

Understanding Disruption: Leadership in the Age of Generative AI



Aaron Proietti



 **TODAY'S
INNOVATOR**



FPDA-1SD

2019

The Era of Technological Disruption

The World Was Changing Fast.



BLOCKCHAIN

New distributed ledger technology giving rise to **CRYPTO-CURRENCIES**



RENEWABLES

Marginal cost of renewable energy (solar, wind, battery, etc.) decreasing at an **EXPONENTIAL RATE**



AUTONOMOUS VEHICLES

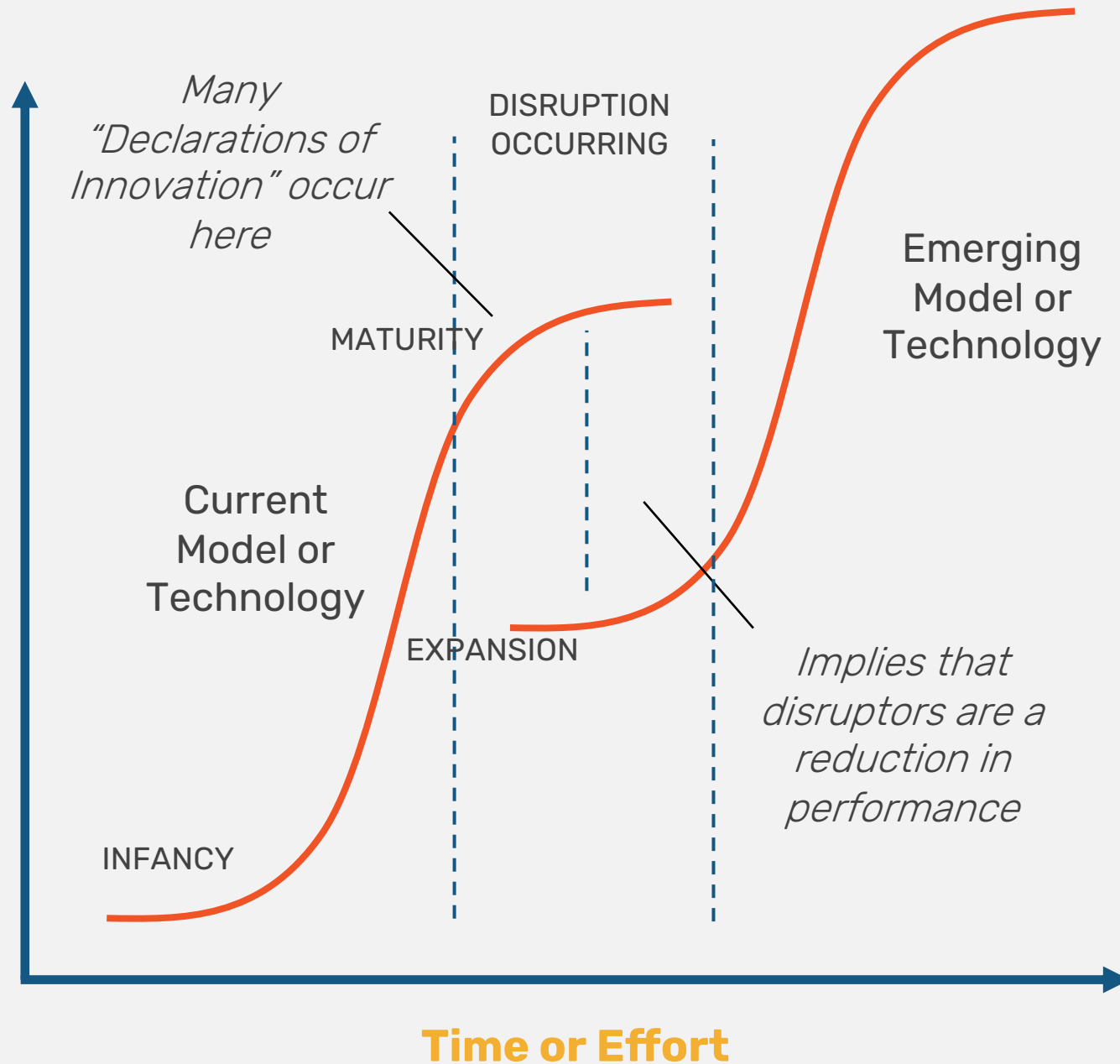
Driverless technology improving rapidly as **PROCESSORS, SENSORS** and **TELECOM** networks improve



ARTIFICIAL INTELLIGENCE

Exponentially improving set of technologies **EXCEEDING HUMAN INTELLECT** in many applications

Performance



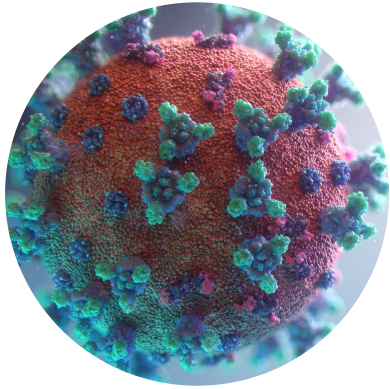
The **S-CURVE** of **BUSINESS MODELS** or **TECHNOLOGIES** illustrates what **TECH DISRUPTION** looks like.

It was popularized by Harvard Professor Clayton Christensen in *The Innovator's Dilemma*.

2020

**Beyond Technological Disruption:
A Systemic Shock**

The World Changed in New, Remarkable Ways.



GLOBAL PANDEMIC



ECONOMIC TURMOIL



CIVIL UNREST



POWER SHIFT

Our lives

1919

Post-WWI America

The World Was Changing Fast.



