

2025 - AI, genAI and organizations leadership and boards.

Q1.5 2026: Geopolitics expedites what is real and in motion and who's is influencing

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Table of Contents

2025 - AI, genAI and organizations leadership and boards.	1
Executive summary	2
What AI and generative AI actually mean	3
Defining AI and generative AI	3
What GenAI means for business	3
Five initiatives for harnessing GenAI	4
Governance in practice: a case study	5
AI and cybersecurity: a board imperative	6
Boards must become AI-fluent	7
Five focus areas for adaptive leadership	8
Six tactics for the first wave of GenAI	9
The board member's guide to overseeing AI	9
The CEO's guide to the GenAI revolution	10
The CIO's call to action	11
The director's playbook	11
Boards facing the GenAI challenge	12
The leader's guide to GenAI	13
The organization of the future	13
Questions every board should be asking	14
Strategy and competitive position	14
Governance and ethics	14

Talent and culture	14
Risk and resilience.....	14
Measurement and ROI	15
<i>Measuring return on AI</i>	15
Adoption metrics	15
Productivity and quality metrics.....	15
Strategic and risk-adjusted returns.....	15
<i>The regulatory landscape</i>	15
European Union — the EU AI Act.....	16
United States — sectoral and disclosure-driven.....	16
United Kingdom and other markets	16
What this means for boards	16
<i>Closing takeaways</i>	16
Strategy before technology	16
Governance enables speed.....	17
People unlock the value	17
Ecosystems over in-house	17
The cost of waiting.....	17

Executive summary

Generative AI is the most consequential technology shift since the internet, and the boards and leadership teams that treat it as a strategic question — not just an IT question — will set the pace for the next decade. This brief synthesizes a dozen perspectives from advisory firms, board guides, and operating leaders into a single read for senior decision-makers.

The recurring message across every source is the same: GenAI's impact is broad, fast, and uneven. Organizations that win will combine three disciplines — strategic clarity about where AI changes the business, governance robust enough to earn stakeholder trust, and a workforce ready to work alongside the technology. Boards that delay engagement, or that treat AI as a delegated technical matter, will find themselves overseeing strategies they no longer understand.

What follows is organized in four parts: definitions and orienting concepts; a synthesis of leading guidance for boards and executives; new sections on the questions boards should be asking, how to measure return, and the regulatory landscape; and a closing set of takeaways.

What AI and generative AI actually mean

Defining AI and generative AI

The term "AI," or Artificial Intelligence, broadly refers to the development of computer systems that can perform tasks that typically require human intelligence. These tasks include learning, reasoning, problem-solving, perception, and language understanding. AI encompasses a wide range of technologies and approaches, from rule-based systems to machine learning.

"Generative AI," on the other hand, is a subset of AI focused specifically on generating new content or data that is similar to but not identical to data it has been trained on. This content can include text, images, audio, video, and other forms of media or data. Generative AI systems learn from a large corpus of existing examples and then use this learned information to create new, original outputs. Examples of generative AI include:

1. Text Generation: Systems like ChatGPT, which generate human-like text based on the input they receive.
2. Image Generation: AI that can create new images, often based on textual descriptions or by modifying existing images.
3. Music and Audio Synthesis: AI that can compose music or generate synthetic voices.
4. Data Simulation: AI used to generate synthetic data for training other AI models or for simulations in various fields.

In summary, while AI is a broad field encompassing all types of intelligent computational systems, generative AI specifically refers to those systems that are capable of creating new content or data based on their training and learning.

What GenAI means for business

In the realm of business technology, generative AI (GenAI) is transforming the landscape, offering unparalleled scalability and a range of applications that challenge traditional technological approaches. For business leaders, understanding and harnessing the potential of GenAI is critical, but it requires a shift in perspective from conventional technology implementation strategies.

GenAI stands out for its expansive capabilities, rapid scalability, and the fact that it often involves adapting pre-existing models rather than building from scratch. This makes GenAI uniquely efficient and versatile, capable of transforming business processes and models significantly. For instance, a GenAI deployment in a firm has shown a productivity boost of up to 40% by transforming various functions and processes. Moreover, the ability to deploy a

single GenAI model across multiple business functions, with minimal adaptation, sets it apart from traditional AI models that often require distinct models for each application.

