
IS YOUR CULTURE READY FOR GENERATIVE AI?

2024

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INTRODUCTION

In 2023, after evolving rapidly behind closed doors over recent years, generative AI's groundbreaking impact was unleashed for public use, forever reshaping the landscape of human-AI interaction.

Generative AI ("AI") isn't just a new technology or tool — it is a genuinely disruptive change and will mark a profound cultural shift in the way in which we work. It represents a new way of interacting between people and computers that will require all of us to work in a substantially different way, where the computer becomes more like a valued assistant, collaborator, or copilot. In an AI world, success depends on the successful synergy between the individual and technology.

Recent research suggests that due to the emergence of AI, about half of today's business activities could be automated a decade earlier than previously thought¹, and, significantly, that AI will have an especially profound effect on professions traditionally requiring higher levels of education, such as lawyers². Of course, all this remains still to be seen.

What is for certain is that most large organisations are trying to understand AI's implications and learn as fast as they can. The implications for the legal industry are significant, and in-house lawyers are feeling pressure to grasp the scope and scale of AI's risks and opportunities and align with the demands of their business. Notably, whilst lawyers' typical response to novel and disruptive technology is to downplay it and move cautiously, the response to AI has generally been swift and proactive, driven by a mix of excitement and apprehension. On the other hand, whilst there has been a rush to understand AI's implications for the legal profession, there are many complexities to be understood and resolved before new AI solutions can be safely and practically implemented.

The reality is that AI delivers both significant opportunities and considerations. It holds the promise of easing current workloads by minimising routine and repetitive tasks and allowing lawyers to focus on the most value-adding work — but it can also spark uncertainty, anxiety and fear about role changes, new ways of working and job security.

Critically, how well an organisation or legal team adapts to and benefits from AI will hinge on its people and its culture. Research shows that organisations with a strong innovation culture do better when adopting new and emergent technologies.³

The nature of AI can present both significant opportunities, and significant threats, to both organisations and people. The bottom line: Getting AI right will create a competitive advantage for the organisations and for those individuals who best lean into it and understand how to best leverage it. And those that don't risk falling behind.

¹ Generative AI and the future of work in America", McKinsey & Company, July 26, 2023.

² As above.

³ "Companies with innovative cultures have a big edge with generative AI", Matt Banholzer, Ben Fletcher, Laura LaBerge, Jon McClain, McKinsey & Company, 31 August 2023.

1. WHY CULTURE MATTERS

An organisation's culture isn't just the "vibe" in the office. Simply put, it's "the way we do things around here" — the sum of beliefs, values, attitudes, mindsets, and behaviours that define how things get done within an organisation; the unwritten rules that guide decisions, interactions, and priorities within the workplace. This culture serves as a blueprint, shaping mindsets and behaviours and tangibly impacting decisions and results. Culture is complex and dynamic and influenced by literally everything going on in the organisation or team, written, spoken, or unspoken.

Every organisation, and every team, has its own unique culture. Leaders have a choice to either passively accept the "default" culture, or to take steps to proactively create the culture they want and need.

Although often thought of as something intangible, culture has a tangible and measurable impact on how people think and act and therefore on individual, organisational and team performance. Research demonstrates a direct link between organisational culture and financial performance.⁴

Culture influences how teams and individuals work, decide, collaborate, innovate, and tackle challenges. A strong innovation culture is an environment where employees feel empowered to speak up, take risks, share ideas, overcome obstacles, and drive toward common goals. Conversely, a weak or misaligned culture can stifle effort and innovation and hold back progress.

When it comes to implementing new technologies like AI, culture is a linchpin. A culture that encourages learning, embraces change, and values experimentation will be more adaptable and responsive to the integration of AI. It sets the stage for people to welcome new technologies, adapt their workflows, and leverage AI's potential to drive organisational and individual success. Without a supportive culture, the adoption of AI might face resistance, skepticism, or even outright rejection, hindering its effective implementation and the subsequent benefits it can offer.



2. THE ASPIRATIONAL CULTURE AND HOW TO BUILD IT

What culture should your legal team aspire to?

An AI-ready culture needs to display and support key characteristics like speed, trust, openness, transparency, continuous learning, and, significantly, psychological safety.

