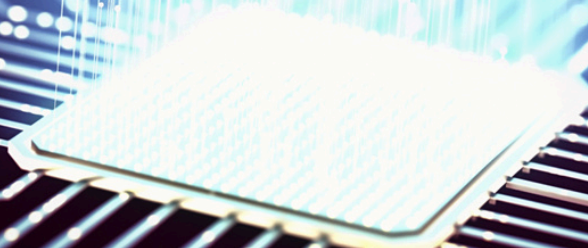
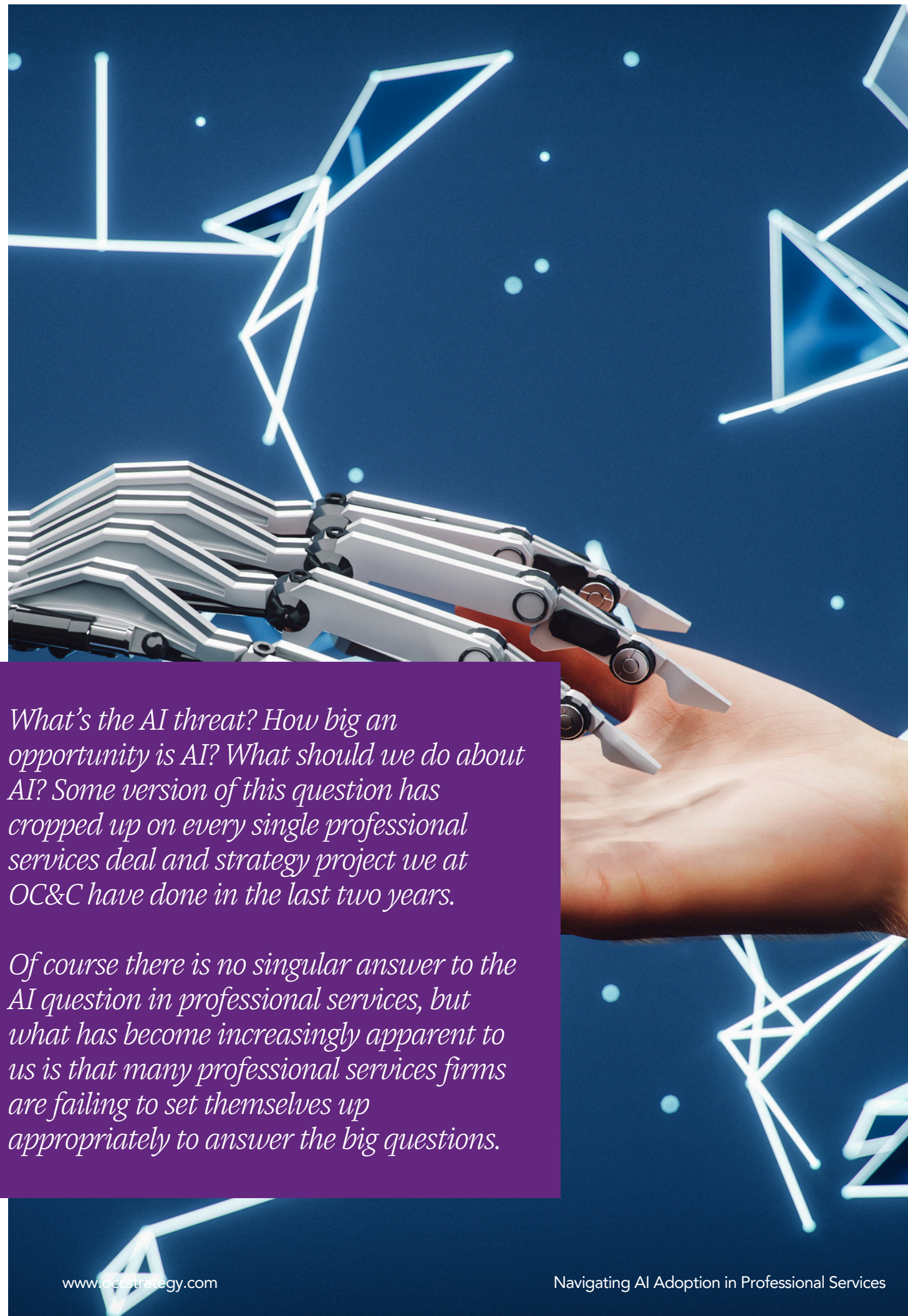




OC&C
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A glowing yellow microchip is the central focus, with numerous thin, light blue lines radiating upwards from it, suggesting data flow or connectivity. The background is a dark blue gradient with faint, glowing circuit traces.

