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Perspective: The New Logic of Teams

Last month, we argued that AI shifts scarce human effort from production to verification. This month, we turn to teams. Teams are among the most important units of production in firms. They add capacity, combine expertise, and create motivation through joint work. AI changes all three. It can act like a teammate, expand what individuals know, and make collaboration across domains easier. But it also changes what team members can hide.

A recent field experiment at Procter & Gamble makes some of these points concrete. In the study, 776 professionals worked on real product innovation challenges, either alone or in R&D-commercial pairs, and either with or without generative AI. Individuals using AI produced work at roughly the level of two-person teams without AI. This implies that a capable AI assistant can now provide some of the informational breadth, iteration, and idea generation that used to require another person.

At first glance, this suggests that teams become less valuable. If one person with AI can do what previously required two people, why keep the team? For many routine tasks, that conclusion is right. Firms should not automatically convene a meeting, staff a cross-functional pair, or involve another layer of review simply because that is how the process used to work. For standardized work, the better unit may be an individual with AI and a clear performance standard.

But the experiment also shows why the story is not simply "AI replaces teams." The strongest outcomes came from teams using AI who were much more likely to produce top-decile solutions. That matters because organizations rarely care only about average output. In innovation, strategy, and major client work, the value is often in the exceptional proposal, not the adequate one. AI reduces the need for teams when the goal is ordinary competence. It can increase their value when the goal is breakthrough performance.

This changes the question managers should ask. The old question was: how many people do we need to produce a given output? The new question is: when is human interaction worth the coordination cost? Routine teamwork becomes less valuable because AI can now supply much of the first-pass breadth. But deliberate teamwork becomes more valuable when the task requires judgment, integration, or verification.

One reason teams exist is that knowledge is dispersed. Commercial experts understand customers, pricing, and channels. Technical experts understand feasibility, mechanisms, and constraints. Bringing them together can create complementarities, but it also creates frictions because people reason from their own domain. Commercial professionals tend to produce commercial answers, R&D professionals tend to produce technical answers. Much of the work in teams is therefore translation: helping people with different expertise understand one another well enough to build something jointly.

AI can reduce this translation cost. It can reframe a technical idea in customer language, turn a commercial objective into technical requirements, and generate the questions each side should ask the other. This does not only make collaboration with AI easier. It makes collaboration among humans easier. More heterogeneous teams can now work together productively: legal with product, data scientists with sales, scientists with brand teams. AI creates an intermediate language across domains.

That is the upside. The downside is that heterogeneous teams are harder to evaluate. Team members know different things, which is precisely why they are valuable. But this also means they are less able to assess one another's contributions. If the technical argument is weak, the commercial partner may not notice. If the market logic is shallow, the R&D partner may not see it. AI can intensify this problem because it makes weak contributions look polished. Good enough becomes easier not only for individuals, but for every member of a team.

This deepens the classic free-rider problem of team production. In teams, it is already difficult to know who really contributed. AI adds another layer of ambiguity. Did a teammate apply judgment, check assumptions, and refine the answer? Or did they ask AI for a plausible draft and pass it forward? The more heterogeneous the team, the harder this becomes to assess. The very diversity that makes the team valuable also makes low effort easier to hide.

This is where the lessons from the incentive reset and the verification shift return. AI makes visible contribution cheaper while making scarce contribution more important. Managers therefore need to redesign team roles. It is no longer enough to assign people to a project and tell them to collaborate. Teams need explicit ownership of contributions and explicit responsibility for verification. The commercial lead should own the customer logic. The technical lead should own feasibility. The integrator should own the final trade-off. AI output should not blur these responsibilities. It should make them more visible.

This also changes team size. Because AI supplies some of the breadth that used to come from adding people, many routine teams can become smaller. But because verification and integration become more important, the people who remain on the team must be chosen more carefully. The right response thus is fewer routine teams, more deliberate expert teams, and clearer accountability inside them.

All this implies that firms should distinguish between the following three uses. For routine work, use individuals with AI and raise the standard. For cross-functional work, use AI to help experts communicate across boundaries. For exceptional or high-stakes work, preserve human teams, add AI, and make verification explicit. AI has changed what a team can do. It has also changed what a team can hide.

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