The adaptability of GenAI also brings a new set of questions for business leaders. Rather than focusing on single use-cases or detailed proof of concepts, leaders should consider broader applications across their value chains. The goal is to leverage GenAI's deep retrieval capabilities to extract actionable insights across various business functions, thereby multiplying the return on investment.

Furthermore, the integration of GenAI necessitates new skill sets and a rethinking of existing roles rather than job consolidation. It's about enhancing the capabilities of the existing workforce and creating new GenAI-specific roles. In terms of risk management, GenAI does introduce new risks, but the emphasis should be on trust-by-design with robust governance, oversight, and ethical frameworks.

Lastly, in the competitive landscape, no one has too much of a head start with GenAI. The edge lies in quickly developing new business models that GenAI enables and rethinking ways of working to fully leverage its capabilities. Therefore, business leaders should approach GenAI with a mindset geared towards innovation, agility, and strategic adaptation.

Five initiatives for harnessing GenAI

In an evolving business landscape where generative AI (GenAI) is rapidly gaining prominence, it's crucial for leaders to strategically embrace this technology. A comprehensive analysis highlights five key initiatives to effectively harness the power of GenAI:

1. “Establish an AI Control Tower”: To align GenAI strategy with business goals, leaders should set up a centralized unit, preferably led by C-suite executives or those with direct access to them. This control tower should oversee the overall GenAI strategy, ensuring alignment with organizational goals and effective resource allocation.
2. “Reimagine Business Models and Functions”: GenAI provides an opportunity to fundamentally transform business operations. Leaders need to think beyond incremental improvements, exploring how GenAI can revolutionize entire business models and functions from the ground up.
3. “Ensure Robust Governance and Build Confidence”: As GenAI usage expands, so do the associated risks. Leaders must establish robust governance frameworks, focusing on ethical principles and regulatory compliance to build stakeholder confidence in their AI applications.

4. “Address Talent and Technology Gaps”: To fully leverage GenAI, organizations must overcome skills and technology gaps. This involves sourcing new capabilities, upskilling the workforce, and utilizing GenAI to augment existing roles, thereby enhancing efficiency and job satisfaction.

5. “Develop an Ecosystem of Alliances”: In the rapidly evolving GenAI space, forming strategic alliances is key. These partnerships can provide access to talent, technology, and new business opportunities, while also mitigating risks associated with GenAI implementation.

Adopting these initiatives will enable organizations to navigate the complexities of GenAI, fostering innovation, enhancing operational efficiency, and maintaining a competitive edge in an AI-driven future.

Generative AI (GenAI) has become a crucial topic in boardrooms, signifying a major shift in executive attitudes towards technology. Deloitte's insights from top leaders emphasize that GenAI is not just a technological advancement but a strategic imperative that can redefine business models and competitive landscapes. Leaders are advised to recognize GenAI's potential to disrupt existing business models, similar to the impact of the internet or mobile phones. It's not just about the technology itself, but understanding its implications for strategic decision-making, competition, and innovation.

There's a growing awareness that GenAI can dramatically alter the nature of work, including white-collar jobs, by enhancing productivity and fostering new ways of working. This evolution requires a balance between seizing new growth opportunities and enhancing incremental productivity. The key is not just to protect current operating models but to explore and potentially embrace new ones, leveraging GenAI's capabilities.

To capitalize on GenAI, leadership teams must become AI-fluent, understanding the technology's strengths, limitations, and strategic value. A structured approach to experimenting and scaling GenAI is essential, incorporating rigorous testing and validation to ensure successful deployment. Aligning GenAI initiatives with business strategy is critical, focusing on use cases that directly contribute to the organization's strategic goals.

Moreover, technology strategies should be clearly defined to serve business objectives, enhancing operational efficiency and customer value. Finally, engaging with a broad ecosystem of partners can augment an organization's capabilities, offering a blend of in-house development and external collaboration to maximize the benefits of GenAI. Leaders are encouraged to embrace these principles to become disruptors in the GenAI era, rather than being left behind in the digital era.

