

THIS QUARTER'S SIGNAL

The gap is no longer adoption. It is whether the architecture can hold.

AI has crossed into operating model exposure. Work, roles and decisions have not been redesigned to absorb it. Organisations are between productivity and consequence, and most do not yet have the architecture to govern the distance.

THE DATA THAT MATTERS

60% Of executives use AI in decisions before governance has caught up	74% Of frontline employees are regular AI users. Work redesign has not followed
20% Global employee engagement in 2025. Transformation is happening on a weakening base	2x Promotion rate for employees with sponsors vs those without. Sponsorship is infrastructure

THREE BOARD-LEVEL RISKS THIS QUARTER

RISK 01 Ungoverned AI-shaped decisions Executives and employees are using AI in decisions before decision quality, accountability and validation disciplines are in place. Decisions shaped by AI but not governed by it carry compounding legal, ethical and strategic exposure. <i>AI risk is decision architecture risk. Decisions that cannot be explained cannot be defended.</i>	RISK 02 Broken capability pathways Entry-level work is being automated before organisations have redesigned how judgement, context and leadership maturity develop. Mid-level and succession pipelines will weaken quietly before boards see the gap. <i>Future capability must be architected, not assumed. Route removal without route redesign is a pipeline risk.</i>	RISK 03 Progression inequality in neutral systems Women are receiving less sponsorship and fewer progression signals while organisations reduce focus on gender advancement. Loss of senior female talent is framed as choice when the issue is access and credibility architecture. <i>Repowership™ must be paired with system redesign. Confidence is not the lever. Access is.</i>
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FOUR TRENDS SHAPING Q2

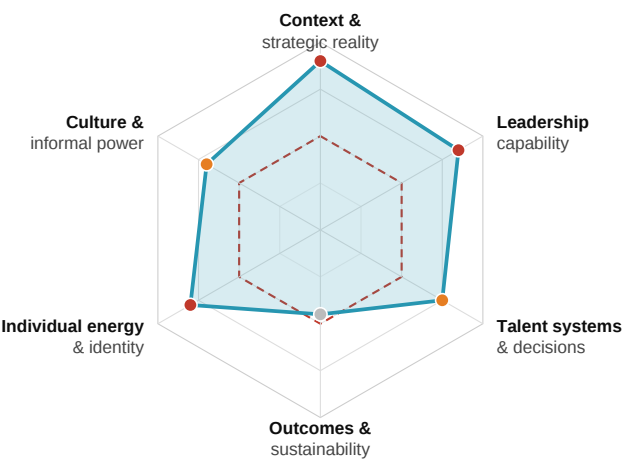
- **AI value is shifting from productivity to work architecture**
BCG finds 42% of regular frontline AI users save a workday per week. The Q2 question is not who is using AI. It is who has redesigned the work system so AI changes outcomes, not just activity.
- **Judgement is becoming the differentiator in AI-exposed roles**
PwC's AI Jobs Barometer shows AI is increasing demand for judgement and leadership, with AI-specific roles growing far faster than the market. Expertise built through task repetition is being displaced.
- **Women's leadership risk is shifting to progression architecture**
McKinsey and LeanIn report only half of companies now prioritise women's advancement. Pulling back remote work, sponsorship and development removes the scaffolding that provides access to critical opportunities.
- **Leadership overload is becoming decision risk**
Gallup records global engagement at 20% while leaders decide faster with more data, more tools and less recovery. Wellbeing is a condition of judgement quality and operational reliability, not a soft parallel agenda.

NUDGE POINT OF VIEW

Most commentary treats this as an adoption, skills or culture problem. The issue is architecture.

- AI exposes whether role design, decision rights, leadership capacity and progression systems are coherent. Most are not.
- The Q2 question is not whether leaders have the skills. It is whether the organisation can defend leadership decisions, sustain judgement and build future capability.
- The winners will not be those with the most tools. They will be those with the clearest architecture.

LEADERSHIP & TALENT ARCHITECTURE™ ILLUSTRATIVE RISK SCAN



— Current risk exposure - - - Governance threshold (50)
Illustrative pattern based on Q2 2026 signal. Not client-specific data.

Context & strategic reality Operating model exposure accelerating	Material
Leadership capability & capacity Judgement under AI-augmented overload	Material
Talent systems & decisions Entry-level routes disrupted, succession fragile	Material
Culture & informal power Sponsorship gaps compounding progression risk	Emerging
Individual energy, identity & trajectory Overload at 20% engagement, decision quality at risk	Material
Outcomes, risk & sustainability Consequences accumulating, not yet board-visible	Signal

Q2 PATTERN NOTE

Four domains now breach the governance threshold, up from three in Q1. Context and Talent Systems have escalated sharply. The Outcomes domain remains below threshold but is rising. This is the moment before compounding becomes irreversible.

ORGANISATIONAL IMPLICATIONS

START DOING

Mapping where AI is already influencing decisions, promotion and workforce planning
Treating sponsorship and access to strategic work as governed talent infrastructure
Redesigning early-career pathways so judgement can develop when routine work is automated

STOP DOING

Treating AI adoption rates as a proxy for transformation readiness
Using leadership development to compensate for broken role design
Framing women's progression issues as primarily confidence or ambition gaps

DO DIFFERENTLY

Build decision architecture before scaling AI-enabled work further
Connect skills, succession, mobility and performance through one architecture
Make leadership decisions defensible under scrutiny, not just coherent under confidence

Sources: Deloitte, PwC, BCG, Gartner, Josh Bersin, Microsoft, McKinsey & LeanIn, Gallup · Q2 2026
Leadership & Talent Risk Heatmap™ · AI-Empowered Leadership™ · Rise & Thrive™

Start with Risk Heatmap™ →