1919 MOTOR CONVOY
demonstrated the ability
for trucks to move people
and supplies **BY ROAD**



5 MILLION TROOPS
returning home from
overseas to a **CHANGING
COUNTRY**

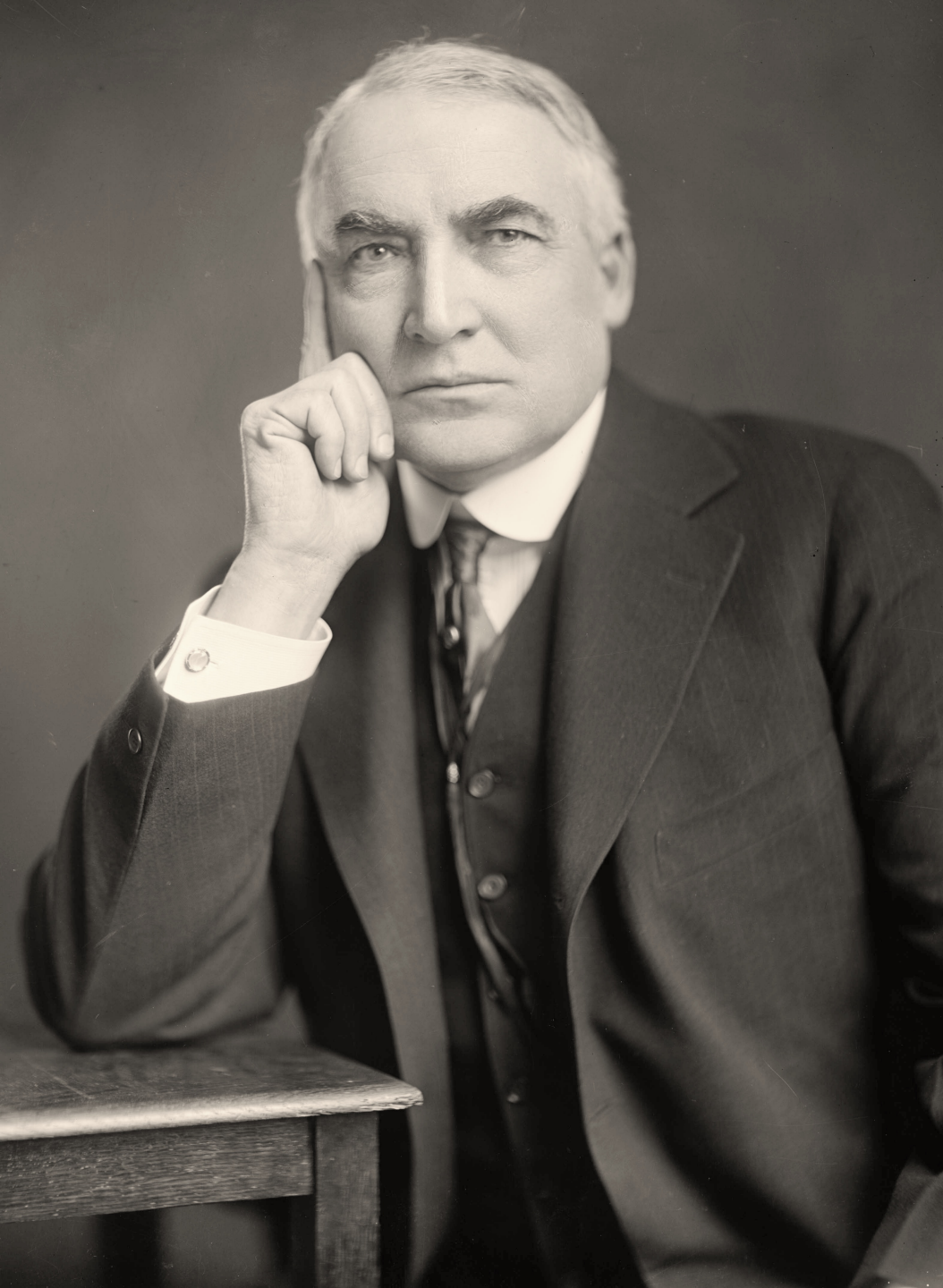


THE RED SUMMER
An eruption of race riots
across U.S cities—exposed
deep racial divides and
fueled **THE GREAT
MIGRATION**



THE PALMER RAIDS
Mass arrests and deportations
targeting immigrants and
dissenters which reflected a
nationalist backlash against
communism, atheism, and
perceived **THREATS TO
AMERICAN IDENTITY**







The Roaring Twenties

1928

Transformation of the Roaring '20s



AGRICULTURAL OUTPUT
soared with improvements
in the **COMBUSTION**
ENGINE



ELECTRIC MACHINERY
accelerated
INDUSTRIALIZATION



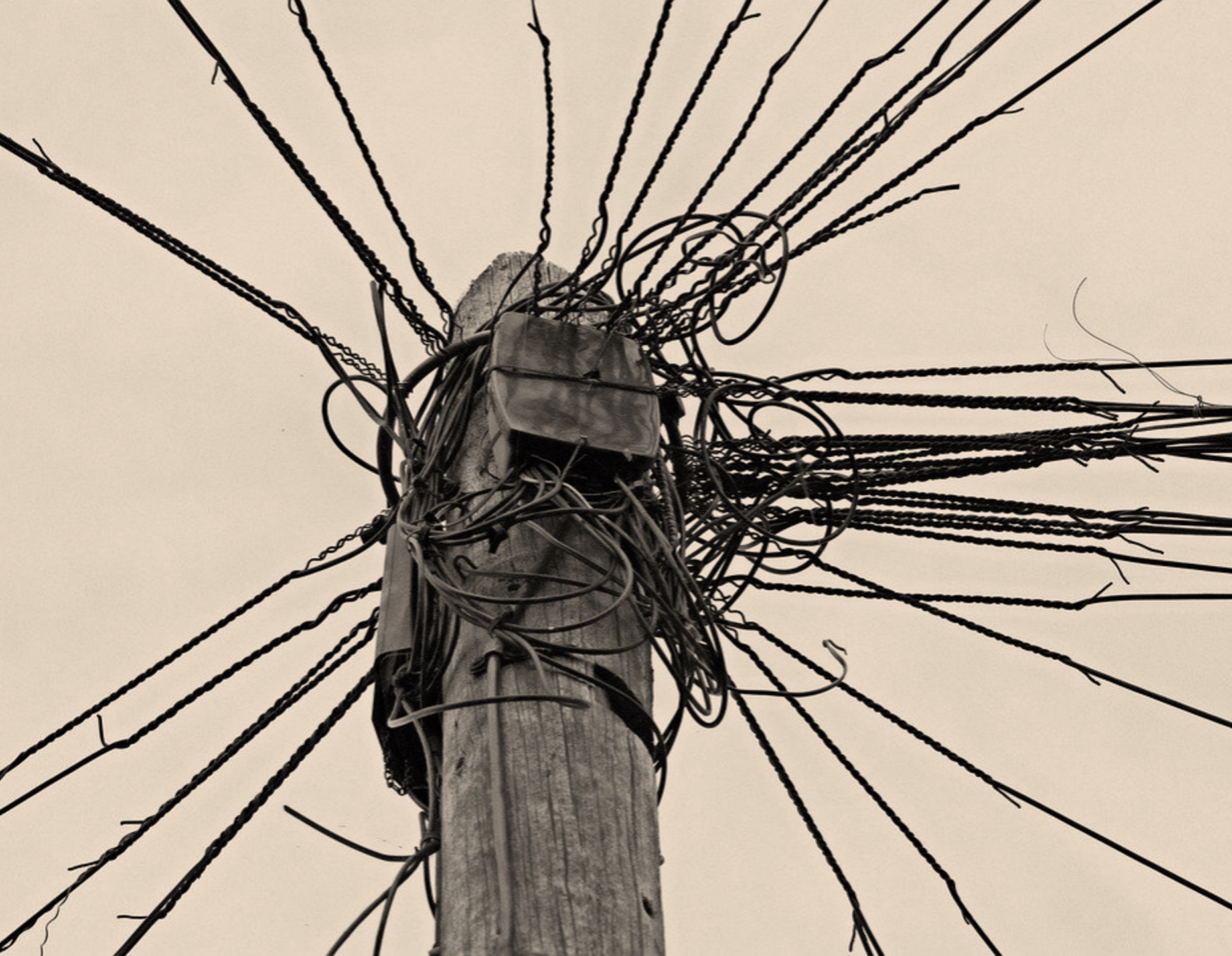
STANDARDS OF LIVING
improved with
ELECTRICITY, PLUMBING,
REFRIGERATION, and
TELEPHONES becoming
more ubiquitous



