

AI governance: A manageable challenge

Transcript

SPEAKER:

Chris Smith, Chief Strategy Officer

Stay true to your principles

CHRIS SMITH: When trying to understand how management is aligning or staying consistent with the philosophy and principles of what they've committed to with AI, there are a couple of starter questions.

The first one is, just asking management which AI risk management framework they've based their whole operations around. Is it NIST? Is it something else? But just asking what framework they're using or the basis of how they're governing AI themselves.

The second would be, when you think about deploying AI, and not just the implementation, but just the deploying of the technology, is it a centralized approach? Is it a decentralized approach? That's pretty important to understand.

I think, third, the talent. It's, what is management doing to upskill or bring in external talent that fills the gaps but also adds not just knowledge, not just skill set, but the judgment necessary when using AI.

I'd probably say last, but not least, I would be asking them about the use cases and their methodology for identifying the different AI use cases, how those are being researched, how those are being prioritized, who's making the final decision on which use case actually goes live.

Why boards should be confident about AI

CHRIS SMITH: Boards should be confident because at the foundation or the core of a board is resiliency. And history has shown that regardless of disruption, be it a business model disruption, be it emerging technology disruption, be it the pandemic, boards understand how to govern.

Consider all your stakeholders

CHRIS SMITH: Just because you can doesn't mean you should is one of my favorite questions or one of my favorite juxtapositions that I like to use when working with management. And if you think about that question, it takes governance.

It takes a board to step back and think about all of the stakeholders that they really answer to. You have shareholders, you have the customer, you have the employee stakeholder, you have suppliers, you have the community, and you could even argue you have the government.

So when you actually are undertaking the notion of applying an AI use case, to let's say, worker productivity, if that displaces jobs, then that impacts the community. That may help the shareholder stakeholder, but it potentially harms two others.

So I think as boards lean into a topic like AI, it's going to be the same thing they've been challenged with in every other disruption, which is thinking about the impact to all stakeholders and coming out with a balanced perspective.