



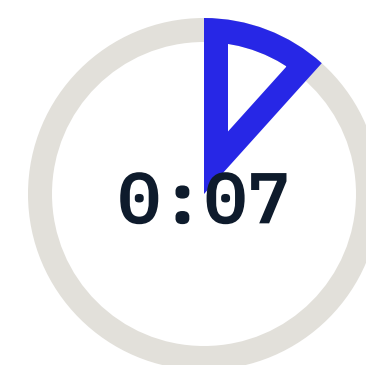
A 1987 PROBLEM, REPEATING

AI is everywhere. Productivity isn't catching up.

Record spending. Real individual gains. Limited
enterprise-level impact.

We've seen this pattern before. We also know what changed it.

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THE GAP

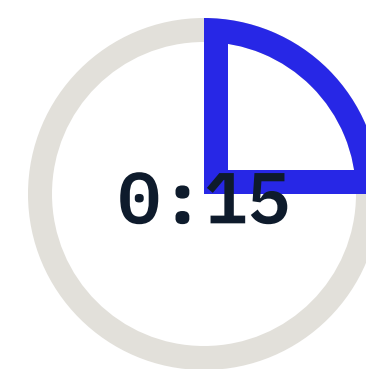
**People are faster.
The P&L isn't moving at the same
speed.**

89% of executives report no AI impact on labor productivity over the past three years
(NBER, 2026 · ~6,000 senior executives)

80% of respondents say AI has improved their individual productivity
(McKinsey, 2026 · 1,719 respondents)

6% of organizations qualify as AI high performers, with AI contributing meaningfully to EBIT
(McKinsey, 2026)

The gains are real. They're just not automatically adding up at the enterprise level.



THIS HAPPENED BEFORE

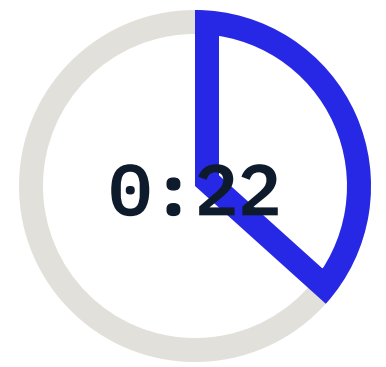
“You can see the computer age everywhere but in the productivity statistics.”

ROBERT SOLOW, 1987

Firms had bought the computers. Productivity growth had fallen from roughly 2.9% to 1.1%.

The payoff came later—not simply because computers improved, but because firms changed how work was organized around them.

The technology scaled first. The organization caught up later.



WHY IT DOESN'T ADD UP

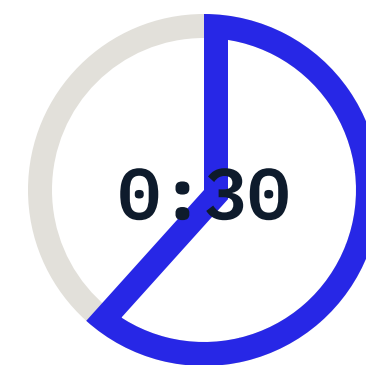
A faster step inside an unchanged process may change very little.

An employee drafts the proposal in 20 minutes instead of 90.

But the proposal still waits four days for the same approval, in the same queue, reviewed by the same two people.

The saved time doesn't automatically become lower cost or higher output.

Individual speed is local. Cost, revenue and cycle time are systemic.



THE PRODUCTIVITY J-CURVE

The costs are visible early. The benefits take time.

Brynjolfsson, Rock and Syverson showed that general-purpose technologies require complementary investments: process redesign, new business models, human capital and organizational change.

Many of these investments are intangible and poorly captured in standard productivity measures.

EARLY

Investment and redesign come first

TRANSITION

Adjustment costs. Weak measured productivity. Doubt.

LATER

Complementary assets start paying off

The technology is only part of the investment.



IT GETS WORSE FIRST

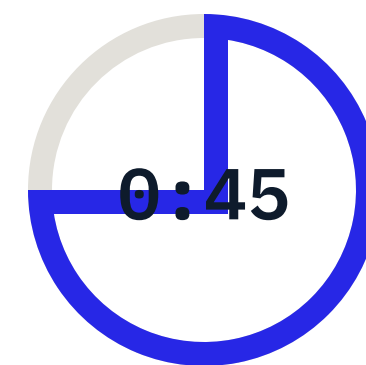
Industrial AI adopters took a productivity hit before the gains appeared.

Research on US manufacturers adopting industrial AI found a short-run productivity decline of around 1.3 percentage points, after controlling for firm characteristics and existing IT infrastructure.

The longer-term picture was different: adopters later showed stronger productivity, revenue and employment growth.

THE TRANSITION PERIOD IS REAL.

Early underperformance doesn't necessarily mean the technology failed.



WHAT MAKES THE DIFFERENCE

**Not just better technology.
Redesigned work.**

REBUILD THE PROCESS

Don't automate the step. Redesign the workflow.

FUND THE INTANGIBLES

Training, data, new roles and operating models are part of the investment.

SET THE HORIZON

Judge transformation over years, not quarters.

MEASURE THE SYSTEM

Cycle time, unit cost, throughput and revenue—not seats, prompts or messages.

The bottleneck is often not the model. It's the system around the model.



TIME 'S UP

The paradox isn't that AI doesn't work. It's that adoption and value capture aren't the same thing.

AI can make a task faster without making the system better.

The real question isn't how much AI you deployed. It's which workflow you rebuilt around it.

Which process did your AI investment actually redesign?

SOURCE

Robert Solow, NYT Book Review (1987) · Brynjolfsson, Rock & Syverson, The Productivity J-Curve (2021) · NBER (2026) · McKinsey, The State of AI (2026) · McElheran et al., The Rise of Industrial AI in America