

Gap International

A Consulting Company

A POINT OF VIEW

# The Performance Problem.

Why industry's biggest bet is producing its most overlooked crisis.

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## SOMETHING IS NOT ADDING UP

Organizations are undergoing a crisis of humanity. As AI tools dominate strategy decks, automate analysis, and generate executive summaries, the most critical ingredient in organizational transformation—people—has been systematically deprioritized. Every major firm is racing to lead with technology. No one is leading with human beings behind it.

Organizations have made an extraordinary commitment to digital transformation. Technology budgets have expanded dramatically. AI initiatives have proliferated at every level of the enterprise. Digital transformation has become the dominant strategic conversation in virtually every boardroom in the world.

**And yet, by almost every meaningful measure of human performance, the organizations inside those transformations are moving in the opposite direction.**

This is not a rounding error. This is not a temporary disruption. This is a fundamental misalignment between where organizations are investing and what produces results, and it is accelerating.

77%

of employees globally disengaged at work  
(Gallup, 2024)

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\$7.8T

lost annually to disengagement worldwide  
(Gallup)

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11  
year low

U.S. employee engagement, Q1 2024  
(Gallup)

# The bet that everyone made and what it left behind.

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The logic for investment in AI is sound on the surface. If you can automate analysis, compress timelines, and deliver insight at scale, you should. The firms that have led this charge—the largest in the world—have made enormous investments in repositioning their capabilities around technology-enabled delivery.

But in the race to automate insight, an inconvenient truth has been left on the table: data does not make decisions. Frameworks do not execute strategies. AI does not build a leadership team that trusts one another, move an organization through a genuinely difficult cultural change, or produce the kind of sustained commitment that separates a company that occasionally performs well from one that performs exceptionally, every time.

**People do all those things. And right now, people are the most underinvested asset in the modern enterprise.**

95%

of AI pilots fail to deliver income-statement impact

Not because the technology is flawed. Because human thinking required to act on it, with clarity, conviction, and alignment was never developed.

# It is not a technology gap. It is a mindset gap.

The reason most organizational transformation efforts underdeliver has nothing to do with the quality of the strategy or the sophistication of the tools. It has to do with the thinking that is producing the current results.

Every result an organization produces, every outcome, every missed target, every moment of exceptional performance begins upstream, in the way the people responsible for it are thinking. Not their skills. Not their IQ. Not even their experience. Their thinking: the assumptions they are not examining, the past-based beliefs they are not questioning, the constraints they have accepted as fixed that are not fixed at all.

This is the gap that no technology platform closes. It is the gap that is quietly limiting the performance of otherwise capable, well-resourced organizations right now.

“ 95% of leaders believe they are self-aware. Research shows only 10–15% actually are. ”

PRIMEAST, 2025

That number is worth sitting with. Because if the leaders at the top of your organization are operating from blind spots they cannot see, making decisions, setting culture, and

driving strategy from thinking they have never examined, then no amount of AI-generated insight will produce the outcomes you are after.

## WHAT SHOWS UP ON THE SURFACE

- Strategy that doesn't translate into execution
- Leadership teams that are capable individually but misaligned collectively
- Culture initiatives that launch with energy and stall within months
- AI and technology investments that produce reports but not decisions
- Performance that is good, but not exceptional, and not consistent

## WHAT IS DRIVING IT UNDERNEATH

- Leaders thinking from precedent, not possibility
- Teams optimizing for what is predictable rather than breakthrough
- Assumptions about what is and isn't possible that have never been tested
- A business model that advises on the what, but never touches the who
- An organization developing its tools while under-developing its people

# The 95% statistic is not an anomaly.

It is the norm—and it is leading from the top of your organization right now.

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The leaders responsible for setting direction, allocating resources, shaping culture, and driving the decisions that determine your results are, in most cases, operating from thinking they have never examined. Not because they are incapable. No one has ever created the conditions for them to see it.

