DIGITAL & TECHNOLOGY SERVICES

WHY HUMAN-CENTERED DESIGN MATTERS IN AI STRATEGY

INTRODUCTION

The next phase of AI strategy is fundamentally a design challenge. It is a critical moment for organizations to create the conditions needed to enable people and AI to work together effectively. That kind of integration is constrained by numerous barriers that technology cannot fix: fear of displacement, uncertainty about how AI fits into daily work, and lack of trust in AI-generated outputs. These are human problems. And they require human-centered design solutions.

To date, most organizations have focused on collecting AI use cases, trialing proofs of concept, and, in some cases, operationalizing initiatives deemed low-hanging fruit because they fit within their current operating models and technical foundations. However, the organizations seeing real returns are not simply those with the most capable technology, but those that have figured out how to empower the people who own the data and understand the business problems to shape and use AI to augment their decision-making.

The real challenge is building systems where people and AI learn continuously from each other, becoming more capable together than either would be alone. Human-centered design facilitates this. Organizations that get this right will build a durable advantage.

AI as a Teammate: Redefining the Digital Workforce

AI is rapidly evolving from a passive tool into an active participant in the workforce. In earlier AI deployments, the AI-to-system-to-human handoffs were fragmented. Model outputs were reviewed through reports or dashboards and then source systems were adjusted by people, sometimes with model outputs fed directly into those systems. Today, although expanding AI use is closer to the human experience, with people using AI for things as simple as summarizing meeting notes or organizing email inboxes, the relationship remains largely passive. AI runs in the background with the human dipping in when needed.

At Alvarez & Marsal (A&M), we are exploring ways to keep people continuously in the loop, rather than just consuming AI outputs. This shift requires organizations to move beyond “bolt-on” implementations, where AI is layered onto existing processes and used to replicate human tasks at greater speed. While this can deliver incremental efficiency, it often reinforces underlying inefficiencies rather than addressing and solving for them.

More fundamentally, this shift has significant implications for how organizations define work. As AI is increasingly capable of generating insights, making recommendations, and executing actions, organizations need to explicitly define how humans and AI work together. This includes clarifying roles, decision rights, and accountability across both human and machine actors, treating AI systems as embedded members of the digital workforce.

Capturing meaningful value, therefore, requires a fundamental redesign of workflows and systems. At a high level, this redesign is primarily oriented around two distinct goals:

- Automation: reducing waste and increasing efficiency by improving throughput and velocity across processes
- Augmentation: elevating effectiveness by enhancing human judgement and decision quality

While automation drives cost and productivity gains, augmentation is where organizations can unlock higher order value and differentiate long term.

A&M CASE STUDY

A global bio-pharma company operating plasma donation centers was losing donors to new market entrants, with pricing misaligned to willingness to pay and a customer experience that was falling short of rising expectations. A&M was engaged to redesign how the organization used data to make pricing and donor engagement decisions.

Automation handled the heavy lift:

- Ingesting and processing large volumes of donor transaction data across centers
- Building center-specific pricing elasticity models using UCM methodology
- Controlling for location-specific factors including competition, weather, and federal regulations

But augmentation is where the higher-order value showed up. Rather than simply generating model outputs for review, A&M delivered a custom pricing engine web application that put the client's pricing team directly in the loop, running simulations, testing scenarios, and optimizing compensation structures in real time. The result was an estimated $25M in run-rate cost savings while maintaining plasma liter targets, with the full POC delivered in six weeks.

This is the distinction that matters. The model alone does not create the advantage. The advantage comes from designing a system where the human and the AI work together continuously, with the human shaping and refining outputs rather than simply receiving them.

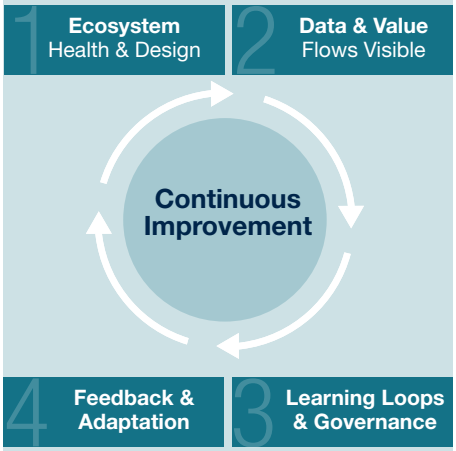
Treating AI as a teammate, not just a tool, forces a more deliberate approach to how work is structured, how decisions are made, and how performance is measured. This is the foundation for building a digital workforce that is adaptive, scalable, and ultimately regenerative.

Our Regenerative Design Approach: Optimizing the Conditions for Transformative AI

At A&M, we do not view an organization as a collection of discrete functions, but as a set of nested processes operating within a broader, interconnected system.

This perspective shapes how we design for AI-enabled transformation. Rather than relying on large, periodic change programs, our regenerative approach assumes continuous, adaptive cycles of improvement, shaped by intentionally designed boundaries, feedback mechanisms, and conditions for change.

REGENERATIVE CYCLE



This approach shows up in our practice:

- **Designing for overall ecosystem health, not just efficiency:** We look beyond cost and cycle time to identify processes that over time actively improve the "environment" around them, meaning employees, customers, partners, and communities.
- **Making value and data flows visible:** We map end-to-end value flows and trace how information and data move across functions, surfacing interdependencies and identifying where AI can create leverage across the system and across people, teams, and functions.
- **Building capability and integrating learning loops into the process:** We embed feedback, learning, and governance loops into our design of agentic solutions to ensure continuous learning, adaptation, and improvement. Read more about agentic systems and solutions here → Demystifying AI Agents in 2025: Separating Hype From Reality and Navigating Market Outlook

This regenerative approach is not something done to teams – **it is done with them**. This is crucial because people need the space to redefine the nature of their work and come to their own collective conclusions about how roles, processes, and decision rights are being reimagined.

