IntoTexas
AI Consortium

AN INTOTEXAS GUIDE

Redesign the Work, Not Just the Headcount

A leader's framework for AI workforce planning — backed by original research, plus a self-assessment to score your risk.

TURN AI POSSIBILITY
INTO REAL IMPACT.

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CHAPTER 01

The AI Boomerang Problem

Companies are under pressure to show their AI investments are producing measurable gains. That pressure can quickly turn a productivity conversation into a headcount conversation: if AI can complete more of the work, does the business still need the same number of people?

The question is understandable. The sequence is often wrong.

Before a job can be eliminated, leadership needs to understand how the work will actually operate after AI is introduced. That requires more than counting tasks that can be automated. It starts with mapping human judgment to functions and outcomes — accountability, customer relationships, institutional knowledge, and exception handling. Even when AI performs flawlessly, most operating models still need continued human oversight.

The operating principle is simple: redesign the work before removing the worker.

Organizations that skip this step create a problem that looks efficient in a budget model but becomes expensive in practice. A role gets cut, critical responsibilities turn out to have never been transferred, the remaining team gets overloaded, and eventually someone gets rehired to do much of the same work under a different title.

That pattern has a name: the AI human boomerang. This guide lays out what the data shows, why it's happening, a five-step framework for making AI workforce decisions that hold up, and a self-assessment your leadership team can use before the next round of decisions gets made.

CHAPTER 02

The Data Behind the Trend

The "AI human boomerang" describes companies that eliminate roles anticipating AI or automation gains, then later bring those roles — or close versions of them — back. It's a recent enough pattern that it might sound like a one-off story. It isn't. Multiple independent research firms are now tracking versions of the same phenomenon.

3 in 10

U.S. hiring managers who cut roles after AI implementation later restored the same or similar roles

ROBERT HALF · MAY 2026

55%

of employers who made AI-related layoffs say they regret the decision

FORRESTER · PREDICTIONS 2026

50%

of companies attributing headcount cuts to AI are expected to rehire similar functions by 2027

GARTNER

32%

of companies expect AI to shrink their workforce at least 3% in the next year — vs. just 13% expecting growth

MCKINSEY STATE OF AI · 2026

1 in 3

employers who regretted AI layoffs spent more on restaffing than they originally saved by cutting

FORRESTER · 2026

85%

of customer service leaders were expanding human agent responsibilities as of April 2026

GARTNER

What the researchers are actually seeing

Robert Half's May 2026 Labor Market Update found that the most common explanation for correction hires was that the work required institutional knowledge or context AI couldn't replace. Relationship management, rising business demand, quality control, risk concerns, and employee burnout also contributed.

Forrester's Predictions 2026: The Future of Work report adds a harder edge to the same finding: among employers who regretted AI-driven layoffs, more than a third ended up rehiring over half of the workers they let go — and a third spent more on restaffing than the layoffs ever saved.

Forrester also points to a readiness gap behind the pattern: only 16% of workers had strong proficiency working alongside AI tools in 2025, a number it projects will reach just 25% in 2026. Organizations are frequently making irreversible staffing decisions based on capability that the workforce — and often the AI deployment itself — isn't consistently able to deliver yet.

None of this means AI has failed. It means automation and workforce elimination are not the same business decision — and treating them as one is what creates the boomerang.

CHAPTER 03

How Big Is This, Really?

It's fair to ask whether "the boomerang" is a real labor-market pattern or just a convenient narrative built from a handful of anecdotes. The scale data suggests it's the former.

101,000+
AI-cited job-cut announcements in H1 2026 — about 23% of all cuts tracked that year

+144%
YoY growth in U.S. job postings requiring AI skills as of April 2026

12%
of CEOs say AI has delivered both cost savings and revenue growth

Challenger, Gray & Christmas — which has tracked corporate job-cut announcements since 1993 — has cited AI as a specific reason in more than 101,000 job-cut announcements through the first half of 2026 alone, about 23% of all cuts tracked that year. Since it started tracking AI as a distinct cause in 2023, the cumulative total has passed 173,000. That's a large enough base for the correction-hire pattern to matter statistically, not just anecdotally.

