DIAGNOSING THE INVISIBLE

A STRATEGIC CPA'S GUIDE TO ORGANIZATIONAL DRAG

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What if your strategy is stuck in invisible quicksand? Your plan may be sound, and your people may be smart, but 25% of your productivity has fallen victim to a hidden anchor called organizational drag.[1]

These costs waste time, drain energy and signal a rising force that no one budgets for, but everyone ends up paying.

> *Busywork, approvals, and 'just one more meeting' create $3T in hidden costs for the economy[2].*

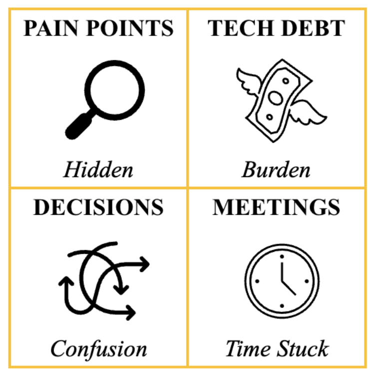
For CPAs navigating tighter deadlines, complex clients, and hybrid teams, drag takes the form of duplicated work, decision-making delays, and overstuffed calendars. This demotivates everyone involved, including managers and senior executives who cannot bridge the gap. However, the solution is not more structure. Rather, it is incorporating smarter, AI-enabled flexibility.

Symptoms of Organizational Drag

Bottom line: Organizational drag slows a company's growth. It creeps in through silent inefficiencies that accumulate over time. While drag wears many disguises, these four are the ones most likely to derail your strategy.

- ***Undetected Pain Points*** - Firms are trying to pinpoint their workflow inefficiencies but are experiencing difficulty, resulting in excessive spending and minimal savings.
- ***Tech Debt*** - A lack of automation for repetitive and manual tasks compromises employees' skills and time.
- ***Unclear 'Decision Rights'*** - Decisions bounce across multilayered organizational structures, slowing decision-making. Often, there is a lack of clarity on who is responsible for making a decision.
- ***Excessive Meetings*** - Almost 48% of the work week is filled with unproductive coordination instead of implementation for front-line supervisors.[2]

Figure 1: The Four Faces of Drag



Impact on Employees

Overall, organizational drag takes a tangible toll on employees. Firstly, motivation decreases when a majority of the workday is spent in meetings or sending emails. Research further suggests that "organizational drag limits productivity, quality of work, and employee morale"[3].

Secondly, employees may lose their sense of direction. Conflicting priorities, overlapping responsibilities, and frequent changes from leadership causes confusion, resulting in output delays.

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[1] *Leaders need to inspire more to combat the organisational drag that's causing productivity to plunge*. (n.d.). The People Space. https://www.thepeoplespace.com/ideas/articles/leaders-need-inspire-more-combat-organisational-drag-thats-causing-productivity

[2] *Reduce Organizational Drag*. (2017, March 2). Harvard Business Review. https://hbr.org/podcast/2017/03/globalization-myth-and-reality-2

[3] *How to identify and remove 5 common causes of organizational drag*. (2016, October 25). HR Dive. https://www.hrdive.com/spons/how-to-identify-and-remove-5-common-causes-of-organizational-drag/428828/

Lastly, personal limitations can grow when organizational drag is in effect. Repetitive tasks can prevent CPAs from performing at their full potential, leaving minimal room for creative and strategic thinking, and possibly leading to burnout and turnover.

Fixing the Friction

Whether you're just getting started or are a seasoned pro, you've likely felt the slowdown that feels difficult to name. Tasks pile up, meetings stretch on, and decisions stall in limbo. That's organizational drag. And if left unchecked, it chips away at capacity, clarity and strategic execution.

> *Here's the upside. Drag is not random. It has patterns, and it can be fixed.*

We identified four critical pressure points where drag tends to hit the hardest. In each case, AI is helping forward-thinking firms tackle them more effectively and efficiently. The following cases demonstrate how AI is turning organizational drag into momentum, giving CPAs back the time and clarity they need to lead strategically.

