

How AI is changing the way CEOs lead large organisations

From strategy to system: Why AI demands a new model of leadership



Artificial intelligence has moved rapidly from experimentation to enterprise relevance. Today, most large organisations have some form of AI underway, whether through formal initiatives or informal adoption by teams.

For CEOs and boards, the leadership question has shifted. The challenge is no longer whether AI will be adopted, but whether it will be integrated in a way that is coherent, governable, and scalable — becoming a capability embedded in how the organisation makes decisions, manages risk, and delivers value.

Recent insights from Heidrick & Struggles' 2026 CEO & Board Confidence Monitor illustrate this tension. While 44% of leaders cite AI as one of the most significant issues their organisations will face this year, only 39% feel highly confident in their organisation's ability to manage it effectively. This gap between urgency and readiness is a defining leadership challenge.

External signals reinforce the shift. The AI Impact Summit held in India earlier this year concluded with the New Delhi Declaration on AI Impact, endorsed by governments and international organisations, emphasising trusted AI systems, workforce readiness, and access to AI infrastructure. AI is now widely recognised as a strategic capability — a core element of organisational design, not just a technology initiative.

AI is no longer a series of pilots or isolated technology projects. Once embedded into workflows, it becomes central to how organisations make decisions, deliver services, and manage risk.

Leadership priorities must evolve. CEOs and boards must design operating systems that embed AI into decision-making, establish institutional processes for governance, and build repeatable capabilities that scale across the enterprise.

Organisations that succeed with AI will not necessarily have the most pilots or the most advanced models, but those that redesign their institutions to operate effectively in an AI-enabled environment.

AI is becoming infrastructure, not a side programme

Many organisations still approach AI as an additional layer within broader transformation programmes. It is expected to improve productivity, accelerate decision-making, and enhance customer experience. Those outcomes are possible — but the framing is incomplete.

AI is increasingly being treated — by governments, regulators, and capital markets — as a form of infrastructure. The recent New Delhi Declaration on AI Impact highlights this: trusted AI systems, workforce readiness, and equitable access to AI infrastructure.

This change matters for corporate leaders: infrastructure behaves differently from innovation. Expectations of reliability and governance rise, external dependencies become strategic considerations, workforce capability becomes a board-level issue, and regulatory attention intensifies. AI therefore cannot remain a side programme; it must be integrated deliberately into organisational operations.

Why AI initiatives lose momentum in large organisations

Despite widespread experimentation, many AI programmes lose momentum before delivering enterprise-level impact. Structural and organisational factors frequently create friction:



Rising board expectations

Boards now expect both the value creation and responsible governance. Without a consistent view of deployed systems, risks, and outcomes, board discussions become reactive rather than strategic.



Unclear ownership and accountability

As AI expands beyond initial functions to influence customer interactions, pricing decisions, hiring processes, and operational planning, organisations must define who owns the system. Without explicit ownership across policy, infrastructure, business outcomes, and risk, AI adoption becomes fragmented.



Activity without operating model change

Many organisations interpret experimentation as progress. New tools may be deployed across functions, but workflows, incentives and escalation paths remain unchanged. AI overlays, rather than transforms, work.



Lagging assurance capability

AI outputs evolve with data and conditions. Without robust testing, monitoring, and governance frameworks, deployment slows.

