performative. The same loop instruments the leadership-to-workforce perception gap over time, turning the engagement's central metric into an early-warning system rather than a one-time reading.

The Result

The point of the work was never the tools. It was the value the firm could measure and a model that could keep up. The illustrative outcomes below show the shape of the result when all three products are applied in sequence.

22 to single digits the perception gap narrowed as transparency replaced anxiety	~30% of associate hours redeployable from first-pass work to advisory	7 design elements rebuilt, not tools bolted onto unchanged roles
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Adoption became broad and routine rather than scattered. Cycle times on standard engagements compressed, and rework fell as AI handled first-pass work under human review. Junior roles became more interesting, centered on judgment and the orchestration of AI, easing the attrition pressure that had started the conversation. And because Recompose runs as a loop and Open Nudge keeps listening, the model is built to be reassembled as AI advances rather than frozen in a shape that is already aging.

Why It Worked: Three Products, One Architecture

The three products are not three vendors stapled together. They are one architecture applied in sequence. Assessment establishes where the organization stands and surfaces the gap. Recompose rebuilds the operating model to capture value. Open Nudge runs the human side in the open, closing the gap that sinks most AI programs. The 70% that breaks at the human and organizational layers was built in from the first day rather than discovered at the end.

The thread that ran through it all was the gap. The free tool revealed what leadership believed. The Diagnostic revealed whether the workforce agreed. The 360 proved it with evidence. Recompose changed the structure of the gap that was hiding in. Open Nudge closed the distance by running the change in front of everyone. That is the difference between using tools and finishing a transformation.

How to Begin

Every engagement starts the same way Larkspur's did, with a single number and an honest look. The free Self-Assessment takes a few minutes and returns a credible readiness index and your two or three weakest areas. From there, the path is the one this case study walked: diagnose the gap, prove it with evidence, redesign the model, and run the change in the open.

Begin with the free readiness assessment at readiness.ai-watson.com
Or write to Matt@AI-Watson.com to talk through where your organization stands.