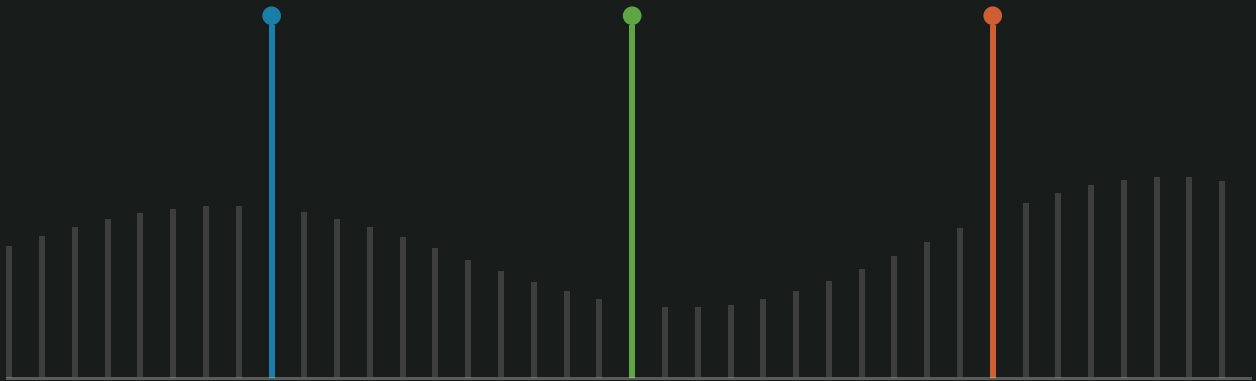




EXECUTIVE REPORT • AUGUST 2026

2026 State of the WorkSystem

Why the next performance advantage will come from engineering people, AI, automation, and global capabilities as one system.

THE EXECUTIVE QUESTION

Is your organization still managing a workforce—or engineering the WorkSystem your strategy requires?

CONTENTS

In this report

01	Executive summary	3
02	The emerging realities	4
03	The hidden performance risk	5
04	What is a WorkSystem?	6
05	The three disciplines	7
06	Evidence: AI adoption and enterprise value	8
07	Evidence: AI governance and adoption	9
08	Evidence: human capability	10
09	Evidence: technology and people	11
10	Evidence: global capability	12
11	The executive agenda	13
12	From assumptions to evidence	14
13	The engineering deliverable	15
14	Continuous optimization	16
15	A practical maturity model	17
16	What leaders should do now	18
17	Your next move	19
	Selected sources	20

THE SHORT VERSION

Tomorrow's strategy cannot be executed through yesterday's system of work.

EXECUTIVE SUMMARY

The system of work has changed. Most management systems have not.

Enterprise capability no longer resides only in employees. It is assembled from human judgment, AI, automation, technology, contractors, partners, managed services, and global talent. Yet these sources of capability are still commonly planned, funded, governed, and measured in separate functional lanes.

42%

of CEOs question viability beyond 10 years

21%

have fundamentally redesigned some AI workflows

63%

cite skills gaps as a major transformation barrier

Sources: PwC 28th Annual Global CEO Survey; McKinsey State of AI 2025; World Economic Forum Future of Jobs 2025. [1][2][3]

Three conclusions for the executive team

- **The performance risk is systemic.** Local optimization can improve a function while adding friction, duplicated cost, or risk elsewhere.
- **AI value is a work-design challenge.** Technology adoption matters; workflow redesign, decision rights, role clarity, skills, governance, and measures determine whether value reaches the P&L.
- **Visibility precedes optimization.** Leaders need evidence across the complete system before choosing what people should do, what AI should do, what to automate, and what to source globally.

THE MANDATE

Move from a workforce lens—“How do we get more from our people?”—to a WorkSystem lens: “What is the best way to get this work done?”

PART I · THE EMERGING REALITIES

Six forces are colliding inside one operating system

EMERGING REALITY**WHAT IT DOES TO THE WORKSYSTEM**

AI velocity

Capability is advancing faster than governance, workflow redesign, and adoption can absorb.

Skill instability

39% of workers' existing skills are expected to change or become outdated by 2030.

Capacity pressure

Organizations face simultaneous demands to release capacity, improve experience, and control labor cost.