Governance in practice: a case study

Company X's journey with generative AI (GenAI) offers valuable insights for businesses considering this technology. As a leader in AI and data analytics, Company X's approach to

GenAI is centered around robust governance and responsible innovation. Despite their experience, they, like many companies, are still navigating the best ways to implement GenAI.

For businesses looking to integrate GenAI, Company X's strategy underscores the importance of governance. This involves understanding the data, the models, and reviewing outputs for accuracy, bias, and value. Particularly with GenAI, which often deals with complex data like images and unstructured text, outcomes need careful assessment for unintended consequences. Company X's approach to GenAI governance is holistic, involving various stakeholders, including legal, HR, and data engineering teams.

Company X's experience also highlights the importance of educating senior executives and board members about GenAI. They have actively held sessions to address GenAI's opportunities, regulatory needs, and implementation strategies, involving tech-savvy board members and external experts.

Furthermore, Company X's handling of GenAI reflects a cautious yet progressive attitude. They encourage internal exploration of GenAI models while maintaining data confidentiality and integrity. Their approach is not about rapid, sweeping changes but about gradual, well-governed integration of GenAI into existing structures, focusing first on internal productivity gains before extending to customer-oriented applications.

In essence, companies should view GenAI as a significant yet manageable shift. It requires a comprehensive governance framework, continuous learning, and a gradual, purposeful approach to integration. Company X's experience is a testament to the potential of GenAI to transform business operations, provided it is managed with caution, responsibility, and a focus on long-term value creation.

AI and cybersecurity: a board imperative

As artificial intelligence (AI) and cybersecurity become increasingly integral to business strategy, boards must accelerate their learning curve to stay ahead. The transformative potential of AI, similar in scale to the industrial revolution, demands a strategic, systemic, and long-term approach, led by CEOs and board directors. However, this transformation is not without its risks, particularly in cybersecurity, where complacency can lead to vulnerabilities.

For boards to effectively navigate AI and cybersecurity challenges, a multifaceted approach is needed. First, they must understand the opportunities and risks associated with AI, such as intellectual property rights, privacy, security, and bias. Access to quality data is crucial, as AI's effectiveness depends on it. Additionally, new regulations, like the proposed European Union AI Act, require careful consideration and preparation.

Organizational and cultural transformations are also key. Most companies fail to capture AI's full value due to a lack of readiness in people and organizational structures. Therefore, leadership teams must invest in operational and mental model shifts. Furthermore, boards should consider either adding AI-knowledgeable directors or establishing an AI advisory board to develop comprehensive AI strategies.

Cybersecurity, increasingly viewed as a cost of doing business, requires boards to build adaptive resilience into their risk management processes. The SEC's new cyber disclosure rules highlight the need for effective communication and decision-making regarding cybersecurity incidents.

In summary, boards should assess AI and cybersecurity risks and opportunities as part of their business strategy review, ensuring that organizational culture supports transformation. To effectively leverage AI, a comprehensive approach aligning AI roadmaps with cultural priorities is essential. This approach should include cross-functional teams, enterprise prioritization, and informed business sponsorship. By focusing on these areas, boards can guide their companies through the complexities of AI and cybersecurity, ensuring long-term success and resilience.

Boards must become AI-fluent

In today's rapidly evolving technological landscape, the integration of artificial intelligence (AI) into corporate strategy is imperative. As highlighted in Fortune's article, boards must become adept in understanding and leveraging AI to stay competitive and relevant. This requires a fundamental shift in boardroom conversations, moving from traditional business strategies to incorporating AI as a core element of organizational planning and decision-making.

Key to this transformation is the need for boards to educate themselves about the nuances of AI, its potential impact on the business, and the associated risks. This education should not be limited to just the technological aspects but should also encompass ethical, legal, and social implications. AI is not just a tool for operational efficiency; it's a catalyst for innovation and can redefine entire business models.