TRANSPORTATION
and **TRAVEL** landscape
changed, changing the
countryside along with it

US Route 20





COMPLEXITY
in a **SYSTEM** arises
when various
components interact
in multiple, often
UNPREDICTABLE
and **NONLINEAR**
ways.



AN UNRESTRAINED DEMON.

A **SYSTEMIC SHIFT** is a slow **REORDERING** of **NORMS** and **STRUCTURES** as complexity accumulates from stacked **PRESSURES** and **CAPABILITIES**.

When complexity accumulates faster than it can be **ABSORBED**, the system becomes **BRITTLE**. One shock away from potential collapse.

Credit, return



The Great Depression



The Great Depression was more than a **SYSTEMIC SHIFT**. It was a **SYSTEMIC SHOCK**.

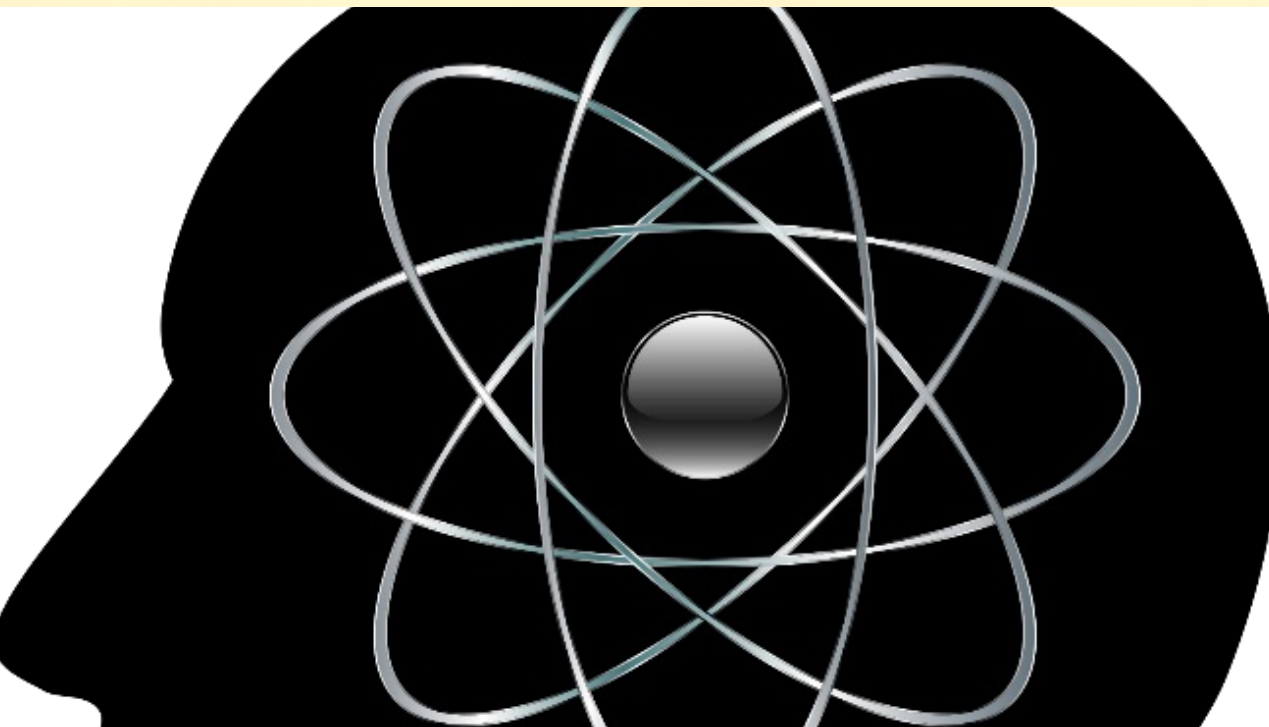
A **SYSTEMIC SHOCK** is the **ABRUPT** reordering of norms and structures when **BRITTLE COMPLEXITY** meets a **CATALYST** and the system can no longer absorb the stress.

The system doesn't feel the shock.

PEOPLE do.

2006

**A Generationally Defining
Technological Inflection Point**







THE WORLD IS CHANGING



World Bank's stock at all-time high

World Bank's stock price reached a record high of \$100 per share on Monday, up from \$95 on Friday. The stock price has been on a steady climb since the beginning of the year, reflecting the bank's strong performance and the confidence of investors in its leadership.

Analysts predict that the stock price will continue to rise in the coming months, as the bank's financials remain strong and its leadership remains confident in its strategy.

The bank's stock price is a reflection of the confidence of investors in its leadership and its strong performance. The bank's stock price is a reflection of the confidence of investors in its leadership and its strong performance.

1.5 rate also chosen inside as job growth

The Federal Reserve has chosen a 1.5% rate for the first time in its history, as it seeks to stimulate job growth. The rate is a reflection of the Fed's confidence in its strategy and its strong performance.

The Fed's decision to raise the rate is a reflection of its confidence in its strategy and its strong performance. The Fed's decision to raise the rate is a reflection of its confidence in its strategy and its strong performance.

The Fed's decision to raise the rate is a reflection of its confidence in its strategy and its strong performance. The Fed's decision to raise the rate is a reflection of its confidence in its strategy and its strong performance.

The **PATTERN** is almost always visible.

The brittleness of complexity must ultimately **BREAK**.

