



Rewire the Strategy Function for an AI-First World

By Freddy Solis, Ned Calder, and Shahriar Parvarandeh

Key Takeaways

- AI is transforming the strategy function by enabling faster insight generation and more dynamic decision-making.
- Generating insights will not be enough – strategic advantage comes from integrating AI into better decision-making and faster execution.
- Strategy teams need to redesign how they work to compete effectively in an AI-first environment.

Artificial intelligence is transforming the practice of strategy by breaking down cognitive and technical limits that once constrained decision-making. It gives organizations access to vast new amounts of data and intelligence, as well as powerful new tools to detect market signals faster and model complex scenarios more effectively.

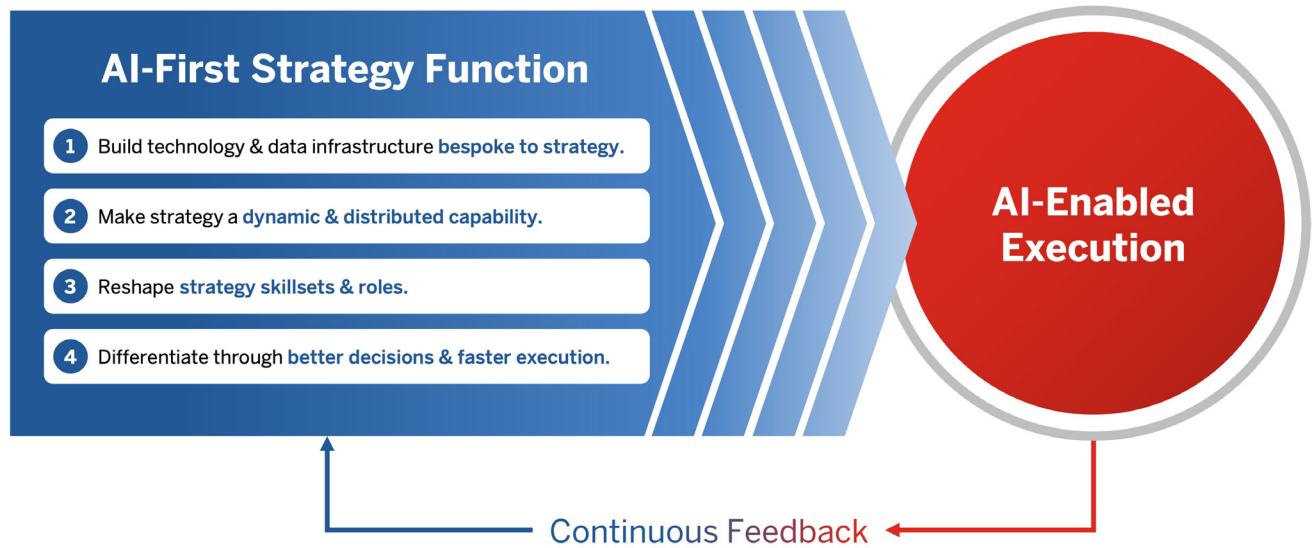
As these powerful tools proliferate, insights alone are no longer a source of competitive advantage. With more companies and competitors building AI capabilities in strategy, what will set them apart is how effectively they integrate AI into decision-making and act on what they learn. The payoff

promises to be tremendous, giving organizations clarity to move faster and with greater confidence.

To unlock this full potential, the strategy function itself must evolve. Most strategy teams still follow annual planning cycles, disconnected from day-to-day decisions. That approach can't keep up with the speed at which AI generates insight or markets shift. To compete, strategy teams must become more dynamic and advance alongside the technology to elevate the quality of decisions for organizations.

How does an organization rewire its strategy function for an AI-first world? It begins by re-

Four Critical Shifts To Rewire the Strategy Function



engineering how strategy works, embedding AI as a core capability across the full arc of strategic work. This means rethinking who makes decisions, how they are made, and how quickly they are acted upon. We detail four fundamental shifts toward an AI-driven strategy function with supporting examples from leading companies.

1. Build technology and data infrastructure bespoke to strategy.

Strategy has lagged in digital technology adoption compared to functions like finance or operations. Classic strategic activities like competitive analysis and opportunity search remain analog, with critical data still siloed. This slows the generation of insights and limits the quality and timeliness of strategic decisions.