Moreover, boards must ensure that AI initiatives align with the company's core values and ethical standards. As AI increasingly influences critical business decisions, the need for transparent and responsible AI governance becomes paramount. This governance must be an ongoing process, involving continuous monitoring and adaptation to new challenges and opportunities.

In addition, boards should foster a culture that encourages AI literacy across the organization. This includes investing in training programs and bringing in AI experts to provide deeper insights and guidance. By doing so, they can demystify AI, making it a more approachable and integral part of the corporate strategy.

Finally, boards should actively participate in shaping AI strategy, asking critical questions about AI's role in achieving business goals, and understanding its limitations. They should also be proactive in identifying and mitigating risks associated with AI, such as biases in AI algorithms and potential privacy breaches.

In summary, boards need to embrace AI not just as a technological advancement but as a strategic business driver. This involves a commitment to continuous learning, ethical governance, and a forward-thinking approach to how AI can be integrated into the fabric of the organization. By doing so, they can ensure that their companies not only keep pace with the AI revolution but also harness its full potential for long-term success and sustainability.

Five focus areas for adaptive leadership

The generative AI (GenAI) revolution demands strategic focus and adaptive leadership from organizations, as detailed by Russell Reynolds Associates. To navigate this transformative landscape, companies should concentrate on five key areas:

1. “Talent and Culture”: The introduction of GenAI necessitates a transformative AI mindset across the organization. Rather than simply replacing roles, companies should aim to repurpose existing talent, emphasizing the importance of roles like data science, AI ethics, and risk management. Upskilling the workforce is essential to meet the demands of an AI-driven future.
2. “Leadership”: Choosing the right person to lead the AI initiative is crucial. This may involve appointing a Chief AI Officer or elevating existing roles like Chief Data & Analytics Officers. Boards should include technology experts, possibly AI specialists, to guide strategic decisions and ensure the alignment of AI initiatives with business objectives.
3. “Organizational Structure”: AI’s impact on organizational structures requires a reevaluation of existing models. Embedding R&D capabilities across all business areas and aligning AI across the organization are critical steps. This approach promotes collaboration, breaks down silos, and democratizes data and predictive capabilities.
4. “Commercial Strategies”: AI presents new opportunities for product development and customer engagement. Organizations should leverage AI to analyze customer data for insights, leading to hyper-personalized experiences and innovative product offerings.
5. “Risk Management”: With increased reliance on AI systems, organizations face heightened risks, including data privacy and cybersecurity threats. Companies must establish best practices and ethical guidelines for AI usage, ensuring robust risk management and regulatory compliance.

In summary, to thrive in the GenAI era, organizations must develop a holistic approach encompassing talent, leadership, structure, commercial strategies, and risk management. Embracing these focus areas will enable businesses to leverage GenAI effectively, ensuring sustainable growth and competitive advantage in the future.

Six tactics for the first wave of GenAI

The article from Tech.eu outlines six tactics for enterprise leadership teams to effectively navigate the initial wave of generative AI (GenAI). This guidance is particularly relevant for companies at the forefront of integrating GenAI into their business models.

Firstly, the emphasis is on adopting a pragmatic approach toward GenAI adoption. Instead of attempting to build GenAI capabilities from scratch, companies are advised to 'buy' rather than 'build', especially for non-core use cases. This approach is not only cost-effective but also mitigates the risk of rapid obsolescence due to the fast-paced evolution in the GenAI field.

Secondly, focusing on quick wins is vital. GenAI should be applied in areas where it can deliver immediate benefits, such as sales, marketing, customer service, and software development. This approach allows companies to gain early successes and build momentum for broader GenAI integration.

The article also advises on spotting hidden risks associated with GenAI. Given its nascent stage, GenAI can present legal, reputational, and operational risks. To mitigate these, companies should maintain a high level of human oversight and verification, ensuring that GenAI applications align with legal and ethical standards.

Moreover, upskilling the team is crucial. As GenAI transforms the workplace, investing in employee training and developing thoughtful policies are essential steps. This helps mitigate risks and ensures that the workforce can effectively leverage GenAI capabilities.

