

# 4 CHALLENGES TO CHANGE

## Insights from 500 Business Leaders

No organization or industry is immune to disruption.

Shifting consumer expectations, changing market dynamics, and transformative technologies necessitate operations that are **responsive** and **flexible**. Of course, achieving this adaptability may seem easier said than done.

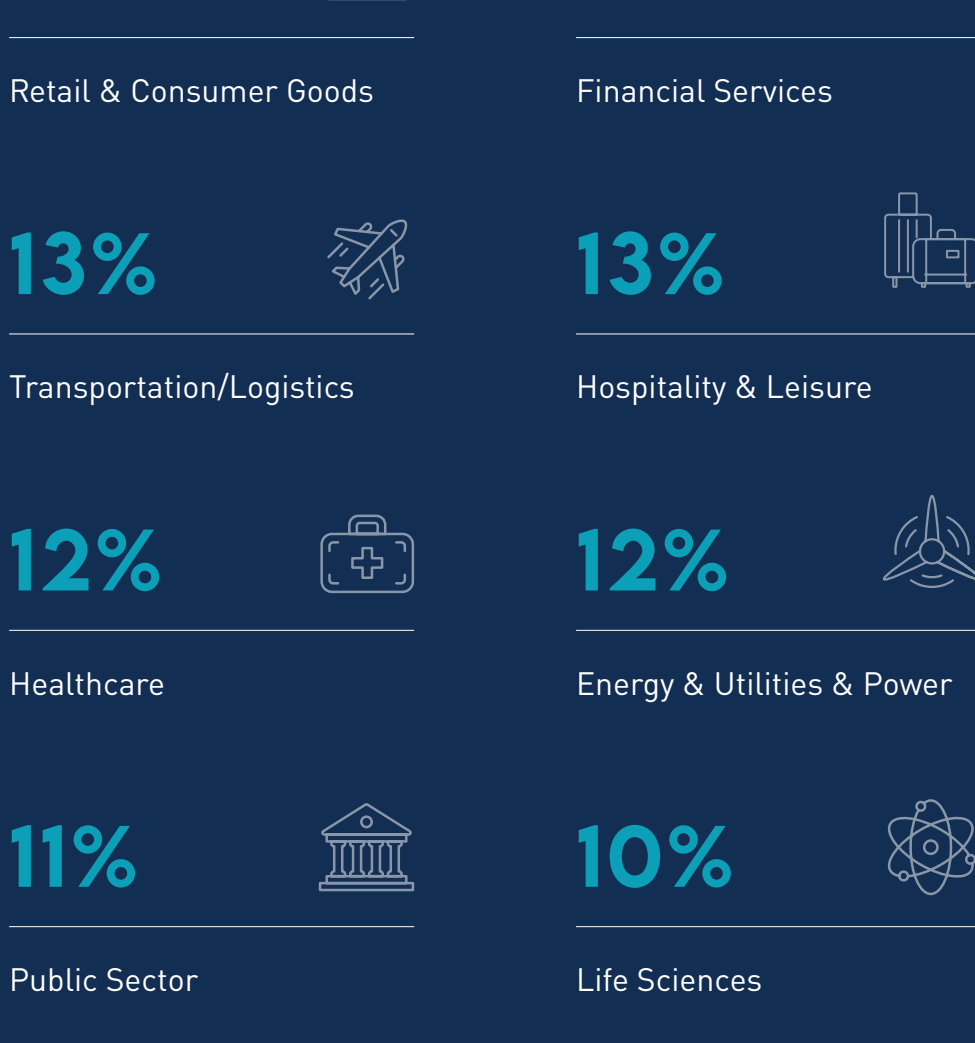
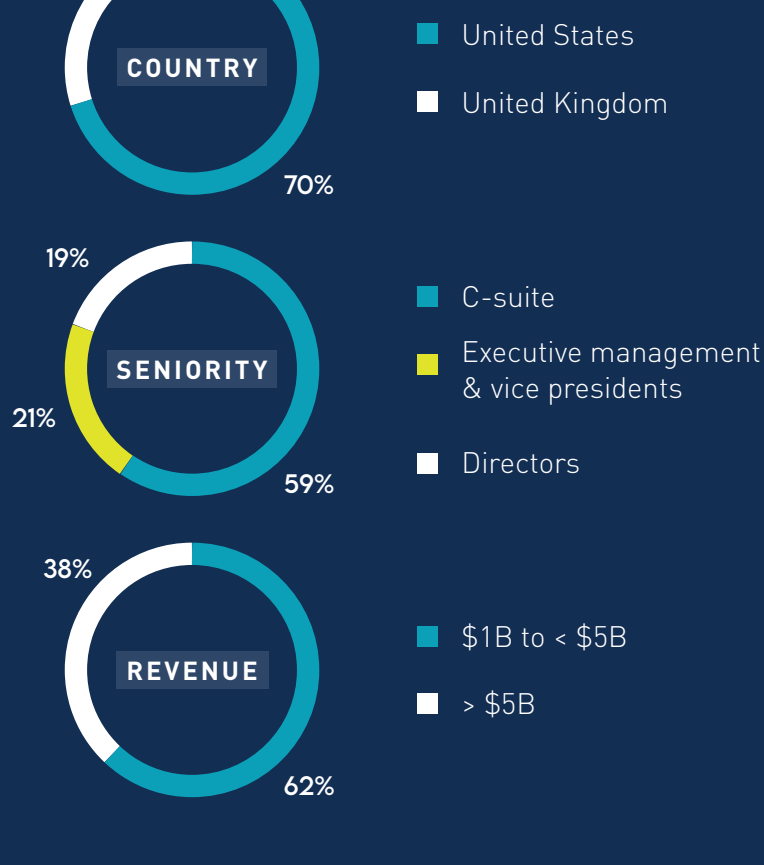
But transformation is possible with a clear diagnosis of what's standing in the way.