From Hype to Strategy:
*Navigating AI Adoption in
Professional Services*



What's the AI threat? How big an opportunity is AI? What should we do about AI? Some version of this question has cropped up on every single professional services deal and strategy project we at OC&C have done in the last two years.

Of course there is no singular answer to the AI question in professional services, but what has become increasingly apparent to us is that many professional services firms are failing to set themselves up appropriately to answer the big questions.



Specifically, there are six mistakes that we see many professional services firms make when it comes to their response to AI. The good news, they're in the company's gift to fix. The bad news, the clock is ticking, fast.

The common mistakes we see in professional services are:

1. Evangelist vs the Layperson
2. GenAI fever
3. AI as a substitute for strategy
4. Deus ex machin(AI)
5. Best being the enemy of the good
6. Head in the sand

Evangelist vs The Layperson

In most professional services firms, there's someone who has become the internal face of generative AI (GenAI). They are the evangelist – driving the agenda, presenting new ideas, and sharing use cases in town halls and internal forums.

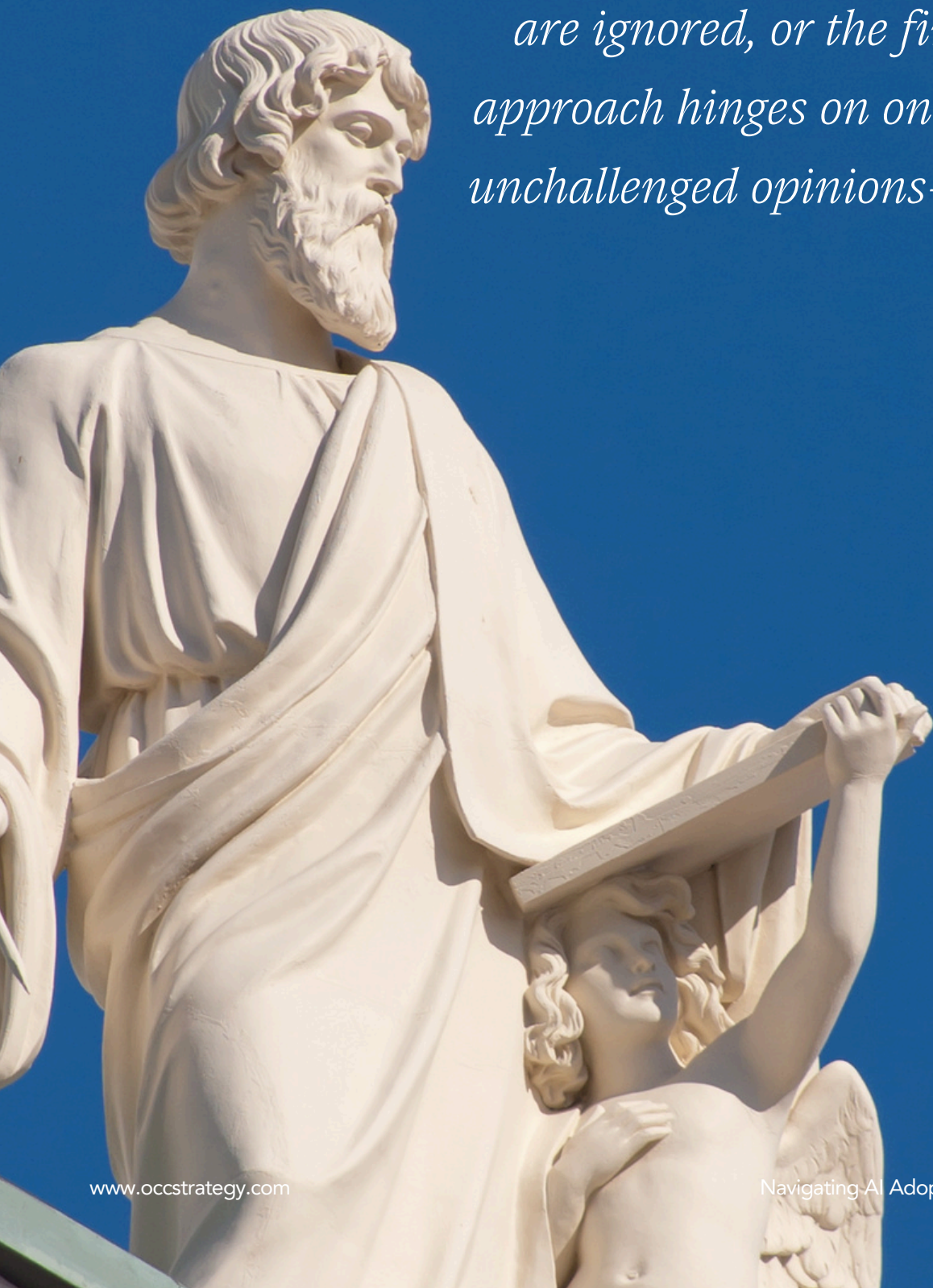
Typically, this individual comes from a tech or software background. While their passion and expertise are invaluable, three key issues often arise:

- The knowledge gap between the evangelist and the average practitioner makes it difficult to communicate clearly and effectively, leading to limited adoption or understanding.
- Their evangelism can come across as naïve to colleagues, often sparking scepticism or pushback.

- Professional services firms can be inherently cynical environments, where enthusiasm is misread as “drinking the Kool-Aid” or evidence of yet another overhyped tech bubble (the boy who cried Google Glass problem).
- The Evangelist has a strong technical understanding of GenAI but often struggles to convert that to the commercial “so what” meaning that opportunities and risks can lack the necessary financial/strategic framing to get real cut-through with decision-makers.

These challenges are compounded by the fact that many decision-makers – budget holders, Partners, and senior leadership – are unlikely to have been early adopters and have probably had less exposure to what GenAI can actually do.

Without a shared language and knowledge base to review and challenge GenAI recommendations, outcomes often default to two extremes: either the recommendations are ignored, or the firm's entire AI approach hinges on one individual's unchallenged opinions—for better or worse.



Gen AI Fever

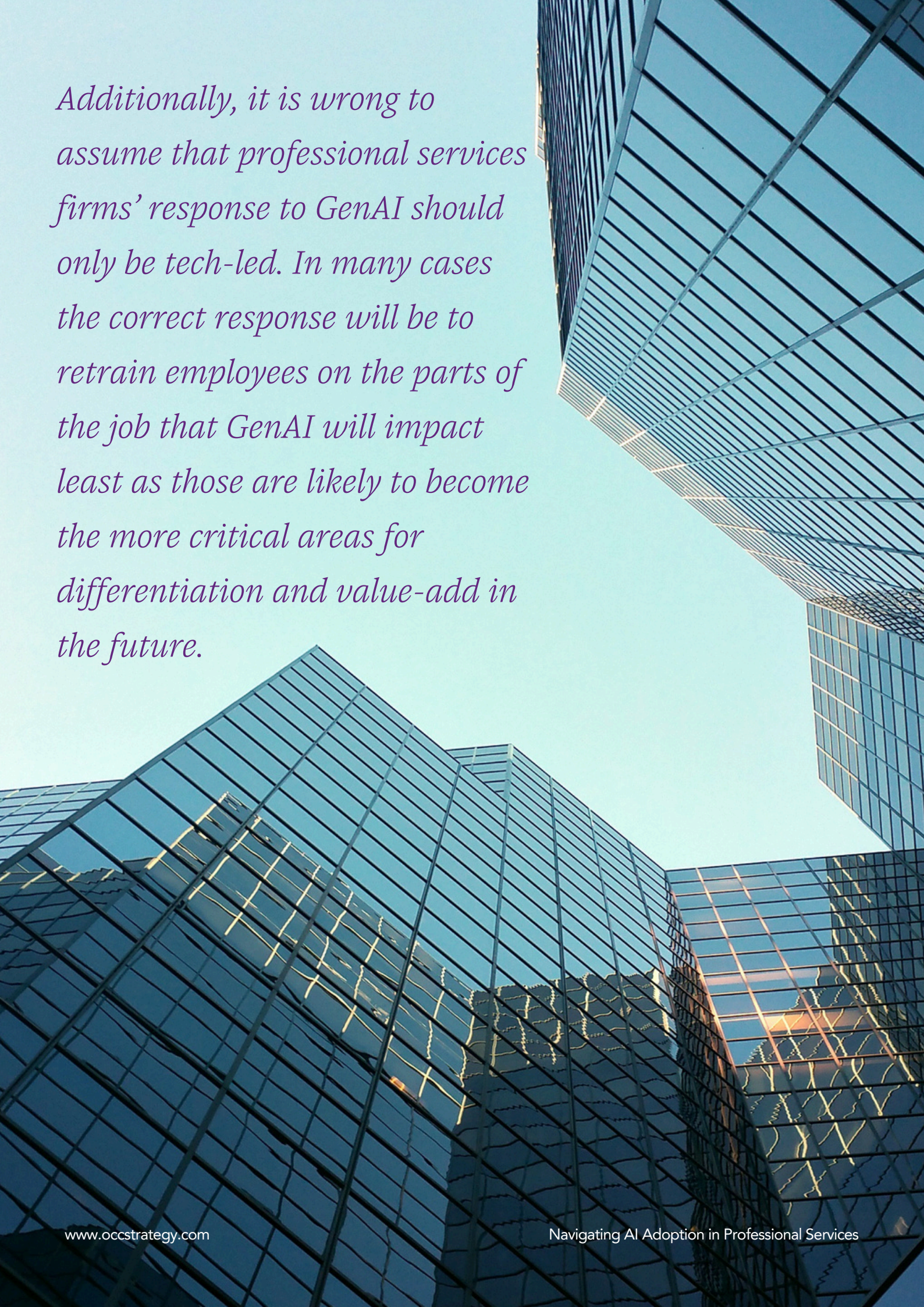
The excitement around GenAI is undeniable, and businesses are racing to capitalize on the opportunities it represents. But there's a glaring irony: many professional services firms are loudly touting GenAI use cases whilst still underutilising previous waves of automation technology.