This culture supports a team committed to upskilling, collaborating, thinking creatively, communicating openly, and sharing a unified purpose. In addition, your people will need new skills like digital skills, data fluency and prompt engineering, as well as enduring human skills which are even more important in an AI world, like adaptability, flexibility, analytical reasoning, problem solving, emotional intelligence and empathy.

What strategies, approaches and behaviours do you need to adopt to create this aspirational culture and prepare your organisation, your legal team, and your people for an AI future?

To build what we call an "AI-ready culture", there are four key areas that you should pay particular attention to, as shown in our **AI-Ready Culture** model below.

AI-READY CULTURE MODEL



⁴ For example, see Corporate Performance Analytics by McKinsey; Organisational Health Index by McKinsey, 2017-22, which indicates that organisations with a top quartile score in the McKinsey Organisational Health index, outperform middle quartile companies by more than three times.



1. Leadership

The challenging and ongoing task of building a team and a supportive culture falls to leaders. Leaders will need to define and effectively communicate a compelling **vision** for the future, lead changes **proactively**, and **empathetically**, and encourage and guide their teams to embrace AI whilst also assuaging their legitimate concerns.

Whilst AI brings many potential benefits, it also presents many potential risks. Consequently, from the outset, leaders need to put in place effective **governance** and ensure robust **risk management** and quality control. All lawyers need to be made fully aware of the potential risks of AI, such as “hallucination” and data privacy, and trained and supported to develop good judgement on how and when to use AI and ensure information validity.

In any significant organisational change, leaders are the key difference between success and failure. If leaders understand and embrace the change, paint a compelling picture of the future, **role model the right behaviours**, communicate, and support their people effectively, and act decisively and empathetically, then change is most likely to be successful.

Whilst many lawyers are ready to embrace the opportunities arising from AI, for some there is also an understandable level of anxiety and fear given uncertainty about how their role or way of working might need to change, and the ultimate fear of job replacement.

As a foundational step, leaders need to develop their own understanding of AI so that they can demystify the technology for their teams, lead from the front and support the team to navigate the changes needed.

Given the disruptive nature of AI and its inevitable profound impact on people and the business, leaders need to have a bias for action and act with a sense of urgency. Aim to disrupt yourself, before a competitor disrupts you.

2. Curiosity

A 2023 survey of 1000 organisations found a significant synergy between organisations with strong innovation cultures and their ability to increase value through new digital technologies such as AI.⁵

To create the right culture for the successful deployment of AI, start by cultivating a culture of endless **curiosity**. Encourage and support people to understand how AI works, and its capabilities and shortcomings. Put curiosity into action through **actively experimenting** with AI tools in a safe environment. Challenge everyone to rethink how AI could enhance or transform tasks and workflows.

Encourage the team to reimagine their work and adopt an “experiment-and-learn” mindset to find ways how AI can best improve how they work — a culture where “getting your hands dirty” with experimentation and learning are viewed as the normal way of operating and essential to improvement.

Give people “**freedom in a framework**” by establishing guardrails to let them experiment safely. Which tools can they use? What data is appropriate to input? What’s not appropriate? What are the guidelines for fact-checking and editing? What are the implications for data privacy and security?

Notably, experimentation does not always come naturally to many lawyers. However, a culture that is too averse to risk and experimentation will be a significant obstacle to success with AI.

To enable this curiosity and experimentation, leaders need to create and sustain a **psychologically safe culture**. Psychological safety describes an individual’s perception of the consequences of taking interpersonal risks in their work environment. It consists of a person’s taken-for-granted beliefs about how others will respond when they put themselves on the line, such as by asking a question, reporting a challenge or a “failure”, or proposing a new idea.⁶

Lawyers dislike the notion of ever “failing”, but leaders need to intentionally create the right environment for “failure” — so that people feel empowered and safe to experiment. Every “failure” moves the game forward. Create formal and informal opportunities to share knowledge and learnings. Celebrate wins, but also share stories of things that didn’t work, and lessons learned. Motivate and reward people for their efforts.



⁵ “Companies with innovative cultures have a big edge with generative AI”, Matt Banholzer, Ben Fletcher, Laura LaBerge, Jon McClain, McKinsey & Company, 31 August 2023.

