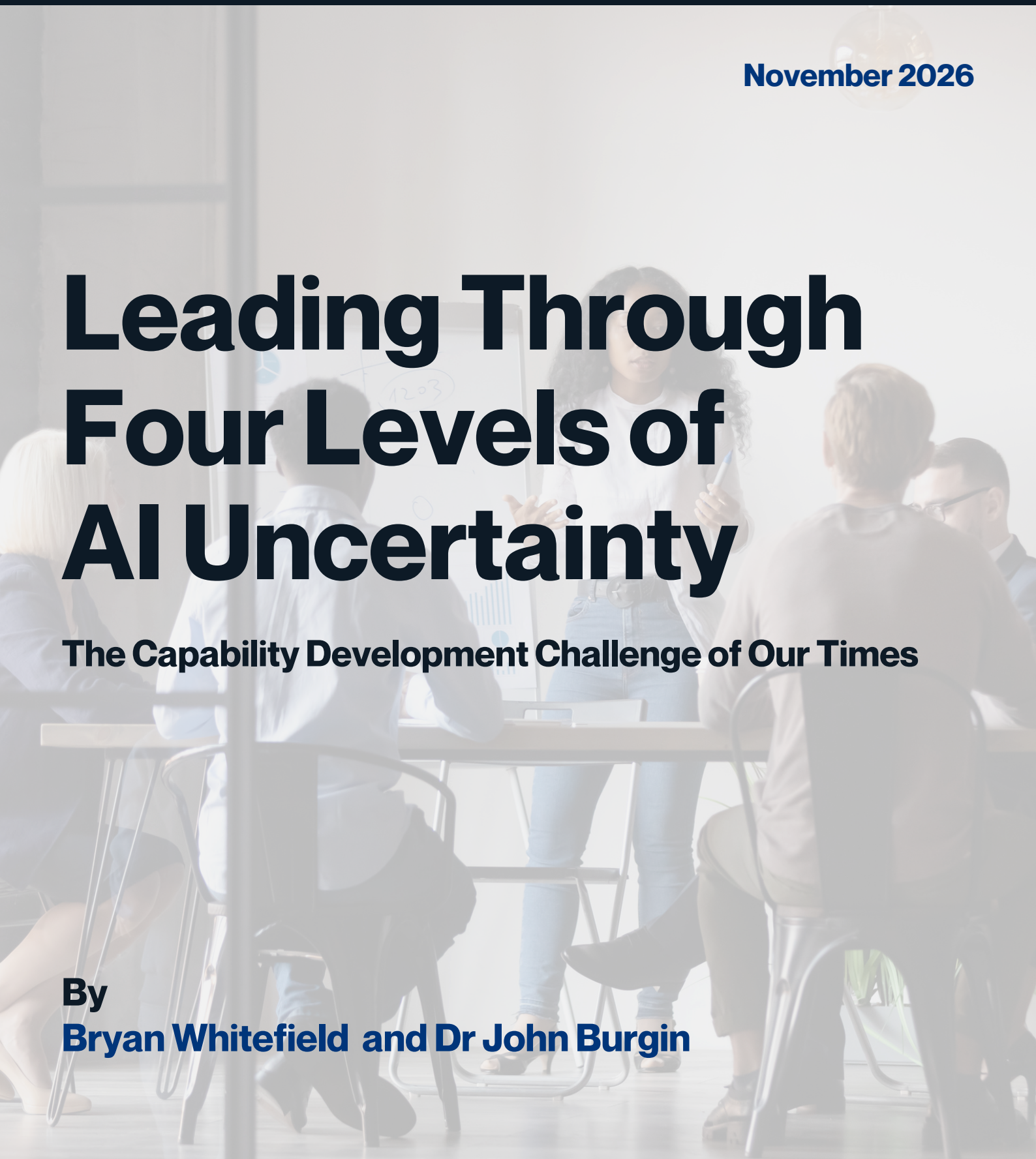
BRYAN WHITEFIELD

SHIFT127

November 2026

Leading Through Four Levels of AI Uncertainty

The Capability Development Challenge of Our Times



By
Bryan Whitefield and Dr John Burgin

Summary

AI asks different questions of every organisation. For leaders, the challenge is not simply choosing the technology: it is recognising which question they face, and whether their team is equipped to answer it. Misjudge that question, and a well-executed AI initiative can leave the bigger strategic issue untouched.

This paper sets out four levels of uncertainty that AI creates: Manageable, Measurable, Imaginable and Indeterminable. They concern everyday work, operations, competition and the business model respectively. Each calls for a different response: equip your people, implement process improvements, adjust your offerings or re-cast your business strategy.