So, what are today's biggest challenges to organizational change? North Highland surveyed **500 business leaders** across **eight different industries** to find out. Here, we reveal the five most common obstacles with **expert guidance to help you overcome them**.

Understanding and proactively addressing these challenges will help you significantly enhance your organization's ability to adapt, innovate, and thrive in the face of constant disruption.

### WHO WE HEARD FROM:

(500 Business Leaders)



### CHALLENGE 1: Organizational Alignment

Enterprise-wide AI investments are exposing pre-existing issues:

- Organizational misalignment
- Suboptimal cross-functional coordination
- Struggles to manage diverse strategic priorities

But these breakdowns can doom any investment, not just AI.

#### TOP CHALLENGES TO SCALING AI ADOPTION

- Functional siloes (32%)
- Insufficient change management (28%)

#### COMPETING PRIORITIES

Workforce optimization (51%) and delivering and scaling transformation (45%) are the top concerns for organizations.

Enhancing internal technology capabilities (39%) is viewed as the investment with the greatest impact on revenue performance outlook.

#### LEADERSHIP ALIGNMENT GAPS EXIST

Executive Management and VPs (60%) emphasize security concerns vs. C-Suite (40%). Fear of job elimination sees a similar discrepancy: 19% and 30%, respectively.

#### COLLABORATION BREAKDOWNS

66% of respondents are not prioritizing IT-business collaboration.

#### MOVING THE NEEDLE

Breaking down siloes and overcoming resistance to change can only happen when you promote alignment and collaboration.

- Create a shared vision and co-develop a roadmap with cross-functional leaders.
- Establish clear governance for consistent decision-making and accountability.
- Prioritize change management (stakeholder engagement, communication, cross-functional training).
- Encourage a culture of experimentation and continuous improvement.

*Bonus:* Leverage Strategic Portfolio Management tools—like **NH360**—for more informed resource allocation, real-time tracking, and clearer visibility and transparency across your portfolio.

### CHALLENGE 2: Employee Capabilities and Engagement

Organizations recognize the role people play in competitive transformation, but are they reevaluating how they strengthen their workforce, or simply reapplying "tried and true" methods?

