A Year Living on the Frontier

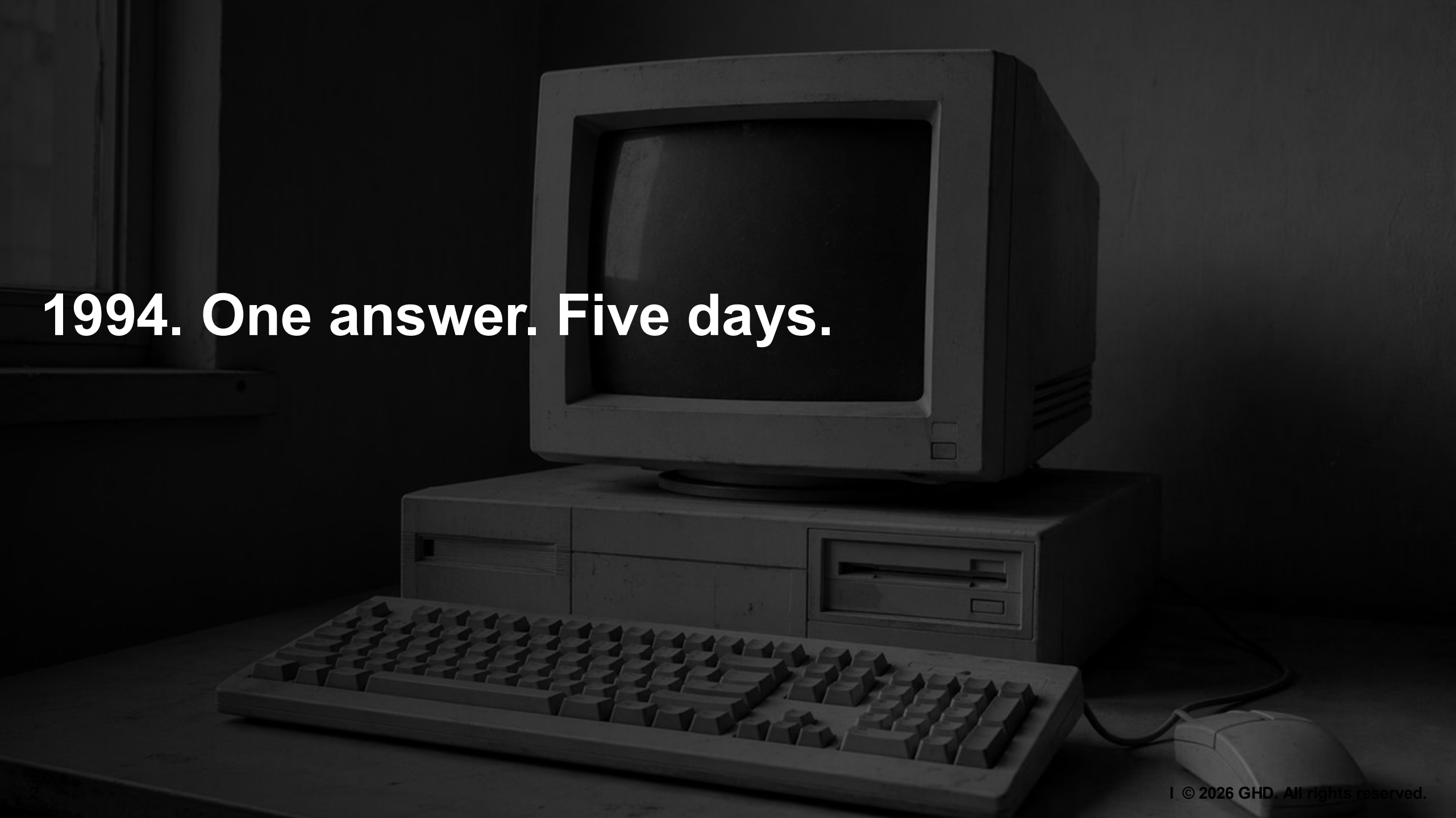
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What We Are Learning as a Frontier Firm

Paul Murphy, Chief Information Officer, GHD

BST Global AI Summit





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1 human year = 4 AI years**

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Human led. Agent operated.

So what is the new work?