Addressing Undetected Pain Points

Machine learning (ML) models are emerging as powerful tools in detecting inefficiencies, delays, and communication breakdowns within organizations. By analyzing internal communications and project timelines, ML can discover subtle patterns that would typically go unnoticed in traditional reviews[4]. For example, systems can be designed to flag recurring email threads with subject lines such as "Clarification Needed" or detect teams that consistently request deadline extensions—patterns which often indicate miscommunication or process inefficiencies.

> *These early signals allow leaders to address root causes before issues escalate and impact broader project delivery.*

Companies often measure success through KPIs. However, these metrics are unable to capture the root causes of organizational drag. Therefore, by incorporating AI to analyze workflows, companies are better able to spot undetected pain points by identifying instances of delays and redundancies.

Workflow analytic applications exist to help companies generate automated diagnostics that can detect pain points of several issues. Rational AG (AG), a multinational cooking systems retailer, implemented Celonis, a process mining application. Through Celonis, AG received real-time execution monitoring, as well as automated flagging of bottlenecks, allowing the company to pinpoint root causes. AG was facing order delays because approvals were not being made promptly. As a result, AG was able to cut its cycle time for backed orders by 40% and improve customer satisfaction[5].

Overtaking Tech Debt

KPMG's alliance with MindBridge AI shows what it looks like when a firm intentionally reflects on organizational drag and fights back using technology that empowers professionals. Instead of relying on traditional sampling methods, KPMG uses MindBridge's AI analytics to review 100% of client transactions, automatically flagging anomalies and zeroing in on risks[6]. Thus, auditors can spend less time

[4] Baheti, P. (n.d.). *Pattern Recognition in machine learning [basics & examples]*. V7. https://www.v7labs.com/blog/pattern-recognition-guide

[5] Celonis GmbH. (n.d.). *RATIONAL AG + Celonis: Rational customer experience & process mining [Customer success story]*. Celonis. https://www.celonis.com/customer-success-stories/rational-customer-experience-process-mining/

[6] MindBridge Analytics Inc. (2024, February 26). *KPMG AI-driven audit with MindBridge.* MindBridge Analytics Inc. https://www.mindbridge.ai/docs/resources/customer-stories/KPMG/KPMG-AI-Driven-Audit-with-MindBridge_02262024.pdf

chasing routine entries and more time applying professional skepticism and judgment where it matters most. For CPAs, this is the new normal. Staying relevant means learning to interpret AI-generated risk scores, lead conversations with data, and work alongside intelligent systems that filter the noise and amplify insight.

Clarifying Decision Rights

Unclear decision rights are one of the most persistent and invisible forms of organizational drag. When ownership is vague, veto power is misused, and too many people weigh in without accountability. That is why BCG developed the **OVIS** framework[7]:

Own - Who is accountable for the decision?

Veto - Who has the right to stop a decision?

Influence - Who should provide guidance before a decision?

Support - Who helps with data and execution post-decision?

BCG implemented this framework for a major U.S. media company struggling with digital transformation. They had slow execution, competing silos, and unclear accountability. By mapping decision rights more intentionally, BCG helped them streamline internal processes and accelerate decision-making. The result was a measurable boost in operational efficiency, including 15% reductions in technology costs and 10% savings across their finance function.[7] However, uncertainty still slips through this framework.

So, while firms are not currently implementing AI into the OVIS framework, there is considerable potential. For CPAs who lead teams and make cross-functional decisions, AI-based tracking and stakeholder mapping tools could help eliminate confusion about who is driving decisions. AI can assist in automatically logging decisions, tracking stakeholder input, and surfacing recurring vetoes in approval chains.

> *Upskilling with AI means learning how to spot friction, clarify accountability, and keep decisions moving. This allows CPAs to spend less time stuck and more time driving impact.*

Minimizing Excessive Meetings

An HBR IdeaCast interview highlighted that meetings are a key amplifier to organizational drag[8]. AI can play a pivotal role in minimizing drag to ensure only key individuals are present in meetings. An example of this includes AI-driven attendee optimization, where the AI scheduling assistant can leverage prior meeting data and employee roles to suggest which key personnel are required for recurring meetings. This addresses the issue of employees being over-invited, reducing time wastage.