Capability unbundling

Critical work increasingly crosses employees, contractors, partners, managed services, and global teams.

Strategy compression

Business models, priorities, and customer expectations are changing faster than role and process cycles.

Evidence pressure

Boards and investors increasingly expect proof of productivity, AI return, resilience, and responsible deployment.

WEF estimates 22% of today's jobs will be structurally transformed by 2030, with 170 million created and 92 million displaced. [3]

LEADERSHIP IMPLICATION

Tomorrow's strategy cannot be executed through yesterday's system of work.

THE HIDDEN PERFORMANCE RISK

No function owns the whole—and that is precisely the problem

HR	IT	Finance	Operations	Procurement	Business units
optimizes talent	optimizes technology	optimizes cost	optimizes throughput	optimizes suppliers	optimizes outcomes

Each view is legitimate; none is complete.

What fragmentation looks like in practice

SIGNAL	SYSTEM CONSEQUENCE
AI beside the old process	A tool is deployed, but approvals, handoffs, roles, and decision rights remain unchanged.
Headcount as the default answer	Capacity is purchased before leaders test whether work should stop, move, automate, or be redesigned.
Sourcing without system design	External capability grows without a clear view of retained knowledge, interfaces, accountability, or total ROI.
Training without work demand	Skills programs proliferate without linking learning to future workflows and strategic outcomes.
Metrics without a baseline	Functions report activity or local savings while enterprise value and cross-system effects remain unclear.

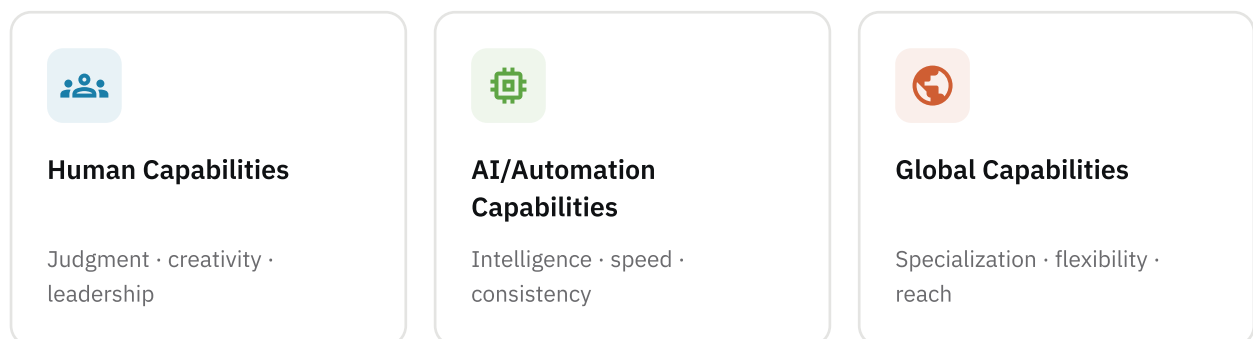
THE COST OF PARTIAL VISIBILITY

More investment cannot solve what fragmented decisions continue to create.

PART II · A NEW DISCIPLINE

What is a WorkSystem?

A WorkSystem™ is the complete system through which an organization converts strategy into results: people, AI, automation, technology, global and external capabilities, skills, capacity, workflows, decisions, governance, and measures—plus the connections among them.



The unit of analysis is the work—not the org chart

The workforce lens starts with people already employed and asks how to improve their performance. The WorkSystem lens starts with the business outcome and asks which combination of capabilities should perform the work, how work should flow, where decisions should sit, and what evidence will prove improvement.

Workforce lens	Employees, roles, headcount, skills
WorkSystem lens	Human + AI/Automation + Global Capabilities, engineered around outcomes

DEFINITION

WorkSystem Optimization™ is the discipline of continuously improving how every source of capability operates together to execute strategy, increase productivity, reduce waste, and maximize ROI.

THE THREE DISCIPLINES

See the system. Engineer it. Keep improving it.

