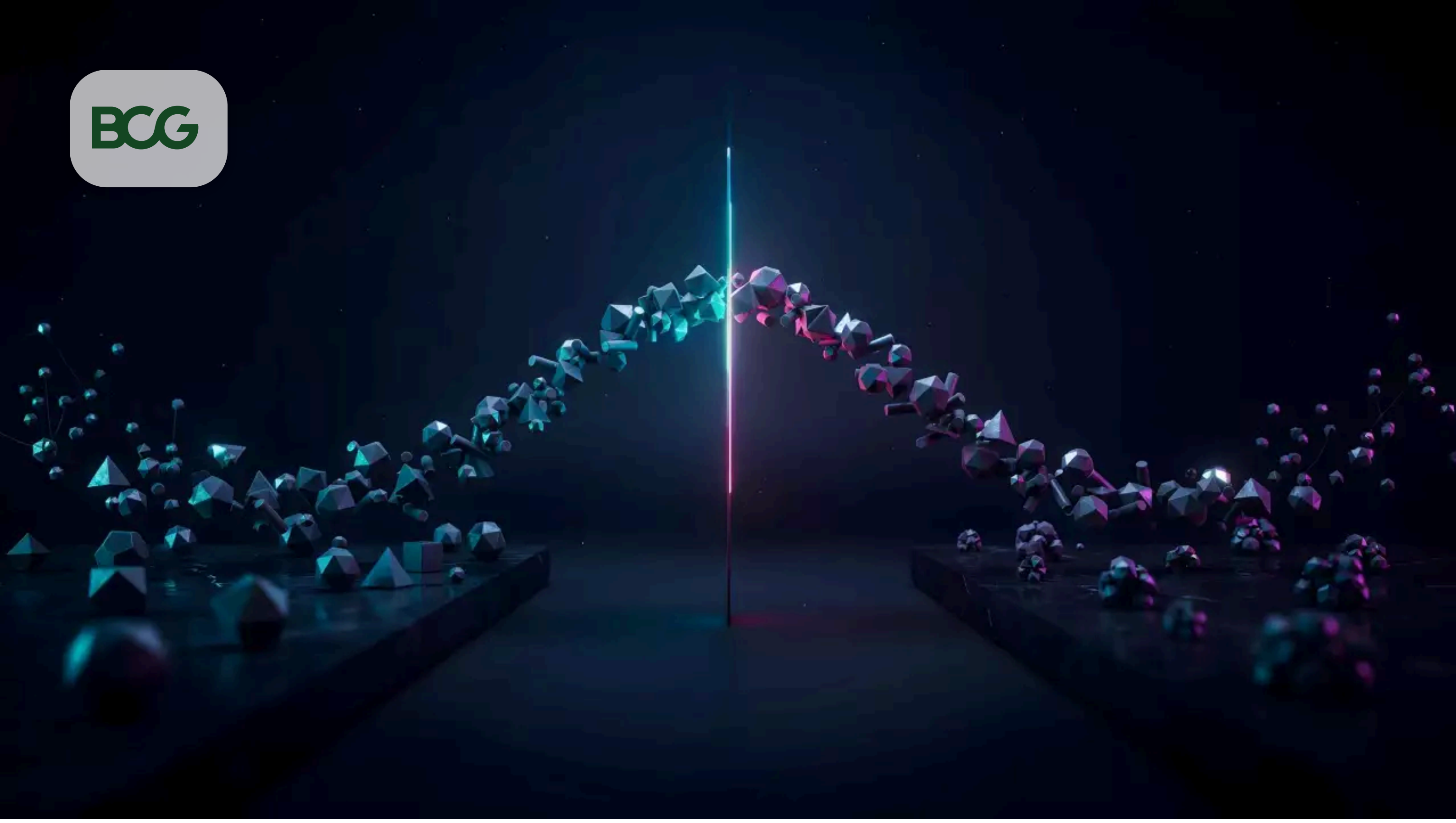

ARTIFICIAL INTELLIGENCE

The CEO’s Guide to Closing the AI-Knowledge Gap with Your Board

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What’s at Stake

An AI strategy can fail for many reasons. But when CEOs and their boards lack a shared understanding of the technology, it can derail a transformation before it begins.

BCG's inaugural "Split Decisions: CEOs and Boards Survey" of 625 leaders shows how this challenge can hide in plain sight. On the surface, CEOs and directors appear largely aligned on AI governance, implementation, and value creation. But beneath that apparent consensus lies a fundamental disconnect: three-quarters of board members rate their understanding of AI as on par with or better than their peers. But CEOs say many directors lack the knowledge needed to distinguish AI hype from reality, calibrate expectations for how quickly AI can create value, and grasp how AI is reshaping the path to growth.

