

# A NEW ARCHITECTURE

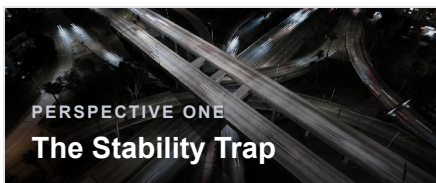
Why your organization's operating model is taxing every change initiative, why AI makes it urgent, and what it looks like when you start.

## THE ARGUMENT

Your organization was architected for a world that rewarded stability. That world is gone, and the architecture is now the obstacle.

For 30 years, the winning formula was clear: optimize processes, standardize roles, build for efficiency at scale. The premise underneath: the environment would stay predictable enough for those structures to work. That premise expired. Organizations still running on it are accumulating structural debt: coordination overhead, governance drag, and maintenance burden that consume resources and trap talent.


Every stop-gap tried over four decades (matrix overlays, shared services, agile pods, innovation labs) added a new model without changing the base. Each one compounded the taxes. AI changes the division of labor between human and machine. The answer is replacing the base architecture. Different work needs different structures.



**PERSPECTIVE ONE**  
**The Stability Trap**

Organizations optimized for stability are paying three structural taxes that compound with every initiative, every reorganization, every technology adoption.

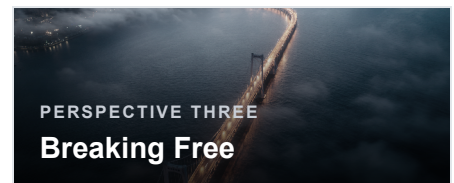
*Every day you operate with yesterday's architecture, the gap widens.*



**PERSPECTIVE TWO**  
**The Tightening**

Four decades of rational responses compounded the taxes into a self-reinforcing loop. Now AI breaks the premise that humans mediate every workflow.

*Decades of rational decisions, never reconciled.*

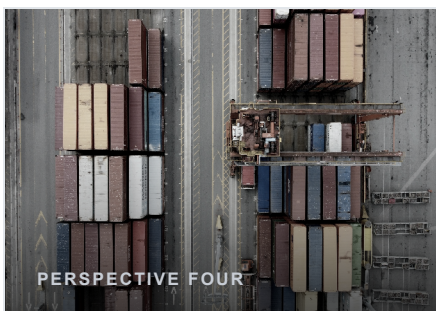


**PERSPECTIVE THREE**  
**Breaking Free**

Different work needs different structures. Three organizing constructs, matched to the work, with AI as the coordination layer that makes it affordable.

*Classify the work. Match the structure. Let AI coordinate.*

## AN EXAMPLE APPLICATION



**PERSPECTIVE FOUR**  
**The Function Rebuilt**

Three perspectives made the case. This one makes it concrete. A walk through one HR function after 18 months: three layers, three rhythms, one coordinated architecture.

[2026/2027 COMPARISON](#)   [18-MONTH ROADMAP](#)   [AI LAYER](#)

## THE THREE TAXES

# 25%

### COORDINATION OVERHEAD

Productive time lost to coordination. Meetings, alignment sessions, status updates that add no value.

APQC

# 32%

### GOVERNANCE DRAG

Performance left on the table. Approval chains built for the riskiest decisions, applied to everything.

HBR

# 70%

### MAINTENANCE BURDEN

Budgets and senior talent keeping the lights on. Less than 30% left for anything new.

GARTNER

## THE PRESCRIPTION

### Classify the work. Match the structure.

One architecture for all work. That is how most organizations still operate. The ones that will pull ahead will enable each type of work on its own terms. Define the tiers first, then build from the bottom up. Each tier you address funds the next.

#### SUPPORTING

Drive maximum efficiency. Necessary, non-differentiating work. Optimize relentlessly.

**Automated pipelines: AI runs the process, humans govern by exception.**

*AI operates.*

#### CORE

Achieve optimal performance. The work you must do well to operate. Efficiency and quality in balance.

**Value stream teams: stable, cross-functional, continuously improving.**

*AI augments.*

#### STRATEGIC

Fuel differentiation and growth. The work only your organization can do. Highest judgment, highest stakes.

**Mission-based teams: assembled around a strategic objective, disbanded when it's done.**

*AI amplifies.*

## FOUR SHIFTS THAT MAKE THIS ARCHITECTURE WORK

### 01 Communities and Missions

Skill communities replace departments as the durable home. Strategic work deploys to temporary missions. Core and Supporting work runs on stable assignments. The community provides continuity across all three.

### 02 Incentive Redesign

Shift from span of control to radius of impact. Strategic work rewards outcomes. Core rewards reliability. Supporting rewards efficiency.

### 03 Right-Sized Governance

Match oversight to actual risk. Routine decisions move at team speed. High-stakes decisions get the rigor they deserve.

### 04 AI Coordination

AI handles the routing, matching, and handoffs between teams. The connective tissue that makes running different structures practical and affordable.

The blueprint is here. The window is now.

- **Classify the work.** Strategic, core, or supporting. Most organizations have never made this distinction explicit.
- **Start with supporting.** Automate non-differentiating work. Redeploy people upward. Free budget.
- **Build upward.** Each tier you address funds the next. Self-financing change, not a capital request.

Rob Sherrell, Senior Managing Director | [rob.sherrell@northhighland.com](mailto:rob.sherrell@northhighland.com)

Courtney Albert, Managing Director | [courtney.albert@northhighland.com](mailto:courtney.albert@northhighland.com)