Lean is the New Black in Uncertain Times

Bevington Group is the strategy and operating model practice of Argon & Co

Prompt: A perfectly folded, sharp, matte-black origami crane standing proudly in the center of a desk covered in chaotic, crumpled balls of white paper arranged in the word 'lean'. Dramatic spotlight illuminating the crane, macro photography, shallow depth of field. --ar 16:9

May 2026

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Overview

1. The pressures driving change
2. Why AI alone is not the answer?
3. Lean principles
4. What does this look like in practice?
5. What should leaders do next?

The pressures driving change

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Global uncertainty is broad-based and intensifying – pressures interact and erode our capacity to absorb shocks (some examples are below)

GEOPOLITICAL RISK

Active wars across regions

- **Strait of Hormuz**
- **Gaza**: humanitarian crisis, regional spillover
- **Lebanon**: Hezbollah-Israel escalation
- **Sudan**: civil war, 10m+ displaced

CLIMATE CHANGE & FOOD INSECURITY

Hunger and climate at record levels

- **~673m** people undernourished (UN 2025)
- 3x projected in 40°C+ days by 2050
- Climate shocks compound shortages

ALLIANCE DISLOCATION

Multilateralism under strain

- NATO cohesion tested by US policy shifts
- BRICS+ expansion challenges G7 primacy
- Trade blocs fragmenting around tech and tariffs

SOVEREIGN DEBT & INTEREST RATES

Fiscal space exhausted

- **Global debt >90% of GDP**
- Higher-for-longer rates lift servicing costs
- Limited fiscal room for crisis response

AGEING POPULATIONS

Workforces shrinking

- Japan, Italy, Germany workforces contracting
- China's working-age population has peaked
- Pension and care costs rising sharply

Source: WHO; IPCC; UNHCR; IMF

Productivity deserves special attention (because it will help with inflation and therefore interest rates). We all have a role in productivity improvement

Cash Rate

4.35%

- May 2026 hike (+25bps)
- Markets divided on more rate hikes in 2026

Inflation (CPI)

4.2%

- Target return highly uncertain due to Middle East conflict

GDP Forecast

1.75-2.25%

- Predicted "softening" of economy by late 2026

AUD / USD

0.72+

- Rebounded
- Driven by interest rates, rising commodity prices, and market sentiment

Productivity FY25

-0.7%

- Stagnant output per hour worked continues to depress productivity

Labour Cost FY25

+2.2%

- Wage–productivity gap of ~2.5–7.4 pp over 3 years

Broad AI Adoption

50%

- AU firms use AI regularly
- 14% report revenue gains

Tech Jobs Cut

4,450

- In first 10 weeks alone
- Australia 2nd globally for losses

Source: RBA; ABS; Inflation (CPI): 4.2% y/y to April 2026; Australian Treasury; AWS; Seek

The good news is, your organisation almost certainly has inefficiencies that are independent of the current macro-economic climate

Common inefficiencies include:

- Process inefficiencies
- Capability gaps
- Excessive manual effort (no automation)
- Flexibility challenges
- Ineffective structures
- Legacy technology challenges

Addressing these inefficiencies can provide a sustainable solution that helps you navigate the currently tough environment, while also setting you up for greater success in the future…

Bevington Group recommends adopting rational, strategic responses based on the nature of the issue

Process inefficiencies	Lean process re-engineering
Excessive manual effort (no automation)	Process automation
Ineffective structures	Restructuring (within operating model redesign)
Capability gaps	Role re-design (possibly with restructuring)
Flexibility challenges	New ways of working
Legacy technology challenges	Modern architecture & AI

Why AI alone is not the answer?

(And why Lean is the new black)

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AI Adoption is wide, but shallow

The enterprise AI landscape is defined by a paradox: near-universal adoption, near-universal disappointment

GLOBAL AI ADOPTION

88%

global organisational adoption of AI
Stanford HAI, 2026

95%

of GenAI pilots delivered no measurable P&L impact
MIT Project NANDA, 2025

42%

of companies abandoned most AI initiatives in 2025 (up from 17% in 2024)
S&P Global 2025

AUSTRALIA AI ADOPTION

50%
of AU firms use AI regularly (1.3M)
AWS Research 2025

7%
broadly use AI across business
Australian Treasury 2026

14%
have scaled AI across the org
Asana 2025

14%
see revenue gains (vs. 30% global)
AFR 2026

Adoption is wide, but shallow.

Half of Australian firms use AI in some form, but only one in seven has scaled it, and even fewer see it on the P&L.

