

# Fear and Loathing on Wall Street

## The Rise of Gonzo Capitalism



By Evelyn Barnes &  
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# Fear and Loathing on Wall Street:

## Where are all the AI Transformation Leaders?

Two years ago, significant advancements in Generative Artificial Intelligence propelled major tech players to embrace AI-driven performance improvements (First Microsoft/Open AI, and later Meta, Amazon, Google, and X). Within months it was clear that the programming world had been transformed forever, as almost every Mega Cap Tech Company announced they would redeploy significant numbers of their workforce, leading to enormous cost savings and higher stock prices. The productivity gains have not been limited to the IT department.

IBM recently announced that they are restructuring their HR Department, from 700 employees to 50.<sup>1</sup> That is a 90% + reduction in staff for a company that earns two thirds of their revenue from professional services, an aggressive move from a firm whose main product is people. IBM has deployed AI tools to enhance employee support and engagement for onboarding, training, benefits management, vacation scheduling, and admin functions like payroll, etc. They have also deployed multiple mobile self-service options, for everything from expense tracking to 401k management.<sup>2</sup>

Microsoft CEO, Satya Nadella, commented in December of 2023, that despite a year of growth and expansion, he had not received one significant request from any department to increase headcount over the entire year.<sup>3</sup> Microsoft's Co-Pilot 365 is improving productivity across the Office Suite, including Word, PowerPoint and Excel. Their Azure Suite assists in deploying conversational AI, data analytics, and more, adding capabilities like speech recognition and language understanding to existing applications.<sup>4</sup>

These are the firms that know AI best, and one might think that others would be eager to follow. The tools described above are available commercially, as are a multitude of competitive products. However, despite its proven utility, businesses beyond those that know AI best have been slow to fully integrate AI into their operations.

Raoul Duke, the gonzo journalist in Hunter Thompson's **Fear and Loathing in Las Vegas**, was paralyzed by the fear of hallucinations that lurked in his psyche and the loathing of the laws of the establishment to which he was doomed to succumb. Like Thompson's Duke, business leaders have been prone to hyperbolic talk about the future of AI in their firms, accompanied by very little action. Many executives blame their inaction on their fear of the risks that AI poses to their business and their own AI hallucination (misstatements or inaccuracies sometimes generated by AI programs) fears, claiming that AI just isn't ready for "prime time". Others loath the idea of major reorganization upheavals on the heels of labor shortages and difficulty recruiting talent in the first place.

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1 "IBM Stock Nears, All-Time High"; Marco Quiroz-Gutierrez; Forbes, Marc 20, 2024

2 <https://www.animaker.com/hub/ai-tools-for-human-resources/>

3 Mary Erdoes, CEO Asset and Wealth Management; JP Morgan/Chase, HBS Digital Data Design Institute 5/7/2024

4 <https://www.microsoft.com/en/ai/tools-practices>

Larry Fink, the head of Black Rock, a company with over \$8 Trillion in assets, described it this way, “I am so neurotic about AI. It is transcending the way we work, but are we moving fast enough? Are we cautious enough? Are we making sure we have the structure in place to use AI properly? It’s a very complex issue.”<sup>5</sup>

Executives can point to plenty of historical examples to justify their hesitancy to act. No one wants to be a Pets.com, whose rapid demise was preceded only weeks before by its Sock Puppet Superbowl ad, forever dooming the internet startup as the poster child for the irrational exuberance of the time.<sup>6</sup> On the other hand, no one wants to be a Blockbuster Video, who famously ignored the megatrends of content streaming, while Netflix left it in the dustbin of entertainment history. Many executives appear oblivious to the consequences of their inaction. It is this inaction that risks the health, and perhaps the survival, of their companies and their employees’ livelihoods. Some visionary executives, like Fink, are not standing still. Black Rock has seen that “hallucinations” have been a phenomenon of early-stage AI models, but with ever improving tools and proper human intervention built into the workflow, these barriers can be overcome, enabling incredible productivity improvements. (In fact, hallucinations are becoming rarer with each passing day.)

Furthermore, contrary to many expectations, Fink’s embracing AI has not led to job losses, but has led to job security for Black Rock’s workforce. With AI, Fink’s organization is now doing much more with the same number of people. So far, Fink claims that Black Rock increased their portfolio to over \$1.5 Trillion from investors in the last 18 months and did not add one job. He also foresees that, empowered by AI, the people that remain will make more money, on average.

Marcelo Claure, former CEO of Sprint, and former Softbank board member turned La Liga Team owner, recently told a symposium sponsored by Harvard Business School, “People ask me all the time if they should be worried about AI. ‘Will AI destroy my business?’ they say. ‘No, of course not’, I say, AI will not kill your business, but the competitors that adopt it faster and better than you do, will!”

<sup>7</sup> Don’t be that deer in the headlights who thinks, “The bright light of AI is coming at me. I’ve never seen anything like it before, so let me look at it a bit longer until I understand it!” Move!!! AI is the train that’s coming at you. You can either stand frozen in your tracks and get run over...or jump on. Get onboard!



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<sup>5</sup> CNBC; April 12, 2024; 10:54 AM EDT

<sup>6</sup> <https://www.investopedia.com/ask/answers/08/dotcom-pets-dot-com.asp>

<sup>7</sup> HBS Digital Data Design Institute, 5-07-2024

## Epilogue

We hope you enjoyed the first in a series of articles about how AI is transforming the business landscape. It certainly asks more questions than it answers:

- Isn't AI dangerous?
- How are these companies getting the productivity they are achieving through AI?
- What specific actions can I take to make AI work in my organization?
- Are we all going to be out of a job?

Over the course of the next few weeks and months, AIQ will be releasing a series of articles that explore these issues. Our Performance Teams will continue to work with companies with a passion for excellence as they ride the crest of the AI wave. We will also be speaking to executives around the globe, sharing stories and use cases. If you need direction about AI or have thoughts or ideas, you can always contact us at [Enquiries@AIQPerformance.com](mailto:Enquiries@AIQPerformance.com).

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