Left unaddressed, this understanding gap can stall decision-making, weaken investment choices, and derail the journey from promising AI pilots to enterprise-scale value.

What the Numbers Say

61%

of CEOs believe boards are rushing AI transformations.

35%

of CEOs believe boards overestimate AI's ability to replace expertise rather than augment it.

37%

of CEOs say boards lack an informed view of how AI is reshaping growth strategy.

Why CEOs Must Close the Understanding Gap Now

Misalignment between the CEO and board on fundamental AI strategy can be costly and ultimately impact competitiveness.

- Surface-level alignment can hide a weaker shared understanding of what success requires.
- Board members who feel frustrated with the pace of an AI transformation can become heavy-handed and start making decisions for the CEO, with significant consequences for future competitiveness.
- Board members who feel a CEO is not being aggressive enough with their AI strategy may question whether the company has the right leadership to steward the company successfully into an AI-first future.

What CEOs Can Do to Close the Gap

To create a shared AI understanding, CEOs can help the board gain a firmer grasp of what the technology can and cannot do, where the leading edge is, and how the company's AI transformation is actually unfolding in practice. Five moves can help:

Move 1: Personally envision and articulate the AI strategy

There can be a lot of pressure to implement AI right away or risk losing out. But CEOs are in the best position to understand the specific opportunities and challenges that come with an AI transformation. They know where the company is starting from and what systems need to change to get the most out of the technology. That is why they should personally convey to their board what AI means for the company's value creation strategy, competitive advantage, operating model, leadership expectations, and risk.

- "What is your vision for the future state of the company, and how does AI play into it?" asks Kristy Ellmer, BCG managing director and partner, and author of "How Change Really Works." "CEOs need to articulate the strategy: Where are we just keeping up, and where is AI actually creating competitive advantage? Otherwise, it can look like you're implementing AI just for the sake of doing it."

Move 2: Lead the learning yourself

Rather than delegate the board's education to technology leaders or external experts, CEOs can take a more active role in helping directors understand the technology through demonstrations and hands-on learning sessions. These experiences can deepen the board's understanding of AI and give directors a clearer view of the opportunities—and realities—shaping the frontier.

- "A really powerful way for CEOs to bridge the gap between their AI knowledge and their boards'—especially if they feel there is a deficit there—is for the CEO to personally lead an AI upskilling session for their board to show them the latest AI tools and what they can do," says BCG Managing Director and Partner Julie Bedard.

Move 3: Plan immersive learning opportunities beyond board meetings

Board meetings alone rarely provide enough time or context for directors to fully appreciate how AI is transforming industries and reshaping competition. CEOs can accelerate learning by creating opportunities for deeper engagement outside the boardroom, including visits to AI-first companies, customer discussions, competitor scans, and exposure to live AI use cases. These experiences help directors see emerging opportunities and challenges firsthand and build a more informed perspective on the pace and implications of AI-driven change.

Move 4: Articulate a vision for AI augmentation vs. replacement

One area where CEOs and boards are often at odds is how quickly and in what circumstances AI can replace human workers rather than augment the current workforce. Boards are often more aggressive about replacing workers, and CEOs need to help them understand where human judgement remains essential.

- “CEOs can also bridge the gap by talking about AI in a much more differentiated way to clearly illustrate where AI can be a substitute for human work activities, and where it can complement human work,” says Bedard.

Move 5: Consider building an AI-savvy transformation committee

To quickly overcome an understanding gap at this critical juncture in the AI race, CEOs can create a transformation committee drawn from a select group of directors who have a firmer grasp of the technology than their peers.

- “It’s helpful to have three or four directors who have some expertise and who are going to get deeper in it with you,” says Ellmer. “They represent the rest of the board, a subset who question things a little more and can really help the management team. And that might only be needed for a few years when you’re going through this big change.”

Final Gut Check: Don't Carry the AI Transformation Alone

CEOs often end up carrying more of the AI decision-making burden than either they or their boards believe they should, according to our survey. That gap suggests CEOs must do more than bring their boards up to speed on AI—they must also set clear expectations for how every member of the senior leadership team contributes to AI-driven change and value creation. AI is reinventing how work gets done and redefining what is required of leadership. The companies that pull ahead will be those where responsibility for AI transformation is shared—and where the CEO, board, and leadership team operate from a common understanding of how AI creates value.

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