#### PEOPLE MAKE CHANGE HAPPEN

29% of leaders believe improving employee experience and engagement will have the greatest impact on revenue performance outlook.

#### CULTURE & CAPABILITY MATTERS

- People/skills (30%)
- Culture (27%)

Most frequently cited barriers to adapting to change.

#### MOVING THE NEEDLE

It may be time to bring change to workforce initiatives, like learning and development (L&D). These steps will help make your upskilling practices more targeted and aligned with priorities, while also developing the flexibility and responsiveness needed to weather any future turbulence:

- Inability to implement new technologies (30%)
- Lack of analytics capability (24%)

Gaps that are slowing organizations down.

- DON'T INITIATE CHANGE BLINDLY**  
Start with strategic skills analysis and identify where engagement levels are low. Prioritize areas for targeted capability building that align with business opportunities.
- MAKE L&D INNOVATIVE**  
Move away from outdated, one-size-fits-all training methods. Adopt strategies that are in line with modern learning needs and preferences.
- TAKE AN ITERATIVE APPROACH**  
Regularly take in feedback and assess skills. Continuously modify tactics based on the data. Utilize people analytics.

### CHALLENGE 3: Measuring Success

Common blind spots exist where leaders are not evaluating against investments, indicating an incomplete assessment of success. Misaligned or incomplete metrics hinder progress assessment, change adaptation, and investment value realization.

#### WHAT ARE TODAY'S LEADERS TRACKING?

- Operational efficiency (40%)
- ROI (45%)
- Revenue (44%)

#### BLIND SPOTS EMERGE AMID AI

Employee & customer experience is the focal point for the two most commonly pursued AI use cases:

- Customer self-service automation (32%)
- Employee self-service automation (31%)

But metrics like retention & satisfaction aren't receiving enough attention:

- Customer retention (19%)
- Employee satisfaction (18%)
- Employee retention (15%)

#### DON'T LOSE SIGHT OF CURRENT INITIATIVES

51% of leaders rank workforce optimization as a key focus area. Only 28% are using employee productivity to measure the success of current workforce initiatives.

#### MOVING THE NEEDLE

Adopting a holistic approach to measuring success will better position you for assessing progress, optimizing investments, and navigating change with confidence. Here are some best practices for establishing a comprehensive measurement framework:

- Define clear, measurable objectives aligned with strategic priorities and desired outcomes—if you're adopting AI to streamline customer or employee experiences, use satisfaction and retention as a KPI.
- Identify KPIs that holistically capture investment value across financial, operational, customer, and employee dimensions.
- Avoid vanity metrics, prioritize indicators that enable honest progress and impact assessment.
- Regularly review and refine these KPIs to ensure ongoing alignment.
- Leverage AI-powered tools for real-time data gathering, analysis, and visualization, enabling data-driven decisions and agile course corrections.

### CHALLENGE 4: AI Readiness and Adoption

The pressure to become AI enabled is immense. The issue comes when organizations fail to effectively prepare to scale it enterprise wide.

#### PEOPLE HOLD THE KEY TO SCALING AI

Nearly one-third of respondents (28%) cite cultural resistance as a major barrier to scaling AI adoption.

#### TOP FEARS SURROUNDING AI ADOPTION

- Security (48%)
- Individual privacy (37%)
- Displacement of work (36%)
- Insufficient AI upskilling (29%)
- Loss of autonomy (30%)

#### MOVING THE NEEDLE

Infusing your organization with new tools does not guarantee high adoption rates. There is no "If we buy it, they will adopt it." Instead, leaders should...

- Foster a culture that embraces AI by engaging in initiatives that build trust and encourage curiosity.
- Establish governance frameworks.
- Deliver frequent and transparent updates on AI-related initiatives.
- Demonstrate why AI will enhance work experiences. People are the true determinant of AI ROI, and that should be reflected in your roadmap to adoption.

**And remember, there should be no, "adoption for adoption's sake." Ensure your AI transformation remains purpose-driven by asking questions like:**

- What do we want to accomplish by adopting AI?
- Who will need to be involved and how will they be impacted?
- What capabilities are we missing?
- How can we accurately measure success?