AI fundamentally changes that. It gives strategists a substantially more powerful toolkit to generate insights tailored to specific problems, connecting signals scattered across systems and functions, and leveraging uniquely useful natural language capabilities. This requires developing proprietary

data flows and modeling approaches that can become a source of competitive advantage. Organizations start by integrating information systems, breaking down silos, and supplementing them with external data sources.

The luxury retail conglomerate LVMH illustrates how companies can begin to make this transformation. The company's operating model is designed to provide group-level support to its more than 75 luxury brands while preserving their creative independence. The result was fragmentation across data and systems, making it difficult to apply AI at scale. Yet doing so became a strategic priority, to strengthen execution across the group and unlock opportunities brands couldn't capture on their own.

This was resolved by designing a centralized platform in partnership with Google Cloud, with a modular architecture bringing together internal ERP and CRM data without forcing uniformity. The company launched an AI factory to develop customizable algorithms deployed across the group. This allowed it to scale tools like a generative

AI assistant to more than 40,000 employees, while enabling brands to apply AI in ways consistent with its own structure and needs.

The application of AI across operations and strategy promoted cross-brand learning and visibility into previously siloed insights. LVMH's AI assistant handles more than 2 million employee queries a month, speeding access to internal knowledge and building a shared base for future strategy decisions. Brands like Dior use predictive tools to refine customer engagement. Corporate teams apply AI to support strategic initiatives such as repositioning toward ultra-luxury, protecting margins through dynamic pricing, and safeguarding brand value through supply chain and anti-counterfeiting efforts.



LVMH shows how infrastructure, when designed for flexibility and scale, can unlock new forms of strategic insight across a complex enterprise. For organizations to make this shift, it's important to act on a few core imperatives:

- Take ownership of the design and implementation of the data and technology to ensure they reflect the needs of the strategy function, including critical build, buy, partner decisions.
- Design technology systems around how strategic decisions get made, focusing on the

inputs and feedback loops that can enable real-time choices.

- Structure data to highlight emerging signals and shifts in the environment that strategy teams can act on while decisions are still in flight.

2. Make strategy a dynamic and distributed capability.

AI is transforming how companies make decisions, shifting from static planning cycles to systems that adapt continuously. Instead of relying on episodic reviews, organizations are building decision-making models that respond to real-time conditions, using AI to detect signals and trigger action closer to the front lines.

This shift depends on feedback loops where insights and recommendations are generated in real time, with AI agents helping teams simulate scenarios, generate options, and adjust plans dynamically. As organizations embed AI into smaller, cross-functional teams, strategy functions can become more distributed, shifting from overly centralized planning to enable faster, coordinated moves as conditions change.

PepsiCo shows how companies are developing a more distributed strategic capability. The company launched a digital transformation in partnership with AWS, reimagining its enterprise model, which includes one of the world's largest distribution networks, spanning 23 brands and more than 200 countries. It is embedding AI across its commercial network, working with Salesforce to deploy Agentforce, a platform that pairs its frontline sales and promotion representatives with AI agents.

This platform enables the company's vast frontline to feed real-time data back into the system, creating a more robust AI engine and enabling continuous feedback loops that help it advance its innovation capabilities and strategic decision-making. The aim

is to close the gap between strategy and execution, allowing decisions to reflect real-world conditions without waiting for formal strategic planning cycles to catch up.

To support this shift, PepsiCo is adapting how its organization operates. Decision architectures need to be redesigned. New performance metrics are focused on speed of responsiveness and service outcomes based on AI-generated insights. As the system scales, PepsiCo leaders say it will help the company adjust more quickly to changing conditions and better connect day-to-day execution with enterprise-level priorities.

PepsiCo's approach highlights what's possible when strategy is embedded closer to where decisions get made. To build this kind of dynamic capability, companies should focus on a few critical priorities:

- Create pathways for frontline signals to reach corporate strategy teams without delay, allowing the system to learn from the edges inward.
- Build adaptive decision architectures that help teams course-correct based on what's happening in the field.
- Equip decision-makers with tools that reflect real-time conditions, so actions are constantly re-aligned with what's happening in markets, not what was expected in the strategy room.

