

Leadership at the Threshold

Why AI Demands a New Form of Leadership

*Co-evolving with AI
Paper #5*



“The greatest danger in times of turbulence is not the turbulence – it is to act with yesterday’s logic.”

- PETER DRUCKER

A Place to Begin

Leadership at its essence is an adaptive response to what the world requires at a moment in time. What can be great leadership at one moment may be terrible leadership at another. When disruptions such as AI reshape the conditions of organisational life, leadership must inevitably evolve as part of the adaptive response.



The evolution of organisational leadership

Leadership itself is as old as human civilisation — and its forms have always reflected the values, structures and challenges of their time. Religious figures have embodied service. Military commanders have been heroic, directive, or adaptive depending on the moment and the context.

The story of organisational leadership is the story of institutions adapting to their moment. What follows is our observations on the evolution of organisational leadership thinking, and how it has responded to the changing demands of working life over the last century.

The dawn of the industrial era called for coordination and control. Factories and assembly lines created an unprecedented capacity to scale, with workforces that were largely new to organised labour and operating in conditions entirely new to them. The leadership that emerged was **directive** by necessity. Henry Ford, one of its most powerful symbols, focused on efficiency, standardisation, and the precise orchestration of human effort toward a common productive end.

As economies matured and workforces became more educated and more professional, a different kind of leadership became possible and necessary. James MacGregor Burns first articulated what this looked like in 1978, and Bernard Bass developed it into the **transformational leadership** framework that shaped a generation of leaders: the shift from directing tasks to setting vision, from managing compliance to inspiring commitment, from the foreman to the role model out in front, bringing people on the journey.

The maturing of organisational culture brought another shift. Robert Greenleaf's **servant leadership**, introduced in 1970 but gaining significant traction through the 1980s and 90s, inverted the leadership pyramid entirely. The leader moved from the front to the foundation: there to support, resource and enable the people doing the work, recognising leadership itself as a developable capability in every person rather than a positional privilege of the few.

Running alongside this, Paul Hersey and Ken Blanchard's **situational leadership** acknowledged what practitioners had long sensed — that no single style was sufficient, that great leaders moved fluidly between directing, coaching, supporting and delegating depending on the person and the moment. Leadership became more complex and contextual, making greater demands of the whole person.

As globalisation and digitalisation accelerated through the late 1990s and 2000s, Ronald Heifetz developed a framework of **adaptive leadership** for an increasingly complex organisational environment. He introduced a distinction between technical problems, which yield to expertise and established method, and adaptive challenges, which require people to expose their values, beliefs and ways of working to scrutiny, and to sit with the difficulty of questions that have no ready answers.

