AI Adoption Guidelines for Directors and Executives

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Executive Summary

These Guidelines are designed to assist directors and executives in leading the process of adopting AI technologies and their responsibilities in developing the strategic direction, managing risks and ensuring the appropriate governance is in place. It provides an easy framework for successful AI adoption using a five step process,

1. Identify exemplar use cases with ROI linked to business goals
2. Identify areas of concern or blockers to adoption within your teams
3. Specify resources needed internally and externally to support the implementation
4. Define the governance structure to safely adopt AI
5. Define the metrics to measure success

By working through these basic steps, an organisation will then have the basic elements needed to build a successful AI implementation roadmap, structured around the key aspects of ensuring focus on outcomes, managing the business change aspects and ensuring the right people are involved from the start.

Introduction - Understanding AI

These guidelines are designed to equip directors and executives with the foundational framework and strategic perspective needed to lead AI initiatives confidently and responsibly.

An IoD Jersey Whitepaper[1], developed from the output of an event on AI adoption held in May 2025, focused on helping directors better understand AI's return on investment (ROI) and how to integrate AI into their business strategies. Key findings from the event included recognition AI will boost productivity but will require workforce adaptation and upskilling and a general feeling of AI hesitancy from cautious business culture slowing adoption. This indicates strong strategic leadership is needed, and these guidelines have been developed as a result.

What AI is—and what it is not

Artificial Intelligence (AI) refers to systems that can perform tasks typically requiring human intelligence, such as learning, reasoning, problem-solving, perception, and language understanding.

What AI is not – It is not magic, sentient, or infallible. It is a tool—powerful, but dependent on data, design, and oversight.

The Four Types of AI Every Business Leader Should Understand

Most organisations talk about "AI" as if it is one thing, however, there are four broad categories — and each one creates value in a different way[2].

1. Predictive AI — "Specifying what is likely to happen"

This is the AI most businesses have subconsciously used for years. It helps leaders make better decisions by turning data into probabilities.

- Forecasts demand
- Predicts customer churn
- Flags fraud
- Scores risk
- Optimises pricing

2. Automation AI — "Defining what can we streamline"

This is the AI that removes repetitive work. It offers the capability to reduce cost, increase consistency, and free people for higher-value work.

- Automates workflows
- Processes documents
- Routes customer queries
- Extracts data
- Speeds up back-office operations

3. Generative AI — "Models trained to create new content"

This is the AI everyone is talking about, such as ChatGPT, Copilot, Claude. It boosts individual productivity, but usually in small, incremental ways unless paired with types of AI.

- Drafts content
- Summarises documents
- Writes code
- Creates images
- Assists with research

4. Cognitive AI — "Defining what we can understand"

This is the emerging frontier with AI that can reason, plan, and interact more naturally. It moves AI from a tool to co-worker or partner, enabling more sophisticated business use cases.

- Analyses complex documents
- Handles multi-step tasks
- Supports decision-making
- Understands context and nuance

For a more in-depth description of the technology that goes into AI see **Appendix 3 – Types of AI.**

Why AI matters for business

AI can bring competitive advantage by unlocking efficiencies, personalising customer experiences, and enabling data-driven decisions. AI can support revenue growth through new products, services, and business models. It can detect fraud, predict failures, and enhance compliance leading to improved risk management. Also, AI can augment human capabilities, automate routine tasks, and create new roles, which in turn leads to workforce transformation.

Key concepts business leaders should know

Like other technology tools that came before it, AI cannot be implemented without certain success criteria in place beforehand. It also is not a panacea solution, so needs to be carefully managed, audited and monitored.

The following are a set of key concepts that should be considered as part of any AI implementation.

- The importance of data
    - AI systems learn from data. So, using poor data will result in poor outcomes.
    - Algorithms learn patterns from historical data to make predictions or decisions. The quality of these predictions or decisions is solely based on the accuracy and completeness of the historical data.
    - AI can perpetuate or amplify biases in data. Leaders must ensure fairness and accountability.

    - Robust due diligence must be performed on any adopted AI tool. Users need to be mindful of where the data is stored (not US if possible) and what cross border challenges might need to be overcome in terms of data sharing.
    - A good understanding of the security implications of sharing personal data and not using in AI tools such as public-by-default platforms such as ChatGPT.
- Explainability
    - Stakeholders need to understand how AI makes decisions, especially in regulated industries, so working needs to be auditable.
- Human-in-the-Loop
    - Combining AI with human judgment is often the most effective and ethical approach. This highlights the importance of retaining the experienced members of the team and ensuring continued succession planning for them.