Seven public cases show the levels in practice. Klarna's story shows how, in under three years, one organisation can face operational, competitive and business-model questions at the same time. The pattern across the cases is consistent:

- ***The same technology raises a different question at each level.*** *Treating every AI decision as an implementation project misses the questions underneath.*

- ***The levels are connected.*** *An operations decision can become a competition question, then a business-model question, quickly.*

- ***Much AI use is invisible to leaders.*** *You can't diagnose what you can't see.*

- ***No company lasts forever.*** *The task is to navigate all four levels well while you are in the game.*

- ***Navigating uncertainty is a skill, and skills can be practised.*** *Leadership teams improve by working through consequential decisions together, before the stakes are real.*

The Challenge: one technology, different questions

Some organisations treat AI as a technology program: choose the tools, run the pilots, roll out what works. That is right for some decisions and wrong for others.

Consider four organisations adopting the same AI tools:

• **An accounting firm.** Its people use AI for everyday tasks, sometimes without their manager knowing. The strategy is unchanged; the risk sits in how people use the tools: is the output checked, and what data goes in?

• **A regulator**. AI improves research, drafting and service, but does not change why the organisation exists. The strategy is still valid; the challenge is execution.

• **An established insurer.** Customers still need risk transfer, but AI changes underwriting, claims, the workforce and competitors' costs. The destination is still valid; the route has to change.

• **A knowledge business.** AI can increasingly produce its analysis or content at almost no cost. The question is no longer "how do we implement AI?" but "what will customers still pay us for?"

Same technology, four different leadership challenges. The hard part is diagnosis: knowing which question you are facing and noticing when it changes.



Four levels of uncertainty

Each level identifies where uncertainty sits and the question leaders need to ask. Each calls for a different response and leadership capability. These are not stages completed in order: different decisions can sit at different levels at once.

Level of uncertainty	Where AI lands	The question leaders ask	Response	What it asks of leaders
Manageable	Everyday work	Are our people using AI well, safely and visibly?	Equip	AI literacy, clear guardrails, approved tools, open experimenting
Measurable	Operations	Do we need to transform cost and quality?	Implement	Redesign processes, measure what matters, bring people with you
Imaginable	Competition	Do we need new products and services?	Adjust	Careful bets, experiments, partners, knowing when to stop
Indeterminable	Business model	Is our business model still viable?	Re-cast	Reading weak signals, thinking in scenarios, board-level judgement

Above: The Strategic Uncertainty Framework developed by Bryan Whitefield and Dr John Burgin.

The distinction between measurable risk and true uncertainty goes back to economist Frank Knight's 1921 book *Risk, Uncertainty and Profit*. Courtney, Kirkland and Viguerie (1997) argued that a common strategy mistake is misjudging the level of uncertainty (*Harvard Business Review*). Kaplan and Mikes (2012) showed that preventable risks, which arise inside an organisation, need a different approach from strategic and external risks.

At the far end, deep uncertainty describes situations where experts cannot agree on outcomes, their likelihood or how the system works (Marchau and colleagues, 2019).

Others have mapped where technology lands, from Venkatraman's five levels of IT-enabled transformation (1994) to INSEAD's AI maturity pyramid (He and Puranam, 2026). Those frameworks are usually read as ladders, climbed one level at a time. The Strategic Uncertainty Framework treats each level as a different kind of uncertainty with its own response, and recognises that levels can arrive at once.

Two forces raise the stakes. AI agents now do the work, not just assist, so mistakes travel further at each level. And AI capability improves in months while costs keep falling, so a decision can shift levels quickly.

How to tell which level you face. Look for the signs below, and expect to find them at more than one level.

Level	Signs you are at this level
Manageable	• People use AI tools you have not approved or cannot see. • Errors trace back to AI output nobody checked. • The strategy is unchanged; only how tasks get done differs.
Measurable	• You can name the process and its cost and quality today. • A pilot could show the gain within months. • Customers get the same product, delivered differently.
Imaginable	• Rivals or new entrants offer something customers could not get before. • Customers ask for AI-enabled versions of what you sell. • You can describe a few plausible futures, but not which will win.
Indeterminable	• What customers pay you for is becoming free or close to it. • Your pricing unit (seats, hours, subscriptions) shrinks as AI use grows. • Experts disagree on where your industry lands; past data no longer helps.

Seven organisations: the levels in practice

The following seven public cases illustrate what each level of uncertainty looks like in practice.