- Widespread experimentation is trapped in pilots; very few firms successfully scale AI enterprise-wide
- Current AI use focuses on basic task automation rather than driving deep structural transformation
- High software costs hit the P&L immediately, but theoretical productivity gains remain unmeasured

THE KEY CHALLENGE

$2.59T

Expected to be spent globally on AI in 2026, marking a 47% increase year-on-year
Gartner 2026

These adoption results show that AI is not the bottleneck, **rather the operating model around it is**

Therefore, the key challenge for organisations is to close the gap between AI ***experimentation*** and AI ***value realisation***

Integrating Lean thinking and AI may be a way to accelerate benefits

Three reasons Lean has moved from a quality conversation to the heart of how leaders deliver in the AI era

01

Leaders are refocusing on execution

- Productivity growth has stalled across most developed economies as AI raises the bar for what leaders are expected to deliver
- Boards now ask for measurable operational outcomes, not just more transformation
- The advantage shifts to organisations that can turn strategy into daily execution at pace

02

Lean is how you run the business, not a set of tools

- Lean is a complete way of working from mindset, methods, and management habits, built around the people doing the work
- Companies that copied the tools without the thinking stalled; those that internalised it built decade-long advantages

03

AI makes Lean more relevant, not redundant

- Without Lean, organisations digitise waste rather than eliminate it
- Lean directs where to apply AI, and AI accelerates the improvement cycle Lean has always run
- Toyota itself pairs generative AI with TPS – proof the operating system absorbs new technology rather than being replaced by it

Lean forces you to rethink the value of work and how the work is done

1. Deconstruct

Break down the work into tasks

2. Redeploy

Match tasks to tech, talent, or automation

3. Reconstruct

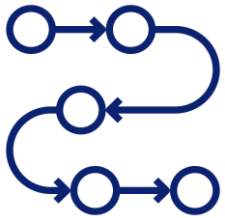
Build new workflows and roles

Start focused

Scale fast

- Select a well-defined process that can serve as a proof-of-value
- Adopt an agile approach to redesign
- Encourage mistakes and learn from them
- Build a backlog to streamline rolling out to scale

Financial services example



- **Workflow:**
  Customer order processing
- **Toolkit:**
  Computer vision, RPA, ML, GenAI

Workflow deconstructed into 128 tasks:

68	17	29	14
Tasks automated	Tasks reassigned from Senior to Junior Staff	Tasks sent to Global Capability Centres	Tasks augmented for Senior Roles

Outcomes

50%	18%	40%	Stronger customer onboarding
Reduction in work effort	Drop in turnover	Reduction in costs	

Source: Want AI-driven productivity? Redesign work (MIT Sloan Management Review)

Lean principles

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Of all the methodologies, Lean process improvement is proving to be the most enduring

Lean process improvement method

Lean is a general term used in the marketplace for a set of techniques and tools that

01	Identify Value	In lean, **value** is defined by the **customer**. This often means ensuring the product is provided to the customer in the right place, right time, and at the right price. All the process steps that contribute to this are identified
02	Eliminate Waste	Lean practitioners identify all the steps that provide **no added value**, but **consume resources**, and **eliminate waste** with the appropriate tools
03	Create flow	Lean methods **expand capacity** by reducing cycle time and costs, so that materials and information can flow through the process

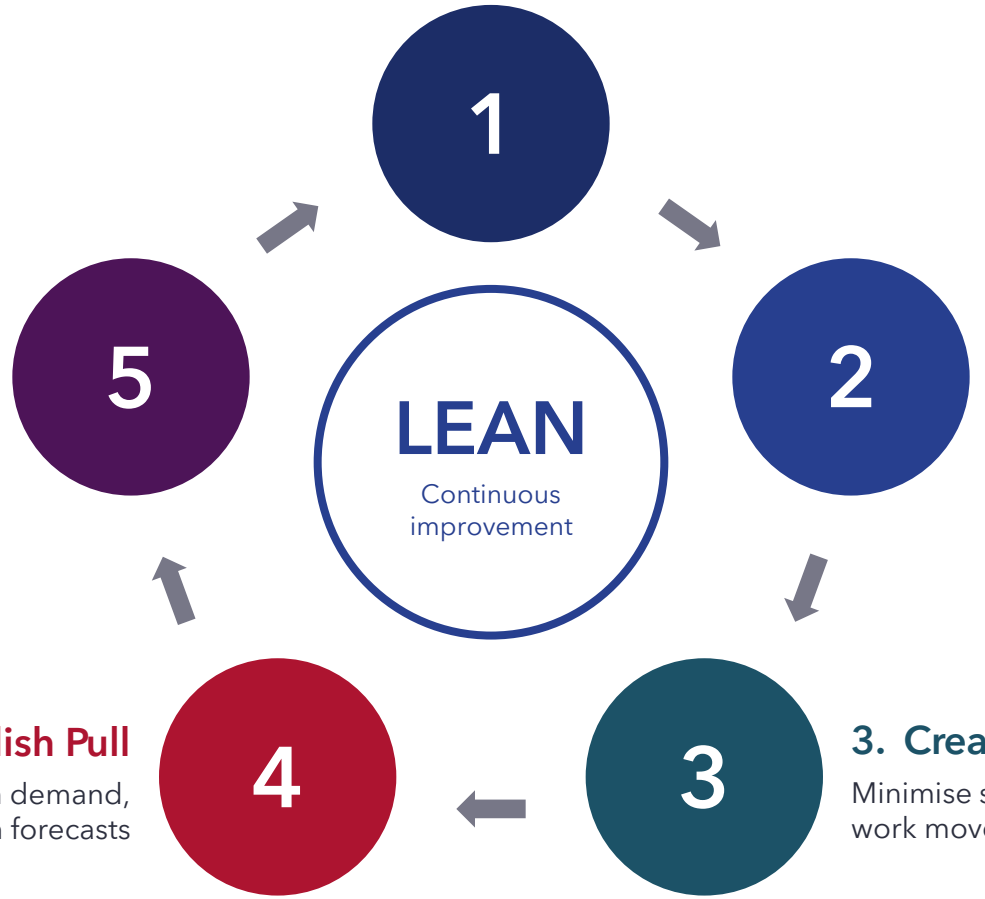
Benefits

- Focuses on overall process performance using a robust toolkit from leading organisations
- Becomes part of business activities
- Focuses on year-on-year improvement to move process closer to theoretical limits