At the same time, labor demand data shows where a meaningful share of that "saved" capacity is actually going. LinkedIn's Economic Graph found that U.S. job postings requiring AI skills grew roughly 144% year-over-year as of April 2026, and postings requiring general AI literacy — not engineering roles, but usage — climbed more than 70% across finance, marketing, and operations functions that don't traditionally hire technologists.

Companies are cutting some roles and simultaneously creating demand for people who can manage, direct, and correct the AI doing the work.

PwC's 2026 Global AI Jobs Barometer, built from more than a billion job postings, reinforces the same split at the financial level: only 12% of CEOs say AI has delivered both cost savings and revenue growth. Most companies are getting one benefit or the other, or neither — a very different picture than the "AI pays for itself in headcount reduction" pitch that often drives the first round of cuts.

Put together, these numbers describe an economy where AI is reshaping jobs at real scale — and where a meaningful share of the roles eliminated in the first pass are being reconstituted, redirected, or replaced by new requirements almost as fast as they're cut.

CHAPTER 04

Lessons from Enterprise Leaders

> **Microsoft cut ~4,800 roles in 2026 — and redeployed more than 4,000 employees into new ones.**
>
> The story wasn't "AI replaces jobs." It was changing customer needs, business models, and priorities.

Microsoft eliminated approximately 4,800 roles in 2026, about 2.1% of its global workforce. What's notable is the explanation: rather than leading with "AI replaces jobs," the company pointed to changing customer needs, business models, and organizational priorities. It also reported redeploying more than 4,000 employees into new roles over the previous year, including another 500 during the month of the layoffs.

Restructuring can still include job losses. But redeployment at that scale is a signal worth paying attention to: AI changes where labor creates value more often than it simply erases the need for labor. The leadership challenge is deciding which work should be automated, which should move, which roles should be broadened, and which capabilities have to stay under human ownership.

PwC's two-track labor market finding backs this up from the outside: "professionalized" roles that require judgment, context, and accountability are growing job postings roughly twice as fast, with 42% faster wage growth, than roles that AI has made easier for anyone to perform. Redesigning work toward the first category — not just automating the second — is what separates companies that get leaner responsibly from companies that get leaner and then have to rehire.

CHAPTER 05

Why This Looks Different for Mid-Sized Businesses

Most of the headline AI-layoff coverage is about enterprise companies — large tech and consulting firms with thousands of roles to restructure and layers of middle management to absorb the shock. That's not the environment most mid-sized businesses operate in, and the data on smaller organizations tells a meaningfully different story.

58%
of SMBs say it's not at all possible to reduce headcount from AI efficiency gains alone

82%
of SMBs using AI increased their workforce rather than shrinking it

18%
of SMBs say they're likely to hire specifically to leverage AI

At the same time, 42% of small and mid-sized businesses haven't ruled out workforce reductions — so the pressure to consider cuts is real even where the operational case for them is weaker. Adoption itself is uneven: larger small businesses, in the 50-to-249-employee range, are implementing AI in marketing, customer service, and operations at roughly twice the rate of very small businesses.

This matters for a specific reason: in a mid-sized business, roles are almost always broader than their job descriptions suggest, and there's rarely a large redundant layer of similar roles to absorb a cut safely. One employee is often quietly carrying pieces of customer service, reporting, vendor coordination, compliance, and operational memory at the same time. A workforce plan copied from an enterprise AI playbook — "automate the task, remove the headcount" — tends to break faster and more visibly here, because there's no bench to catch the fall.

The upside is that mid-sized businesses are also better positioned to redesign work carefully. Decisions move faster, employees are easier to talk to directly, and leadership has more direct visibility into what a role actually does day to day. The five-step framework in the next section is built for that reality.

CHAPTER 06

Why Task Automation Doesn't Equal Role Elimination

Most roles are bundles of visible tasks and invisible responsibilities. The visible tasks are the easy part to spot: preparing reports, answering routine questions, reconciling data, drafting documents, scheduling, updating systems. Plenty of that is a legitimate candidate for automation.