2020

Making Sense of a New World





UNLEARNING is the art of letting go of outdated knowledge and **ASSUMPTIONS** to make room for **NEW INSIGHTS** and **POSSIBILITIES**.

During the pandemic, this ability to **LET GO** of preconceived notions and adapt quickly became a **LIFELINE** for many.



DISRUPTION doesn't always announce itself in time to prepare a suitable response.

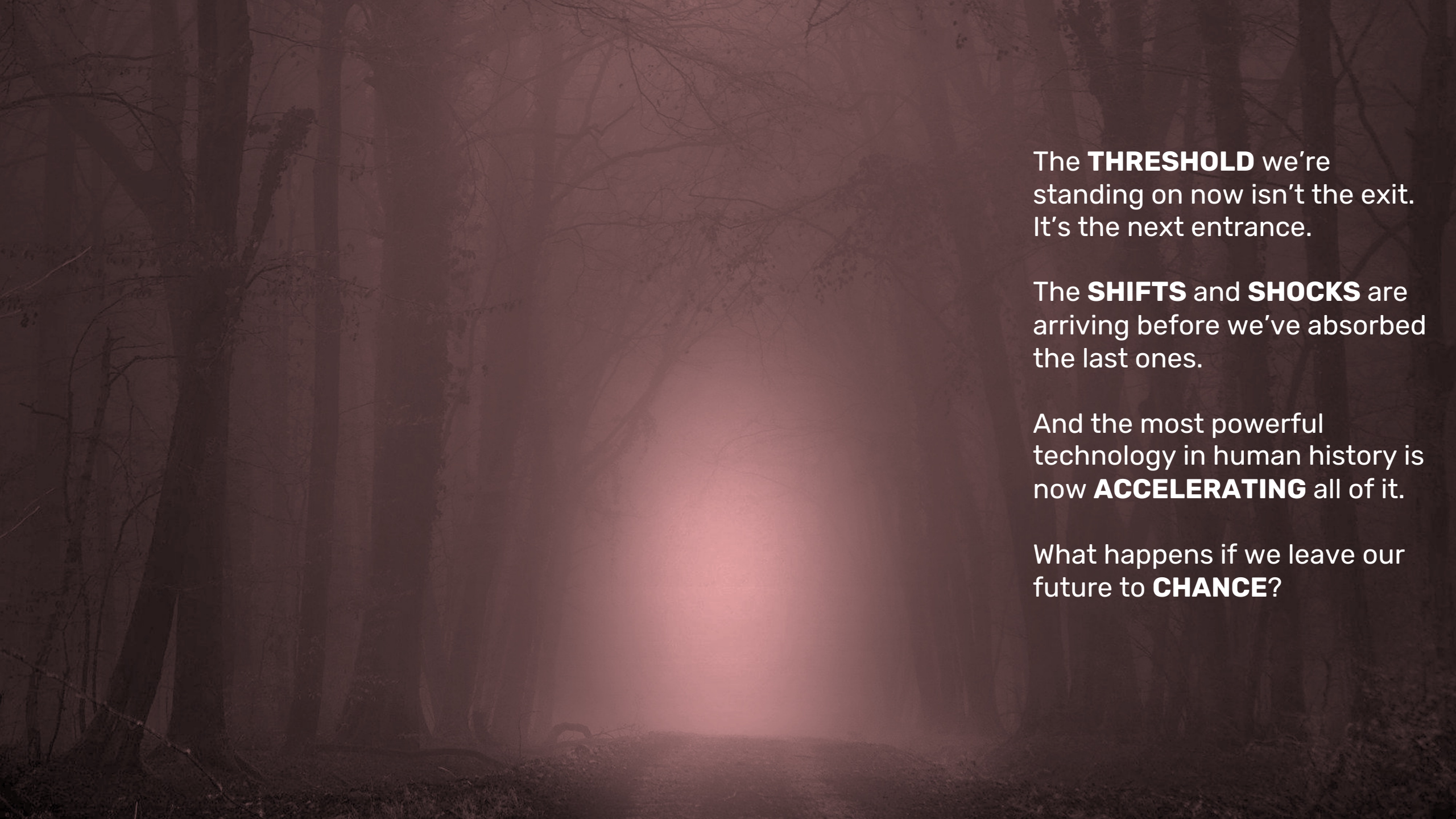
RESILIENCE is the practice of designing to endure **SHOCKS**, **SHIFTS** or **STRESSES**, physical or otherwise.

One way organizations build resilience is through **DIVERSIFICATION** across customers, markets, suppliers, capabilities, revenue streams, or technologies.



AGENCY is the **WILLINGNESS AND ABILITY TO ACT** on what you already see, before the **SYSTEMIC SHOCK** removes the option entirely.

Unlearning, resilience, and agency showed up visibly during the pandemic as **CRISIS INNOVATION:** innovation required by a systemic shock. **INNOVATE OR DIE.**



The **THRESHOLD** we're standing on now isn't the exit. It's the next entrance.