GenAI is not the first innovation promising increased efficiency – think robotic process automation (RPA) and machine learning (ML). While GenAI opens doors to previously unreachable use cases, it doesn't render older technologies obsolete.

In fact:

- When the reference dataset is constrained, and creativity isn't required, ML often outperforms GenAI with fewer risks of errors.
- RPA and similar tools remain better suited for highly structured and repetitive tasks.

The allure of “shiny new” tech is strong, but firms must avoid overhyping GenAI at the expense of well-understood, mature technologies.



Additionally, it is wrong to assume that professional services firms' response to GenAI should only be tech-led. In many cases the correct response will be to retrain employees on the parts of the job that GenAI will impact least as those are likely to become the more critical areas for differentiation and value-add in the future.

AI as a Substitute for Strategy

The current excitement around GenAI means it is easy to think of it as an end in itself rather than an exciting new means for delivering on a firm's strategic goals.

The mantra of any AI is good AI causes, at best, an incrementalist bottom-up approach to GenAI where the path of least resistance is taken and individual workflows are automated. This is unlikely to cause any major harm (albeit it can carry a significant opportunity cost) but that lack of top-down vision for how AI can help deliver the firm's strategy, serve clients better or create meaningful differentiation will almost certainly limit the benefit that a professional services firm is able to extract from the new technology.