The 5 Principles of Lean

1. Identify Value

Value is defined by the customer: the right product, in the right place, at the right time and price



2. Map the Value Stream

Visualise the end-to-end process. Identify value-adding steps and eliminate waste

3. Create Flow

Minimise stops and starts. Remove constraints so work moves smoothly

4. Establish Pull

Work is triggered by downstream demand, not pushed by upstream forecasts

5. Seek Perfection

Pursue continuous improvement and relentlessly remove waste toward an ideal state

In Lean, value is "Customer Value"

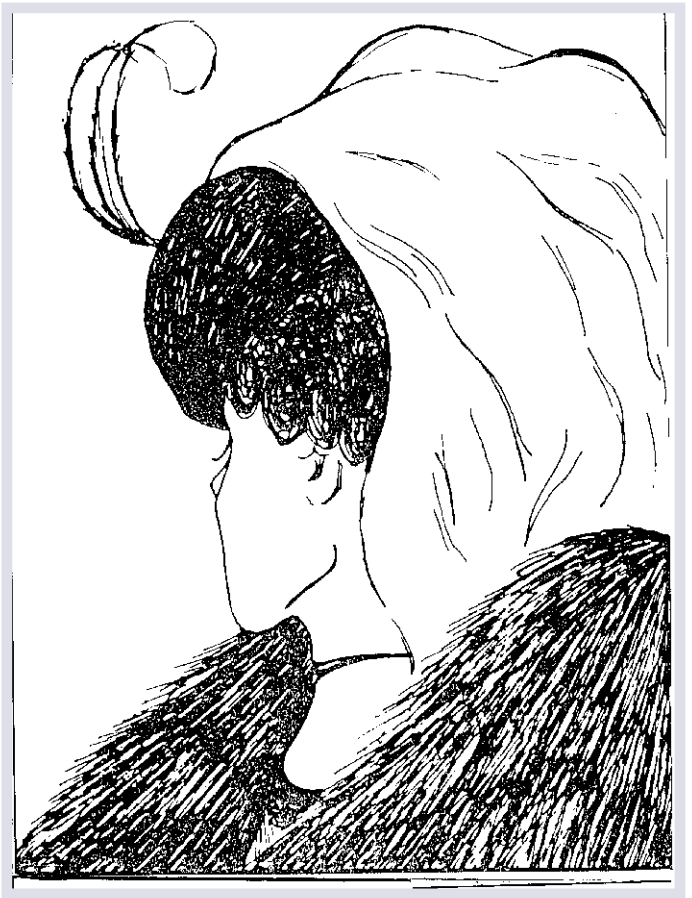
***Value** must **always** be determined by the customer*

- The critical starting point for lean thinking is **value**
- Lean is the process of identifying the **least wasteful** way to provide **value (correct product or service, with no unnecessary delays, at lower cost)** to our **customers**
- Value can only be defined by the customer

- What do you see in this picture?

- It's a matter of perception - and only the CUSTOMER'S perception matters!

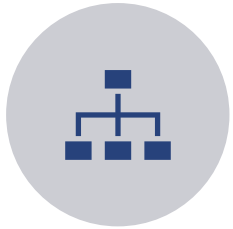
Lean encourages us to constantly ask:
- Does this step create value?
- Would the customer care if this step disappeared?
- Is this activity helping deliver the outcome more effectively?



Put simply, waste is non-value adding activities (i.e. activity that the customer doesn't value)

Examples of non-value adding activities may include:

Chasing up information or receiving incorrect information



Fixing up mistakes caused by your own and other departments

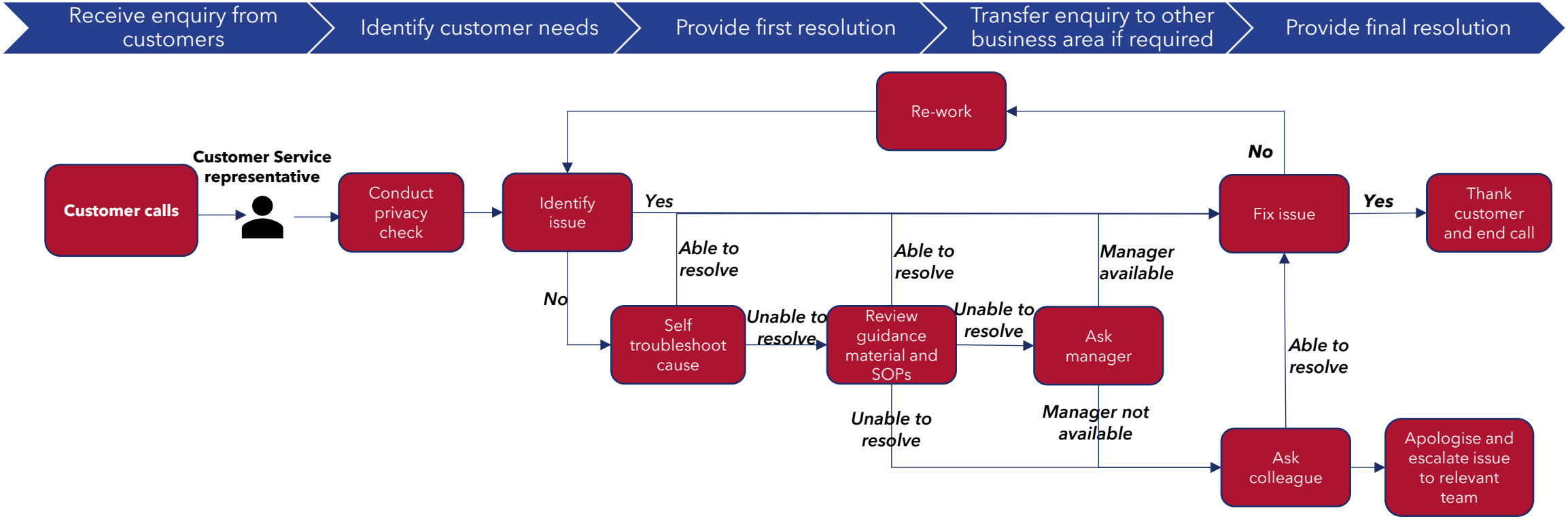
Delays caused by other departments

Dealing with system limitations

Errors and having to redo work

What is Flow?

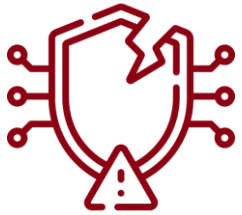
- In lean, Flow is about how materials and/or information move through the process to deliver value to the customer in the form of a product or a service
- Flow is best described with the help of a value stream chevron and / or a process chart



Process inefficiency is very common with 35%+ of process effort adding little to no value

Examples of inefficient processes

- Overly complex approval layers slowing decisions
- Rework from poor data quality
- Workarounds and manual effort due to system limitations
- Excessive handoffs and unclear ownership



Consequences of not updating processes

- Frustrated customers
- Irritated staff
- Increased risks
- Higher costs

Opportunities in process optimisation

- Improve efficiency and effectiveness
- Enhance customer experience
- Enable automation and scale
- Reduce technology implementation risks and costs

Seven focus areas that Lean consistently reveals

Process inefficiency

Remove manual, inconsistent, and low-value transactional work that consumes effort disproportionately to create capacity for more value-adding activity

Information quality and timeliness

Improve information quality at the source for a flow on effect that reduces rework, delays, and excessive follow-up. This will create a self-reinforcing cycle of efficiency

Ways of working

Standardise work based on complexity and risk to increase consistency, support capability uplift, and enable automation

Work and workforce management

Align work consistently to capability and role design, to reduce manager bottlenecks, key-person dependencies, and improve delivery resilience. Work should be streamed by capability needed

Staff capability and capability development

Enhance the way capability is developed to reduce reliance on high repetition for learning, manager coaching and on-the-job exposure time required

Risk and complexity

How risk is managed needs to be integrated and proportionate to the job / client

Automation opportunities

Automate repetitive, rules-based activities. Leverage contemporary solutions to enhance how the work is done (i.e. can AI support or enhance the process)

What does this look like in practice?

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Frontier organisations re-engineer work at the task level and rebuild processes around technology. Success comes from rethinking your entire workflow, and letting go of old habits

Rebuild workflows around AI

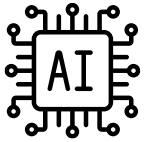
- Leading organisations are not simply implementing AI; they are re-engineering work at the granular task level

The frontier isn't just a place; it's a mindset

- The shift isn't technological, it's organisational and behavioural
- It requires courage to let go of legacy processes

Build for adaptability, not just efficiency

- The real opportunity is to build resilient, future-ready organisations that can continuously adapt and innovate



Start small, think big

- This is a call to action: do not wait for a perfect AI strategy
- Start by rethinking one process and starting small is fine
- What matters is starting with intentional redesign

The evidence supports this as organisations that redesign work before scaling AI capture measurable, enterprise-wide returns

Organisation	Approach	Measurable outcomes
CBA	GenAI layered onto redesigned fraud detection and lending workflows	**70%** reduction in scam losses; loans approved in <10 mins; credit reviews that used to take14 hrs now takes 2 hrs
Telstra	AI-enhanced process strategy (100% of key processes targeted); 18,000+ Copilot licences	**80%** weekly usage; integrated into daily workflows across the enterprise
BHP	AI applied across the mining value chain — exploration, processing, reliability	Performance gains across interconnected operational systems
C.H. Robinson	Lean AI: value stream mapping of quote-to-cash, then 30+ AI agents deployed	**40%** productivity gains; price quotes in 32 seconds vs. hours; 7 consecutive quarters of market outperformance
DBS Bank	Process redesign + data analytics transformation; 430+ AI/ML use cases	**~SGD 1B** economic value (2025); ROE 16.2%
Bosch Mobility	Lean + cross-functional collaboration + industrial AI	**6%** energy reduction; **9%** fewer rejects; deployment compressed from months to weeks
Kellanova	Digital twin + process simulation	**10%** line performance increase