Lastly, the need for agility and readiness to adapt is underscored. The rapid turnover of technologies in the GenAI space requires companies to remain flexible and responsive to emerging trends and shifts. Adopting a test-and-learn approach is recommended to stay aligned with the evolving GenAI landscape.

In summary, for leadership teams looking to navigate the first wave of GenAI effectively, a balanced approach that combines strategic acquisition, focus on immediate benefits, risk management, workforce upskilling, and agility is key. This will enable companies to leverage GenAI's potential while navigating its challenges and uncertainties.

The board member's guide to overseeing AI

The Board Member's Guide to Overseeing AI, presented by Recruit A, serves as an essential advisory for board members navigating the complex terrain of artificial intelligence (AI). With AI rapidly becoming a critical component in corporate strategy, board members are urged to deepen their understanding and oversight of this transformative technology.

The guide stresses the importance of proactive engagement with AI, urging board members to move beyond a rudimentary understanding to a more nuanced appreciation of AI's capabilities, limitations, and impact on business strategy and operations. This involves not only familiarizing themselves with AI technology but also understanding its ethical, legal, and social implications.

A key recommendation is for boards to foster a culture of continuous AI learning within their organizations. This includes regular updates on AI developments and their implications for the business. In addition, boards are advised to integrate AI considerations into their strategic planning, ensuring AI initiatives align with the company's broader goals and values.

The guide also highlights the need for responsible AI governance. This means ensuring AI is used ethically, transparently, and in a way that aligns with the company's values and societal expectations. Moreover, boards should ensure that their companies are prepared to adapt to the rapidly evolving regulatory landscape surrounding AI.

In summary, the guide advises board members to take a proactive, informed, and strategic approach to AI. By doing so, they can help steer their companies through the AI revolution, harnessing its potential while mitigating its risks, and ensuring that AI is used responsibly and effectively for long-term business success.

The CEO's guide to the GenAI revolution

The CEO's Guide to the Generative AI Revolution by BCG advises CEOs on navigating the challenges and opportunities presented by generative AI (GenAI). This revolutionary technology, akin to the advent of the internet, has the potential to disrupt nearly every industry, offering both competitive advantages and creative destruction. CEOs should not aim to immerse themselves fully in the technology, but focus on its impact on their organizations and industries.

The guide outlines strategic choices centered on three key pillars. First, it emphasizes discovering strategic advantages through GenAI, as it democratizes AI capabilities and offers transformative potential. CEOs must identify "golden" use cases that provide true competitive advantages and impact.

Second, it addresses the decision between fine-tuning existing models or training custom models. Each approach has its costs and benefits, and the choice depends on the company's specific needs and resources. The guide also suggests that as generative AI evolves, a model similar to cloud services might emerge, where companies purchase solutions for quality at scale.

Lastly, the guide emphasizes preparing the workforce for generative AI. This involves redefining roles and responsibilities, ensuring the workforce is equipped to work alongside AI, and adapting operating models to maximize generative AI's benefits.

In conclusion, CEOs are advised to view generative AI not just as a technological tool but as a strategic business driver. This involves a commitment to understanding its implications, ethical governance, and integrating AI into the organization's fabric for sustainable success.

The CIO's call to action

"The CIO's Call to Action on Gen AI" from CIO magazine underscores the critical role of Chief Information Officers (CIOs) in steering their organizations through the generative AI (GenAI) revolution. This article asserts that for CIOs, GenAI represents a significant inflection point in their careers, offering an unprecedented opportunity to lead and innovate.

CIOs are advised to seize this moment to transition from traditional, administrative roles to becoming the driving force behind GenAI implementation. This involves championing the technology within their organizations, building trust, and ensuring technological proficiency. Importantly, CIOs must create a culture of psychological safety where team members feel secure in exploring and adopting new technologies.

The article highlights the necessity of education and upskilling, both for CIOs themselves and for their teams. As the landscape of GenAI evolves, continuous learning and adaptation are essential. CIOs should encourage their teams to develop new skills relevant to GenAI, fostering an environment where innovation thrives.