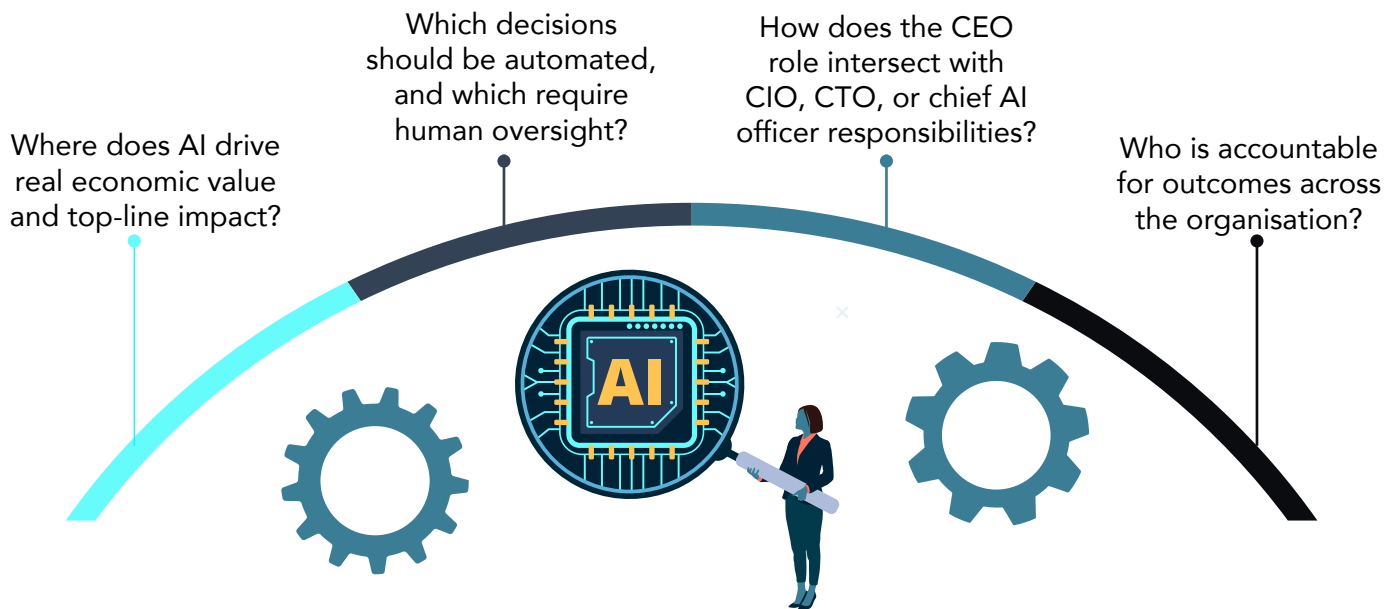


External dependencies and regulatory uncertainty

Reliance on external platforms, model providers, data ecosystems, and varying regulations increases complexity for long-term planning.

From strategy to system: What AI changes in the CEO role

Most CEOs have led major transformations before. AI differs because it embeds itself in organisational decision-making architecture. CEOs now face questions that traditional transformation playbooks rarely addressed:



These questions shift leadership focus from strategy alone to system design. Against this, three leadership shifts follow:

Decision design as a discipline

Leaders must define which decisions are human-led and how AI-driven recommendations are evaluated.



Assurance as a core capability

Governance, testing, and monitoring frameworks must be enterprise-wide, comprehensible to management and boards alike.



Capability diffusion

AI adoption scales only when managers and teams understand how to operate these systems responsibly and effectively.



Case snapshots: Where leadership matters more than technology

Real-world examples show that leadership choices shape outcomes more than the sophistication of models:

1

A Canadian tribunal held Air Canada liable for misinformation delivered to a customer by a website chatbot.¹ The underlying issue was organisational accountability, not the tool itself.

3

Zillow's predictive home-buying algorithm highlights the danger of scaling beyond conditions for which models were validated.³

2

Samsung employees inadvertently shared sensitive data through generative AI tools, illustrating operational risk from informal adoption without policy guidance.²

4

Conversely, financial institutions that deploy internal AI tools for research synthesis capture productivity gains while maintaining governance discipline.



These cases reinforce a consistent pattern: AI success depends less on technology and more on leadership discipline.

Regaining momentum: What separates structural and incremental adopters

Most large organisations have experimented with AI, but the difference in outcomes lies in the leadership approach. Across sectors, two categories are emerging:



Incremental adopters

Layer AI over existing models without redesigning workflows.



Structural adopters

Redesign operating systems to embed AI capabilities and processes.

The patterns described above — anchoring AI to an economic thesis, clarifying accountability across functions, removing legacy work, and building governance early — tend to appear together, reflecting a shift from experimentation toward institutional capability.

Organisations making this transition formalise a small set of mechanisms that allow AI to operate consistently across the enterprise. These mechanisms focus less on technology and more about clarity: clarity of intent, clarity of ownership, clarity of risk tolerance, and clarity on how progress is measured.

They establish a shared operating language between business leaders, technology teams, risk functions, and the board, making it easier to determine which initiatives move forward, which should stop, and how new capabilities can be deployed without re-opening the same governance questions. Across sectors, organisations that sustain momentum with AI institutionalise these instruments to translate leadership intent into operating discipline.

¹ BBC Travel, "Airline held liable for its chatbot giving passenger bad advice – what this means for travellers," February 23, 2024