Source: H2O.ai; Telstra; BHP; CH Robinson; DBS Bank Annual Report; Bosch; Kellanova;

Lean process reengineering example

Credit assessment & lending decisions

TODAY · 6 STEPS
Linear, document heavy process

01 Branch Officer
Customer meets branch staff for product and suitability advice

02 Customer / Branch
Customer submits application with ID, income and a list of what they own and owe

03 Credit Analyst
Check the paperwork, run identity and anti-fraud checks, confirm the loan is affordable

04 Credit Analyst
Pull credit report, check the customer can repay, write up the case, recommend approve or decline

05 Credit Manager
Review the case against bank policy, make the final approve or decline call

06 Settlement Officer
Prepare loan docs, order property valuation, sort title and insurance, release the funds

DECONSTRUCT → REDEPLOY
How each task is rebuilt

Customer advice RECONSTRUCT
AI handles simple cases; staff coach customers through the complex ones

Application + docs RESTRUCTURE
Customer shares bank data and digital ID; bank offers loan based on customer profile, instead of waiting to be asked

Verification ELIMINATE
Data flows direct from the source; no document checking needed

ID + responsible lending EMBED
Compliance runs continuously in the background; staff only review flagged cases

Credit + affordability check AUTOMATE
AI reads credit report, bank transactions, and other data in real time

Risk write-up + decision AUGMENT
AI drafts a clear explanation and auto-decides standard cases; staff handle the edge cases

Settlement ORCHESTRATE
Personal loans settle end-to-end automatically; home loans run by AI with staff oversight

RECONSTRUCTED · 4 STEPS AI-ENABLED
Always-on, decisions in minutes

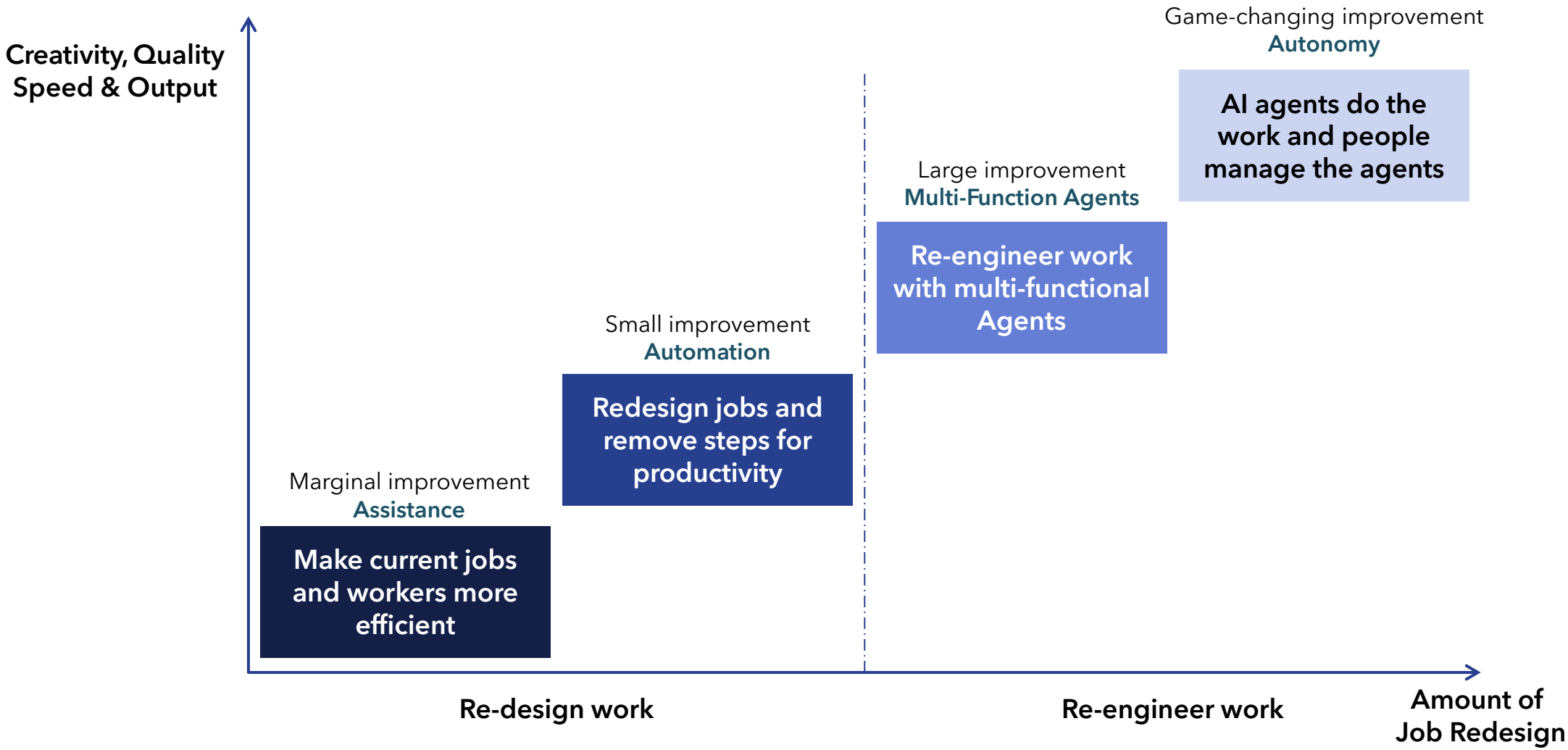
01 AI Risk Engine + instant data + digital ID
Always-on risk profile. Pre-approved offers appear when the customer needs them; compliance is built in