Moreover, CIOs must focus on developing essential skills across the workforce that complement GenAI. These include agility, adaptability, critical thinking, and a proactive mindset. These skills are vital for harnessing the opportunities GenAI offers while mitigating associated risks.

In summary, the article advises CIOs to embrace their pivotal role in the GenAI era proactively. This involves leading by example in education and innovation, fostering a culture of continuous learning, and developing a workforce that is agile and equipped to leverage GenAI effectively. By doing so, CIOs can ensure that their organizations not only adapt to the GenAI revolution but lead it.

The director's playbook

"The Director's Playbook for Generative AI" provides a comprehensive guide for board directors to understand and oversee the implementation of generative AI (GenAI) in their organizations. The value proposition of GenAI is immense, offering opportunities to enhance customer experiences, increase process efficiencies, innovate products and services, and improve productivity. However, it comes with its risks and limitations.

To effectively contribute to boardroom discussions on GenAI, directors need to immerse themselves in understanding the technology, its opportunities, limitations, and risks. This involves learning from experts and engaging in strategic conversations with CEOs and their teams about GenAI.

The key areas of focus include understanding the business opportunity in deploying GenAI, its implications for the industry, and the company's strategy for deployment. Directors should inquire about use cases, organizational readiness, and how the company is empowering its people to build, train, and use GenAI.

Governance is another critical area, with directors needing to ensure that organizational guidelines and values for privacy, security, transparency, and fairness are upheld in GenAI deployments. Monitoring mechanisms and accountabilities must be established to ensure adherence to these guidelines.

Risk management is crucial, especially given GenAI's potential issues like content source and provenance ambiguity, bias, and the possibility of generating misleading information. Boards should ascertain how these risks are being addressed.

Finally, directors need to understand the change management issues associated with GenAI, including the technology's strengths and limitations, initial use cases, and alignment with broader strategic efforts. Emphasizing reskilling and upskilling of employees affected by GenAI is also essential.

In summary, this playbook advises directors to approach GenAI with a comprehensive understanding, strategic foresight, and a focus on responsible governance, ensuring that GenAI is leveraged effectively and ethically in their organizations.

Boards facing the GenAI challenge

"The Emergence of Generative AI Presents Boards with a Challenge," as discussed in Forbes, provides a strategic advisory for corporate boards navigating the complexities of generative AI (GenAI). This article emphasizes the disruptive potential of GenAI in automating business tasks and creating substantial business value, while also posing significant challenges in job displacement and corporate governance.

For corporate boards, the key challenge is balancing the strategic implications of integrating GenAI with the need for responsible governance. This involves understanding GenAI's capabilities and limitations, assessing the impact on business models, and aligning GenAI initiatives with the company's strategic goals.

The article advises boards to be proactive in their approach to GenAI. This means not only understanding the technology but also actively shaping its use within the company. Boards should ensure that GenAI deployments are guided by clear ethical and legal standards, with a focus on fairness, transparency, and accountability.

Additionally, boards must consider their own readiness to oversee GenAI initiatives. This may involve recruiting new members with relevant skills or providing education and training to existing members. The goal is to ensure that the board can provide effective governance and oversight of GenAI, aligning it with the company's broader strategic objectives.

In summary, the article urges corporate boards to take a thoughtful, informed approach to GenAI. This involves understanding the technology, its strategic implications, and the associated risks, while ensuring robust governance and ethical use. By doing so, boards can help their companies navigate the GenAI revolution effectively, leveraging its benefits while mitigating its risks.

The leader's guide to GenAI

PwC's "The Leader's Guide to Generative AI" emphasizes the urgency for leaders to engage with the rapidly evolving field of generative AI (GenAI). This technology, which has capabilities extending to text, sound, images, and other outputs, presents both immense opportunities and notable challenges for businesses.

Leaders are advised to recognize that GenAI represents a significant shift in AI technology, offering exponential growth potential. Its evolving methods, which improve with use, suggest that GenAI will continue to develop rapidly and become increasingly integral to business operations.

