EXECUTIVE BRIEFING

# The Real Barrier to AI Adoption Isn't the Technology. It's Leadership.

Every year, the conversation about AI adoption gravitates toward the same suspects: cost, regulation, immature tooling, cautious consumers. These are comfortable barriers. They live outside the organization, in the market or the vendor landscape, and they require nothing of the people in the room. It is far easier for an executive team to say "the technology is too expensive" or "the regulatory environment is too complex" than to ask whether the real obstacle is sitting at the head of the table.

The World Economic Forum's Executive Opinion Survey 2024 tells a different story. Employers were asked to identify the barriers most likely to hinder AI adoption among local businesses. The results, published in the World Economic Forum's Future of Jobs Report 2025, rank six barriers by the share of employers who expect each one to matter:

| Barrier | Share of Employers | Category |
|---|---|---|
| Lack of skills to support adoption | **50%** | Human |
| Lack of vision among managers and leaders | **43%** | Human |
| High costs of available AI products and services | **29%** | Structural |
| Lack of customization to local business needs | **24%** | Structural |
| Complex and costly regulations around the use of AI and data | **21%** | Structural |
| Lack of demand among consumers | **16%** | Structural |

*Source: World Economic Forum, Executive Opinion Survey 2024, as published in the World Economic Forum's Future of Jobs Report 2025.*

The top barrier is unsurprising. Skills gaps are visible, measurable, and easy to justify investing against — every executive team already accepts, at least in principle, that its workforce needs upskilling. But the second-highest barrier is the one leaders should sit with far longer: a lack of vision among managers and leaders, cited by 43% of employers. That is not a market condition. That is not a vendor problem. That is a leadership problem, and it sits closer to home than most executive teams are comfortable admitting.

## Two Kinds of Barriers

Look closely at the list, and it splits cleanly into two categories.

Four of the six barriers are **structural**: high costs, lack of customization, complex regulation, weak consumer demand. These sit outside the organization. They can be pointed to, budgeted around, and blamed. They are, not coincidentally, the easiest barriers to hide behind.

Two of the six are **human**: lack of skills, and lack of vision. These sit inside the leadership team. They cannot be outsourced to a vendor or solved with a bigger budget line. And in my experience advising executives across industries, they are almost always the real constraint — the structural barriers are frequently just the story leadership tells itself to avoid confronting the human one.

This distinction is worth dwelling on, because it changes where an executive team should be looking for the actual fix. If cost is the stated barrier, the natural response is to negotiate harder or wait for prices to fall. If vision is the real barrier, no amount of negotiating or waiting solves anything — the problem doesn't move until the people at the top change how they think.

## What a Vision Gap Actually Costs

I once advised a client whose business imports perishable FMCG goods. One of his products increased in cost by 60% — a serious shock to any pricing model, and the kind of event that tests whether a leadership team actually has a framework for decision-making or is simply reacting. The moment called for a proper analysis of price elasticity — not price forecasting, but a clear-eyed assessment of how substitutable the product actually was. Elasticity has little to do with the price itself and everything to do with how easily a customer can swap the product out for something else. A product with close, easily accessible substitutes is highly elastic: raise the price, and customers switch. A product with few or no real alternatives is inelastic: raise the price, and customers, however reluctantly, stay. That distinction, not the size of the increase, should have driven the decision.

Instead, the decision was made on instinct. The full increase was passed straight through to customers, with no assessment of how substitutable the product was, no segmentation of which customers had easy alternatives and which didn't, and no fallback plan if the market reacted badly.

This was not a data problem, or at least not one of volume. He had an accountant. He had pivot tables. He had, by his own account, more information than he knew what to do with. The irony was that the data itself was dirty — riddled with errors he had no reliable way of pinpointing or correcting — so even the analysis he did have access to couldn't be fully trusted. What he lacked was a framework for turning that data into a decision — the kind of structured thinking that a proper elasticity assessment, scenario planning, or even a well-prompted AI tool could have provided in minutes, and that same AI tool could have flagged the inconsistencies in his data before he ever built a decision on top of them. Had I been in the room before that decision was made, the conversation would not have started with more data. It would have started with a simple question: how easily could this customer base substitute this product for something else? From there, two or three concrete scenarios — full pass-through, partial absorption, phased increase — could have been laid out side by side, so the decision became a choice between defined options rather than a single instinctive leap.

This is what a vision gap looks like in practice. It rarely announces itself as ignorance. It shows up as decisiveness — a leader moving fast, appearing confident — while skipping the one step that would have changed the outcome. The tragedy is that the tools to avoid this mistake were not expensive or exotic. They were conceptual. The business didn't need a bigger AI budget. It needed someone in the room who knew to ask a different question.

## The Structural Excuse

The four structural barriers on this list are real. But in practice, they are frequently used to avoid doing the harder internal work.

"High cost" is rarely about the price tag. It is about whether leadership understands what the investment would actually unlock. I have consistently seen executives who are not continuous learners fail to appreciate what AI can genuinely unlock for their business. Because they don't understand it, they don't trust the function responsible for delivering it. IT gets recast as a cost centre — a bottomless drain rather than a source of competitive advantage — not because IT has failed to deliver, but because leadership never built the fluency to evaluate what IT was capable of delivering in the first place. Without that understanding, every technology investment looks like an expense rather than a return, and the surge of technological development happening right now — which offers real, tangible benefit alongside its price tag — gets dismissed before it is even properly evaluated.