DISCIPLINE	EXECUTIVE VALUE
 01 WorkSystem Intelligence™	Creates evidence across the whole system. Reveals misalignment, duplication, friction, capacity risk, underused technology, unclear returns, and hidden interdependencies.
 02 WorkSystem Engineering™	Turns evidence into a future-state WorkSystem Blueprint™: what work changes, which capability performs it, how roles and workflows connect, what to sequence, and how value will be measured.
 03 WorkSystem Optimization™	Implements prioritized changes, measures results, surfaces new risks and opportunities, and continuously retunes the system as strategy and capability evolve.

Why “engineering” is more than a metaphor

Engineering imposes a testable logic: define the required result; establish the current-state evidence; specify requirements and constraints; design interfaces; make trade-offs explicit; build and test; measure against a baseline; and improve the system in operation.

OPERATING PRINCIPLE

Intelligence reveals. Engineering redesigns. Optimization sustains performance.

EVIDENCE · AI

AI adoption is accelerating. Enterprise value is not keeping pace.

71%

report gen AI use in at least one function

>80%

report no tangible enterprise EBIT impact

21%

redesigned at least some workflows

McKinsey, The State of AI: How Organizations Are Rewiring to Capture Value, 2025. [2]

McKinsey found workflow redesign had the greatest effect among 25 tested attributes on the likelihood of reporting EBIT impact from generative AI. Yet only 21% of respondents using gen AI said their organizations had fundamentally redesigned at least some workflows. Less than one-third reported following most of 12 adoption and scaling practices.

The WorkSystem interpretation

- **The model is rarely the whole constraint.** The surrounding work—roles, data, decisions, handoffs, incentives, controls, and adoption—determines realized value.
- **Use-case portfolios are not operating models.** Enterprise return requires cross-functional prioritization and a coherent roadmap.
- **Human-in-the-loop design is not a late-stage risk control;** it is part of the value architecture.

EXECUTIVE QUESTION

Where must work be redesigned—not merely augmented—for AI to change a business outcome?

EVIDENCE · AI GOVERNANCE AND ADOPTION

Employees are not waiting for the organization to catch up

75%

of surveyed knowledge workers use AI at work

78%

of AI users bring their own AI to work

60%

of leaders worry their organization lacks a plan

Microsoft and LinkedIn, 2024 Work Trend Index Annual Report. [4]

The adoption gap creates a paradox: the organization can be simultaneously moving too slowly at the enterprise level and too quickly at the individual level. Unmanaged experimentation may create productivity gains, but it can also fragment methods, weaken controls, obscure data use, and make enterprise learning difficult.

A WorkSystem response

REQUIREMENT	WHAT LEADERS NEED TO ESTABLISH
Visibility	Map where AI is already used, by whom, for which decisions, and with what data.
Design	Define the future workflow, human judgment points, ownership, exceptions, and governance.
Capability	Build role-specific fluency and redesign performance expectations.
Measurement	Track adoption, time released, quality, risk, revenue, cost, and reinvested capacity.

THE REAL RISK

Shadow AI is not only a technology issue. It is evidence that the WorkSystem is changing without an enterprise design.

EVIDENCE · HUMAN CAPABILITY

The skills challenge is not solved by training volume

39%

of current skills expected to change by 2030

59/100

workers would need training by 2030

63%

name skills gaps as a major barrier

World Economic Forum, Future of Jobs Report 2025. [3]

Organizations often respond to skills uncertainty by expanding catalogs, platforms, and programs. But the strategic question is more specific: which capabilities will the future work require, where will they create disproportionate value, and how quickly must they become operational?

From talent activity to capability architecture

- Start with future work and strategic outcomes, not a generalized list of desirable skills.
- Distinguish capabilities to build internally from those to buy, automate, or source.
- Connect role fit, strengths, capacity, leadership, and learning to redesigned workflows.
- Measure capability through changed decisions and operating outcomes—not course completion alone.

HUMAN ADVANTAGE

The future WorkSystem does not need more talent activity. It needs the right human capability, in the right work, at the right capacity.

EVIDENCE · TECHNOLOGY AND PEOPLE

Technology value cannot be separated from the human system around it

Deloitte argues that the technology value case is shifting from substitution toward augmentation and collaboration. As human work and technology converge, organizations must evaluate not only direct efficiency, but also how technology changes work, experience, innovation, learning, well-being, risk, and strategic differentiation. [5]

Why this matters for investment governance

SHIFT	FROM ISOLATED TECHNOLOGY ECONOMICS TO WORKSYSTEM VALUE
Old value case	License or implementation cost versus local labor savings.
Expanded value case	Business outcomes + human performance + sustainability + risk + adoption + capability effects.
Old governance	Approve, deploy, and assess after launch.
Expanded governance	Design the work, define outcomes and owners, monitor use, and continuously adjust.