The guide underscores the imperative for leaders to act now, emphasizing the importance of managing risk and focusing on creating value. Leaders should not delay in harnessing AI, as those gaining early experience are building capabilities that will yield long-term benefits.

A critical aspect of navigating GenAI is managing risk. Despite its potential, GenAI, like all AI, can sometimes be unreliable. Leaders must ensure that they, and their teams, understand GenAI's strengths and limitations and take responsibility for its applications. This includes setting guidelines and principles for using GenAI responsibly.

In summary, leaders are encouraged to proactively engage with GenAI, focusing on risk management, value creation, and strategic positioning to benefit from this technological evolution. The guide advises leaders to start acting immediately, given the transformative nature of GenAI and its potential to redefine business operations and strategies.

The organization of the future

Jonas's report, "The Organization of the Future: Enabled by Gen AI, Driven by People," outlines the profound impact generative AI (GenAI) is set to have on organizations and their workforce. It emphasizes that GenAI is rapidly transforming business operations, making it imperative for leaders to understand its capabilities and implications.

The report advises leaders to adopt a broad perspective on GenAI's potential, linking its use to the organization's strategic objectives. GenAI is not just about automating tasks; it can enhance employee experiences, lead to greater transparency and connectivity within the organization, and drive significant cultural change. Leaders should consider how GenAI will

affect different aspects of their business, from day-to-day operations to potential industry disruptions.

Central to the effective deployment of GenAI is a focus on people. Leaders should demystify GenAI for employees, clearly communicating its strengths, weaknesses, and its role in augmenting rather than replacing jobs. This includes reshaping the organizational culture to embrace adaptability, speed, and innovation, ensuring the workforce is prepared for a GenAI-driven future.

The report also highlights the need for senior leaders to continually build the required skills and capabilities within their teams, fostering an environment of continuous learning and experimentation. By doing so, organizations can capitalize on GenAI's benefits while navigating its challenges, staying ahead of competitors in an increasingly digital landscape.

Questions every board should be asking

Most boards know they need to engage with AI but lack a structured way to probe their executive teams. The questions below cover the five dimensions that consistently surface across the source material — strategy, governance, talent, risk, and measurement — and are designed to surface gaps without requiring deep technical fluency.

Strategy and competitive position

Where in our value chain does GenAI most plausibly change the unit economics, and on what time horizon? Which competitors or new entrants are best positioned to use AI against us, and what would early signs of that look like? Are we treating AI as a productivity layer, a product layer, or both — and is that choice deliberate?

Governance and ethics

Who in the organization is accountable for the outcomes of our AI systems, and how is that accountability documented? What is our process for reviewing AI outputs for bias, accuracy, and unintended consequences before they reach customers or employees? How would we know if one of our AI systems was producing harmful or non-compliant output today?

Talent and culture

What share of our workforce has used GenAI tools in the past month, and what are they using them for? Where are we investing in upskilling, and how is that investment tied to specific roles or workflows? Have we redesigned any roles to take advantage of AI, or are we layering AI on top of unchanged job descriptions?

Risk and resilience

What are our top three AI-specific risks — data leakage, IP exposure, model error, regulatory non-compliance — and what controls do we have for each? How exposed are we to third-

party AI vendors, and what happens if one of them fails or is acquired? Do our cybersecurity controls account for AI-augmented attacks against us?

Measurement and ROI

What outcomes do we expect from our AI investments over the next twelve months, and how will we know if we got them? Are we tracking adoption, productivity, and quality — or only spend? When a use case fails, do we have a process to learn from it and redeploy capital?

Measuring return on AI

AI investment without a measurement framework quickly turns into a long list of pilots that nobody can defend at budget time. The most common failure mode is conflating activity with outcome — counting models built rather than dollars saved or revenue gained. A workable framework operates on three levels.

Adoption metrics

These are leading indicators: weekly active users of AI tools, share of relevant workflows that include an AI step, and time-to-first-value for newly trained employees. Adoption is necessary but not sufficient — high adoption with low impact means the tools are being used for the wrong tasks.