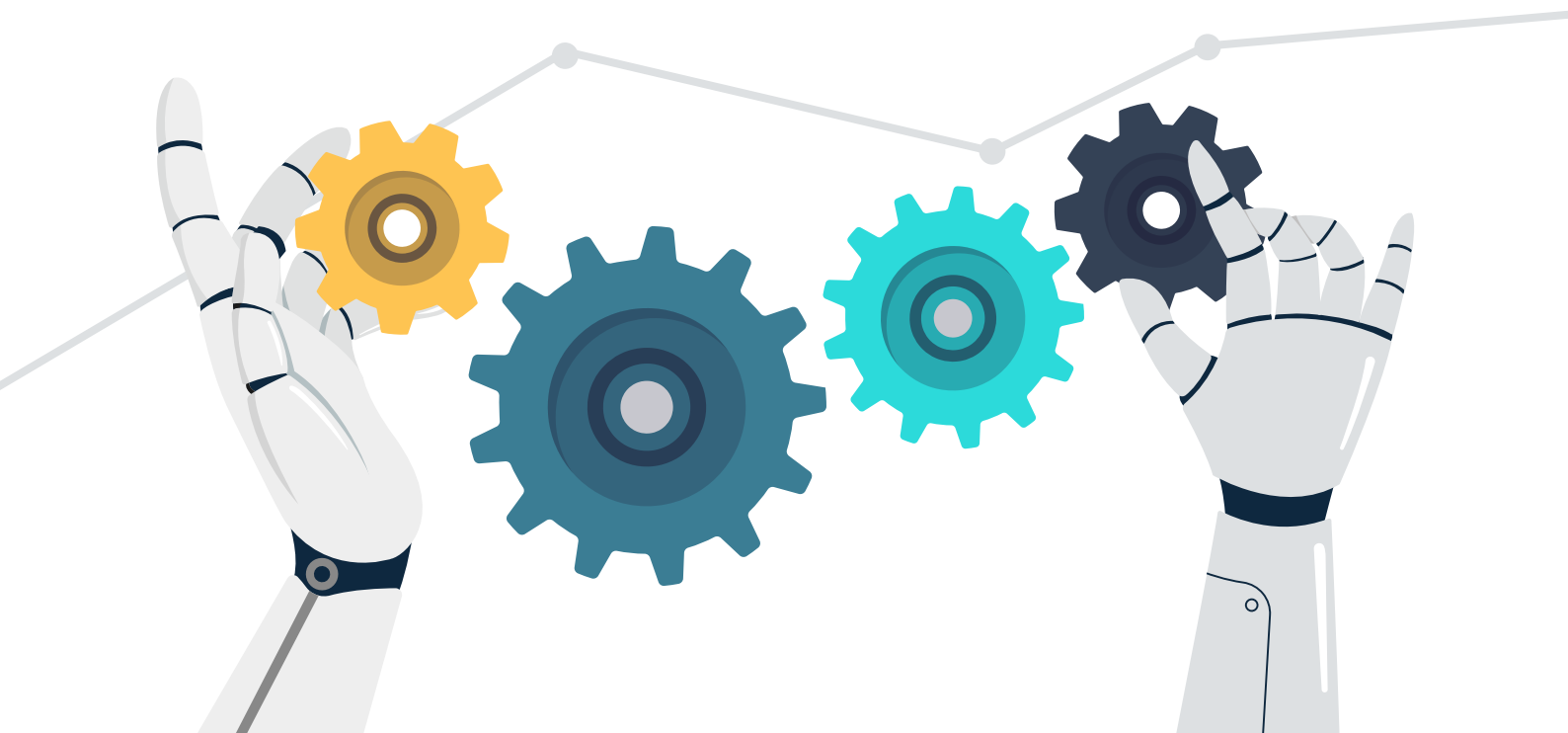
² CNBC, "Samsung bans use of AI like ChatGPT for staff after misuse of chatbot," May 2, 2023

³ The Wall Street Journal, "What went wrong with Zillow? A real-estate algorithm derailed its big bet," November 17, 2021

The table below summarises the most common elements.

Leadership toolkit: Institutional instruments for operating AI

ELEMENT	WHAT IT PROVIDES	WHY IT MATTERS
AI operating charter	Defines outcomes, boundaries, and leadership accountability	Prevents drift and clarifies enterprise intent
Workflow portfolio	Focused set of high-impact workflow transformations	Concentrates effort where AI changes economics
Decision rights map	Clarifies authority to deploy, override, or halt systems	Establishes accountability before incidents occur
Assurance standard	Testing, monitoring, and escalation protocols	Enables scaling while maintaining trust
Capability development plan	Leadership literacy and workforce enablement	Builds enterprise capability for responsible adoption
Board oversight framework	Structured reporting on AI deployment and risk	Enables consistent governance discussions



Making AI a strategic advantage

AI is a defining leadership issue not because the technology is new, but because it fundamentally changes how organisations make decisions and manage risk. Leaders must design systems, not just strategies: accountability, credible governance, focused workflow transformation, and a workforce capable of working alongside increasingly intelligent tools.

Organisations that treat AI as an operating model change will gradually build repeatable, enterprise-wide capability. Those that treat it as a stream of experiments will continue generating activity without structural impact.

Ultimately, CEOs must ask: if everyone has access to AI, how will decisions, processes, and competitive advantage change?



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