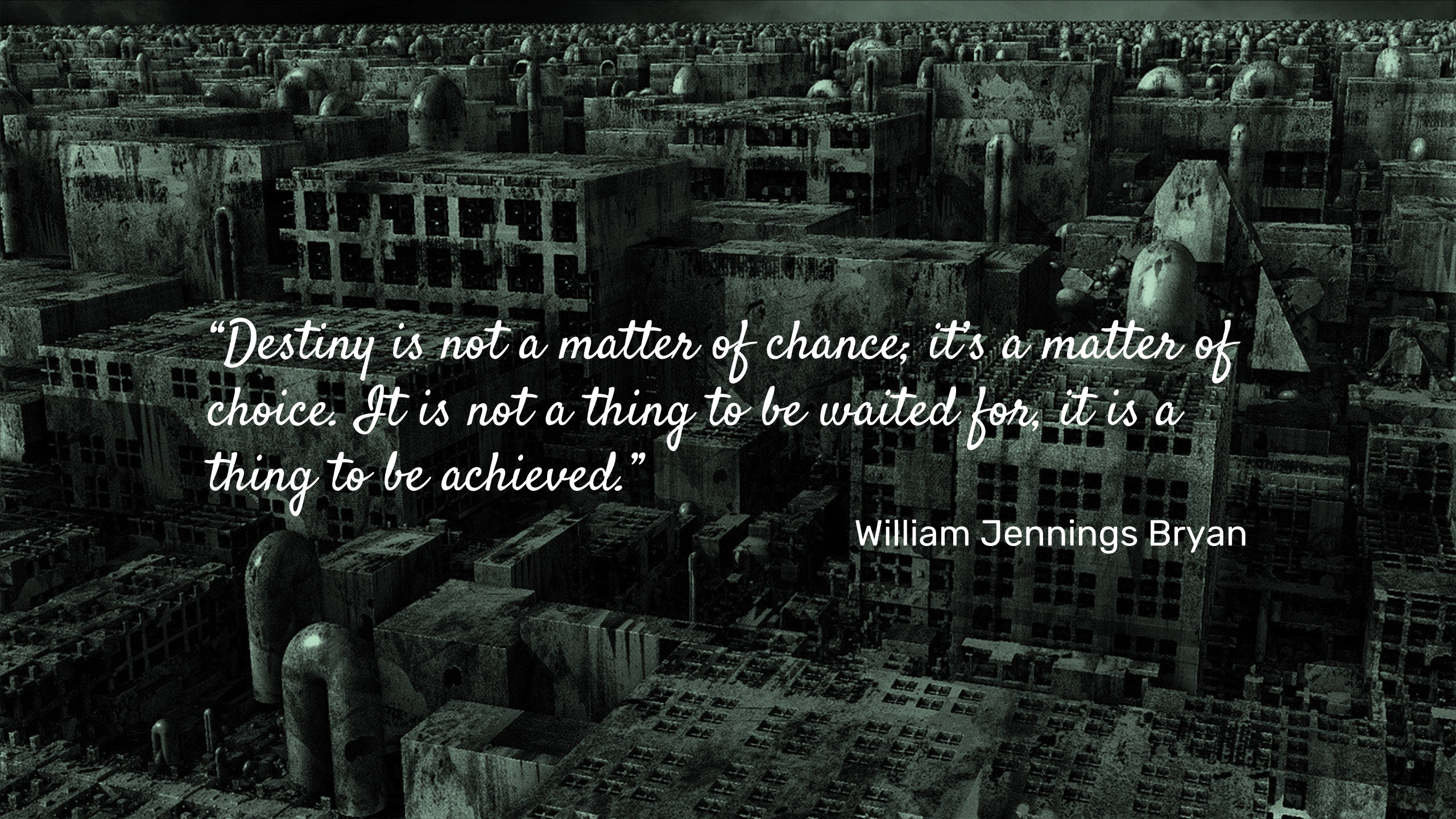
The **SHIFTS** and **SHOCKS** are arriving before we've absorbed the last ones.

And the most powerful technology in human history is now **ACCELERATING** all of it.

What happens if we leave our future to **CHANCE**?

2045

The Fall of Society

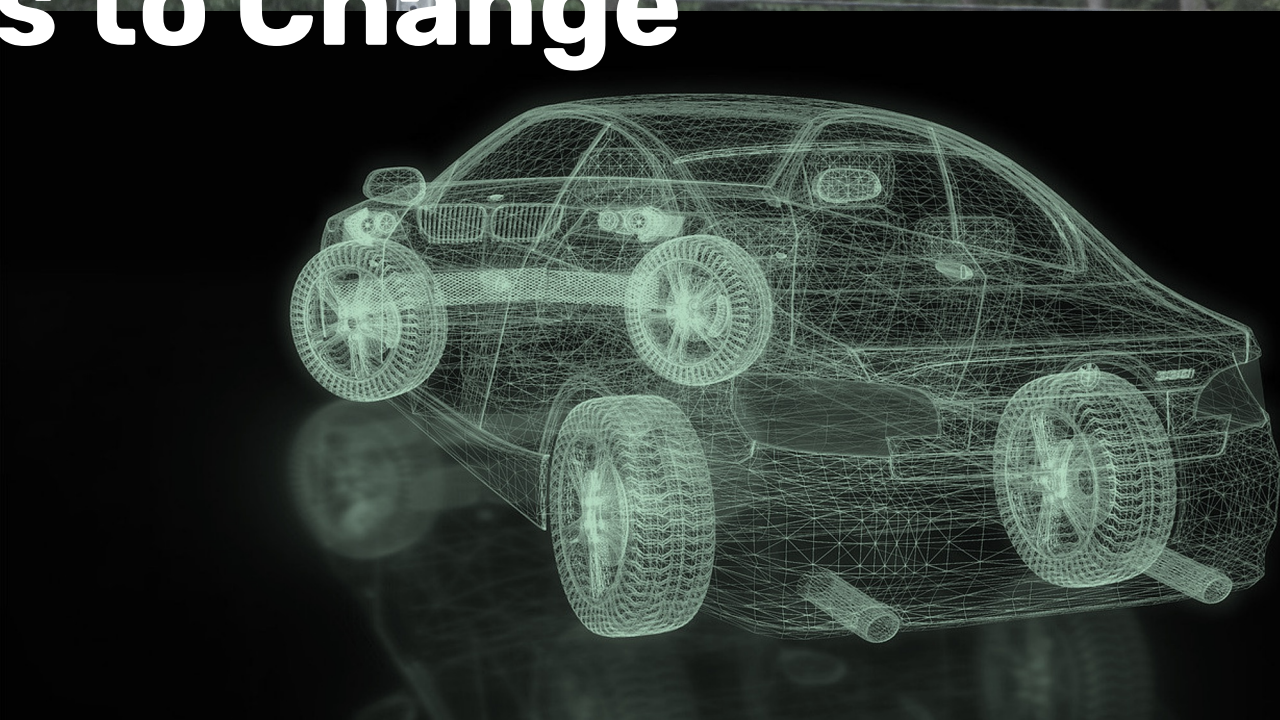


“Destiny is not a matter of chance; it’s a matter of choice. It is not a thing to be waited for, it is a thing to be achieved.”

William Jennings Bryan



Responses to Change





The Ice Trade:

In the 1800s, natural ice was harvested each winter, stored, and shipped year-round.