⁶ Edmondson, A. “Psychological Safety, Trust and Learning: A Group-level Lens.” In *Trust and Distrust in Organizations: Dilemmas and Approaches*, edited by Roderick Kramer and Karen Cook, 239–272. New York: Russell Sage Foundation, 2004.

3. Learning

Being AI-ready means creating a culture of continuous learning.

Encourage quick and continuous learning. Getting the best out of AI means moving from a mindset of “having all the right answers” to “asking all the right questions”. AI is only as good as what you put in — the adage of “garbage in, garbage out” is even more relevant today than when first coined many years ago.

One example: Microsoft has adopted an ethos of cultivating “learn-it-alls” rather than “know-it-alls” — that is, people who ask the right questions and foster critical thinking over merely possessing the right answers.⁷ When creating a culture that values experimentation and continuous learning, “failure” shouldn’t be feared; it should be embraced as a necessary stepping-stone to learning.

Continuously developing a broad range of new individual capabilities is a key part of becoming AI-ready.

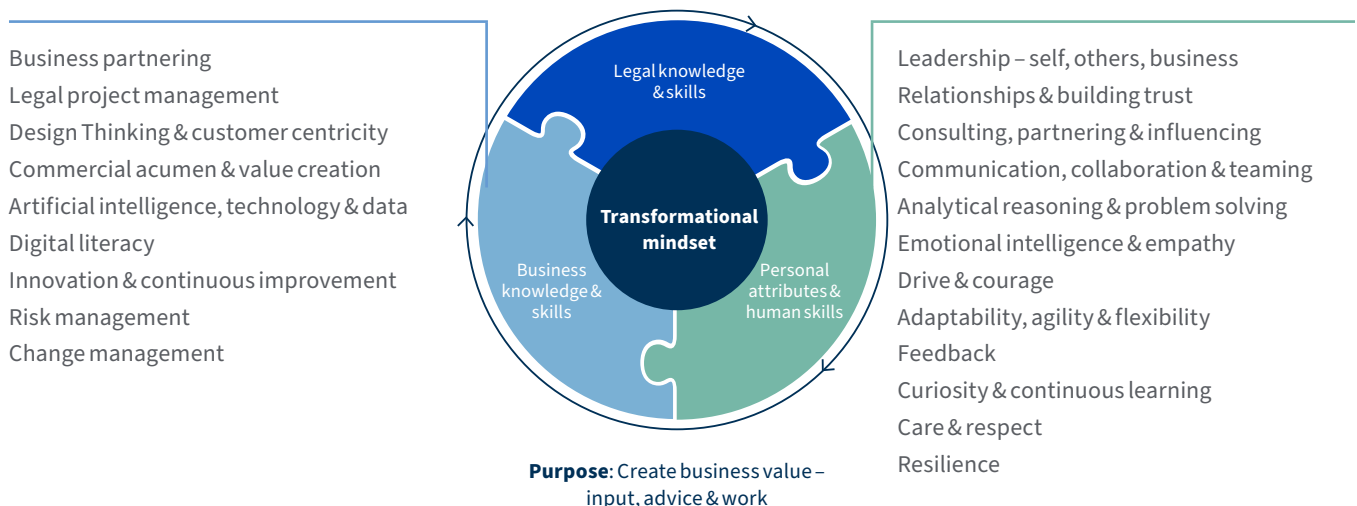
Legal skills have, of course, always been essential and always will be. However, in the era of AI, a broader skill set becomes vitally important and a key differentiator. “Business knowledge and skills” and “Personal effectiveness and human skills” are of great importance, as they are the skills that enable legal skills to be put into action in the way that creates business value, as shown below in our model of the **Lawyer of the Future – and Today**. These broad capabilities enable the individual to work in synergy with AI and their human colleagues — asking the right questions,

constantly experimenting, applying analytical skills and critical thinking, finding creative solutions, and focusing on the more complex issues that will create the most business value. Skills not directly related to content production, such as leading, dealing with critical social situations, navigating interpersonal trust issues, and demonstrating emotional intelligence, are likely to become more valued in the workplace.⁸

To enable continuous learning, each person will need to build their “**Transformational Mindset**”, meaning that they are always looking for ways to learn and grow, focused on the process of learning, rather than always having the right answers.