Strategic questions business leaders should ask

As business leaders, we need to be confident in asking questions around new technology. They also need to be the right questions, but not necessarily technical ones.

"What business problems are we solving with AI?"

- This should be the first question asked when embarking on an AI journey. AI should not be implemented for the sake of it, so needs to be looked at to help solve the real problems in the business.

Supplemental questions

- "Do we have the right data and infrastructure?"
- "How do we ensure ethical and responsible AI use?"
- "What are the risks—technical, reputational, legal and how do we manage them?"
- "How do we measure success and ROI?"

Working through these Guidelines will help answer some or all these questions.

Strategic AI Adoption Framework

This framework is designed to offer practical guidance for boards and directors of organisations using or planning to use AI systems. Directors have to confront many challenges, but a deeper understanding of AI's operational and societal impacts is an essential boardroom priority. Boards must commit to agility, a culture of curiosity and innovation, and continuous learning in order to responsibly steer AI's strategic application in alignment with core organisational values and long-term goals.

The framework draws on the work done by IoD to assist Directors navigate this new AI landscape. The IoD paper "AI Governance in the Boardroom - The essential governance questions for your next board meeting"[3] published in September 2025 includes a checklist designed to help businesses establish a board-level understanding of their organisation's position on AI. It draws on a set of 12

principles first developed by Pauline Norstrom of Anekanta® Consulting in 2020[4], which can help guide the responsible use of AI throughout an organisation.

AI must now firmly be on every board's agenda and considered as an essential part of governance responsibilities. AI should not be confined to the domain of the IT function.

The concept of this framework is to focus on a simple approach to kick-start and enable a businesses AI adoption journey, following these five steps,

1. **Identify exemplar use cases with ROI linked to business goals**
2. **Identify areas of concern or blockers to adoption within your teams**
3. **Specify resources needed internally and externally to support the implementation**
4. **Define the governance structure to safely adopt AI**
5. **Define the metrics to measure success**

The aim is to help directors and executive leaders navigate the complexities of integrating AI into their organisations.

1. Identify exemplar use cases with ROI linked to business goals

Directors and the board will need to align any AI adoption with strategic business aims, whilst also identifying the right use cases, critical for building momentum and demonstrating early wins.

1.1 Set high-level strategic goals for AI adoption aligned with the organisation's values and business objectives. Start with business priorities and align AI initiatives with strategic goals—e.g., moving into new markets, new produce research and development, improving customer experience, reducing operational costs, or enhancing decision-making.

1.2 Look for high-impact, low-complexity opportunities - Use a 2x2 matrix (impact vs. feasibility) to prioritise use cases that are both valuable and achievable.

1.3 Benchmark across industries - Study how peers and leaders in your industry are using AI. For example, predictive maintenance in manufacturing or fraud detection in finance.

1.4 Engage frontline teams - They often have insights into repetitive tasks or inefficiencies that are ripe for automation or augmentation.

1.5 Pilot with a clear scope - Choose a use case that allows for a contained pilot with measurable outcomes and minimal risk.

2. Identify areas of concern or blockers to adoption within your teams

AI adoption can face both technical and cultural resistance which will slow down any implementation programme or investment decisions.

2.1 Conduct an assessment to evaluate data maturity, infrastructure, talent, and governance. Appendix 1 includes a suggested template for an AI Readiness Assessment.

2.2 Identify the cultural barriers. Fear of job displacement, lack of trust in AI decisions, or resistance to change can stall progress. Address these through transparent communication and change management.

2.3 Address ethical and regulatory concerns and ensure compliance with data protection laws (e.g., Data Protection (Jersey) Law 2018). Establishing ethical AI principles and defining an AI Governance Policy will help mitigate some of the fears and ethical considerations. This is covered in more detail in the Governance, Risks and Ethics section of this Framework, which can be used as a sample AI Governance and Ethics Policy.

2.4 Mitigate the risks of technical (IT) debt. Legacy systems and poor data quality can be blockers, so a good understanding of data and systems in the business, and a plan on how to modernise and integrate is essential.

2.5 Create a risk management framework for AI and include explainability, bias detection, and human-in-the-loop mechanisms.

3. Specify resources needed internally and externally to support the implementation

3.1 Identify resources needed

Successful AI implementation requires a blend of internal capabilities and external partnerships.