IGNORE:

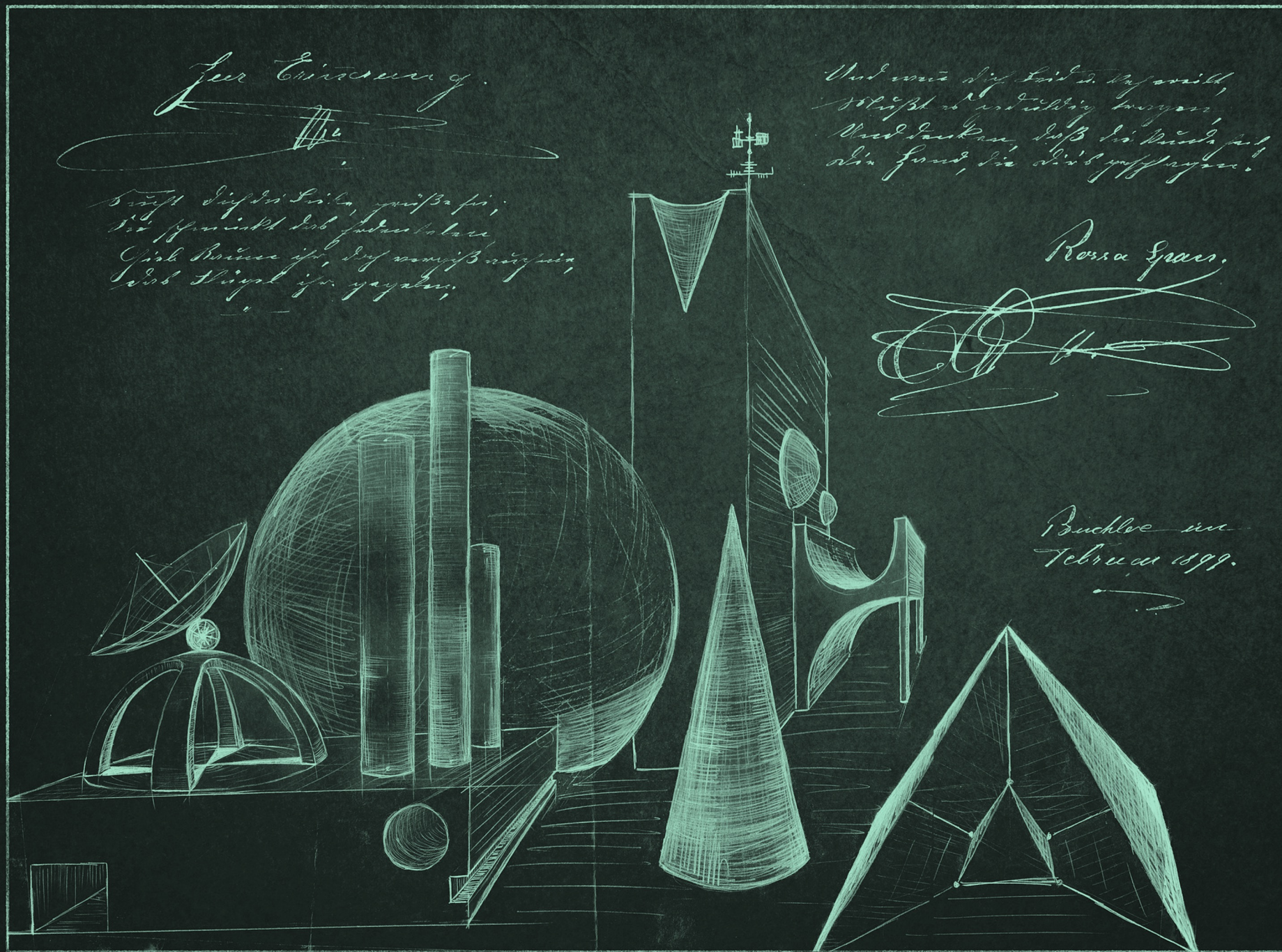
Knickerbocker Ice Co. dismissed manufactured ice as uneconomic. Natural harvesting ended in 1924.

ADAPT:

York Ice began manufacturing ice in 1898. It still operates today as Good Time Ice.

DESIGN:

YORK turned ice-making expertise into refrigeration and HVAC. Today, it's part of Johnson Controls.



DESIGN is the practice of transforming existing conditions into preferred conditions aligned with a **PLAN** or a **PURPOSE** often within known **CONSTRAINTS**.

CRISIS INNOVATION often lacks design.



A **SHARED VISION** is a collectively desired **FUTURE STATE** to which each member can feel a **PERSONAL CONNECTION**.



FPDA-1SD

2026+

**The Era of Generative AI:
Another Systemic Shift**

The World is Changing Faster.



Those alive in **PRE-INDUSTRIAL** eras could live an entire lifetime where the basics of daily life changed slowly. **NORMAL** could persist for decades.



After **INDUSTRIALIZATION**, major **SYSTEMIC SHIFTS** started landing inside a **SINGLE LIFETIME**, not just across centuries.



By the **MID-20th CENTURY**, societies were absorbing **MULTIPLE OVERLAPPING SHIFTS**, plus occasional **SHOCKS** that rewired norms fast.



Now, people experience a **STACKED SEQUENCE** of **SHIFTS** and **SHOCKS** that arrive before institutions, workplaces, and families have fully **ADAPTED** to the last one.



The **ABSORPTION CYCLE** is
the time it takes for a society
to **MEANINGFULLY ADAPT**
to a shock or a shift.

Today, The **NEXT SHOCK OR
SHIFT** now begins **BEFORE
THE DUST HAS SETTLED**
from the last one.

The Generative AI Shift



NATURAL LANGUAGE PROCESSING has revolutionized how machines **UNDERSTAND AND RESPOND** to human language.



LARGE LANGUAGE MODELS (LLMs) are unlocking new possibilities by **GENERATING** human-like text, **REASONING**, and **SOLVING** complex language tasks effortlessly.



MULTIMODAL MODELS blur the boundaries of LLMs by integrating **IMAGES, AUDIO, and VIDEO** into cohesive and creative outputs.



AI AGENTS promise to transform industries with autonomous systems that **LEARN, REASON, PROBE, SENSE, ADAPT, AND ACT** in real time.

Understanding Artificial Intelligence (AI)

Artificial intelligence is, quite simply,
pattern recognition technology used to solve problems,
enabling machines to emulate human intelligence
and execute various tasks.