02 AI Decision Engine
Standard loans auto-approved with a clear explanation. Rates and terms tuned to each customer's real-time risk, not one-size-fits-all

03 Credit Risk Adviser (AI-assisted)
Handles complex or unusual cases with an AI-prepared summary. Also coaches first-home buyers, business owners and other non-standard customers

04 AI Settlement Specialist
Personal loans settle end-to-end automatically. Home loans: AI runs the docs, valuation, title and insurance; staff oversee complex deals

Re-engineering work for AI unlocks the opportunity for maximum potential return



Source: How AI will reinvent our companies (The Josh Bersin Company)

What should leaders do next?

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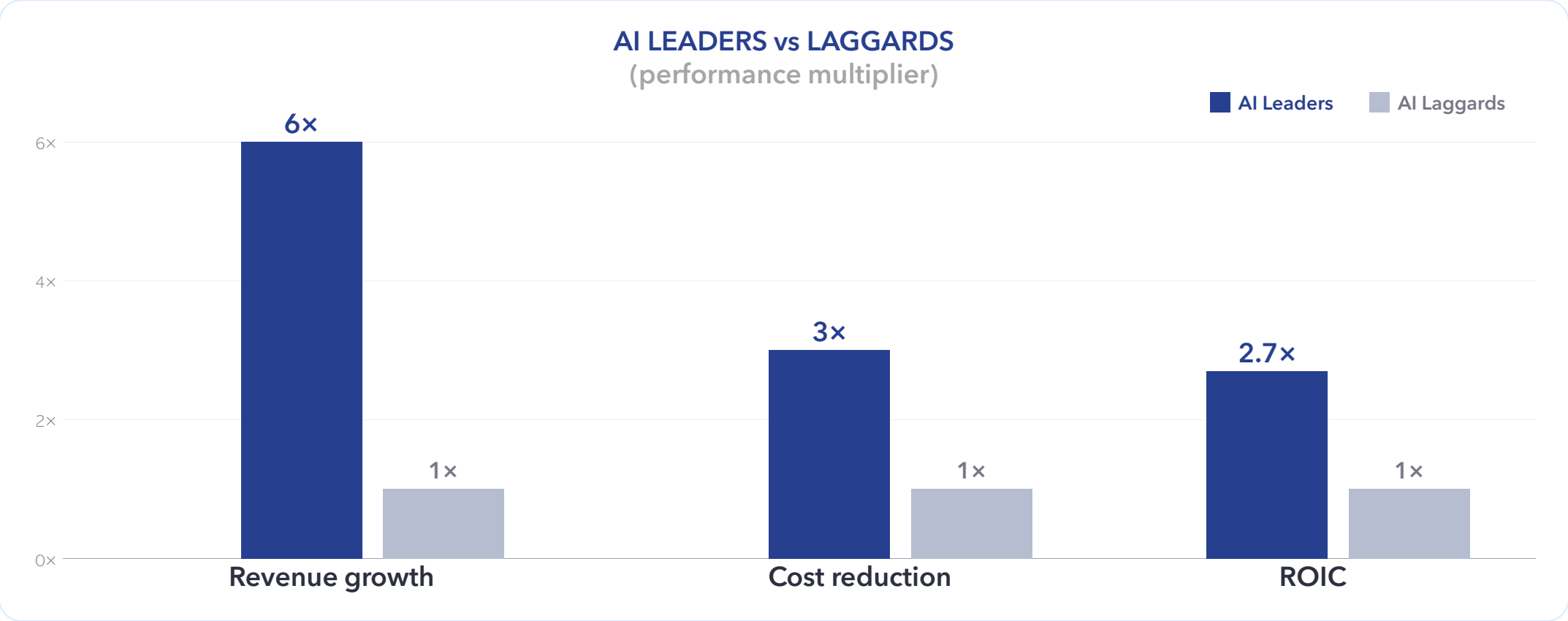
Leaders who get the people and process balance right deliver materially higher returns on the same AI investment

