



The CEO's Guide to the Generative AI Revolution

To BCG's network around the world,

The potential of generative AI was mostly off the radar screen for business leaders. And then came ChatGPT in late 2022, putting the topic top of mind for so many of us. But I'm on a steep learning curve when it comes to this new technology, as many of you probably are. That's why I found BCG's [recent perspective](#) on what CEOs really need to know about generative AI helpful in its clarity.

The article from François Candelon and colleagues from the BCG Henderson Institute offers leaders a roadmap, as well as an overview of the strategic choices they can make that will help get the most out of generative AI while carefully managing the risks. Their recommendations are organized through three lenses: potential, people, and policies.

Potential. The low-code/no-code characteristic of generative AI is a game-changer, making it much easier for companies to adopt at scale, with productivity wins bringing down costs significantly. But every company will have easy access to these advantages, so it's important to figure out what the article's authors refer to as a company's "golden use cases," which might exist anywhere along the value chain and disproportionately drive business outcomes.

In biopharma, for example, the technology can stimulate the imagination and create new ideas, greatly speeding up the long R&D process involved in innovation. Biotech company Insilico Medicine's AI-generated anti-fibrotic drug moved from conceptualization to Phase 1 clinical trials in fewer than 30 months for around \$2.6 million, much faster and cheaper than traditional drug discovery. This is what distinguishes generative AI from traditional artificial intelligence, which is focused

on analyzing data and making decisions based on that data. Generative AI creates new content or data based on existing patterns or structures.

People. Not surprisingly, generative AI calls for specially trained talent, but that's just the beginning of the people issues that the technology raises. CEOs need to plan for how generative AI will disrupt roles and responsibilities and build people implications and employee feedback fully into their change roadmaps.

Just like other kinds of AI, this technology will augment many roles and allow people to spend more of their time refining content and identifying new solutions. Eventually, it will likely reduce the number of people needed in today's functions. But at a time when developing and retaining talent is essential, there will be an urgent need to engage colleagues in these journeys and invest in retraining and building new skills as traditional skills are less necessary.

Policies. The primary danger of generative AI as we know it today is that it lacks a reliable truth function, but there are other critical risks, including copyright infringement, unplanned functionality, and leaks of proprietary data. Companies need to create policies that mitigate these risks, so employees use the technology only within well-established guardrails.

Experimentation among employees ought to be encouraged, but there should be a central process for tracking these experiments to avoid exposing sensitive information. Policies should also secure clear data ownership, establish reviews that keep incorrect or harmful content from being published, and protect the company's and its clients' and customers' proprietary data. All of this means that organizations need clear responsible-AI norms, adapted for generative AI. These should include robust documentation and a review board similar to that used in the scientific research processes.

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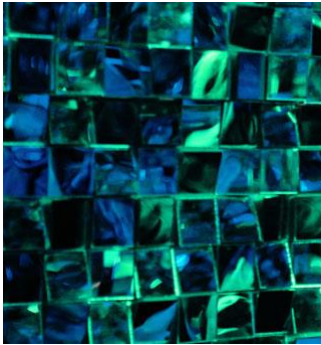
I'm sure many business leaders, already dealing with so many challenges, might have preferred to have another couple years before faced with an AI revolution that can touch so many parts of their business and so many people. But that timing is not up to us to choose, and deployed well, generative AI offers enormous potential for value creation and new business models. It will be an exciting (and stressful) few years ahead as we all navigate this next discontinuity in technology and society.

Until next time,



Rich Lesser
Global Chair

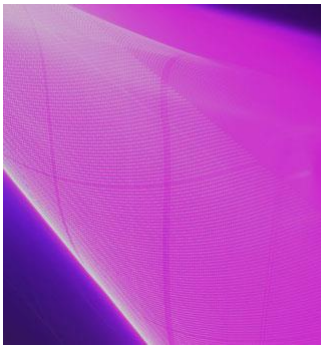
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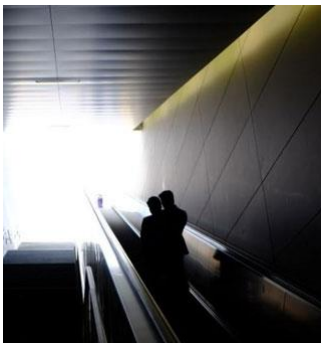
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