Internal resources

- Leadership sponsorship, executive buy-in and a clear mandate are essential for success.
- Cross-functional teams of data scientists, engineers, domain experts, and change managers will be needed for implementation.
- Consider the data infrastructure needed to deliver clean, accessible, and well-governed data.

External resources

- Technology partners needed for cloud provision, AI platforms and tools.
- Consultants and system integrators for strategy, implementation, and scaling.
- Academic and research collaborators to stay ahead of innovation and access talent.
- Training providers for upskilling staff in AI literacy and tools.

3.2 Talent & capability building

For business success we need to focus on ensuring we have the right people, skills, and culture to support AI initiatives at scale. It is not just about hiring data scientists; it's about creating an ecosystem where AI can thrive alongside your people.

First it is important to identify current capabilities and gaps across technical, business, and leadership roles. Then align talent strategy with the AI roadmap—what roles will be needed in 1, 3, and 5 years? After that an assessment can be made of how AI will augment or transform existing roles (e.g., analysts becoming AI-enabled decision-makers).

Core talent pillars

- **Technical talent -** data scientists, AI engineers, Data Engineers and Architects; AI Product Managers.
- **Business talent** - Domain experts who can frame problems and AI-literate managers who can lead cross-functional teams.
- **Leadership talent -** Executives who understand AI's strategic potential and risks and board members with AI governance fluency.

Upskilling and reskilling will be needed so you should offer foundational training to all employees to demystify AI and build trust. As further skills are identified provide role-specific learning paths (e.g., ethics for legal teams, model evaluation for product managers).

Behaviour changes may be needed to adopt this new technology. Encourage experimentation, learning from failure, and cross-functional collaboration. Identify and empower internal advocates to lead adoption efforts and, reward AI-driven innovation and knowledge sharing.

To monitor adoption a cross-functional, operational independent review committee should be formed and empowered to facilitate AI Adoption.

4. Define the governance structure needed to safely adopt AI

This section covers AI governance, regulatory considerations, and responsible AI principles. As we see in the media daily, we need to ensure we are cognisant and addressing the issues of bias, transparency, and explainability. This ensures AI systems are not only effective but also trustworthy, compliant, and aligned with organisational values.

4.1 AI Governance

Governance provides the structure and oversight needed to manage AI responsibly across the organisation.

- Ensure alignment between AI initiatives and business objectives.

- Define clear ownership for AI development, deployment, and monitoring (e.g., AI Steering Committee, Chief AI Officer).
- Establish internal policies for data usage, model development, validation, and lifecycle management. The points in this section of the framework could be used as a sample policy is for AI Governance.
- Maintain documentation and traceability of AI decisions for internal and external audits.
- Ensure compliance with Data Protection requirements, particularly around legal bases for processing, data protection by design and default, data sharing and data security. For high-risk processing, a Data Protection Impact Assessment (DPIA) will likely be required.
- Update organisational privacy policies and procedures to address AI-related issues.

4.2 Risk Management

AI introduces new types of risks—technical, operational, reputational, and legal—that must be proactively managed by the Board.

- Address risks like model drift, overfitting, and adversarial attacks.
- Ensure AI systems are robust, resilient, and integrated into business processes with fallback mechanisms.
- Prevent public backlash due to biased or opaque AI decisions.
- Comply with evolving regulations (e.g., EU AI Act, Data Protection (Jersey) Law 2018, UK AI White Paper) including the completion of a DPIA where applicable.

4.3 Ethical AI Principles

Reviewing and adopting an ethics framework in AI ensures that systems are fair, transparent, and aligned with human values.

- **Fairness and non-discrimination**
  - Avoid bias in data and algorithms that could lead to unfair treatment of individuals or groups.
- **Transparency and Explainability**
  - Ensure stakeholders can understand how and why AI systems make decisions.
- **Accountability**
  - Maintain human oversight and responsibility for AI outcomes.
- **Privacy and Consent**
  - Respect user data rights and ensure informed consent in data collection and usage.
- **Sustainability**
  - Consider the environmental impact of AI models, especially large-scale training.

4.4 Implementation Practices

Following these steps will help to ensure AI is implemented robustly within the organisation.

- Establish an ethics review board involving a cross-functional team to review high-impact AI projects.
- Regularly test models for bias, fairness, and unintended consequences.
- Keep humans involved in critical decision-making processes.
- Prepare incident response plans for AI failures or ethical breaches with clear escalation paths.

