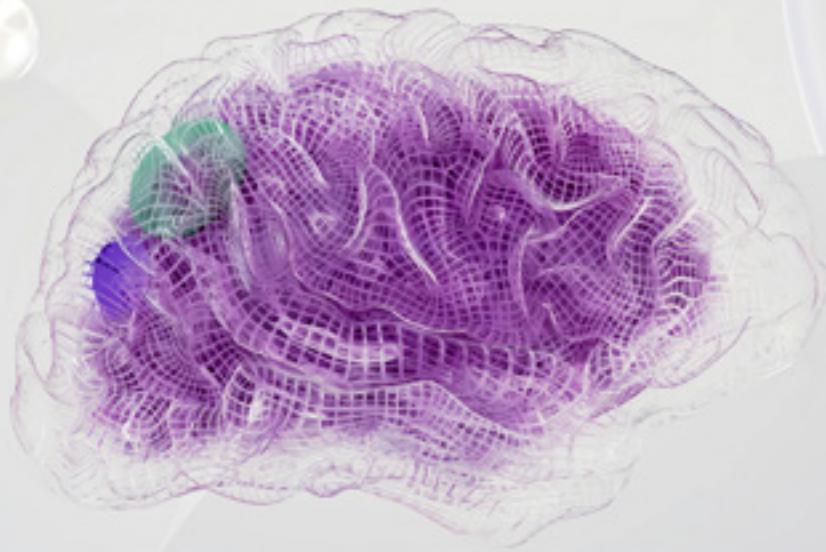




SYST³M

**LEADERSHIP
IN THE
AGE OF AI**

**CREATING THE CONDITIONS
FOR AI TO THRIVE**



AI is transforming how business gets done, but strong leadership remains the deciding factor in whether that transformation creates real value. Technology changes how we work, but it is leaders who shape the culture that determines whether AI is used wisely, confidently, and at scale.

The organizations that thrive will be those led by executives who balance innovation with discipline, curiosity with focus, and speed with long-term thinking. **System-3™** Leadership Simulation gives leaders a clear view of how their choices, behaviors, and signals shape those conditions. It helps boards, investors, and CEOs understand how leadership decisions drive value.

Why Leadership Matters More Than Ever

The conversation about AI and leadership often centers on skills. Yet acquiring skills is not the same as applying them. Decades of research show that learning new abilities does not guarantee change unless leaders create the right environment for those skills to take root.

Culture is what determines whether learning translates into behavior. A supportive environment that rewards experimentation and long-term thinking allow people to apply new capabilities confidently. Without it, even the best AI strategies stall.

Senior leaders do more than live within culture; they shape it. Their actions and decisions set the tone for how people adopt and use AI. The gap between intention and action often defines whether organizations succeed. Many leaders believe they are signaling adaptability and openness, but under pressure, their decisions may favor caution or routine. These are patterns that only structured insight can reveal.



What System-3™ Data Shows

The **System-3™** Leadership Simulation places leaders in complex, high-stakes situations where they must make trade-offs under pressure. This helps reveal the behaviors they rely on most. The data points to several competencies that stand out as critical in the age of AI.

To make sense of these patterns, **System-3™** organizes them within a structured competency model. While all fifteen competencies in the **System-3™** framework remain critical for effective leadership, their relative importance shifts depending on the times, the company context, and the specific challenges leaders face. The following subset of **System-3™** competencies reflects what DDI, among other research, demonstrates are especially relevant as organizations adapt to AI.

Competency

Relevance in the Age of AI

Valuing Innovation

As AI opens new challenges and possibilities, leaders who encourage fresh ideas and creative approaches may help their organizations respond more effectively.

Adjusting to Change

Because AI is reshaping work quickly, leaders who can pivot and adapt plans might be better positioned to keep teams resilient.

Strategizing for the Future

Since AI has long-term impacts, leaders who connect today's choices to future goals and capacity could play an important role in positioning organizations for success.

Commitment to Process

With AI introducing both opportunities and risks, leaders who reinforce clear processes and accountability may help ensure adoption is consistent and responsible.

Mentoring Others

As roles evolve with AI, leaders who guide and invest in others' growth may support smoother adaptation and long-term development.

Persuading Others

Because AI adoption often involves skepticism, leaders who frame compelling cases and tailor messages might be more able to gain buy-in.

Communicating Transparently

Given the uncertainty AI can create, leaders who share decisions openly and explain their reasoning could strengthen trust during change.

Prioritizing Others' Feelings

Because AI-related change can create anxiety and uncertainty, leaders who consider how decisions affect people's well-being may help build trust and reduce resistance to adoption.



What This Means for Senior Leaders

Leading effectively in the age of AI means creating the conditions for people to succeed. It requires awareness of how leadership signals shape culture, how decisions affect adoption, and how values translate into measurable outcomes.

System-3™ provides leaders with objective feedback on these patterns. It helps them see how their decisions shape organizational readiness and gives boards evidence-based insight into leadership performance and potential.

The Takeaway

AI will continue to change what companies do. Leadership determines how well they adapt. The future belongs to organizations where leaders combine innovation with judgment, data with empathy, and technology with trust.

System-3™ makes these leadership behaviors visible, measurable, and actionable. It helps leaders and boards see what drives success so they can build teams ready for the future.

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