The invisible responsibilities are harder to see on an org chart. An experienced employee knows which customer needs a phone call instead of an automated reply. A manager recognizes when a routine-looking exception could turn into a compliance issue. A coordinator knows which vendor solves a problem in two hours and which one takes three follow-ups. A finance employee understands why a recurring discrepancy is harmless in one account and dangerous in another.

AI can support those decisions. It doesn't yet own the outcome.

When a role gets removed just because a tool can perform several of its tasks, the judgment, context, and accountability that held the role together often get removed with it.

This risk runs especially high in mid-sized businesses, where roles are frequently broader than their job descriptions suggest and processes lean on informal knowledge. A task list built from a job description will miss most of that value — and the research backs up how much value is at stake: McKinsey's State of Organizations research found that 42% of an organization's institutional knowledge resides solely with individual employees, meaning a single departure can leave a business unable to handle nearly half of what that person quietly managed.

A Five-Step Framework for AI Workforce Planning

The goal isn't to protect every existing job or block necessary restructuring. It's to make workforce decisions with a complete picture of how the business actually runs.

1

Map the real work, not the job description.

Document the recurring tasks, but also capture exceptions, approvals, judgment calls, handoffs, customer interactions, and informal problem-solving. Ask employees what they do when the documented process breaks down — that's usually where the most valuable operational knowledge shows up.

2

Separate tasks from outcomes.

A role might contain ten tasks, but the business is paying for an outcome: an accurate close, a retained customer, a compliant process, an on-time shipment, a resolved service issue. AI can complete individual steps without guaranteeing the final result. Identify who stays accountable when the system is wrong, incomplete, or uncertain.

3

Assign each responsibility to the right owner.

For every major responsibility, decide whether AI executes it, a human executes it, or AI prepares the work for human review — and define the escalation rules. A role can't be responsibly redesigned until the organization has decided exactly when the AI has to stop and a person has to take over.

4 Calculate the new work AI creates.

AI reduces some effort and creates other requirements: prompt and workflow design, output review, exception management, data stewardship, access controls, performance monitoring, correction. These are easy to underestimate because they're often spread across several people instead of assigned to one formal role.

This is the same shift showing up in job-postings data: AI-literacy postings are climbing more than 70% year-over-year in functions like finance, marketing, and operations — precisely the oversight and correction work this step accounts for.

5 Test the operating model before making irreversible cuts.

Run the redesigned process for a defined period and measure quality, speed, customer impact, employee workload, and exception rates. Lean on attrition, redeployment, reskilling, or phased role changes before jumping to layoffs. A pilot shows whether the expected productivity gain is real — and whether the remaining team can actually absorb the work.

WORTH REMEMBERING

Forrester estimates only about a quarter of workers will have strong AI proficiency even by the end of 2026. A pilot period is what surfaces that gap before a permanent staffing decision does.

CHAPTER 08

A Practical Example: Redesigning a Customer Service Role

Consider a mid-sized distributor that introduces an AI service agent. The system answers order-status questions, summarizes account history, drafts responses, and classifies incoming requests. A task-level analysis might suggest that several service positions can simply be removed.

A work-level analysis tells a different story. Routine contacts decline, but the remaining cases get more complex. Customers reach human employees when orders are late, specifications are unclear, pricing is disputed, or a key account is at risk. The service team also has to review AI-generated answers, improve the knowledge base, flag recurring product issues, and decide when an exception should go to sales, operations, or finance.

The redesigned role supports more customers with fewer repetitive tasks — and becomes more valuable, not less. The employee shifts from answering every question to managing exceptions, protecting relationships, and improving the AI-supported system. The business may need fewer entry-level transactions handled manually, but it may need stronger escalation specialists, knowledge managers, or AI quality leads instead.

That's a very different decision from eliminating the role before the operating model is understood — and it's exactly the difference between the 20% of customer service organizations that Gartner found had actually cut agent staffing because of AI, and the much larger group using AI to serve more customers with the team they already had.

