The ARC Pulse

ARC Hybrid

Bridging the gap between academic theory and real-world application.

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A DEBATE ABOUT THE FUTURE OF AI

A common narrative is being shared about AI: compress a twenty-hour work task into forty seconds using autonomous AI agents. We're told that speed is the prize.

A prominent thought leader out of Europe went so far as to say that AI agents are already better than you at 80% of your job, declaring that AI is no longer just a tool, but an autonomous replacement for professional labor.

While everyone can make a claim, speed is not the same thing as judgment, and confusing mechanical data extraction with genuine assurance is like mistaking a search engine for a seasoned combat commander.

During the recent 2026 IIA Canadian National Conference in beautiful Vancouver, Charles King of KPMG moderated a great debate between Kris (KK) Krüg, Executive Director at the BC + AI Ecosystem Association and Jin W. Chang, Founder at Fieldguide.



Sitting between their arguments and two critical pieces from Malwarebytes and the Yale School of Management, a troubling pattern snapped into sharp focus.

We are building the plane while flying it, but we have kicked the flight instructors out of the cockpit and left the auto-throttle stuck on maximum.

We celebrate when an AI agent drafts a five-page technical memo in three seconds. Yet senior managers are quietly pulling their hair out just to verify whether the agent hallucinated a regulatory statute or misread an HR termination list. Meanwhile, junior staff sit on the sidelines acting as prompt jockeys, losing opportunities to develop the intuition that only comes from wrestling with messy, unvarnished data.

If nobody does the reps, nobody builds the muscle!

Scott's Analogy: The Flight Simulator vs. The Director's Chair

During the Vancouver debate, Kris Krüg offered an analogy from his filmmaking career: a film director does not need to know how to mix sound, set up the gaffer's lights, or run color correction to direct a masterpiece. They just need vision, taste, and the judgment to say, "That take didn't work. Do it again".

It sounds seductive. But professional assurance and risk management are not Hollywood productions.



Our profession is closer to commercial aviation. You cannot sit in the captain's seat of a Boeing 787 and declare yourself a commercial pilot if you've never logged solo flight hours in bad weather. When the instruments malfunction and the alarms scream at thirty thousand feet, theory and high-level vision will not save you. Real, hands-on experience will. Foundational, instinctive competence will.

When organizations tell junior professionals to bypass entry-level work and jump straight into "managing AI agents," they assume you can teach someone how to direct before they know what a good shot looks like. You cannot review what you cannot execute.

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Scott Madenburg, CIA, CISA, CRMA
Founder & President @ ARCHybrid
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Email
Send us a message
info@thearchybrid.com

Phone
Call to discuss
+1-949-384-5355

LinkedIn
Let's connect
https://www.linkedin.com/in/smadenburg/

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A DEBATE ABOUT THE FUTURE OF AI

Key Takeaway from the Debate

Kris Krüg and Jin Chang locked horns over whether professionals should ever use AI for tasks they cannot manually perform, and whether human review is structurally broken under the weight of exponential AI output. Meanwhile, Charles King grounded the room in the operational reality: AI models are notoriously poor predictors of human behavior, and senior associates are already exhausting themselves reading through dense, machine-generated "reasoning traces" just to test routine controls.

This debate cuts across all three pillars of my core philosophy of Adaptability, Resilience, and Clarity.

Adaptability (Kris Krüg's stance): Like past shifts from paper ledgers to ERPs, professionals must adapt by moving up the value chain into orchestration, governance, and transparent stakeholder communication rather than fighting the tool. But adaptability cannot mean abdicating responsibility.

Resilience (Jin Chang's warning): You cannot scale an organization by pairing exponential machine throughput with linear human inspection. Forcing senior managers to manually review floods of AI-generated work does not protect the firm. Rather, it will break the reviewers. Resilience requires shifting reviewers away from mechanical checking and giving them system-level frameworks to spot where the logic fails.

Clarity (Charles King's operational reality): Technology vendors promise seamless efficiency, but on the ground, teams are already bogging down in work fatigue from parsing AI reasoning. True clarity means recognizing that human oversight is not just rubber-stamping an algorithm's output; it requires preserved skepticism and the deep domain expertise to know when the model is wrong.

The "Fake Risk" vs. The Real Threat

⚠ **The Fake Risk:** The recurring fear that AI agents will become so autonomous and sentient that they render human professionals obsolete.

⚠ **The Real Threat:** The collapse of the human review loop and the extinction of the apprenticeship pipeline.

The real danger is not that machines will take over our jobs. It is that we are creating a severe generational air gap. By handing all entry-level analysis to automated systems, we eliminate the grunt work that historically served as the incubator for professional judgment. Simultaneously, the sheer volume of synthetic output is creating a bottleneck at the executive level. Senior leaders are burning out reading machine-generated "reasoning traces," while the systems themselves remain wide open to adversarial manipulation.

We are flooding the engine with fuel while the exhaust pipe is completely clogged.



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What I'm Reading

1. **Phishing emails are baiting your AI assistant (Oct 12, 2026)**

- **The Article Link:** *Malwarebytes: AI, News by Pieter Arntz*

- **The Synopsis:** Attackers are hiding zero-font, invisible prompt injections inside routine emails to trick automated AI assistants into prioritizing fraudulent payments and executing unauthorized data transfers.

- **The Takeaway:** This is an urgent challenge to Clarity. When you deploy AI as an unvetted proxy to triage communications, social engineering shifts from deceiving human skepticism to tricking algorithmic gullibility. True leadership means building controls where automated technical throughput never bypasses human validation on consequential actions.

2. Who Trains Junior Employees in the Age of AI? (Aug 11, 2026)

- **The Article Link:** *Yale Insights, Faculty Viewpoints*

- **The Synopsis:** The traditional apprenticeship model of professional services is breaking down because the routine tasks once used to teach novices the fundamentals are now automated by machines.

- **The Takeaway:** This hits Adaptability head-on. The value of entry-level analysis was never just the final deliverable; it was the cognitive scar tissue formed while building it. If firms do not intentionally redesign training programs to teach deductive reasoning and skepticism in an AI-dominated environment, we will face an existential leadership drought within a decade.

Practical Tip:

Implement the "First-Rep Rule"

Do not allow anyone on your team to delegate a recurring workflow to an AI agent until they have completed that task manually from start to finish at least three times, or if you have a mechanism (like gamification) where the team member can learn the task. Build muscle memory!

Whether you're in the first line executing day-to-day operational controls, the second line managing risk and compliance reviews, or the third line delivering independent assurance, the principle is the same.

Before letting someone use an LLM or agent to reconcile accounts, review vendor agreements, score risk assessments, or draft control evaluations, require them to work directly with the raw source files first. Have them explain their reasoning, defend their conclusions, and point out the ambiguities in the messy data.

Once they prove they know where the operational landmines are buried, hand them the AI accelerator. The machine gives them scale. The manual reps give them the instincts to know when the machine is wrong.

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