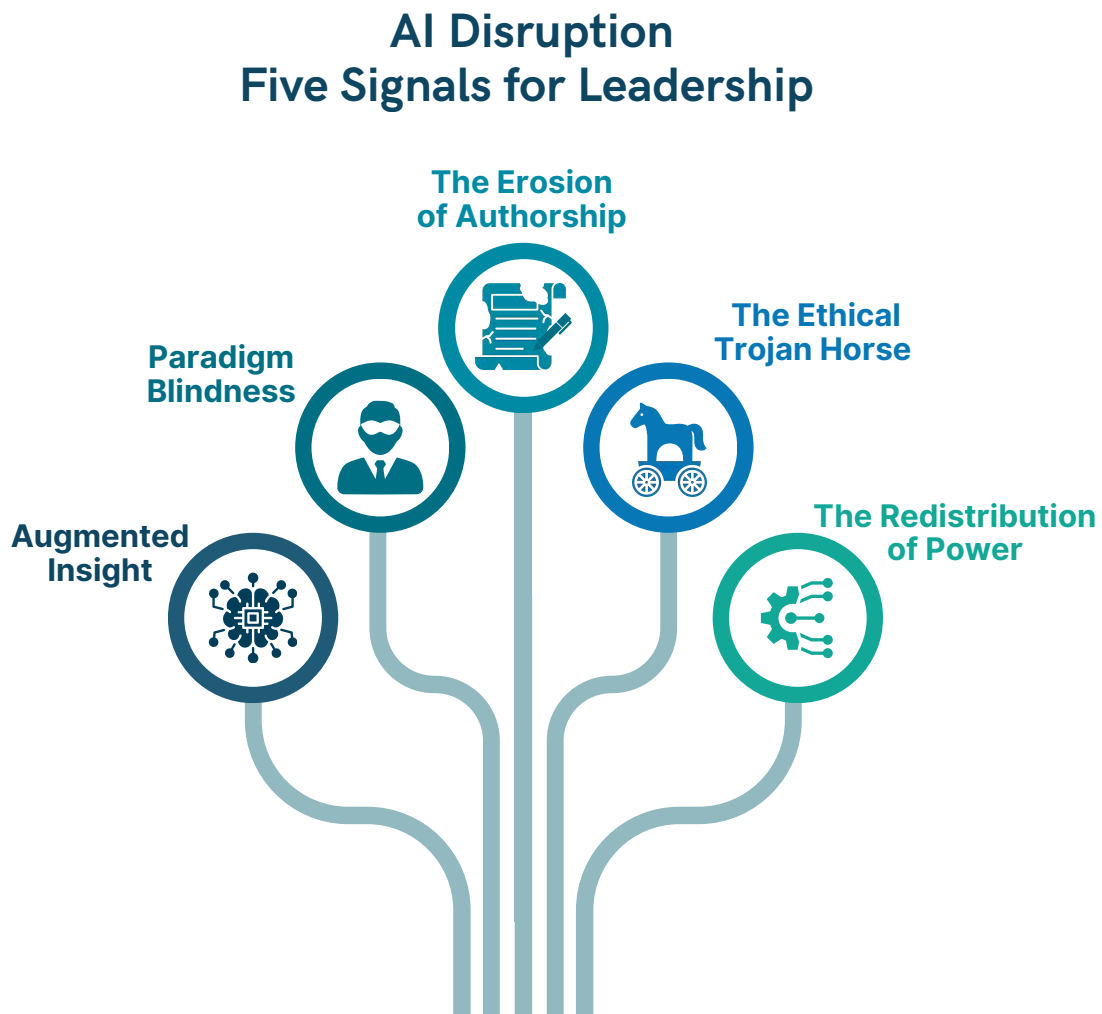
Each new leadership paradigm was an appropriate response to its moment, expanding what leadership was asked to be — from coordination, to inspiration, to service, to adaptability, to the capacity to hold complexity without premature resolution. The arc has moved toward greater depth, greater humanity, and greater interior demand on the leader.

And now the context has changed again.

Five signals from the AI disruption

It is worth pausing to consider how much is changing that requires a different kind of leadership. When Robert Kegan wrote 30 years ago about leaders being “in over their heads”, the observation was profound for that time. And since then, the waters have only gotten deeper and the currents have only run faster. AI now brings the perfect storm.

To understand the kind of leadership that may be required, it is important to explore the signs that leadership needs to evolve. Each of the following signals emerges directly from the AI disruption, and each signal influences the kind of leadership necessary for these times.





Augmented Insight

Every previous wave of technology changed what people could do. AI is changing how thinking happens, where it happens and who participates in it.

For the first time, aspects of cognition (such as pattern recognition, synthesis, and the generation of viable options) are being distributed across human and machine systems. *Our insights are augmented through our relationship with AI.*

But AI doesn't just accelerate thinking: it participates in it. And in participating, it begins to shape what gets thought: which perspectives surface, which options appear, which framings of a problem feel natural and which don't. This influences the judgements that are made and the recommendations and actions that follow.

Leaders are now responsible for creating environments where augmented insight is welcomed for what it makes possible, and held with discernment about its often hidden consequences. And this needs to happen at a pace and scale that outstrips most leaders' current abilities to comprehend or respond.



The Erosion of Authorship

While there is a lot of focus on the impact that AI will have on job security, the impact on the nature of work is perhaps an even greater risk. As AI increasingly handles initial analysis, synthesis, and generation, people spend more time reviewing, validating, refining, and less time in the part of the work that they felt most engaged with. The judgement calls, the synthesis, the moment of insight that made the work feel like theirs are slowly diminishing, and with it the sense of being the author of one's own thinking.

This matters far beyond productivity. Work has always been one of the primary places people shape their identity and experience agency: the sense of working on and influencing things that matter. When that diminishes, significant questions arise. Do I still matter here, in the way I used to matter? That question is being asked, in one form or another, across organisations everywhere.

The decisions leaders are making about AI implementation are impacting the lives and identities of people at an unprecedented scale and depth, decisions that require leaders to step more fully into the human dimensions of their role, more personally and with greater compassion than leadership has traditionally demanded.



Paradigm Blindness

Many organisations are deploying AI faster than they are developing the capacity to see how it is changing them. And what it is doing, in many cases, is making them more efficient and less alive — more productive, and less able to think in the ways that matter.