CHAPTER 09

The Real Cost of Getting This Wrong

Most workforce-reduction business cases run on a single number: the salary saved. The correction-hire pattern happens because that number is incomplete. Below is an illustrative model — not a guarantee of your costs, but a starting worksheet for what a single wrong cut can actually run, based on published benchmarks for hiring, onboarding, and turnover.

COST FACTOR	ILLUSTRATIVE	BASIS
Severance and separation costs	**Varies**	Company policy; commonly 1–4+ weeks per year of tenure
Recruiting / cost-per-hire if the role returns	**$5,475**	SHRM benchmarking data, non-executive average
Executive-level recruiting, if applicable	**$35,879**	SHRM benchmarking data, executive average
Onboarding and training for the replacement	**$1,400+**	SHRM estimate, per employee
Fully loaded cost of a mis-hire or rushed rehire	**$17,000+**	SHRM Human Capital Benchmarking Report
General replacement cost range	**50–200%**	of the departed employee's annual salary — SHRM / industry benchmarks
Institutional knowledge at risk per departure	**42%**	share McKinsey found resides solely with individual employees

None of this counts the harder-to-price costs: manager time spent covering gaps, customer relationships that go quiet during the transition, and the signal it sends to the team when a role gets cut and then quietly reappears. Gallup estimates voluntary turnover alone costs U.S. businesses roughly $1 trillion a year — and a correction hire carries most of those same costs, plus the reputational cost of reversing a decision employees watched happen the first time.

CHAPTER 10

Building the Real Financial Case

The financial model for an AI-related workforce change needs to include more than salary savings. It should also account for severance, unemployment costs, recruiting if the role comes back, onboarding time, lost productivity, manager workload, customer disruption, and the value of institutional knowledge that walks out the door — the same factors laid out in the previous chapter.

It's also worth distinguishing between theoretical capacity and captured value. Saving five hours per employee each week doesn't automatically reduce costs or increase revenue. The business still has to decide how that capacity gets used, whether demand exists for the additional output, and whether the workflow has actually been redesigned to convert saved time into a business result.

This is where many AI business cases become fragile: the technology performs exactly as promised, and the operating model still fails to translate capability into measurable value. It's the same gap PwC found at the CEO level — only 12% report AI has delivered both cost and revenue benefits at once. Most organizations are getting a partial return, which is a different financial story than the one used to justify the original headcount cut.

CHAPTER 11

The Better Goal Is a More Capable Organization

Some companies that redesign work around AI will end up leaner. Others will keep headcount relatively stable while increasing capacity, improving service, or moving people into higher-value work. Both are legitimate outcomes — and the direction of the labor market itself is shifting toward the second: Forrester now finds more executives expect AI to increase headcount over the next year (57%) than decrease it (15%).

The mistake is starting with a predetermined headcount target and using AI to justify it after the fact. That reverses the order of sound workforce planning.

The stronger sequence is to understand the work, identify where AI adds value, define human accountability, test the redesigned process, and then decide how roles should evolve. That approach may lead to reskilling, redeployment, attrition, consolidation, or selective reductions. Whatever the outcome, it will be grounded in how the business actually runs.

The future of work is not humans or AI. It's humans, AI, and a much better operating plan.

APPENDIX

The AI Workforce Readiness Self-Assessment

Before your organization approves the next AI-related role reduction, work through these twelve questions as a leadership team. Score each honestly: 2 points for "yes, and we can prove it," 1 point for "partially, or informally," and 0 points for "no, not yet."

1	Have you documented the exceptions, judgment calls, and informal problem-solving in this role — not just its listed tasks?	☐
2	Do you know the specific business outcome (not task) this role is accountable for?	☐
3	Have you identified who takes over when the AI system is wrong, incomplete, or uncertain?	☐
4	Have you defined clear escalation rules for when AI must hand off to a human?	☐
5	Have you accounted for the new oversight work AI creates — prompt design, output review, exception handling, data stewardship?	☐
6	Do you know how much institutional knowledge this employee holds that isn't documented anywhere else?	☐
7	Have you calculated the fully loaded cost of a correction hire if this decision turns out to be wrong?	☐
8	Have you piloted the redesigned process and measured quality, speed, and customer impact before committing to the cut?	☐
9	Have you considered redeployment, attrition, or reskilling as alternatives to elimination?	☐
10	Do you have a way to measure whether the "saved" time is actually converting into revenue or cost savings?	☐
11	Have you talked to the people doing the work about what happens when the documented process breaks down?	☐
12	If this role needs to be rehired in six months, do you know what it would cost — in dollars and in disruption?	☐

APPENDIX · SCORING

How to Read Your Score

Add up your total. 24 points possible.

