

AI is Here. Is Your Board Ready?

Thought Leadership

Artificial intelligence is redefining corporate leadership, marking a decisive turning point for Boards of Directors—one that will separate those who adapt from those who fall behind. The decisions directors make now about how their organizations implement and govern AI will reverberate for years, intensifying the pressure to “get it right.”

In 2024, 78% of organizations reported using AI in at least one business function—a 55% uptick from the prior year, according to the *Wall Street Journal*. Yet, even as adoption increases, governance lags. One recent survey found that nearly 80% of boards have little to no experience with AI.

Closing this gap requires directors to deepen their digital and AI fluency. But what sets AI-savvy boards apart? And how can others build the capability to govern AI responsibly and strategically? To find out, Korn Ferry spoke with a cross-section of board members at organizations leading in AI readiness.

AI'S RISK VS. AI'S REWARD?

The conversation in boardrooms has shifted from whether to use AI to how to govern AI responsibly. That shift has revealed a gap between awareness and action. Most boards are still learning, but some are already integrating AI in ways that deliver material impact.

A recent MIT study found that, in 2024, 26% of large U.S. company boards were considered digitally and AI-savvy. These companies outperformed peers by 10.9% in return on equity and held market caps \$15.5 billion higher on average. When boards have the right mix of digital and AI fluency, it results in real business gains.

Still, while AI offers significant growth opportunities, boards are acutely aware of its risks. Without proper oversight, AI can introduce bias, create security vulnerabilities, or lead to compliance failures. Beyond technical issues, ineffective implementation or poor governance can expose organizations to reputational and operational harm. Board members we interviewed voiced particular concern about regulatory fallout and public backlash stemming from missteps or weak oversight. Several cautioned against “silent drift,” where AI starts influencing critical business decisions without transparency or accountability.

Failing to fully appreciate AI's impact can increase these risks, damage trust, and hurt long-term performance. So, how do AI-savvy boards manage risk while integrating AI?



THE STRATEGIC FOUNDATIONS OF HIGH-IMPACT, AI-SAVVY BOARDS

Boards that are digitally and AI-savvy treat technology as a board-level responsibility—not just a concern for their top technology executive. And they link AI directly to business impact. For example, directors at a Fortune 50 healthcare company told Korn Ferry they pushed for a tenfold increase in AI investment, while board members at a leading pharmaceutical firm said they challenged management to develop 1,000 new AI use cases.

Structural shifts are also emerging. AI-savvy boards embed technology into their governance strategy by forming committees focused on technology, digital, and cybersecurity. These boards may devote up to 80% of committee time to strategy and 40% of overall board time to technology-related issues. That's up from 10–20% when tech fell under audit committees or general sessions, according to [MIT's study](#).

Some boards are expanding audit committees with AI oversight or creating AI-specific subcommittees. In contrast, less-prepared boards often wait for regulatory guidance, delegate AI entirely to management, or underestimate the pace of change and leadership readiness.

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WHO SITS AT THE TABLE MATTERS MORE THAN EVER

Striking the right balance on the board is crucial. Boards considered digitally and AI-savvy tend to include multiple directors with experience in AI or digital transformation. They also recruit AI-fluent members, some of whom may be younger or from non-traditional backgrounds.

AI-savvy directors tend to share five characteristics:

- **Tech Fluent:** Understands AI, data, automation, and cybersecurity well enough to ask sharp questions and guide smart decisions.
- **Strategy-Focused:** Connects digital tools to growth, innovation, and efficiency.
- **Risk-Ready:** Identifies data, bias, and compliance risks early and pushes for strong AI ethics and oversight.
- **Change Leader:** Promotes curiosity, learning, and adaptability across the organization.
- **Human-Centered:** Champions responsible AI that enhances human judgment and creativity.

Boards with this expertise will be better positioned to scale AI safely and effectively, converting AI investments into measurable business outcomes.

FROM AI AWARENESS TO AI ACTION

Closing the gap between AI ambition and real impact starts with action. Forward-thinking boards embed AI into their governance domains—ethics, risk, talent, and cybersecurity—and incorporate AI into regular management briefings, much like cyber updates.

Practical tools are also emerging. Companies are using quarterly dashboards to track productivity, compliance, and brand risk, as well as scorecards for ROI and impact. In sectors like healthcare, some leading firms have shaped AI strategy by setting clear expectations for scale and governance.

Board mindsets are evolving. Instead of asking “Is this a risk?”, directors now focus on questions like:

- “How do we lead responsibly?”
- “How do we measure real business impact?”
- “How can we reimagine the business?”

To support this shift, boards are investing in continuous learning, such as quarterly AI briefings, simulations, internal demo sessions, and peer exchanges. Some directors even model AI use themselves by drafting updates, digesting reports, or simulating shareholder Q&A. These actions reinforce that AI is a core part of board leadership.

The cost of inaction is clear. Boards that fail to grasp AI’s full implications risk strategic drift, regulatory missteps, and loss of stakeholder trust. Understanding how AI is changing the board—and how to measure, detect, and hire those with AI expertise—is now integral. Boards will only thrive if they view AI both as an opportunity and a responsibility.

AI is here—whether your board is ready or not. The question can no longer be *if* your board will lead, but *how* it will lead.

HOW WE HELP

Korn Ferry helps boards thrive in a technology-driven world. Our expert talent consultants partner with organizations at all stages of development to identify and recruit digitally and AI-fluent board directors. Through our advisory services, we support boards in building strong succession plans and enabling them with the structures and skills needed to lead with confidence and impact in the age of AI and beyond.

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