Overall Impact on CPAs

As AI continues to evolve, employees should understand the tools available to them and how they can be best utilized to maximize efficiency. Specifically, firms can use AI to automate repetitive and time-consuming tasks. In addition to KPMG's alliance with MindBridge, a public accounting firm, EY currently uses AI to analyze and extract data from contracts to assess risks of material misstatement derived from fraud risk[9]. Along with this, AI can be used to select samples for substantive testing, with

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[7] Boston Consulting Group. (2021, June 10). Clarifying decision rights with the OVIS framework. Boston Consulting Group. https://www.bcg.com/industries/public-sector/decision-rights-using-ovis-framework

[8] *Reduce Organizational Drag*. (2017, March 2). Harvard Business Review. https://hbr.org/podcast/2017/03/globalization-myth-and-reality-2

[9] Reuters, T. (2025, June 12). How are different accounting firms using AI?. Tax & Accounting Blog Posts by Thomson Reuters. https://tax.thomsonreuters.com/blog/how-do-different-accounting-firms-use-ai/

auditors applying judgement on inputs and sample profiles.
Though smaller firms may not have as many readily available resources, they may use AI software to help categorize expenses, reconcile accounts, and generate financial reports. This saves time and reduce the risk of manual error[10]. On the other hand, employees should partake in the following to adopt a drag-busting mindset:

- ***Leverage AI tools available at your company* -** This means getting familiar with the technology around you, as the best CFOs, controllers, and accounting managers quickly adopt AI in accounting[11].
- ***Experiment to reduce repetitive tasks* -** Change is difficult, but not changing is fatal. Everyone knows the workflow is broken - but no one wants to question it publicly.
- ***Focus on upskilling in AI and advanced data analytics* -** Attain certifications and specialized training in AI tools for accounting and finance, as it will embolden you with the knowledge you need to stay ahead of the curve in this tech-driven world[12].

What CPAs Really Think
Across the profession, there's a quiet tension between enthusiasm and skepticism. While there is recognition that AI can eliminate redundant tasks and accelerate decision making, CPAs may question whether these tools can "understand" the nuanced judgment that accounting work requires. Entry-level professionals may see AI as a fast track to efficiency, but worry about skill erosion. On the other hand, senior CPAs may see AI as a disruptive force that threatens traditional roles and complicates workflows with added tech layers. Regardless, most CPAs share a concern: Will this make my job easier, or just different?

The truth is, AI does not replace good judgment - it strengthens it.

What AI Cannot Do (Yet)
AI has an impressive range, but it is not magic. Many firms underestimate the time and context required to implement AI tools in a meaningful way. Poor data hygiene, unclear workflows, and resistance to change all stall progress. Once implemented, AI can surface patterns, but human insight remains essential to make data useful.

However, AI will not fix cultural issues like unclear accountability. It simply exposes friction points and offers signals that CPAs must act on. Successful firms will treat AI as a collaboration partner to choose the right use cases where AI frees up capacity for the thinking work only CPAs can do.

Looking Forward: From Drag to Drive
While organizational drag can silently chip away at companies through accumulated inefficiencies, reduced productivity, and employee morale, it doesn't have to. Firms can leverage AI to detect pain points, reduce tech debt, clarify decision rights, and cut down on excessive meetings to transition from drag to drive. In a world full of friction, the true advantage lies in knowing how to drive.

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[10] Reuters, T. (2025, June 12). How are different accounting firms using AI?. Tax & Accounting Blog Posts by Thomson Reuters. https://tax.thomsonreuters.com/blog/how-do-different-accounting-firms-use-ai/
[11] Cook, Barbara. (2025, June 16). *2025 guide to AI in Accounting : Trends, use cases and Tools*. Tipalti. https://tipalti.com/blog/ai-accounting/
[12] Vena Solutions. (2025, May 15). *AI in finance: How technology is shaping the job market - vena*. https://www.venasolutions.com/blog/ai-in-finance-shaping-the-job-market

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