Organisation	Level and response	Before	After	Now
Deloitte Australia (professional services)	Manageable → equip people to use AI well	Commissioned for A$439,000 to produce an independent review of a government welfare compliance system	Jul–Aug 2025: published report found to cite non-existent research and a made-up Federal Court quote	Oct 2025: corrected report disclosed AI use; final payment refunded; as the refund made headlines, Deloitte's global network announced AI for 470,000+ people.
Klarna (payments, Sweden)	Measurable → implement process improvements	Human agents handled every customer service chat	2024: an AI assistant did the work of about 700 agents	Late 2025: the work of 853 agents, with humans back for complex cases
Duolingo (language learning, US)	Measurable → implement process improvements	The first 100 courses took about 12 years	Jan 2024: about 10% of contractors cut; Apr 2025: 148 new courses built with AI in about a year, and public backlash	Q2 2026: 58.7 million daily users, up 23%

Organisation	Level and response	Before	After	Now
Thomson Reuters (legal information, Canada)	Imaginable → adjust offerings	Owner of Westlaw, subscription legal research	Aug 2023: bought Casetext, maker of the CoCounsel AI legal assistant, for US$650 million; committed US$100 million+ a year to AI	Feb 2026: one million CoCounsel users in 100+ countries
Adobe (creative software, US)	Imaginable → adjust offerings	Photoshop was the professional standard; then free AI image tools arrived	May 2023: Firefly, trained on licensed content, built into Photoshop so businesses can use it commercially	Sep 2026: record revenue of US$6.76 billion; AI-first recurring revenue up 150%+; 1 billion+ monthly users
Chegg (homework help, US)	Indeterminable → re-cast business strategy	Students subscribed for step-by-step homework answers	May 2023: said ChatGPT was hurting growth, shares fell almost 50% in a day; Oct 2025: cut 388 roles (about 45%)	Q2 2026: revenue down 51%; re-casting as an employability platform
Salesforce (business software, US)	Indeterminable → re-cast business strategy	Per-seat licences: more users meant more revenue	AI agents priced at US$2 per conversation (2024), then US$0.10 per action (2025)	Aug 2026: Agentforce recurring revenue above US$1.5 billion, up 240%+

How these organisations responded to uncertainty

Manageable: Deloitte Australia shows the cost of people not equipped to use AI well. Its review, commissioned by a federal department for A$439,000, cited research that does not exist and a court quote that was never said. An academic, not Deloitte's own checks, found the errors. Deloitte disclosed its AI use and refunded the final payment; one senator said the firm had "a human intelligence problem". As the refund made headlines, Deloitte's global network announced AI for its 470,000 people. The lesson: equip people before you scale.

Measurable: Klarna and Duolingo did the same work in a new way. Both show that implementing well is a leadership task: Klarna had to bring people back, and Duolingo's "AI-first" memo drew backlash even as the business grew.

I**maginable:** Thomson Reuters and Adobe changed what they offer to keep their place. Neither waited to be disrupted: one bought the capability, the other built it into the tool professionals already use.

Indeterminable: For Chegg, the question was whether homework help is still a business. Salesforce faces a quieter version: when revenue counts people and AI reduces the people, the business model itself is the uncertainty. It is re-casting while it grows.

Being well run is not the same as being safe. Most of these businesses are performing, yet all are still working out where AI leaves them.

Diving deeper: Klarna and three levels of uncertainty at once

Klarna shows how operational, competitive and business-model questions can arise in one organisation in under three years.

Measurable: implement (2024). In February 2024 Klarna's AI assistant went live. In its first month it handled two-thirds of all customer service chats, the work of about 700 full-time agents.

Klarna reported resolution times falling from 11 minutes to 2, satisfaction on par with human agents and an estimated US$40 million profit improvement in 2024. Headcount fell from about 5,500 to 3,000 by mid-2025. These are company-reported figures.

When implementation needed adjusting (2025). In May, the chief executive told Bloomberg that cost had been "a too predominant evaluation factor" and "what you end up having is lower quality". The satisfaction measures had looked fine; they did not tell the whole story. Klarna moved to a hybrid model: AI takes the routine work and a person is always available.

Imaginable uncertainty prompted adjustment (2025–26). Klarna moved well beyond buy now, pay later, adding balances and cashback, a Visa debit card and US mobile phone plans, and listed on the New York Stock Exchange in September 2025.

Indeterminable uncertainty: a business-model question (2026). If AI agents do the shopping, the checkout, where Klarna wins customers, may disappear from view. In May, Klarna launched its shopping search app inside ChatGPT, part of CEO Sebastian Siemiatkowski's strategy to move upstream from checkout into product discovery. Alongside its customer-service and competitive decisions, this is a third level of uncertainty. Over three years, Klarna's leaders were working at three levels simultaneously. That is what leadership teams need to be ready for.

You can't diagnose what you can't see

Everyday work is the first level, where the uncertainty is Manageable. Klarna's leaders made a deliberate decision they could see and measure. Deloitte's problem began in everyday work, which in most organisations is largely invisible to leaders.