0–10

High boomerang risk

You're likely cutting before the work has been mapped — pause and work through the five-step framework before finalizing the decision.

11–17

Moderate risk

Some foundational pieces are in place, but real gaps remain in accountability, escalation, or financial modeling. Close those gaps before you commit.

18–24

Strong foundation

You've done the work-mapping needed to make this decision responsibly — the remaining question is execution, not planning.

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WHERE INTOTEXAS FITS IN

Map the work before you make workforce decisions.

IntoTexas helps leadership teams identify where AI belongs, where human judgment remains essential, and how to build an operating model that turns AI investment into measurable business value — rather than a headcount reduction that quietly rehires itself six months later.

Ready to map the work before you make workforce decisions?

Talk to IntoTexas INTOTEXAS.COM

REFERENCE

Source Notes

Robert Half, May 2026 Labor Market Update — more than three in ten U.S. hiring managers who eliminated roles after AI implementation later restored the same or similar roles.

Gartner, February 2, 2026 release — half of companies attributing headcount reductions to AI expected to rehire similar functions by 2027.

Gartner, April 28, 2026 release — 85% of customer service and support leaders were expanding human responsibilities as AI changed frontline work; only 20% of customer service organizations had reduced agent staffing because of AI.

Microsoft, July 6, 2026 transformation update — approximately 4,800 roles eliminated; more than 4,000 employees redeployed over the prior year.

Forrester Research, Predictions 2026: The Future of Work — 55% of employers regret AI-related layoffs; more than a third rehired over half the workers let go; a third spent more restaffing than they saved; only 16% of workers had strong AI proficiency in 2025, projected to reach 25% in 2026; 57% of executives expect AI to increase headcount vs. 15% who expect a decrease.

McKinsey & Company, State of AI survey, November 2025 — 32% of companies expect AI to reduce workforce by at least 3% in the next year, versus 13% expecting growth of that magnitude.

PwC, 2026 Global AI Jobs Barometer & 29th Global CEO Survey — analysis of more than one billion job postings; "professionalized" roles seeing twice the job growth and 42% faster wage growth than roles AI has made widely accessible; only 12% of CEOs report AI has delivered both cost and revenue benefits.

LinkedIn Economic Graph, 2026 labor market research — U.S. job postings requiring AI skills grew approximately 144% year-over-year as of April 2026; AI-literacy postings climbed more than 70% year-over-year across finance, marketing, and operations.

Challenger, Gray & Christmas, Job Cut Report, June 2026 — AI cited in more than 101,000 job-cut announcements through H1 2026 (about 23% of all cuts that year); more than 173,000 cumulative AI-cited cuts since 2023.

SHRM, Human Capital Benchmarking Report — average cost-per-hire of $5,475 for non-executive roles and $35,879 for executive roles; fully loaded cost of a bad hire of $17,000+; onboarding and training costs of $1,400+ per employee; general replacement cost range of 50–200% of annual salary.

McKinsey & Company, State of Organizations — 42% of institutional knowledge resides solely with individual employees.

Gallup — voluntary employee turnover costs U.S. businesses an estimated $1 trillion annually.

Business.com / Upwork, 2026 SMB AI adoption research — 58% of SMBs say headcount reduction from AI efficiency alone is not at all possible; 42% haven't ruled out reductions; 82% of AI-adopting SMBs increased their workforce; 18% likely to hire specifically to leverage AI; mid-sized SMBs (50–249 employees) adopt AI at roughly twice the rate of microbusinesses.

This guide is intended for general informational and planning purposes. Verify current figures and consult qualified HR, legal, and financial advisors before making workforce decisions.