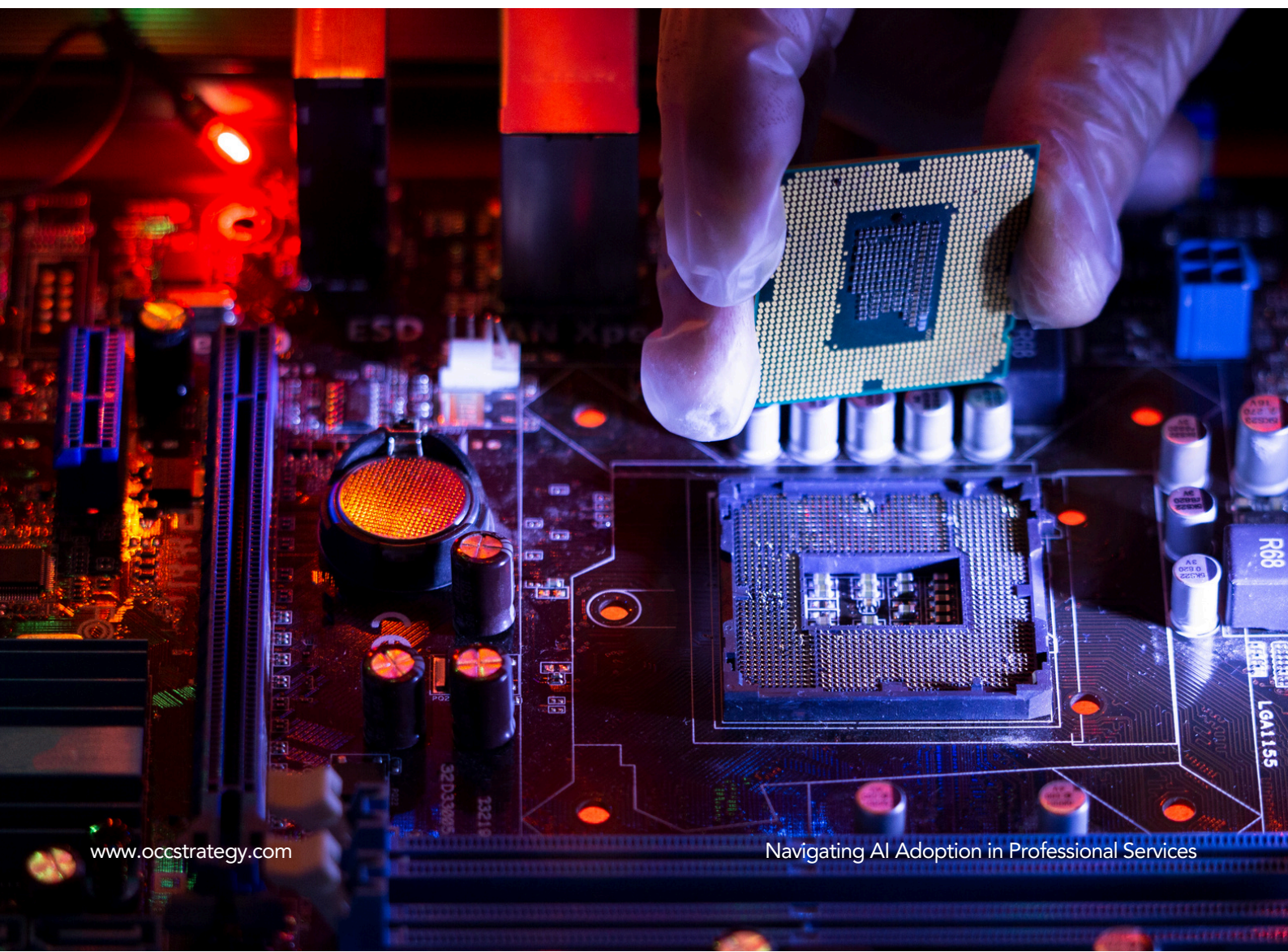


At worst, an AI first, strategy second approach, can lead to significant investment which fails to deliver real benefit as it does not create meaningful differentiation and/or help serve clients better.

Deux ex Machin(AI)

While GenAI is undeniably powerful, it doesn't work magic. Even the best large language models (LLMs) require clean, well-structured, and cloud-based data to perform effectively.

Professional services firms are notorious for their patchy, unstructured data ecosystems, and cleaning up this data is no small feat. Yet many firms put the GenAI cart before the data hygiene horse, chasing AI solutions without laying the groundwork for success.