Deloitte’s guidance to monitor worker experience, establish meaningful metrics, and include organizational change in the value case aligns with the central WorkSystem principle: technology creates value through the system in which it is used—not as an independent asset.

INVESTMENT TEST

Before approving the tool, can the team explain what work changes, whose capability increases, which risks move, and which measure will prove value?

EVIDENCE · GLOBAL CAPABILITY

Global capability is a design choice—not merely a labor-arbitrage decision

Organizations now access specialized skills, capacity, flexibility, and market reach through contractors, partners, managed services, and distributed global teams. These options expand the design space—but also increase the number of interfaces that must work.

Four questions separate sourcing from engineering

DESIGN DOMAIN	EXECUTIVE DECISION
Work boundary	Which outcomes or work packages can be externally supported without fragmenting ownership?
Interface design	What information, decisions, service levels, and escalation paths connect internal and external work?
Capability strategy	What knowledge must remain distinctive and internal? What can be accessed flexibly?
Total return	How will leaders account for transition cost, management load, quality, resilience, speed, innovation, and risk—not just rate?

The global capability decision should follow the work design. When location or vendor selection comes first, the organization may save on a unit rate while creating coordination cost and strategic dependency elsewhere.

WORKSYSTEM PRINCIPLE

The result comes first. The combination of capabilities follows.

THE EXECUTIVE AGENDA

Six questions determine WorkSystem ROI

QUESTION	WHAT THE ANSWER MUST REVEAL
01 What work should people do?	Where do judgment, creativity, leadership, expertise, and relationships create the greatest value?
02 What work should AI do?	Where can AI improve insight, decisions, speed, accuracy, and capability?
03 What should be automated?	Which repetitive, rules-based, or low-value activities can be redesigned to release capacity?
04 What should be externally supported?	Where can partners, contractors, global talent, or managed services add specialization, flexibility, or scale?
05 What must we build internally?	Which roles, skills, strengths, and leadership capabilities are essential to future strategy?
06 How will we know?	Which evidence proves greater productivity, execution, resilience, growth, and ROI?

GOVERNANCE TEST

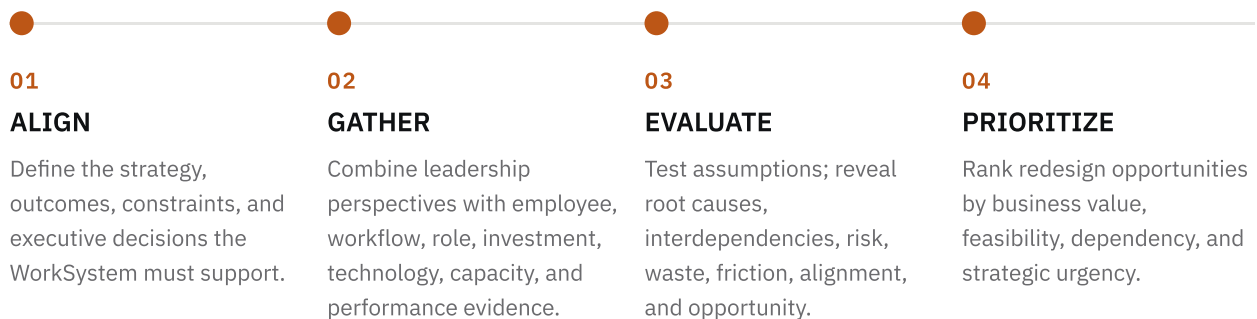
If these questions are answered one function at a time, the organization adds cost and complexity. Answered as one connected system, they become a design brief.

FROM ASSUMPTIONS TO EVIDENCE

Visibility is the first constraint to remove

Executive teams rarely lack opinions about work. They lack a shared, evidence-based view that connects strategic priorities to what is actually happening across roles, workflows, capacity, technology, sourcing, decisions, and performance.