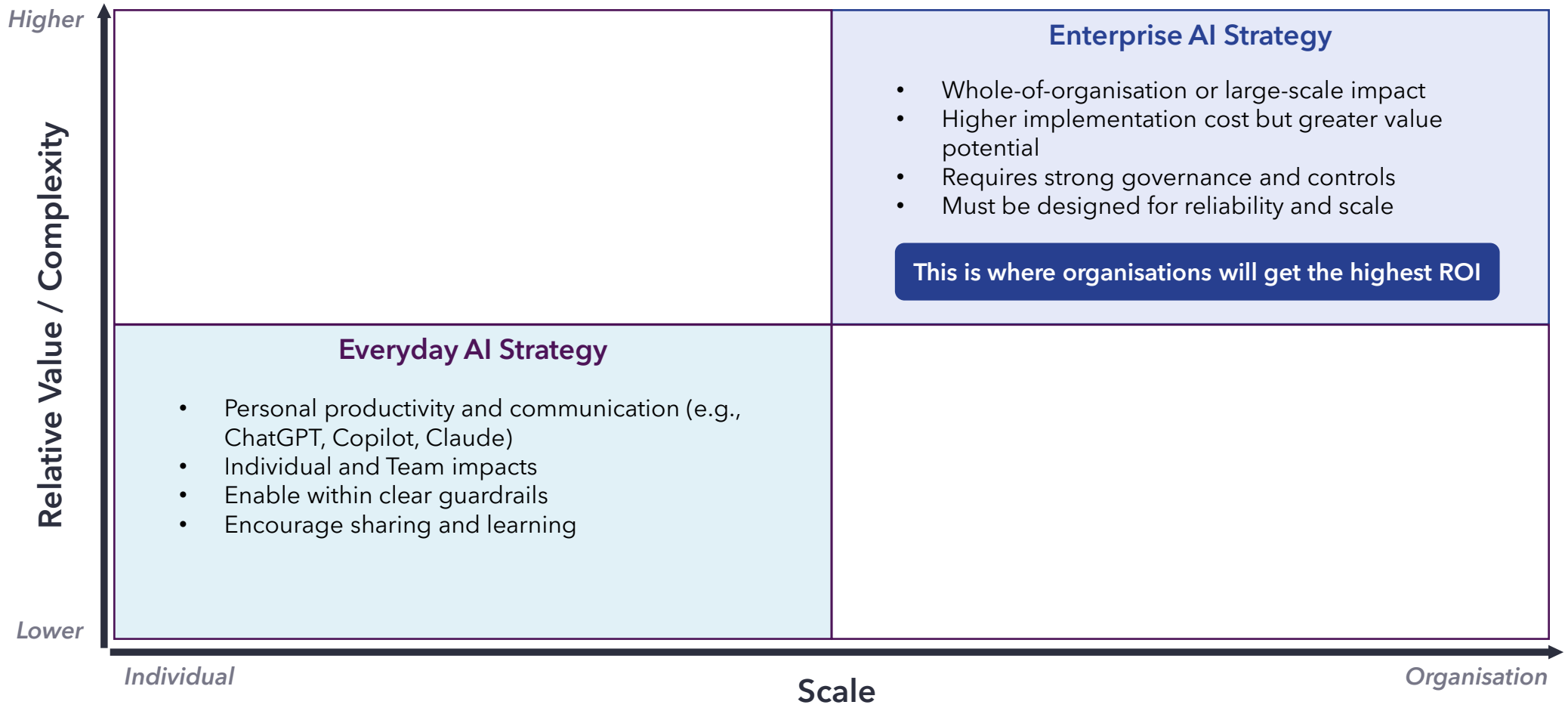


Industry survey suggests that 93% of AI funding goes to technology with only 7% remaining to people and process

Source: CIO; BCG; Deloitte

There are two distinct strategies for leaders to consider

Enabling individuals and teams at scale (Everyday AI) and driving organisation-wide value (Enterprise AI)



There are different strategies for Everyday AI and Enterprise AI

To maximise impact, organisations can leverage Everyday AI to build team skill, while sustainable long-term value is created through enterprise use case development

For Individuals

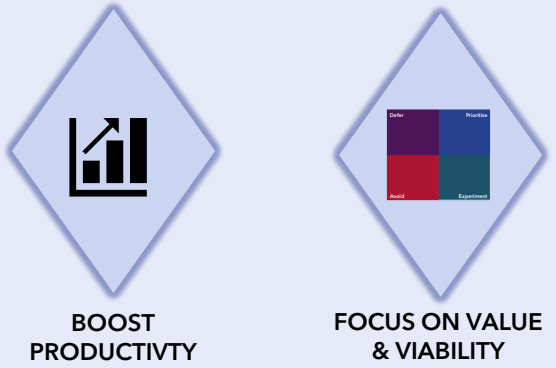
Program can create culture to support "Embracing automation and AI"

Everyday AI – Agents for Everyone

Fit-for-purpose AI Tools / Platform Tools

- Leverage to build user capability and accelerate AI adoption
- Your people get used to incorporating AI into everyday workflows, ingraining the habit