That gap, the one between the leader they believe they are and the leader they are, does not stay contained. It moves through every conversation they have, every team they lead, every strategy they are responsible for executing. Managers account for up to 70% of the variance in employee engagement. Which means the thinking gap at the top compounds at every level below it.

The dominant response to this problem has been information. Send leaders to programs. Build competency frameworks. Teach them better communication. What organizations almost never do is invest in changing how their leaders think, which is the only intervention that moves the needle underneath.

Emotional intelligence explains 58% of performance outcomes across every job type measured. Not communication skills. Not technical expertise. Not strategic acumen. The capacity to understand oneself and others which is developed, not downloaded.

Manager quality alone accounts for up to 70% of variation in employee engagement.

GALLUP STATE OF  
THE GLOBAL WORKPLACE

# What this costs and what it makes impossible.

The gap between where organizations are investing and what drives performance is not an abstract strategic concern. It has a concrete, calculable cost and it shows up everywhere:

## IN PRODUCTIVITY

Disengaged employees cost the global economy \$7.8 trillion in lost productivity every year. The organizations experiencing this are not failing in their strategy. They are failing in their connection to the people executing it.

## IN LEADERSHIP

Only 30% of managers are engaged at work. Since managers drive up to 70% of team engagement, an under-invested leadership layer compounds through every level of the organization quietly, until it isn't quiet anymore.

## IN TRANSFORMATION

Most change initiatives follow the same arc: launch with momentum, hit friction at 90 days, stall at six months, revert by year two. The process was sound. The people inside it were never equipped to sustain it.

## IN AI INVESTMENT

95% of AI pilots fail to deliver income-statement impact. Only 34% of organizations are truly reimagining their business through AI (Deloitte, 2026). The technology is available. The human thinking to leverage it is not.

“ Ultimately, what any company does when it is successful is merely a lagging indicator of its existing culture. ”

SATYA NADELLA, CEO, MICROSOFT

# What the most consequential organizations are asking right now.

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The leaders who are building organizations capable of sustained, extraordinary performance are not asking different questions because they have access to better data. They are asking them because they are willing to look honestly at what is driving, or limiting, their results.

## **The questions worth sitting with regardless of industry, size, or current performance:**

- We have invested significantly in technology. Why isn't execution improving at the same rate?
- Our leadership team is talented and experienced. Why do we still struggle to align and move decisively?
- We launch change initiatives with real momentum. Why do so few of them hold?
- Our strategy is sound. Why does translating it into consistent performance feel harder than it should?
- We are developing our people, but are we developing how they think, or just what they know?
- If our leaders' thinking hasn't fundamentally changed, why would our outcomes be fundamentally different?

## **THE COST OF NOT ASKING THESE QUESTIONS**

Organizations that avoid this inquiry do not stagnate dramatically. They drift slowly, over years while their competitors build something more durable underneath the surface. The performance gap rarely announces itself. It accumulates.

By the time the drift is noticeable in results, the human patterns producing it are years in the making. The compounding cost of unexamined thinking is not a line item. It is the distance between what an organization is capable of and what it produces.

## **WHAT BECOMES POSSIBLE WHEN THEY DO**

The organizations that take this question seriously and invest in the thinking behind their results, not just the results themselves, report the same pattern: the work compounds.

Leaders who change how they think change how their teams operate. Teams that operate differently produce outcomes their industry describes as exceptional. And those outcomes attract the kind of talent, partnerships, and opportunities that sustain the cycle.

THE MARKET IS ASKING FOR MORE AI  
THE REAL QUESTION IS MORE FUNDAMENTAL

# What do people need to perform at their absolute best?

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## PEOPLE-DRIVEN PERFORMANCE

That answer has not changed. Most organizations have simply stopped looking for it.

Gap International has spent nearly 50 years studying what separates organizations that perform extraordinarily from those that perform adequately. This point of view is drawn from that work, and from the questions we believe every senior leader deserves to be asking.

For more information visit [GapInternational.com](https://www.GapInternational.com)