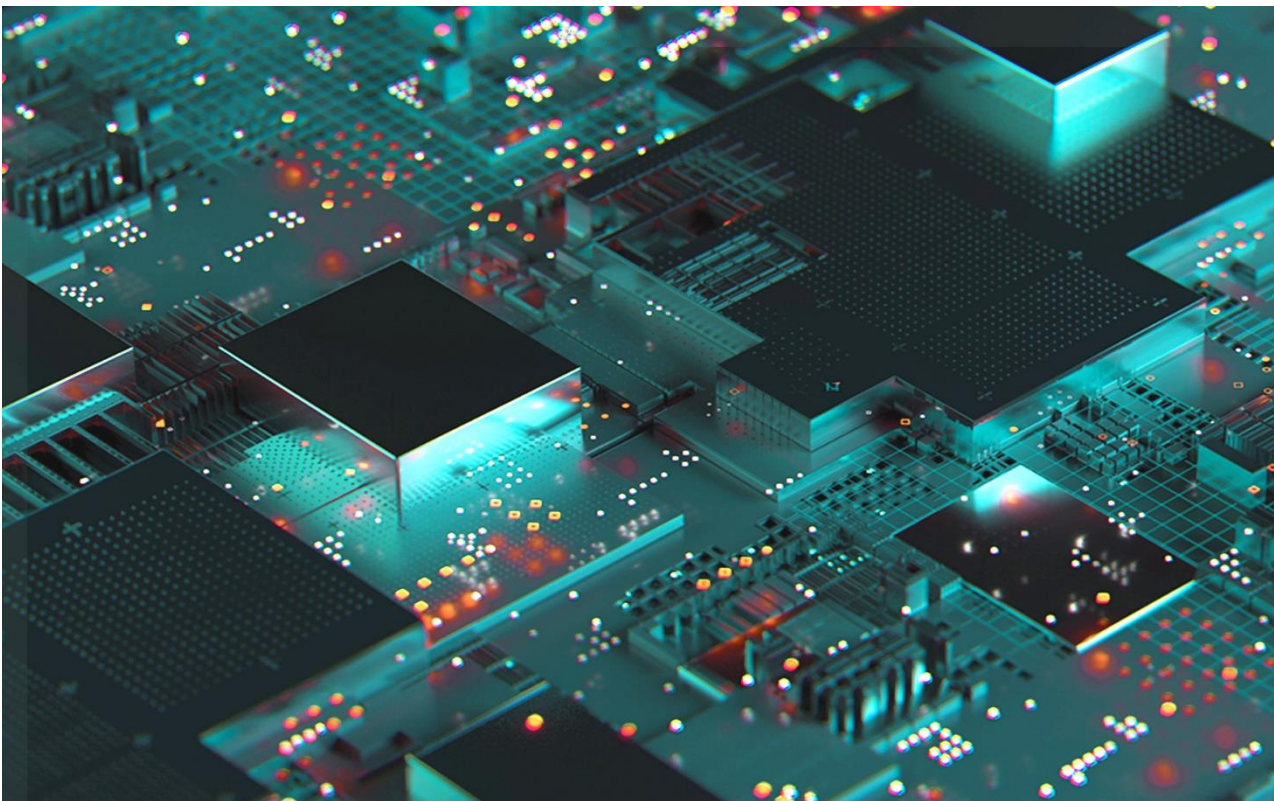


# AI is a game-changer for leadership teams

Generative AI is increasingly crucial for leadership teams, finding its way into diverse business processes globally as it becomes more accessible and powerful.

By Alexandra Alberti-Vedrenne, May 2024



## Introduction

Artificial intelligence, particularly generative AI, increasingly matters to leadership teams. If you cut through all the hype and media coverage, the technology is slowly being integrated into many business processes across countless industries around the globe. The latest forms of AI are being democratised at speed as they become more powerful, affordable and more uses cases come online.

A value chain supporting generative AI systems is also developing rapidly as investment ramps up this year. Expect new applications across the enterprise landscape. AI governance is also now a strong focus as regulations catch up with its deployment, the recent EU AI Act, which has now become law, has heightened concerns among leadership teams. More legislation is likely to follow globally.

This creates opportunities and risks for many organisations and top executives. AI is going to be integrated into many more workflows at countless organisations. From boosting productivity and reducing operational costs, to finding new ways of revenue generation, generative AI looks set to transform business models. Yet these are early days and now we are at a critical inflection point.