Now is the time to focus on data readiness. Firms that prioritise cleaning and organising their data will have the flexibility and capability to unlock GenAI's full potential when the time comes. This is lost on some Professional Service firms who, too often, believe investment in GenAI will perform miracles regardless of the data that underpins it.

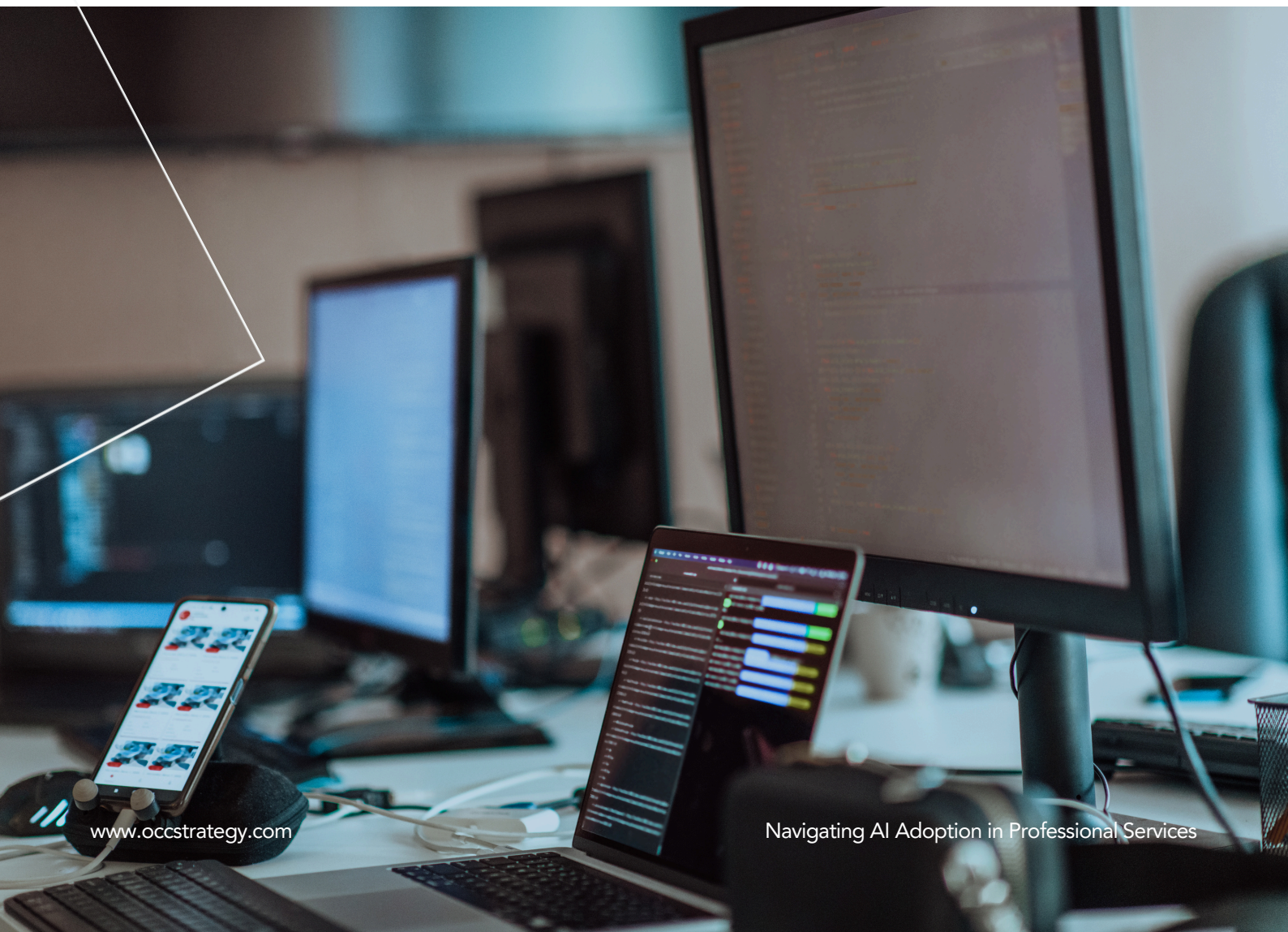
Best the Enemy of Good

Client service industries understandably have a high bar for innovation. If something new risks jeopardising the client experience or outcome then it simply cannot be trusted and implemented. This is a commendable attitude but creates real issues when it comes to GenAI roll-out:

- “GenAI can make mistakes therefore it is not safe to use”. GenAI is fallible (albeit increasingly less so) but so are humans. When thinking about integrating GenAI into a workflow the bar we are measuring against is not perfection, it is human performance. Accountants are highly concerned about GenAI being used in audits due to the risk of errors but, it is important to remember, up to 50% of public company audits in the US contain a major error. Furthermore, use of GenAI does not mean you have to become fully reliant on it with no human intervention. GenAI plus human in the loop, in many instances, will give you the efficiency and speed benefits of GenAI whilst ensuring that there are human checks in place to spot and correct errors.
- Businesses often believe best route to unlock the potential of GenAI is to build a miracle tool, themselves, that will automate all or a significant part of the job. Again, this is admirable but it risks ignoring quick wins from adopting third-party tools that are either generic (e.g. transcription capabilities of MS Teams) or industry specific (e.g. accounting software providers building GenAI into their products). A lot of time and effort can be sucked into building bespoke tooling and the history of professional services suggests that great advisers are often not the best developers.

Missing out on good enough, because of an over-focus on best, is especially dangerous as your employees will start using GenAI regardless. LLMs are too widely available and too well known for employees to not start investigating their potential. The risk is, if this is not led by the business itself, that employees will not make the most of the tools potential or, worse, accidentally stumble into major confidentiality and data security challenges.

There are plenty of anecdotes floating around of over-zealous employees uploading highly sensitive information onto public instances of LLMs not realising that this would then form part of that model's training data.



Head in the Sand

The traditional professional services model, with its focus on progression and apprenticeship, faces disruption from GenAI in two critical ways:

- **Role Inversion:** The apprenticeship model normally relies on senior professionals being better at tasks than their juniors. With GenAI, this is less likely to be the case – juniors may adopt the technology faster and become more adept at leveraging its capabilities.
- **Slimming the Pyramid:** GenAI disproportionately automates tasks performed by juniors. This could shrink the bottom of the traditional pyramid, creating succession challenges. Fewer people entering the pyramid today raises serious questions about how to develop the managers and partners of tomorrow.

These disruptions, understandably, cause hesitation. However, paralysis is not the answer. Avoiding these issues won't make them go away; it will only make the solutions more painful and costly to implement later.

What Next?

The challenges above are significant, but they are entirely solvable. Firms can take clear, practical steps to sidestep these pitfalls and set themselves up for long-term success:

Foster Diverse Ownership:

AI initiatives shouldn't rest on a single evangelist. Establish a working group that includes a mix of evangelists, sceptics, and pragmatists to ensure well-rounded, actionable recommendations.

(Re)define your strategy:

Shock horror a strategy consultant is telling you to think more about strategy!

All joking aside, a firm's response to GenAI will be infinitely better if it can succinctly answer two questions: what is our strategy? How do we add value to clients and what differentiates us vs our peers?

If a firm is clear on these points, it can identify how GenAI can be used to advance the strategy as well as highlighting how GenAI could undermine the business's differentiation and ability to add value.

Making it much easier to prioritise where the firm should be focusing its efforts

and communicating why those efforts are important and valuable.

Get the boring stuff right:

Invest in data hygiene – even if GenAI underdelivers, cleaner data will improve business performance.

Engage third-party vendors to understand the tools they're developing and how they can be integrated into your workflows and what benefits they will bring.

Audit your existing tools (or lack of) – RPA, ML, and other mature technologies – to unlock overlooked efficiencies.

Communicate:

Keep employees informed about your GenAI efforts, providing training to ensure they use tools effectively and securely.

Create forums to share use cases, highlight successes, and celebrate AI-driven wins, fostering a culture of innovation and reducing the knowledge gap between evangelists and practitioners.



By taking these steps, professional services firms can adopt a proactive, strategic approach to AI - balancing ambition with structure and innovation with practicality. The clock is ticking, but the opportunity is immense.

Do these challenges and solutions resonate with you? Want to discuss GenAI and professional services further?



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