The WorkSystem Intelligence sequence



What a useful baseline makes possible

- A common fact base across C-suite functions.
- A defensible sequence for people, AI, automation, and sourcing investments.
- A current-state benchmark against which improvement and ROI can be measured.

KEY DISTINCTION

The WorkSystem Pulse surfaces visibility indicators. The WorkSystem Index™ establishes organization-wide evidence for engineering decisions.

THE ENGINEERING DELIVERABLE

A Blueprint is a decision system—not another assessment report

The WorkSystem Blueprint™ converts current-state evidence into an actionable future-state design. It makes the required choices visible, sequenced, owned, and measurable.

BLUEPRINT LAYER	WHAT EXECUTIVES RECEIVE
Capability allocation	How Human, AI/Automation, and Global Capabilities should work together.
Work and workflow	What stops, changes, moves, automates, or is newly created.
Roles and decisions	New accountabilities, human judgment points, decision rights, and interfaces.
Skills and capacity	Capabilities required, gaps to close, and capacity to release or redeploy.
Business case	Expected value, investment, dependencies, risk, and timing.
Execution roadmap	Priorities, sequence, owners, measures, and governance cadence.

STANDARD OF USEFULNESS

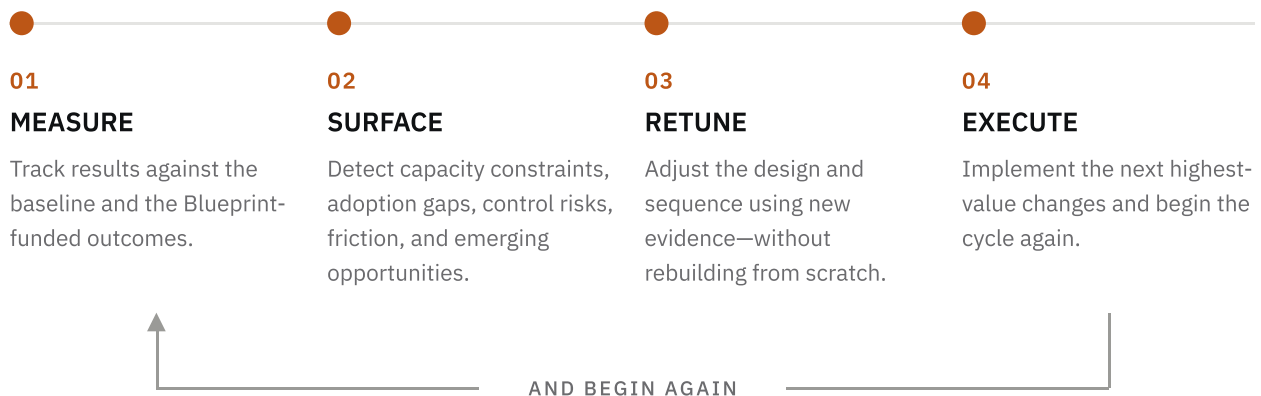
Findings should be acted on, not filed. The Blueprint is a working design that evolves as evidence and strategy change.

CONTINUOUS OPTIMIZATION

Optimization is a cycle, not a finish line

Business priorities shift. Talent markets move. AI capability matures. Global options change. A WorkSystem that is optimized once and then left alone will drift out of alignment.

The operating cadence



A balanced WorkSystem scorecard

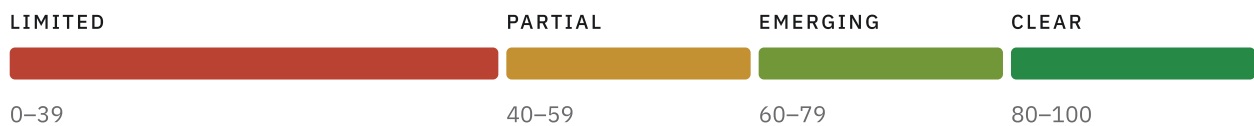
A strong measurement architecture combines business outcomes, productivity and capacity, quality and cycle time, adoption and behavior, human capability, financial return, customer impact, and risk. Measures should show both local gains and cross-system consequences.

LEADERSHIP REQUIREMENT

Assign one executive forum the responsibility to see and govern the whole—even when delivery remains distributed.