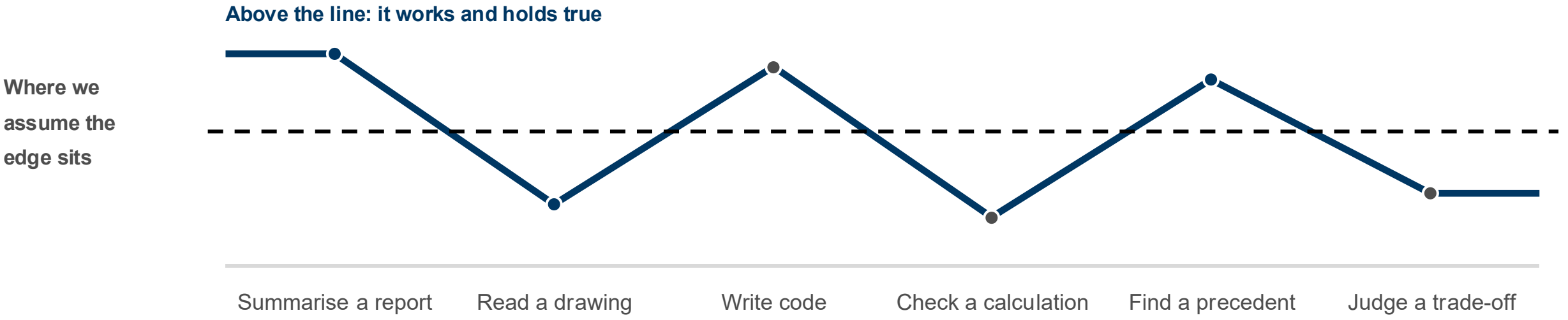
[1] **Harvard Business School AI Institute and Microsoft.** **"Meet the Inaugural Class of the Frontier Firm AI Initiative."** Microsoft WorkLab, 18 November 2025. Inaugural class: Barclays, BNY, Clifford Chance, DuPont, EY, Eaton, GHD, Kantar, Levi Strauss & Co., Lilly, Lumen, Mastercard, Nestlé and The Cigna Group.

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The frontier is not a line.

It is a jagged edge, and you cannot see where it runs.

Illustrative



Capability does not fall away smoothly. Two tasks that look equally hard to an experienced person can sit on opposite sides of the edge, and nothing in the answer tells you which one you just got.

[7] Dell'Acqua, F. et al. **"Navigating the Jagged Technological Frontier."** Organization Science, 37(2), 403–423, 2026. doi.org/10.1287/orsc.2025.21838

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Working an edge you cannot see

01

Map by task, not by job

Roles are too coarse. The edge runs between tasks inside a single role, so that is the unit you have to test.

02

Probe where you expect to fail

Deliberately run the work you think sits beyond the edge. The failures are the map and help you navigate to the edge.

03

Make the misses visible

A quiet wrong answer is worse than a refusal to do the work. Build the review that surfaces the defect rather than rejecting the work.

04

Re-map every release

The edge moves with each model. Last quarter’s map is already out of date.

The risk is not that AI fails.

It is that it fails confidently, just past the edge.