Productivity and quality metrics

These connect adoption to business outcomes: hours saved per role per week, throughput increase per team, error rate change in AI-assisted work, and customer-facing quality measures such as response time and resolution rate. Where possible, these should be measured against a pre-AI baseline rather than against forecast.

Strategic and risk-adjusted returns

These are the figures that belong in a board pack: revenue attributable to AI-enabled products, cost saved net of AI infrastructure and licensing spend, and risk-adjusted return that subtracts the expected cost of governance failures, model errors, and regulatory exposure. A well-run program reports all three levels and is honest about which ones are still estimates.

The regulatory landscape

Regulation of AI has moved from speculative to operational in the past eighteen months. Boards do not need to read every statute, but they do need a working map of the major regimes, because compliance obligations are increasingly cross-jurisdictional and overlapping.

European Union — the EU AI Act

The EU AI Act, which began phased entry into force in 2024, classifies AI systems by risk level — unacceptable, high, limited, and minimal — and imposes obligations that scale accordingly. High-risk systems (including those used in employment, credit, education, and critical infrastructure) require conformity assessments, documentation, human oversight, and post-market monitoring. The Act applies to providers and deployers regardless of where they are headquartered if their systems are used in the EU, making it the de facto global baseline for many multinationals.

United States — sectoral and disclosure-driven

The US has no comprehensive federal AI law. Instead, regulators are extending existing authorities: the SEC's cybersecurity disclosure rules apply to AI-related incidents, the FTC has signaled it will pursue deceptive AI claims and biased automated decision-making, and the EEOC is active on hiring algorithms. State-level activity, particularly in California, Colorado, and New York, is filling gaps with rules on automated decision-making and AI-generated content. Federal executive orders set the direction for procurement and federal use but stop short of binding private-sector mandates.

United Kingdom and other markets

The UK has taken a principles-based, sector-led approach, asking existing regulators (FCA, ICO, CMA, MHRA) to apply five cross-cutting principles within their remits. China has issued binding rules on generative AI services and deep synthesis content, with mandatory registration and content labeling. Canada, Brazil, Japan, and Singapore are at various stages of formal frameworks. Boards operating across these markets should expect divergence on substance and convergence on process — documentation, testing, and human oversight are common to nearly every regime.

What this means for boards

The practical implication is that AI governance must be built once and adapted, not built per jurisdiction. Boards should ask whether the company maintains an AI inventory, classifies systems by risk, documents training data and model decisions, and has a process for responding to regulatory inquiries within statutory deadlines. The cost of building this capability now is materially lower than the cost of retrofitting it under enforcement pressure.

Closing takeaways

Across more than a dozen source documents from advisory firms, board associations, and operating leaders, five themes recur with enough consistency that they should anchor any board-level conversation about AI.

Strategy before technology

First, AI is a strategy question before it is a technology question. The boards that add value here are not the ones with the deepest technical expertise but the ones that ask sharp

questions about competitive position, capital allocation, and time horizon — the same questions they would ask about any major shift.

Governance enables speed

Second, governance and speed are not in tension. The organizations that are moving fastest on AI are also the ones that have invested earliest in governance frameworks, ethical guidelines, and human oversight. Trust, built deliberately, is what allows scale.

People unlock the value

Third, the workforce question is bigger than the technology question. Every source returns to the same point: the value of AI is unlocked by people who know how to use it well. That requires upskilling, role redesign, and a culture that treats AI as augmentation rather than threat.

Ecosystems over in-house

Fourth, ecosystems beat in-house everything. No organization has the talent, data, or compute to do this entirely alone. Strategic partnerships, vendor relationships, and external advisors are part of the operating model, not a fallback.

The cost of waiting

Fifth, the cost of waiting is rising. Early adopters are accumulating advantages in data, talent, and organizational learning that will be expensive to replicate. The boards that engage substantively now — not next quarter — will have meaningfully more room to manoeuvre in the years ahead.

The AI transition will not be uniform across industries or geographies, and the right response will differ for each organization. But the meta-question every board should be able to answer is simple: are we shaping this transition for our company, or are we being shaped by it?

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