AI Today – Challenges and Opportunities for Business Leaders

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Today's business is already being driven by AI as use across industries and around the world is widespread. And AI functionality continues to develop at an accelerated pace, with companies recognizing they can no longer stay on the AI sidelines. However, with changes occurring so rapidly, developing and implementing sound AI strategies comes with significant challenges.

Fast Developing Generative AI Changing Work, Increasing Productivity
Unlike traditional AI which solves specific tasks within a set of predefined rules, generative AI processes vast amounts of input data and creates or "generates" new content from it. Applications like ChatGPT perform a wide range of tasks – summarizing and editing data, answering questions, drafting new content, and importantly, have conversations with the user.

According to McKinsey Digital's report The Economic Potential of Generative AI (June 2023), these abilities make AI uniquely suited to automate and replace or augment humans in certain business functions, such as customer sales and operations, software engineering, and research and development. Based on the rapid rate of change, McKinsey estimates current AI technologies could absorb 60-70% of today's employee time, while half of today's work activities could be automated by 2060, resulting in substantial increases in labor productivity. The largest impact is projected to occur in the banking, high tech, and life sciences sectors.

Snapshot of Today's AI Uses
In a survey of over 1000 C-suite executives of companies with $1 billion+ in annual revenue (October 2023), Forbes Research reports the top uses of AI across departments are: improving customer interactions/satisfaction; making data driven decisions; and streamlining processes/improving operational efficiency. Looking across C-suite roles, for CFOs – risk management; for CIOs – improved decision-making; for CMOs – chatbots for real time personalized customer response; for CHROs – employee engagement. The top 5 countries reporting the most widespread use of AI are: US, Canada, France, Germany, and UK.

Source of Employment and Skills Needed
According to Jordi Berenguer, General Manager, AdQualis Executive Search and Managing Partner, IMSA Search Global Partners Spain, AI will have a significant impact on the creation and transformation of employment: "As AI becomes a fundamental part of many industries, it will be a source of employment in related areas, such as the development and management of proprietary AI systems, data collection and analysis, and cybersecurity and ethics. Proof of this is the recent increase in demand for professionals with skills in AI and machine learning. By improving efficiency and productivity in many sectors, AI can lead to the transformation of jobs, rather than their elimination."

Facing the task of integrating human talent with AI for best business outcomes, companies report two important skills that workers must possess – effective communication and team building, and knowledge of the enterprise. (HBR.org November 2023) Employees working with AI tools will also benefit from mentoring/coaching from managers already successfully working with AI, as well as from participating in cross-departmental AI teams. "Workers may need to learn new skills to collaborate effectively with AI systems or to perform more strategic tasks that complement automation," Jordi Berenguer adds.

Challenges Facing Today's CEOs
C-suite leaders recognize the criticality of investing in AI and upskilling their workforce to remain competitive and reap the benefit of potentially significant productivity and efficiency gains. However, given accelerating technology development and evolving economic and geopolitical climate, most express uncertainty in defining and implementing AI strategies. In EY's recent CEO Outlook Pulse (October 2023) the number of mentions of AI in company transcripts more than doubled since early 2023. And while 70% of CEOs surveyed acknowledge they "must act now on GenAI to avoid giving competitors a strategic advantage," 68% also say "the uncertainty around GenAI makes it challenging to move quickly in developing and implementing AI strategy."

According to Forbes Research, more than a third of CEOs surveyed have already seen tangible gains due to AI. However, most also say they are facing the significant new challenges of AI, including: data privacy (54%), data quality (45%), ethical risks (41%), and the impact on human talent/ROI (35%). Public trust of businesses to use AI responsibly is low, which could also affect customer relations and satisfaction moving forward. Jan Gunnar Storli, Partner of executive search firm Search House and Managing Partner, IMSA Search Global Partners Norway acknowledges this emerging focus on trust, transparency, privacy, and security: "Leaders of companies of all sizes and types are expressing an increased interest in candidates with experience in practical applications of AI and managing AI teams. At the same time, there is growing concern about data security, GDPR (General Data Protection Regulation) compliance, and potential for financial fraud. This is an emerging focus across sectors and geographies."

Ready or not, business leaders must face the challenges and seize the opportunities of AI despite the uncertainties of a rapidly evolving landscape. Staying current, setting AI strategies and moving forward with integration are an imperative to growth.

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