With content potentially capable of being generated efficiently by AI, legal work may shift towards integrating and critically analysing generated information. With AI generating the first round of content, the skills of research, conceptualisation, planning, prompting and editing may take on more importance.⁹ This is known as the “critical information sandwich”, where AI handles content production, and human critical thinking is applied at either end of the process to complete the task.¹⁰ For example, as the first step the lawyer would choose a tool, formulate a task, gather inputs, engineer prompts and set parameters. AI then handles the work of production and generating the draft response. Finally, the lawyer then completes the task by checking the output, evaluating, critiquing, extracting, refining, adapting, integrating, etc.

LAWYER OF THE FUTURE – AND TODAY



⁷ “3 Steps to Prepare Your Culture for AI”, Jared Spataro (Microsoft Modern Work and Business Applications team), Harvard Business Review, 28 June 2023.

⁸ LinkedIn (2023). Future of Work Report: AI at Work.

⁹ Mollick, E. (2023). My class required AI. Here’s what I’ve learned so far. One Useful Thing.

¹⁰ Microsoft Study: Sarkar, A. (2023). Exploring Perspectives on the Impact of Artificial Intelligence on the Creativity of Knowledge Work: Beyond Mechanised Plagiarism and Stochastic Parrots, Proceedings of the ACM Symposium on Human-Computer Interaction for Work (CHIWORK 2023).

¹¹ Butler, J., Jaffe, S., Baym, N., Czerwinski, M., Iqbal, S., Nowak, K., Rintel, R., Sellen, A., Vorvoreanu, M., Hecht, B., and Teevan, J. (Eds.). Microsoft New Future of Work Report 2023. Microsoft Research Tech Report MSR-TR-2023-34 (<https://aka.ms/nfw2023>), 2023.

3. Learning (Cont.)

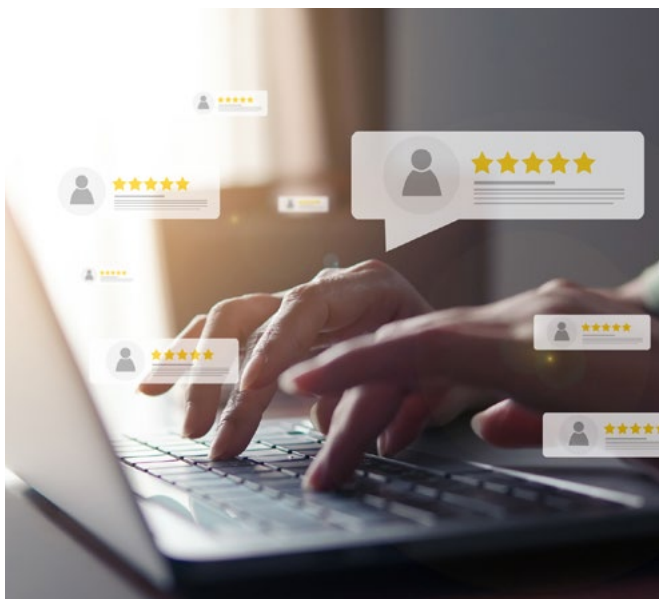
Being able to ask the right questions, and prompt engineering, are vitally important skills to develop in an AI world. Prompts are the primary interface to interact with AI, but research has demonstrated that consistently developing effective prompts is a challenge for many reasons.¹¹ Simple questions result in simple answers, but sophisticated questioning through multiple prompts will result in more valuable and complex responses. Knowing the right questions to ask, and how to ask them, is now an essential skill. Analytical thinkers and problem solvers will have an advantage navigating their interactions with AI.

Organisations will also need to reinvent many of their work practices.

This includes talent management practices. The emergence of AI presents an opportunity for organisations to rethink their approaches to attracting, retaining, engaging, and developing talent. Organisations need to commit to continually creating the right roles, and building the knowledge, skills and behaviours needed to drive future success and keep ahead of competitors into an unknown future. Hiring people with the right mindset and skillset, and ongoing upskilling programs, will be more important than ever.

Work processes should enable short, quick cycles of experimentation and iteration and high-quality feedback loops amongst employees, leaders, and AI applications themselves. Build small cross-functional teams working end to end on projects and initiatives.