3. Reshape strategy skillsets and roles.

AI will not make strategists obsolete, but it will raise the bar and redefine the skills and composition of effective strategy teams. Strategists will shape how AI operates, from setting decision rules to defining how it competes and learns.

Many companies are already acting on this shift. LVMH is training teams in prompt engineering

to help them retrieve and apply institutional knowledge more effectively through the company's AI assistant. PepsiCo is preparing frontline and corporate teams to work alongside AI agents, while rethinking governance to support faster, more distributed decisions. In both cases, the goal is creating new ways of working that link AI output to strategic action.

Shell provides a blueprint for reshaping strategy teams through a systematic, layered talent development approach. Its Shell.ai residency offers rotational experiences that give participants both technical AI depth and strategic perspective. Over 60% of residents have transitioned into permanent roles focused on combining AI expertise with strategic decision-making.



In parallel, Shell has launched company-wide training, enrolling thousands of employees in customized programs covering topics like machine learning and natural language processing. This is helping the energy company embed AI across its value chain, from exploration to trading, as part of a broader strategic pivot aimed at enabling new business models and cost transformation.

A key outcome of these efforts is the emergence of hybrid roles: strategy technologists, AI product owners, and domain experts who translate model outputs into strategic action. Shell now deploys over 10,000 machine learning models daily,

reflecting the scale and impact of AI fluency in the strategy workforce.

Strategy teams need new capabilities to navigate this disruption. Developing these skills requires deliberate talent investments, including:

- Prepare leaders to manage AI-enabled decisions by giving them experience with oversight, escalation, and continuous learning in high-stakes environments.
- Build roles that combine strategic judgment with hands-on interaction with AI models and signal interpretation.
- Support teams with tools and training to turn AI outputs into decisions that make sense in the real world, taking into account business priorities and experience.

4. Differentiate through better decisions and faster execution.

Once the foundations are in place, AI-driven strategy operates differently. When every competitor has access to similarly powerful tools, advantages from traditional sources of strategic insight collapse. It's no longer just about strategy functions generating insights to decide where to play or how to win. Instead, the edge goes to companies with hybrid decision-making models, using AI to evaluate more options while combining it with human ingenuity to act decisively.

As AI systems become more powerful and autonomous, decision quality and execution speed matter more. Companies can design playbooks with distinct rules and guidelines that enhance how AI makes decisions, building systems and operating models that retrain and redeploy models quickly, and tracking how competitors are using AI. As systems learn and adapt in real time, the focus of human talent evolves. For strategists, that

means clarifying which outcomes matter most and embedding those priorities into how AI makes decisions.

While this capability is still nascent in strategy functions, the financial services industry offers a glimpse of where it could head. Financial services has been reshaped by real-time infrastructure, automating high-frequency, high-stakes processes like trade execution, risk management, compliance checks, and settlement. Firms compete not just on what they do but on how fast and how precisely they do it.

At Goldman Sachs and UBS, AI assistants support decision-making by delivering faster interpretations of market shifts and enabling more consistent responses. Hedge funds and proprietary trading firms are running autonomous agents that adjust continuously in response to competitor behavior. The result is a market shaped by systems interacting in real time, each one adapting to the others.



RBC Capital Markets' Aiden trading platform shows how firms are orchestrating this shift. Aiden uses reinforcement learning to process hundreds of real-time signals and execute millions of calculations per trade. Human traders define the objectives and constraints, and Aiden adjusts during execution, learning from market behavior and refining its actions in the moment. RBC is applying Aiden across new asset classes to improve execution

speed and decision precision, building a system that competes directly on adaptability.

It is not difficult to envision a similar shift in strategy as agents and AI systems increasingly work autonomously to generate insights. For strategy functions, this means creating operating models focused on decision quality and enabling faster execution against competitors and their AI systems. To build this kind of capability, teams should:

- Design AI systems that reflect choices about how decisions get made. Even with similar tools, execution will differ based on how systems are tuned.

- Build mechanisms to update and redirect models quickly, based on new signals or shifting conditions.
- Use competitor behavior and system interaction patterns as direct inputs into strategic planning.

When a strategy function is effective, it serves as the nerve center for consequential decisions that drive long-term growth and value creation. AI promises to be a force multiplier for that critical role in organizations.

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