• About 1 in 4 workers use generative AI without their manager's knowledge or approval: Jobs and Skills Australia cites studies finding between 21% and 27%.

• 24% of Australians have had any AI training.

• 57% of Australian employees rely on AI output without checking it.

• 59% of Australian employees say AI has caused mistakes at work.

That is why diagnosis comes first: a leadership team that can't see where AI is at work can't tell which level it faces.

The response is to equip people: AI literacy, clear guardrails and approved tools, so hidden use has somewhere legitimate to go. Rules alone are not enough: much of the risk sits in habits leaders can't see.

The long view: no company lasts forever

Corporate churn is normal and speeding up; AI adds to the pressure.

• The average company's tenure in the S&P 500 fell from about 33 years in 1964 to about 24 in 2016 (Innosight).

• Only 52 of the companies on the first Fortune 500 list in 1955 were still on it in 2019 (Mark Perry, American Enterprise Institute).

The question for leaders is not how to last forever. It is how well they navigate the four levels while they are in the game.

Building the capability

Navigating uncertainty is a leadership skill, and it improves with practice, especially with colleagues who will challenge you.

Leaders seldom get to practise decisions at the Imaginable and Indeterminable levels before the stakes are real. These decisions are rare, high stakes and slow to show their consequences. That makes them hard to learn through everyday experience alone.

Simulation closes that practice gap. It gives teams the chance to make consequential decisions together, see simulated consequences quickly and reflect on their choices, without putting a live business decision at risk.

Co-author Dr John Burgin's Tech Tempest®* suite covers all four uncertainty levels. THE EYE, a self-guided app, builds everyday AI literacy; The Great Stink and The Great Fire explore automating processes and pricing their risk. The Tech Tempest simulation lets a leadership team practise the higher levels in a single day, in four steps:

1. ***Discover.*** Teams play businesses competing to win a major client, and debate whether the logic of their business still holds. The Question: is this a case of a fight for survival?

2. ***Design.*** Teams decide what to build to win, and change course when the market moves. The Question: What do we need to create to be competitive?

3. ***Deliver.*** Teams decide how far to automate a real process, and price the risk of the AI agents they rely on. The Question: Which processes do we need to transform with AI?

4. ***The Tempest.*** Every decision is tested. Teams live with the consequences and reflect on what they chose, and why. The Answers: Which team's strategy held, which faltered and why?

The debrief is the bridge back to the organisation: Where did we mistake one level for another? Which assumptions drove our choices? What made us change course, and what did we overlook? The answers show what the team needs to practise next and which live AI decisions deserve a fresh look.

The design follows David Kolb's experiential learning cycle (1984): people learn by having an experience, reflecting on it, drawing conclusions and testing them in a new situation. Live decisions at the higher levels can take years to complete that cycle. A simulation completes it in a day.

• **A neutral setting.** Drawing on eight historical civilisations, no one's own business is on the table, so people speak freely.

• **Any industry.** The skills transfer to any organisation.

• **Real consequences, and enjoyment.** People take risks in a game they would not take in a meeting, and that is where the learning happens.

**Tech Tempest® is a registered trademark of SHIFT127 Pty Ltd.*

Questions for your leadership team

1. Where is AI already at work in our organisation that we can't see? What would it take to find out, without blame?

2. For our three biggest AI decisions this year, which level of uncertainty are we really facing: Manageable, Measurable, Imaginable or Indeterminable?

3. Are we measuring the right things? What would tell us, early, that an implementation decision is turning into a competition question?

4. If AI could produce what we sell at a fraction of today’s cost, what would customers still pay us for?

5. Who is accountable for how AI is used here, and what "practical and effective measures" could we show a regulator or a court?

6. When did our leadership team last practise a consequential decision together, before the stakes were real?

If your leadership team is unsure which question an AI decision is really answering, speak with Bryan Whitefield or Dr John Burgin about whether Tech Tempest is the right way to practise together. Bring one live decision as the starting point.

About the Authors



Bryan Whitefield has been helping boards, executive teams and senior leaders make confident strategic decisions under uncertainty and turn alignment into action for over 25 years. His work combines strategy and risk facilitation, leadership capability development, and practical implementation support.



Dr John Burgin is the founder of SHIFT127 and the creator of Tech Tempest®. He has more than 40 years' experience in the global technology industry, in roles from research and development to chief executive across Silicon Valley, Europe and Asia-Pacific.

The Strategic Uncertainty Framework was developed jointly by Bryan Whitefield and Dr John Burgin. © Bryan Whitefield Consulting and SHIFT127 Pty Ltd. Tech Tempest® is a registered trademark of SHIFT127 Pty Ltd.

Sources

Company figures are as reported by the companies or the press, and have not been independently audited.

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