And remember — learning how to work with AI is not a one-time event, it's a never-ending process. Create ongoing opportunities in your routines to keep everyone up to date.



4. Change Management

The introduction of AI to any organisation or legal team is an inherently sociotechnical process. People influence technology just as technology influences people.¹² New technologies always land in contexts that are filled with meaning and expectation that shape whether and how technologies are adopted and with what consequences.¹³ An important implication is that new technologies should be developed through participation with people in the contexts in which they will be deployed. The rationale for adopting sociotechnical approaches to systems design is that failure to do so can increase the risks that systems will not make their expected contribution to the goals of the organisation.¹⁴

AI is not just any change — it is a generational and disruptive change, and successfully navigating its challenges requires planned and proactive change management. And since AI is evolving rapidly and continuously, the management of the changes impacting lawyers also needs to be fast and continuous.

The successful implementation of AI in a legal team will require numerous changes that will need to be managed, such as reengineering processes and workflows and developing new ways for lawyers to interact with technology. And, since it is likely that new technologies and their legal applications will emerge frequently, the process of understanding, evaluating, and implementing new technologies, and managing the process, technological and human aspects of these changes, will need to be **proactive, intentional, continuous, and programmatic**.

Experience shows that even the best and largest organisations typically underestimate what it takes to manage change effectively and consequently they under-plan and under-resource the implementation of new technologies and the management of change.

Organisations need to understand and put into action the principles of effective change management. Effective change management means developing a clear message and compelling narrative, designing effective and ongoing communications, setting goals, tracking progress, and adjusting strategies as needed. Change management should be led by all leaders, with support from specialists where required.

Leaders need to speak clearly and often about the objectives of AI and its role in “augmenting not replacing” jobs and paint a compelling picture of how various aspects of work will change, always highlighting the benefits of changes for the individual and the organisation. The narrative should seek to demystify the technology and provide a clear picture of AI’s strengths, opportunities, and weaknesses and how to use it. Given the legitimate concerns of many employees, communications need to acknowledge any concerns but focus on AI’s ability to enhance the employee experience, minimising routine and repetitive tasks and allowing greater opportunity for problem solving and creativity.

¹² Butler, J., Jaffe, S., Baym, N., Czerwinski, M., Iqbal, S., Nowak, K., Rintel, R., Sellen, A., Vorvoreanu, M., Hecht, B., and Teevan, J. (Eds.). Microsoft New Future of Work Report 2023. Microsoft Research Tech Report MSR-TR-2023-34 (<https://aka.ms/nfw2023>), 2023.

¹³ Baym, N. and N. B. Ellison (2023). Toward work’s new futures: Editor’s Introduction to Technology and Future of Work special issue. *Journal of Computer-Mediated Communication* 28(4).

¹⁴ Baxter, G. and I. Sommerville (2011). Socio-technical systems: From design methods to systems engineering. *Interacting with computers* 23.1.

CONCLUSION

In a landscape reshaped by AI, there is an urgent need to build understanding, adaptation, and evolution. The impact of AI transcends mere technological advancement; it embodies a fundamental cultural shift in human-technology interaction. The implications for the legal profession are very significant, but despite the urgency to understand the implications, there remains much to be understood and many complex issues to be considered and resolved before AI can be effectively and safely implemented in legal practice.

Excitement and apprehension underpin the complex emotions tied to AI's advances. The promise of alleviating mundane tasks clashes with uncertainty and concerns about data, privacy, hallucinations, and role changes.

At this pivotal point in time, organisations and legal teams need to proactively get their culture AI-ready, focusing on four key drivers of leadership, curiosity, experimentation, learning and ongoing change management. Essential to this evolution is psychological safety and broad lawyer skills that blend technical prowess with enduring human qualities — digital fluency combined with adaptability; analytical thinking merged with empathy.

The success or stagnation of organisations and legal teams will hinge on their ability to integrate AI seamlessly. Embracing this future requires leadership that not only guides but empathises, assuages concerns, and encourages teams to embrace this transformative technology. Ultimately, those who adeptly leverage AI stand to gain a competitive edge, while those who resist risk falling behind.

The AI revolution demands not just technological adaptation but a profound cultural and human shift — a paradigm shift that will define success in the evolving landscape of human-technology collaboration.



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FEBRUARY 2024

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