Early AI



**AI We're
Comfortable With**



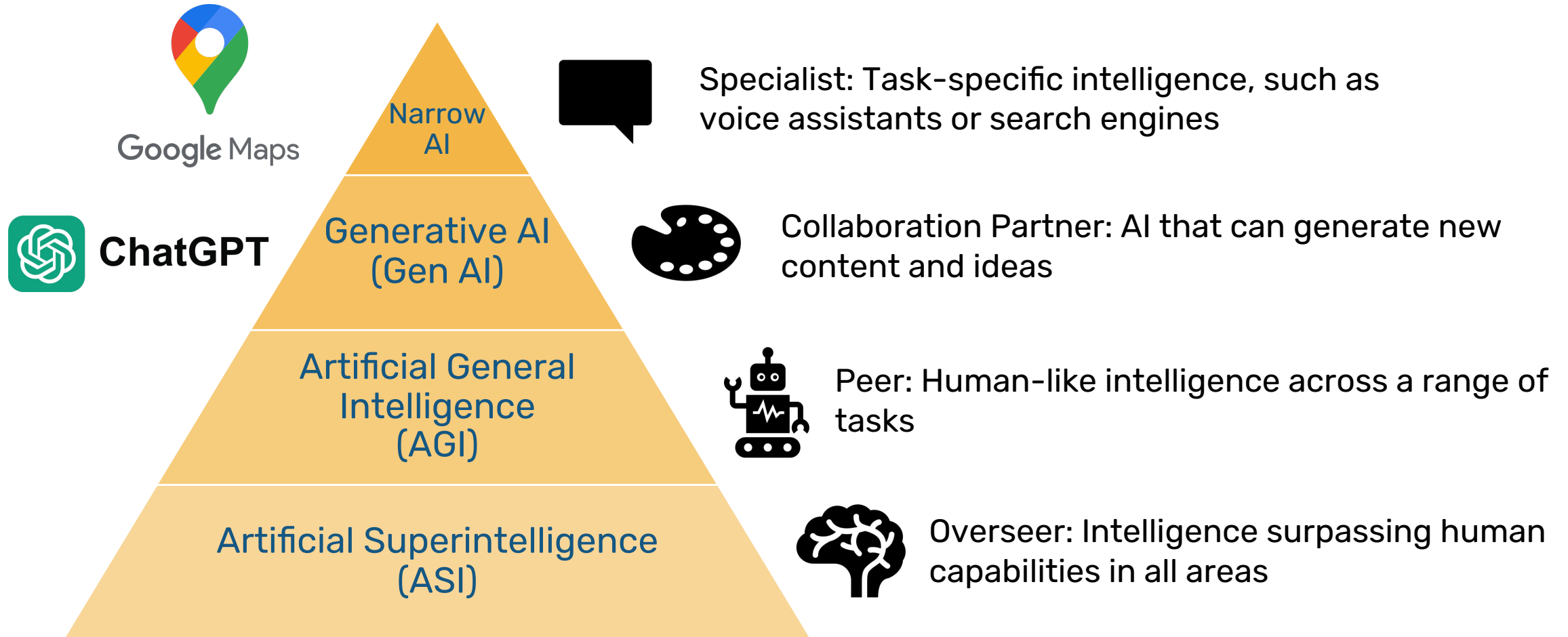
Google Maps

**AI We Feel
Threatened By**



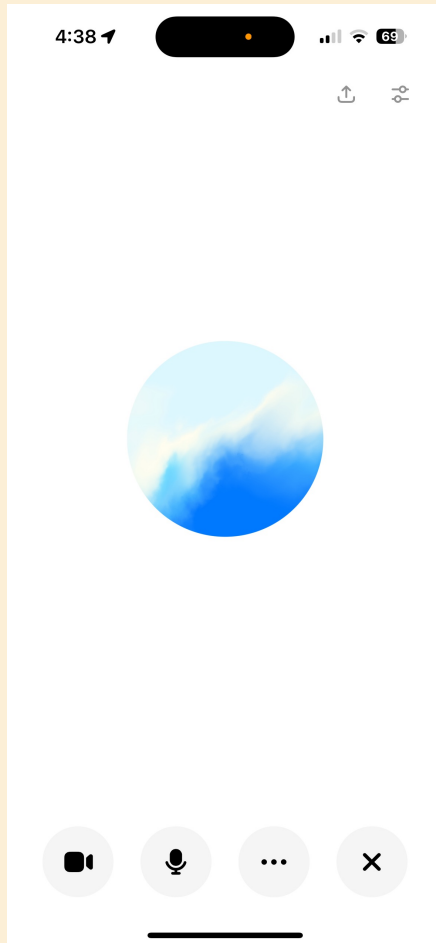
ChatGPT

Understanding Artificial Intelligence (AI)





ChatGPT



“

I'm on stage right now at the FPDA + ISD Industry Summit speaking to about 200 professionals from the fluid power and sealing industries. The room includes distributors, integrators, manufacturers, and service providers. These are practical people who solve real technical problems for customers every day, so they have a healthy skepticism toward technology hype.

Say hello to them and give them three succinct reasons they should be paying attention to generative AI as leaders. Give us one hopeful reason, one uncomfortable truth, and one that's a little bit snarky.

”

Exploration Over Execution

Gen AI Advantage

Vast training data
Language mastery
Pattern recognition
Speed to insight
Idea expansion
Coding

**UPSTREAM OF
DECISIONS**

Human Advantage

Creativity
Synthesis
Sensemaking
Problem framing
Exploring possibilities
Drafting solutions

**COLLABORATION
PARTNER**

Intuition
Judgment
Values & goals
Meaning making
Accountability
Consequences

**DOWNSTREAM OF
DECISIONS**



ENTANGLED INTELLIGENCE

is the practice of deliberately **COUPLING MACHINE CAPABILITY** with **HUMAN JUDGMENT**, so that machine-generated insight accelerates **SENSEMAKING** while humans retain responsibility for **CONSEQUENCE**.

This requires a shift from **HUMAN IN THE LOOP** to **HUMAN IN THE LEAD**.

A group of seven business professionals, four men and three women, are gathered in a modern office at night. They are standing around a desk where a man is seated, working on a laptop. The office has large windows overlooking a city skyline with illuminated buildings. The scene is dimly lit, with the primary light source being the city lights and the laptop screen. The overall mood is professional and focused.

Strategic Sensemaking with Gen AI



A fluid power distributor serving several industrial markets has landed a major data-center project that now represents approximately 25% of annual revenue.

We'll create a **VIRTUAL ADVISORY PANEL** in ChatGPT to:

1. **Map the opportunity space**
2. **Surface hidden risks and assumptions**
3. **Identify next moves**

Expectation of AI



**CONTROL INPUTS
ENFORCE SEQUENCE
OPTIMIZE EFFICIENCY
EXPECT REPEATABILITY**

This is how we design machines.

Reality of AI



**MANAGE CONTEXT
OBSERVE SIGNALS
ADAPT INTERVENTIONS
EXPECT VARIATION**

This is how we work with GenAI.

The New Leadership Job Description

- Practice **UNLEARNING** at speed.
- Build **RESILIENCE** before the shifts and shocks.
- Act with **AGENCY**. Don't wait to the shock to decide for you
- **DESIGN** new futures, don't drift.
- Hold a **SHARED VISION** under uncertainty.
- Treat Gen AI as a **COLLABORATION PARTNER**.
- Use AI **UPSTREAM** of decisions.
Never at the point of consequence.
- Stay **HUMAN IN THE LEAD**.
Accountability cannot be delegated to a model.