This is paradigm blindness, where fundamentally new situations are seen through older lenses, ignoring their edges and nuances. As the pace of AI embedment accelerates, shiny coherent answers attract less scrutiny, echo chambers may thrive, and the slower human process of genuine thinking can begin to give way.

Leaders are the last line of defence against this, not by resisting AI, but by role modelling genuine thinking alongside it, and creating the conditions in which their people feel both invited and provoked to do the same.



The Ethical Trojan Horse

Every AI system carries within it the values, assumptions and moral orientations of its architects, built into its parameters, its constraints, its sense of what constitutes a good answer. These are not neutral tools. They are value systems made operational, and most leaders and organisations using them have little awareness of whose ethics they are working with, or how deeply those ethics are shaping the decisions being made in their name.

When AI generated outputs are accepted without ethical deliberation or awareness, organisations can outsource their moral standing to a system whose values they have never explored. And without an intentional moral lens on the decisions being made, whole organisations may begin to adopt the moral orientations of the AI they rely on.

The leader's role in this environment is to create the cultural conditions that enable people across the organisation to exercise discernment and actively pay attention to the ethical dimensions of AI output. These cultural conditions include leaders' role modelling, acknowledgement rituals and governance structures that all draw attention to and make ethical considerations more visible.



The Redistribution of Power

Significant disruption has always redistributed power: between individuals and institutions, between those who hold knowledge and those who seek it, between the few who set direction and the many who follow it. AI is doing this at a speed and scale that makes previous redistributions look gradual, and in ways that arrive dressed as efficiency decisions and implementation choices.

Power shifts in multiple directions simultaneously. AI has the real capacity to democratise: to give individuals access to knowledge, capability and voice that was previously available only to the privileged few, to flatten hierarchies sustained by information asymmetry, to regenerate human agency at every level of an organisation and beyond it.

It has an equally powerful capacity to concentrate: to place extraordinary leverage in the hands of those who own the architectures and control the data through which everyone else thinks and decides.

Leaders are making decisions right now that are shaping what kind of organisations, and what kind of society, emerges from this transition. The power this involves isn't new. Leaders have always made choices that impact people's working lives. What is different is that the power transitions happening through AI embedment are faster and more difficult to see than any previous transition. Who ultimately benefits — whether that be people and communities, AI founders, shareholders, or leaders themselves — is both highly uncertain and highly influenced by the choices leaders make.

*“There is a crack in everything.
That’s how the light gets in.”*

- LEONARD COHEN

Closing Reflection

These five signals are all pointing towards a profound shift in organisational life. This will affect how thinking happens, how people experience their work, how organisations perceive themselves, how ethical decisions get made, and where power flows. Taken together, they suggest a new leadership paradigm is necessary for these times.

The question this raises is both organisational and deeply personal. What kind of leadership is fit for this moment, and who do we need to be as leaders to navigate and steward others through it?

Paper 6 endeavours to answer these questions.

Acknowledgments

We would like to acknowledge the following people for their valuable feedback in reviewing the paper. While the paper has been significantly improved through their collective wisdom and insights, all remaining errors and omissions are our sole responsibility.

Andrew Brown, Teresa Collis, Andrew Gerkens, and Gareth Thomas.

We also acknowledge the role of generative AI systems — including *ChatGPT*, *Claude*, *Gemini* and *Perplexity* — in the development of this series. These systems were engaged as thinking partners to test ideas, surface patterns, challenge assumptions, and support the articulation of emerging insights. The quality of what emerged was shaped as much by the questions brought to these systems as by the systems themselves. All interpretation, judgement and final authorship remain our own.

A note about imagery:

The imagery in this series continues our long-standing use of nature to reflect the patterns and dynamics of living systems. In this instance, some images have been created or refined with the support of generative AI — a natural extension of the inquiry itself, as we explore what it means to co-evolve with these technologies.

Adaptive Cultures exists to enable cultural evolution for the good of people and planet. Working alongside WDHb, we partner with organisations to evolve culture, leadership and collective impact in ways that are grounded, practical and responsive to a rapidly changing world.

We work with leaders, teams and internal practitioners to understand how culture is really created and sustained: through patterns of thinking, relating and working that shape everyday decisions and outcomes, especially under conditions of uncertainty and change. We support intentional shifts that align purpose, strategy and systems with the culture required to thrive.

Our approach combines deep diagnostic insight with developmental practice, building the adaptive capacity needed to navigate complexity and create meaningful, lasting change.

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First edition June 2026.