This isn't limited to leaders who avoid AI altogether. I have a client who is genuinely enthusiastic about what he can do with ChatGPT — chuffed, in his own words, with the results he's gotten. But he isn't a reader, and that matters more than it might seem. He hasn't moved with the times in the deeper sense: he hasn't built the habit of asking pointed, well-constructed questions, because that skill comes from reading and continuous learning, not from a single burst of curiosity. Enthusiasm for the tool without the underlying habit of learning produces dabbling, not capability. It is a reminder that the skills gap and the vision gap are not always separate problems — sometimes they are the same failure, showing up at different depths.

The same pattern shows up with regulation, customization, and demand. Each can be a genuine obstacle. Each can also be a convenient place to stop thinking. The difference, consistently, is whether leadership has the vision to work through the obstacle or the inclination to be stopped by it.

## The Haystack Problem: What Happens When Capacity Is Freed

Eliyahu Goldratt's Haystack Syndrome offers a useful lens here: organizations are frequently drowning in data and freed-up capacity, yet still fail to find the "needle" — the one insight or action that actually moves the business forward. AI adoption is creating exactly this scenario inside companies right now, and most are handling it badly.

I have seen this directly. In a debtors department where automation freed up staff capacity, the excess time was never reassigned. No one was tasked with new work. Staff remained in place, doing lighter versions of their old jobs — visibly busy, not more valuable. The capacity existed. Nobody above that department was asking what it should be redirected toward.

Had that capacity been redirected deliberately, it could have been pointed at the business's actual constraint. A freed-up clerk, for example, could have been tasked with using AI to build a genuine understanding of customer buying patterns — running RFM (recency, frequency, monetary) analysis to segment customers, then advising marketing on how to modify a short-term campaign based on what that analysis revealed. That is a direct, achievable use of freed-up time that turns idle capacity into a competitive advantage. Instead, the capacity sat in place, because the leadership in that business did not know how to think outside the box and look for where a genuine advantage might come from.

This is the vision gap again, wearing a different outfit. Freeing up time is not a strategy. Knowing where to reinvest it is. And that knowledge doesn't come from a tool — it comes from a leader who has already done the work of understanding where the business's real constraint sits.

## What This Costs in Talent

There is a second-order cost to all of this, and it is arriving faster than most leadership teams expect.

Employees who are curious about AI, who want to build real fluency with it, will not wait indefinitely for permission. They will move to organizations that are already there. Large, well-capitalized institutions understand this and are, largely out of necessity, becoming technology companies regardless of their original industry — they have the capital to make that shift, and increasingly no choice but to make it. Businesses outside that tier, outside the largest and best-resourced companies, face a harder version of the problem. Many of them outsourced their IT function years ago as a cost-saving measure, and now find themselves without the internal skills to implement AI even if leadership finally develops the vision to try. External consultants, brought in to fill that gap, frequently don't cut the mustard either — they arrive without the contextual depth of the business and leave once the engagement ends, taking the capability with them.

This raises a question every CXO now has to sit with directly: what business are they in, if not technology? For an increasing number of organizations, the honest answer is that they cannot separate their core business from their technological capability anymore, whether they intended that or not.

I experienced a version of this cost firsthand. Early in my career, I worked at a branding company where every business decision ran through Excel spreadsheets — pricing, client performance, campaign results, all of it. I proposed building a structured database, one that could surface real insight and unlock opportunities the spreadsheets could never show. The idea wasn't exotic. It was a basic step toward treating the company's own data as an asset rather than an administrative burden. The proposal was declined. I left.

What that business lost that day was not a headcount. It was the capability itself, and the vision to recognize it needed it. That is the quiet, compounding cost of a vision gap: it doesn't just slow adoption, it actively pushes out the people most capable of closing it.

## Where to Start

For executives who recognize their organization somewhere in this list, the starting point is not a bigger AI budget. It is a smaller, more honest question:

## What business are we actually in, if not technology?

Two distinctions follow from that question, and both are worth making explicit before moving further. The first is directional: the question is not a philosophical exercise, it is a navigational one. Once an organization has answered it honestly, the answer functions as a north star — a fixed point that steers investment decisions, hiring priorities, and where leadership spends its own attention, rather than leaving those choices to drift with whatever crisis or opportunity is loudest that quarter.

The second distinction is about what counts as an asset. Most organizations still account for data as a byproduct of doing business — a record of what already happened, stored because compliance or convenience requires it. That view is no longer defensible. Data has value in its own right, and in a genuinely general sense, every company holding meaningful volumes of customer or operational data needs to start seeing itself as something closer to a technology company, because that data is capable of generating revenue directly — through better pricing, sharper segmentation, faster product decisions — rather than merely describing revenue after the fact.

Every industry is being restructured by this question, whether leadership has answered it or not. Once the answer is clear, the next step is not transformation — it is a single, well-chosen win. Find the lowest-hanging fruit — the opportunity that offers the best return for the effort involved — and take it first. That first win matters disproportionately, because AI adoption from here is not a straight line. It is a long, uneven process, closer to a roller coaster than a project plan, and organizations need an early, credible result to build the confidence and momentum required to stay in it once the ride gets harder.

The structural barriers — cost, regulation, customization, demand — will still be there after that first win. But they will look considerably smaller once leadership has the vision to see past them, and considerably more solvable once the organization has proven to itself that it can actually move.

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Source: World Economic Forum, Executive Opinion Survey 2024, as published in the World Economic Forum's Future of Jobs Report 2025.

*If you're trying to work out where your organization's real barrier sits — structural, or something closer to home — I'd welcome the conversation.*