That's because a lot of the frameworks for AI's effective deployment are only just being formulated. We can take a lesson from the dotcom era of the late 1990s or early 2000s, in which many companies adopted an online presence without a clear business strategy. The guardrails, governance and strategic imperatives must be developed today for AI, if it is to be utilised effectively tomorrow.

Considering the deployment of artificial intelligence warrants a ten-point plan. Here, we present our perspective on the approach leadership teams should adopt. Careful consideration is imperative for AI implementation:

- 1. It all starts with understanding AI** – CEOs and top executives need to know how artificial intelligence, particularly generative AI actually works. It cannot just be left to the CDO, CIO or CISO. Only with a better understanding of the technology can leadership teams calibrate the opportunities and risks. This involves a deep dive into issues around data inputs, algorithmic processing and outputs.
- 2. The need for an AI audit** – Do top executives know where AI is being used, by whom and what corporate data is being utilised? This is a particular issue for large enterprises operating in multiple jurisdictions, with siloed data and budgets sat with many teams. A full audit can help and is crucial as AI becomes integrated into new applications, democratised and affordable. Any use of AI in once small corner of a multinational enterprise can expose risk.
- 3. A centralised approach to AI is crucial** – Corporations must lead from the top, where executive teams create governance structures. This way leadership can ensure any sign off for AI use is understood and then authorised. This will ensure that its use is fully regulated, the correct permissions are granted and where risk management is integrated into the process.
- 4. Building a team** – Putting a great leadership team together around AI governance is important. The latest forms of generative AI are mind-numbingly complex. An ecosystem approach is vital, while the impacts of its use are systemic and far-ranging. Bringing on-board multiple stakeholders to make decisions is a new imperative. This can also involve external leadership partners, such as developers of AI.
- 5. Data really matters** – It is the root of everything when it comes to AI. Top teams must have a firm understanding of what data inputs the company's AI is utilising. Quality data inputs, good information governance and data hygiene will ensure that AI is used in a compliant and accountable way. Leadership teams should focus on data inputs. This is particularly true of generative AI where algorithmic processing and outputs cannot always be controlled or fully understood.
- 6. AI Governance is crucial** – Given the rapid evolution of AI technology, governance must be dynamic and adaptable. At the same time leadership teams must ensure that a strong AI governance framework and processes are in place. This can account for risks such as copyright infringement, biases, ethical use and privacy concerns. AI has been highlighted as one of the top risks in the World Economic Forum's Global Risk Report 2024. This will be a big topic in 2024.
- 7. Time to acquire new AI literacy skills** – There is currently little in the way of training, awareness, courses and literature to assist top executives. Yet keeping abreast of how AI can be used effectively whilst being compliant is not well understood. A lot of talk about AI strategy does not necessarily align with its highly technical deployment. Top teams must have more than a cursory understanding of how say foundational models work and how certain techniques protect data privacy. Bringing on new AI-savvy recruits can be vital to this process. Those top teams that make sense of AI will win.
- 8. Building business cases for AI use** – Executive teams need to know how the latest forms of say generative AI can be used to leverage an organisation. What data assets can it fully

exploit? Where does the organisation have a unique point of difference in deploying AI? Right now, a lot of applications revolve around utilising quality digital and data assets. But this is only just the beginning.

- 9. Time for red-teaming** – Leadership teams should not assume that once good AI governance is in place, this is enough. Red teaming involves a structured testing effort to find flaws and vulnerabilities in AI systems. This is one of the most effective ways to manage generative AI risks, particularly around data outputs. Since the fines for exposing sensitive data are so significant, stress testing foundational models, how AI is trained, and data output generated is essential. Top executives need to take an interest in this process.
- 10. Future-proofing AI delivery** – Generative AI is a disruptive technology, it is already upending markets, boosting productivity, making new discoveries and augmenting human activities in the workplace. Leadership teams need to stay ahead. In terms of the Gartner Hype Cycle, Generative AI is at the ‘peak of inflated expectations.’ However, this is rapidly changing, as more uses cases come to the fore. Right now, there may be an overestimation on what it can achieve, at the same time there is an underestimation on the time, effort and resources involved to implement properly. To really leverage generative AI, organisations need a shift in business strategy driven from the top.

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