A PRACTICAL MATURITY MODEL

Where is your organization today?



VISIBILITY BAND

WHAT IT INDICATES

■ LIMITED	Decisions are largely functional; leaders lack common evidence; AI, talent, and sourcing investments are weakly connected to work design.
■ PARTIAL	Some enterprise priorities and measures exist, but visibility and governance are uneven; redesign remains initiative-specific.
■ EMERGING	Cross-functional evidence informs major decisions; workflows, roles, and capabilities are increasingly engineered together.
■ CLEAR	The organization continuously senses, engineers, measures, and retunes its full WorkSystem against strategy.

Thrivin's bands indicate how much of the system is visible—not whether the organization is “good” or “bad.” A low result signals missing evidence, not a verdict.

Signals that it is time to look deeper

- AI investment is expanding without clear enterprise ROI.
- Labor costs are rising faster than productivity.
- Functions are redesigning work independently.
- Leaders disagree about capacity or capability gaps.
- Global capabilities are growing without integrated ROI visibility.
- Strategy requires new work, roles, skills, or operating models.

WHAT LEADERS SHOULD DO NOW

Five moves to begin engineering the WorkSystem

MOVE	EXECUTIVE ACTION
01 Name the outcome	Select one strategic result where fragmented work decisions are creating material risk or unrealized value.
02 Convene the whole system	Bring business, people, technology, operations, finance, procurement, risk, and relevant external-capability leaders into one fact pattern.
03 Establish visibility	Test assumptions against work, workflow, role, capacity, technology, investment, and performance evidence.
04 Engineer before buying	Define the future work and capability allocation before committing to headcount, platforms, vendors, or programs.
05 Baseline and govern	Set measures, ownership, decision rights, and a cadence for continuous optimization.

A 90-day leadership horizon

The goal is not to redesign the enterprise in a quarter. It is to establish a decision-quality view of one critical WorkSystem, identify the highest-value redesign opportunities, and produce a funded, measurable Blueprint for action.

START SMALL ENOUGH TO LEARN; AIM HIGH ENOUGH TO MATTER

Choose a business outcome with visible friction, meaningful economics, executive sponsorship, and a realistic path to evidence.

YOUR NEXT MOVE

What might your current assumptions be hiding?

The WorkSystem Pulse™ is a free, three-minute executive diagnostic that surfaces where greater visibility may improve productivity, execution, AI ROI, and business performance. It returns an Executive Intelligence Scorecard immediately and creates a focused starting point for a conversation with a WorkSystem Engineer™.

TAKE THE WORKSYSTEM PULSE™

A free, three-minute executive diagnostic that returns an Executive Intelligence Scorecard immediately.

<https://getthrivin.com/pulse>

Then meet with a WorkSystem Engineer

Use the Executive Intelligence Brief to examine the gaps, risks, and opportunities behind the indicators—and determine whether a deeper WorkSystem Index™ + Blueprint™ is warranted.

REFERENCES

Selected sources

-
- [1] PwC**
28th Annual Global CEO Survey (2025).
<https://www.pwc.com/gx/en/ceo-survey/2025/28th-ceo-survey.pdf>
-
- [2] McKinsey & Company**
The State of AI: How Organizations Are Rewiring to Capture Value (2025).
<https://www.mckinsey.com/capabilities/quantumblack/our-insights/the-state-of-ai>
-
- [3] World Economic Forum**
The Future of Jobs Report 2025.
<https://www.weforum.org/publications/the-future-of-jobs-report-2025/>
-
- [4] Microsoft & LinkedIn**
2024 Work Trend Index Annual Report.
<https://marketingassets.microsoft.com/gdc/gdc39Dwp8/original>
-
- [5] Deloitte**
A New Value Case for HR Technology (2025 Global Human Capital Trends).
<https://www.deloitte.com/us/en/insights/topics/talent/human-capital-trends/2025/new-hr-technology-creates-new-tech-value-case.html>
-
- [6] International Labour Organization**
Generative AI and Jobs: A 2025 Update.
<https://www.ilo.org/publications/generative-ai-and-jobs-2025-update>
-
- [7] Thrivin**
WorkSystem Optimization, How It Works, and WorkSystem Index + Blueprint pages.
<https://getthrivin.com>
-