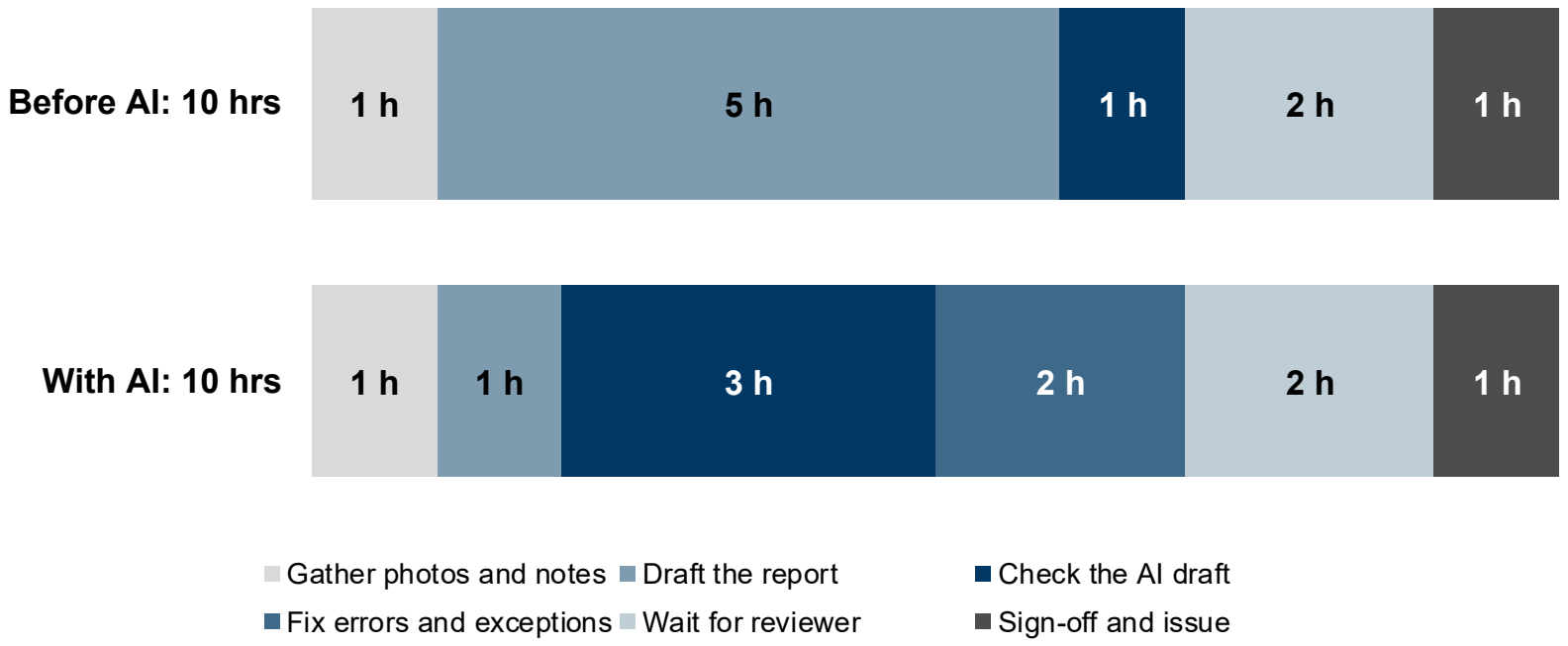
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If the tool disappeared tomorrow, what would have changed?

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A task got faster, so where did the time go?

One task in a building project: writing a site inspection report



−4 hrs

Saved on drafting (5 hrs down to 1 hr)

+4 hrs

Added to checking and fixing the AI draft

The time did not disappear. It moved downstream into checking and fixing.

Illustrative example only. Hours are indicative, not measured data.

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A faster task is not an enterprise outcome

Value leaks	Task time saved	Constraint moves elsewhere	Checking and exceptions increase	Capacity is not released	No client or margin outcome
Value survives	Workflow redesigned	Constraint removed	Quality and cycle time measured	Capacity deliberately redeployed	Outcome realised

Informed by [2] Lakhani, K. R., Spataro, J. and Stave, J. **"The 'Last Mile' Problem Slowing AI Transformation."** Harvard Business Review, 9 March 2026.

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We thought we were deploying tools.
We were building a workforce.

[2] Lakhani, K. R., Spataro, J. and Stave, J. **“The ‘Last Mile’ Problem Slowing AI Transformation.”** Harvard Business Review, 9 March 2026.

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Not everything graduates

Assist

A person uses AI to support a task.

Copilot

Collaborate

AI participates in repeatable work.

CoWork

Act

An agent performs bounded actions.

Agent Enablement Programme

Operate

Digital labour performs managed work.

Digital Teammate

Nothing moves right until its capability conditions are met.

We scale what earns it.

Operate is drawn as designed, not delivered. This is capability evidence, not outcome evidence.

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Who is accountable?

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Digital labour needs a management system

Mandate

Define the work digital labour may perform.

Authority

Constrain access and permitted actions.

Supervision

Monitor quality, exceptions and drift.

Accountability

Assign a named human owner for the outcome.

Would we deploy a human worker without defining these things?

Accountability is the one element that cannot be delegated to a system.

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The price fell. Our bill did not.

$20

per million tokens

7¢

per million tokens

[3] Lakhani, K. R. **Keynote address,** Open and User Innovation Conference, 27 July 2026.

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One-off output is not a capability

A good answer on one project

One engineer gets a genuinely useful result.