Structured workshops and co-design sessions are an important mechanism here. Through these, we help teams shift mindsets, explore "what success looks like" with AI in the loop, and begin to see **AI as a thought partner** rather than just an automation engine. This kind of participatory, human-centered design is often what unlocks genuine buy-in and sustained adoption.

Human-Centered Design: Ensuring Human–AI Systems Create Advantage

Competitive advantage is increasingly defined at the interaction layer, where human judgment and machine intelligence converge.

Human–AI interaction zones operate at the micro level, but at scale they determine how fast your organization learns, how consistently it makes high quality decisions, and how differentiated your customer experience feels. We see these hybrid zones show up consistently in three categories:

- **Decision interfaces:** AI presents recommendations at these touchpoints to help shape human choices and actions (e.g., next best action, pricing suggestions, triage queues). By managing standard, repetitive tasks, AI allows operators to focus on critical decisions.
- **Sense-making systems:** AI captures and synthesizes critical information from disparate data sources and generates insights humans can act on (e.g., risk early warning, sentiment intelligence, emerging issue detection). By reducing the burden of signal processing, AI frees humans to focus on interpreting insights and making informed decisions.
- **Augmentation zones:** AI enhances the quality of the human workforce, speeding up expert work or creative work without replacing human judgment (e.g., coding copilots, diagnostic support, creative tools). By managing the non-value-add busy work, AI allows humans to focus on context and strategic outcomes.

Human centered design is the discipline that makes these zones work. Done well, it systematically turns AI capabilities into better human decisions, faster learning loops, and enhanced customer interactions. These are outcomes your competitors cannot easily copy or build from existing frontier models. Key benefits of human-centered design are that it:

- Clarifies how AI supports the worker, rather than replaces them
- Builds trust in AI outputs through thoughtful engagement with tools and controls for observability and explainability
- Enables continuous learning across the human–AI system

Organizations that win are those that design human–AI interactions as compounding assets: each decision, alert, and override not only drives velocity in outcomes but generates learning loops. This widens the gap with competitors over time.

The Age of Agentic AI: Our Approach to Mapping Customer Moments

In the age of agentic AI, the human–AI experience must be intentionally designed across distinct interaction modes.

While the full ecosystem of human actors extends to partners, vendors, regulators, and beyond, we focus here on the two most central to value creation: employees and customers.

We see four primary modes of interaction between AI, employees, and customers:

- **Employee ↔ Customer:** AI operates in the background to enhance human-to-human interactions (e.g., an AI scribe that transcribes and summarizes clinical encounters so physicians can focus less on documentation and more on patient connection).
- **Customer ↔ AI:** Customers engage directly with AI agents (e.g., an AI shopping assistant that helps discover products or manage returns; a travel assistant that manages itineraries and rebooking).
- **Employee ↔ AI:** Employees collaborate with AI to augment judgment, creativity, or speed (e.g., a radiologist using an AI image analyst to flag anomalies for human review).
- **Employee + AI ↔ Customer:** Human–AI teams co-create and deliver experiences (e.g., coaching platforms that blend AI-based nudges and micro-coaching with human executive coaches; blended therapy models where AI supports CBT exercises and mood tracking while licensed clinicians conduct live sessions and calibrate care plans).

At each of these moments, we anchor on a set of key design questions:

- What data and context are surfaced, to whom, and at what point in the interaction?
- What agency and override power do humans retain in practice?
- How is accountability defined, distributed, and documented across humans and AI systems?

To help answer these questions, we map the underlying division of labor within the AI–human interactions onto a RACI model, defining four key roles for humans and AI: Responsible, Accountable, Consulted, Informed.

Division of Labor	Human (employee/vendor)	AI system
Human-led, AI-assisted	Responsible, Accountable	Consulted, Informed
Collaboration between human + AI	Responsible (shared), Accountable	Responsible (shared), Consulted
AI-led with human supervision	Consulted, Accountable, Informed	Responsible
AI is fully autonomous	Informed, sometimes Consulted on exceptions	Responsible, Accountable

By systematically mapping these modes and divisions of labor, organizations can design agentic AI systems that are not only effective but also governable, explainable, and aligned to enterprise risk appetite and operating models.

A&M's Perspective: Designing the Future of Work

We view human–AI capability building as the core differentiator for resilient, high-performing organizations. The next generation of organizations will not differentiate based on access to AI or the technology it's built upon, but on how effectively they design and operationalize human–AI systems. The winners will design workflows, roles, and interactions that support and promote relationships and integrations between the human and the system.

At A&M, we take an integrated, holistic approach across people, process, data, and technology, bridging strategy with operator-led implementation. We use human-centered design to strengthen early engagement and reimagine workflows, processes, teams and operating models so that organizations are built to adapt and scale as human–AI integration deepens. We also embed governance and responsible AI into execution. In well-architected human–AI systems, humans define goals, tools, and actions and establish guardrails, while AI serves as the knowledge and orchestration layer. This separation of intent and execution creates a clear boundary of control and accountability, forming the foundation for responsible AI, an integrated part of how AI is designed, deployed, and operated across the enterprise.

In this next phase of AI enablement, A&M can help organizations add value by designing and operating systems where humans and AI work together to deliver measurable outcomes that either alone cannot achieve, doing so in a way that is repeatable, governed, and tied directly to the P&L.

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