Enterprise AI – Value Creation



BOOST PRODUCTIVTY

FOCUS ON VALUE & VIABILITY

Significant investment – Significant returns

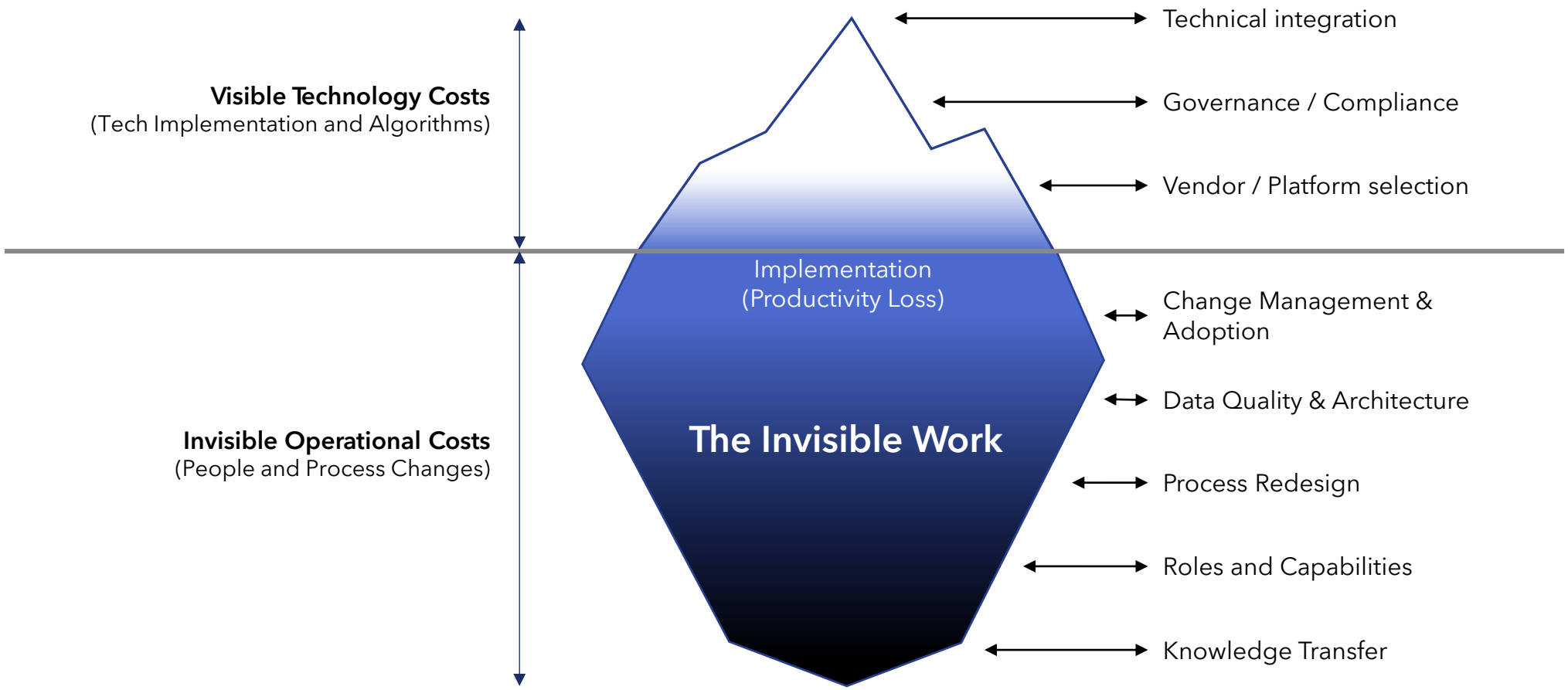
- Built specifically to deliver organisational value, accelerating throughput and reshaping work
- Drives significant returns, but requires successful adoption

For Enterprise

High impact use cases for value streams.

May involve highly complex or simple solutions (e.g. IA or RPA)

Lean process improvement helps uncover the invisible cost of Enterprise AI



True ROI may be delayed because the technology is merely the visible tip; the bulk of the investment lies in reshaping the organisation to use it

Where to focus for targeted Enterprise AI investment?

01 FOCUS

Select a few key priorities

- Align on three to four central priorities rather than dozens of use cases
- Research estimates that roughly **70% of AI's value** potential is concentrated in core business process workflows where decisions, costs, and outcomes intersect

02 RE-ENGINEER

Redesign the work, not just the tools

- Change the workflow as you roll AI out
- Organisations achieved a **38% boost** by treating AI implementation as workflow redesign

03 SPONSOR

Anchor governance at the top

- Active executive sponsorship and senior leaders in governance roles are the factors most correlated with bottom-line impact
- CEO oversight alone is linked to a **3.6× lift** in bottom-line impact

04 EMBED

Build adoption into the team

- Most of the effort goes into people and process: leadership engagement, working with frontline teams, and scaling through champions and feedback
- Leading firms train **50%+ of staff** on AI and are 4× more likely to run structured learning programs

Source: BCG; McKinsey; Nielsen Research

In summary

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In summary, Lean is the management system AI needs to deliver value

- Productivity is a key sustainable path forward in an era of rising costs and stalling output
- AI layered onto broken processes scales waste, not value, so consider reengineering workflows before you automate
- Organisations that redesign work at the task level capture measurably higher returns on AI investment
- Redesign work and roles before scaling technology
  - Everyday AI that is guided by a policy, is practical, and empowers your team to experiment and adapt
  - Enterprise AI based on Value Driver Analysis and enterprise Strategy

And, of course, we are here to help if you need it...

If you have any additional questions or require further information, please contact

webinar@bevingtongroup.com

This presentation and related articles will be available for viewing at www.bevingtongroup.com

We look forward to seeing you at our next webinar

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Contact details and disclaimer

Bevington Group is a specialist consultancy with six core practices:

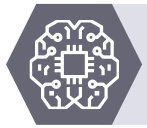

Operating Model Design and Restructuring


Process Reengineering and Automation


Enterprise Digital, Data, and AI


Accelerated Implementation


Change Management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