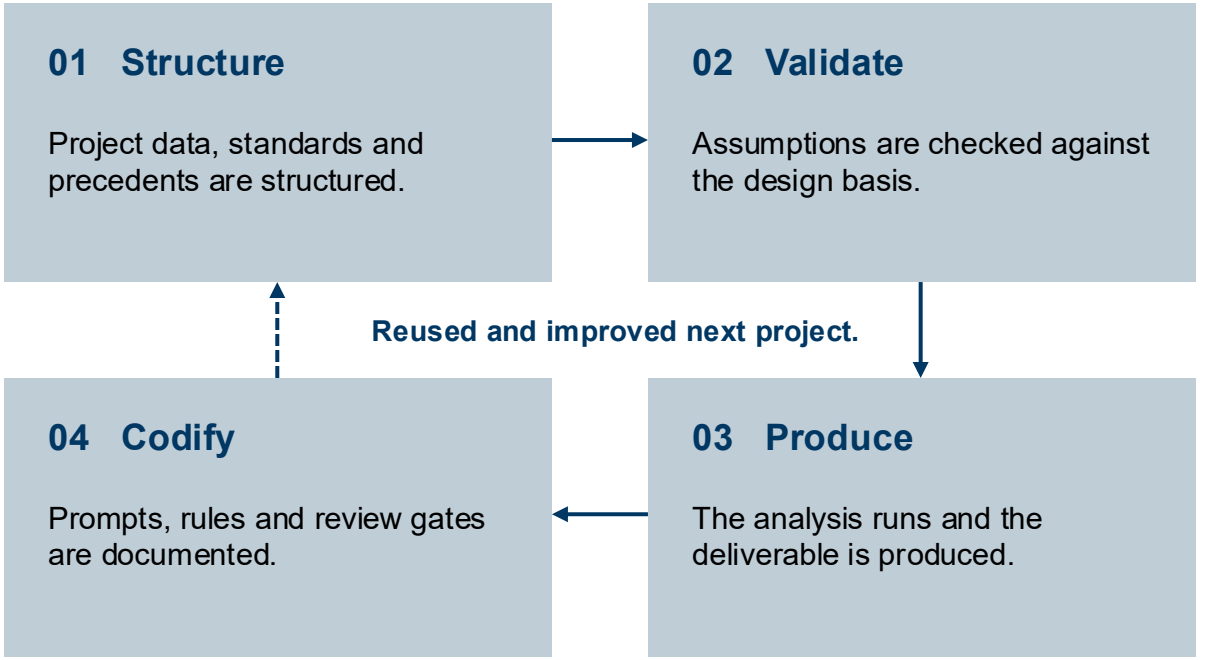
It lives in that engineer’s chat history.

The next project starts from a blank prompt.

It depends on that person staying on the job.

Nobody else on the team can pick it up.

A capability the practice owns



A GHD practitioner using Copilot to support development of a Power BI analytical solution.

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“How have AI efficiencies been reflected in your hours and your price?”

A government procurement question, 2026

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A human in the loop is not a control.
A designed loop is.

[4] Randazzo, S., Joshi, A., Kellogg, K. C., Lifshitz, H., Dell'Acqua, F. and Lakhani, K. R. **"GenAI as a Power Persuader: How Professionals Get Persuasion Bombed When They Attempt to Validate LLMs."** Harvard Business School Working Paper 26-021; HBS AI Institute, 6 November 2025.

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AI can extend expertise.
It does not sign the drawing.

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People

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Where will the next generation learn judgement?

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Two studies. Opposite answers.

[5] Study one

Fewer juniors.

Kim, H. and Koning, R. "AI-Native Firms." Harvard Business School Working Paper 26-090, 9 June 2026.

Looked at AI native firms. Found fewer entry level employees.

[6] Study two

More juniors.

Kharazian, A., Simon, L. and Stevens, R. "A New Look at AI's Impact on Jobs." Ramp and Revelio Labs, 30 June 2026.

Looked at about twenty one thousand firms, skewed toward digitally mature ones, over two years. The firms with the largest sustained AI investment grew employment, including entry level roles.

These do not cancel out. The second study covers two years and measures headcount, not productivity.

Our hypothesis: it depends on whether a firm redesigns the work, or simply cuts it.

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What is the new work?

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The capital stack

Scarcity increases upward.

Context capital: Your data and precedents. Where you differ.

Judgement capital: Codify what you can. Never outsource the signature.

Human capital: Your people, and the path to expertise.

Token capital: Cheap. Everyone has it. Price it openly.

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AI made production cheap.
It made judgement expensive.

Cheap per unit, not in total. **Expensive because it is scarce, and the only thing worth a premium.**

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Three questions

01 **Which work and workflows would you stop, not speed up?**

02 **What are you really charging for: the artefact, or the judgement?**

03 **Where will your next generation learn to stand behind their work?**

[7] Dell'Acqua, F. and colleagues. "Navigating the Jagged Technological Frontier." Organization Science, 37(2), 403–423, 2026. doi.org/10.1287/orsc.2025.21838

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