5. Define the metrics to measure success

This section provides guidance on measuring the success of AI initiatives and help organisations define, track, and communicate the value and impact of AI initiatives. It helps to ensure AI investments are aligned with business goals and progress is transparent and accountable.

By aligning metrics with strategic objectives this ensures that AI success metrics are tied to broader business goals such as revenue growth, cost reduction, customer satisfaction, or risk mitigation. Metrics should be tailored to the nature of each AI application (e.g., fraud detection vs. customer service automation).

Reporting and communication of metrics would ideally be through dashboards to enable visualisation and timely recognition of negative trends (example below). Regular updates to leadership and the board should be encouraged to keep the directors and exec team engaged. Lessons learned should be encouraged to document successes and failures to inform future projects.

A Simple Board Dashboard

Category	Metric		Example target
Value	Cost-to-Serve Reduction	Measures whether AI reduces operational costs (e.g., fewer manual hours, lower error rates).	15% YoY
Value	Return on AI Investment (RoAI)	A simple ratio: financial benefit vs. total cost of ownership (build + run + change).	>1.5 within 12 months
Adoption	User Adoption Rate	Percentage of staff actively using the AI tool vs. those with access	>70%
Customer	Complaint Volume	A leading indicator of trust, fairness, and transparency issues.	<1% of interactions

	Related to AI Decisions		
Regulatory	AI Register Coverage	Percentage of AI systems logged in the organisation's AI register.	100%
Regulatory	Alignment with AI Policy & Ethical Principles	Measures whether AI systems comply with internal governance frameworks.	Quarterly
Risk	Incident Response Time	Time taken to detect, escalate, and resolve AI-related incidents	<24 hours
Strategic	Time-to-Value	Measures how quickly AI pilots convert into real business outcomes	<90 days from pilot

Conclusion

By following the above five steps an approach to adoption can be developed within your organisation. A further set of steps on how to implement AI technology is in **Appendix 2 – Adoption Roadmap.**

AI adoption is not about chasing the latest technology fad, it's about steering the organisation with clarity, discipline, and intent. Directors who approach AI with a focus on purpose, people, governance, and measurable value will position their organisations to capture one of the most significant transformative levers of this generation.

With thoughtful oversight and a shared strategic framework, boards can turn AI from a source of uncertainty into a source of long-term advantage. This is a collective effort, but it starts with the board. By setting expectations, enabling capability, and modelling responsible use, directors create the conditions for innovation that is safe, ethical, and genuinely transformative.

Sources

1. IoD Jersey White Paper – Taking AI to the Next Level - June 2025 - iod-taking-ai-to-the-next-level-output-paper_final.pdf
2. Types of Artificial Intelligence | IBM
3. IoD Business Paper - AI Governance in the Boardroom
4. AI Governance Framework for Boards - Anekanta®AI and Anekanta®Consulting | AI Strategy | Risk | Literacy | Governance

Appendix 1 – AI Readiness Assessment

A Readiness Assessment helps organisations evaluate their current capabilities and identify gaps before embarking on AI initiatives. It ensures that the foundation is strong enough to support sustainable and scalable AI adoption. It covers key pillars such as data, talent, technology, culture, and governance, and includes a self-assessment checklist or scorecard.

1. **Strategic Alignment**
    - Is there a clear understanding of how AI aligns with the organisation's strategic goals?
    - Are senior leaders actively championing AI initiatives?
    - Has the organisation identified and prioritised high-value AI opportunities?
2. **Data Maturity**
    - Is relevant data accessible, well-structured, and sufficient in volume?
    - Are there processes in place to ensure data accuracy, completeness, and consistency?
    - Are there clear policies for data ownership, privacy, and compliance (e.g., GDPR)?
3. **Technology Infrastructure**
    - Does the organisation have the cloud or on-prem infrastructure to support AI workloads?
    - Are modern AI/ML tools and platforms available and integrated?
    - Are there robust cybersecurity measures to protect data and models?
4. **Talent and Skills**
    - Does the organisation have data scientists, ML engineers, and AI-literate business leaders?
    - Are there programs to build AI fluency across departments?
    - Are there collaborations with vendors, consultants, or academic institutions?
5. **Culture and Change Readiness**
    - Is there openness to experimentation and learning from failure?
    - Are there strategies to manage resistance and support adoption?
    - Are business, IT, and data teams aligned and working together?
6. **Risk and Ethics Management**
    - Are there principles guiding responsible AI use?
    - Are there mechanisms to detect and mitigate bias in data and models?
    - Is the organisation prepared to meet legal and ethical obligations?