“
The best way to predict the future is to create it.
”

Go Innovate!

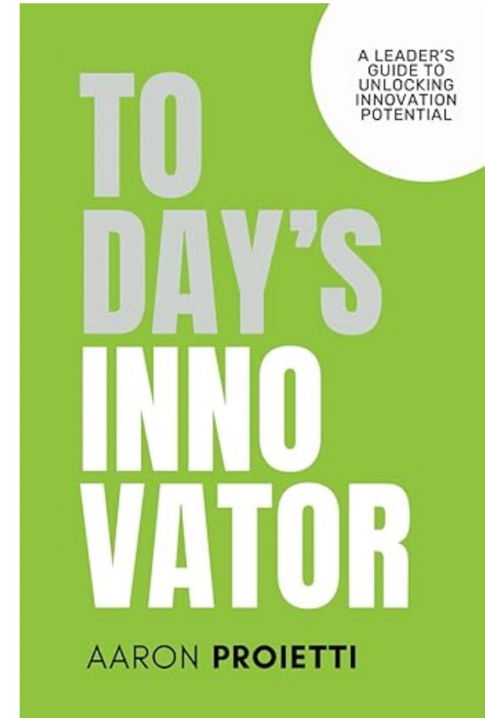


LET'S CONNECT



AARON PROIETTI

aaron@todaysinnovator.com
www.todaysinnovator.com



Strategic Sensemaking with Gen AI

A fluid power distributor serving several industrial markets has landed a major data-center project that now represents approximately 25% of annual revenue. The project is highly profitable and growing quickly. Leadership is considering investments in inventory, hiring, technical expertise, supplier relationships, and new capabilities to capture additional business in the sector.

Convene an **extraordinary virtual advisory board** to help leadership see beyond its existing business model. Include these perspectives:

- a **data-center infrastructure architect** who understands where technical requirements and spending are heading
- a **supply-chain strategist** who thinks about capacity, dependencies, bottlenecks, and bargaining power
- a **CFO** who assumes the current boom ends in 18 months
- a **competitor** whose job is to figure out how to destroy our emerging advantage
- a **technologist or engineer** whose job is to identify how today's products or capabilities could become obsolete
- two **unexpected specialists of your choosing** whose perspective could materially change how leadership defines the opportunity

Give each advisor a distinctive point of view. Have each answer independently:

1. **What becomes possible from here that leadership may not yet see?**
2. **What hidden assumption, risk, or second-order consequence concerns you most?**

Then synthesize their discussion into:

- **3 possibilities** we probably would not have seen from inside our existing business model
- **3 hidden assumptions or risks** leadership should examine
- **3 reversible next moves** that would help us learn before making a major commitment
- **1 question** that could change how leadership defines the opportunity entirely

Do not recommend a final strategy or make the decision for us. Use the advisory board to **expand what we can see, expose what we may be missing, and identify what we should learn next,** keeping human judgment explicitly in the lead. Keep the response concise, specific, and presentation-friendly. Prioritize surprising, consequential insights over comprehensiveness.

Strategic Sensemaking with Gen AI

Extraordinary Virtual Advisory Board

1. Data-center infrastructure architect

Sees: Become an upstream design partner, helping operators and engineering firms specify fluid-power and thermal-management solutions before procurement begins.

Worries: Data-center architecture is evolving quickly. Today's high-value components could migrate, standardize, or disappear as cooling designs change.

2. Supply-chain strategist

Sees: Turn availability itself into a product through reserved capacity, strategic inventory, supplier coordination, and guaranteed-response agreements.

Worries: Scaling could increase dependence on a few manufacturers precisely when growing volume appears to be increasing bargaining power.

3. CFO assuming the boom ends in 18 months

Sees: Build capabilities with value outside data centers, using exceptional margins to fund expertise transferable to other uptime-critical industries.

Worries: Temporary revenue could create permanent payroll, inventory, facilities, and expectations that survive long after extraordinary margins disappear.

4. Competitor trying to destroy the advantage

Sees: Your real asset may be knowledge accumulated from the project. Package that expertise before competitors can simply replicate your inventory strategy.

Worries: I don't need your customer. I can attack your neglected customers while 25% of your revenue monopolizes management attention.

Strategic Sensemaking with Gen AI

5. Engineer trying to make today's products obsolete

Sees: Move from selling components toward solving thermal, reliability, monitoring, and system-performance problems regardless of which components ultimately win.

Worries: New cooling architectures, integrated systems, sensors, predictive maintenance, or OEM consolidation could remove distributors from portions of the value chain.

6. Unexpected specialist: Project-finance investor

Sees: Customer project pipelines could become strategic intelligence, allowing you to position capacity before individual purchase orders ever appear.

Worries: You may be interpreting infrastructure investment announcements as demand when financing, permitting, grid access, or construction constraints determine actual deployment.

7. Unexpected specialist: Organizational anthropologist

Sees: Create a specialized data-center team that becomes a learning engine, transferring new practices and capabilities into the broader company.

Worries: A highly profitable customer can quietly reorganize the company around itself, changing priorities and identity without leadership consciously choosing to.

Synthesis

3 possibilities you probably weren't seeing

Sell certainty, not components. Availability, capacity, technical response, and continuity could become products customers explicitly pay for.

Move upstream. Project access could reposition the distributor from fulfillment provider to specification, design, intelligence, and risk-management partner.

Build portable capability. Data centers could become the laboratory for capabilities later deployed across other uptime-critical infrastructure markets.

Strategic Sensemaking with Gen AI

3 assumptions worth examining

Revenue growth equals durable demand. Projects announced, financed, powered, constructed, and ultimately operated are very different demand signals.

Scale creates leverage. Growth could instead increase dependence on particular customers, suppliers, technologies, specialists, and inventory.

Success stays contained. A customer representing 25% of revenue may reshape organizational attention and economics before leadership deliberately chooses that transformation.

3 reversible next moves

Map the customer's next three projects upstream, identifying where decisions occur, who influences them, and which problems appear before procurement.

Pilot one paid continuity or technical service around availability, engineering support, monitoring, commissioning, or lifecycle support.

Stress-test every proposed capability against another market: ask where else it creates value if data-center demand falls sharply in 18 months.

The question that could change the conversation

Are we trying to capture a large customer opportunity, or has this customer revealed a more valuable company we could become?