Assessment Output

The outcome of this assessment should be a **readiness scorecard** or **maturity model** that highlights,

- Strengths that can be leveraged
- Gaps that need addressing
- A roadmap for capability building

Appendix 2 – Adoption Roadmap

A structured, phased approach to guide organisations from initial exploration to enterprise-wide AI integration. Ensures AI initiatives are aligned with business goals, responsibly governed, and scalable.

1. Awareness & Alignment

Objective: Build foundational understanding and align AI with strategic priorities.

- Ensure leadership understands AI capabilities, risks, and opportunities.
- Identify how AI can support key business objectives.
- Involve cross-functional leaders early to build buy-in and shared vision.

2. Readiness Assessment

Objective: Evaluate organisational maturity and identify capability gaps.

- Assess data quality, availability, and governance.
- Review cloud, compute, and tooling capabilities.
- Evaluate skills, openness to change, and innovation culture.
- Identify regulatory, reputational, and ethical considerations.

3. Use Case Identification & Prioritisation

Objective: Select high-impact, feasible AI opportunities.

- Collaborate with business units to surface opportunities.
- Rank use cases by business value and implementation complexity.
- Choose a manageable, high visibility use case to demonstrate value.

4. Pilot & Learn

Objective: Validate AI capabilities and refine implementation approach.

- Build and iterate quickly with feedback loops.
- Define and track KPIs for performance, adoption, and impact.
- Implement explainability, bias testing, and human oversight.
- Capture insights to inform future projects.

5. Scale & Integrate

Objective: Expand successful pilots into enterprise-wide solutions.

- Define roles, responsibilities, and governance structures.
- Establish pipelines for model deployment, monitoring, and retraining.

- Support adoption through training, communication, and incentives.
- Track and manage AI initiatives across the organisation.

6. Sustain & Evolve

Objective: Ensure long-term value, compliance, and innovation.

- Use feedback and performance data to refine models and processes.
- Maintain ongoing audits and updates to ethical frameworks.
- Invest in R&D, partnerships, and emerging technologies.
- Regularly revisit AI strategy considering business and technological changes.

Appendix 3 - Types of AI Systems

- **Rule-Based Systems (Expert Systems) -** Systems that follow predefined logic ("if-then" rules) to make decisions. Used in compliance checks, eligibility screening, and basic automation. Limited in adaptability and scalability, these foundational systems are used as guardrails in hybrid AI systems to ensure regulatory compliance.
- **Machine Learning (ML) -** Systems that learn patterns from data to make predictions or decisions without being explicitly programmed.
  Subtypes are:
  - Supervised Learning: Learns from labelled data (e.g., fraud detection).
  - Unsupervised Learning: Finds patterns in unlabelled data (e.g., customer segmentation).
  - Reinforcement Learning: Learns through trial and error (e.g., robotics, dynamic pricing).

  ML powers most modern AI applications and requires good data and governance. It underpins predictive analytics, personalisation engines, and risk modelling across sectors.
- **Natural Language Processing (NLP)** - Enables machines to understand, interpret, and generate human language. Key to chatbots, sentiment analysis, and document summarisation. Central to customer service automation and knowledge management. Increasingly used in policy analysis, legal tech, and multilingual service delivery.
- **Computer Vision -** Enables machines to interpret visual information from the world. Used in quality inspection, facial recognition, medical imaging. Used in manufacturing, healthcare, and security it integrates with edge computing for real-time decision-making.
- **Generative AI -** Creates new content based on training data containing text, images, and code. Used in content creation, product design, and software development. Offers transformative potential but raises ethical, legal, and IP concerns. It is now supporting education, marketing, and strategic planning through simulation and ideation.
- **Autonomous Systems -** Operate independently in environments such as self-driving vehicles, drones, and robotic process automation (RPA). High complexity and risk require strong oversight and safety protocols and can challenge existing regulatory frameworks. Often combined with multiple AI types (vision, ML, NLP).

- **Large Language Models (LLMs) -** LLMs are advanced AI systems trained on massive text datasets to understand, generate, and reason with human language. They power chatbots, summarisation tools, coding assistants, and strategic advisors, for example ChatGPT and Co-Pilot.

Layered model of AI Systems