AI Governance in Practice:
How Leaders Are Turning AI into Advantage

Program Summary

Artificial intelligence is rapidly moving from experimentation to enterprise-wide adoption, making board oversight more critical than ever. During this NACD Heartland Chapter program, moderated by Ed Bartak (RSM), panelists Robin Carnahan (former Secretary of State, Missouri and Administrator, U.S. General Services Administration), Jim Shay (CFO, Hallmark), and John Jacobs (CIO, JE Dunn Construction) explored how organizations are using AI to improve decision-making, productivity, innovation, and competitive advantage while managing the governance, cybersecurity, and workforce challenges that accompany its adoption.

Rather than focusing on the technology itself, the discussion emphasized that successful AI implementation begins with sound governance. Organizations that understand their business processes, maintain disciplined data governance, establish clear policies, and invest in employee education will be best positioned to realize AI's value. Conversely, organizations that simply deploy AI without governance risk accelerating inefficient processes, exposing sensitive information, and creating new operational and reputational risks.

The panel also challenged directors to view AI not as an IT initiative, but as a strategic business issue requiring active board oversight. Just as cybersecurity has become a standing board agenda item, AI governance should become a recurring discussion led by executive leadership. Directors were encouraged to ask not only how management is mitigating AI-related risks, but also how the organization is leveraging AI to strengthen its competitive position, improve customer value, and prepare its workforce for the future.

Throughout the discussion, the panel reinforced that AI is unlikely to replace thoughtful leadership, sound judgment, or creativity. Instead, organizations that combine human expertise with responsible AI adoption will be best positioned to create lasting strategic advantage.

Key Takeaways for Directors and Governance Professionals

1. AI governance is a board issue—not simply an IT issue.

Boards should receive regular updates on AI strategy, adoption, governance, risks, and opportunities. Several panelists suggested AI should become a recurring board agenda item, much like cybersecurity.

2. Governance should begin before deployment.

Successful organizations establish governance frameworks early by defining:

- acceptable AI use
- data governance
- security controls
- accountability
- policies and oversight

3. AI amplifies existing processes.

AI does not fix broken processes—it accelerates them. Organizations should document, evaluate, and improve business processes before scaling AI solutions.

4. Data governance is foundational.

The quality, accessibility, security, and governance of organizational data determine AI's effectiveness. Directors should understand how management protects proprietary information while enabling responsible AI use.

5. Boards should oversee both risk and opportunity.

Effective oversight requires balancing:

- cybersecurity
- privacy
- intellectual property
- regulatory compliance
- competitive advantage
- innovation
- customer value

6. Enterprise AI requires enterprise governance.

Allowing employees to independently select AI platforms increases organizational risk. Standardized enterprise tools provide stronger governance, security, and organizational learning.

7. Training is a strategic investment.

Organizations should educate employees, executives, and directors—not simply on AI tools, but on responsible AI use, governance, and practical applications. Several panelists emphasized that widespread AI literacy creates better conversations and stronger decision-making.

8. Leadership communication matters.

Employees are more likely to embrace AI when leaders clearly communicate that AI is intended to augment—not simply replace—the workforce. Trust, transparency, and continuous communication reduce resistance to adoption.

9. Boards should ask strategic questions.

Examples include:

- How does AI support our long-term strategy?
- Where does AI create competitive advantage?
- What governance framework guides our use?
- How are we measuring progress?
- Where are our greatest AI-related risks?
- Are we investing enough in workforce capability?

10. Start with practical use cases.

Organizations should focus on solving meaningful business problems rather than adopting AI simply because it is available. Early successes build confidence and organizational momentum.

11. Encourage innovation within guardrails.

Several examples illustrated the value of allowing employees to experiment in secure development environments while maintaining governance before AI solutions move into production.

12. Preserve uniquely human capabilities.

The panel emphasized that creativity, judgment, ethics, leadership, and relationship-building remain essential differentiators that AI should enhance—not replace.

13. Document institutional knowledge now.

As experienced employees retire, organizations have an opportunity to capture decades of expertise and use AI to make that knowledge more accessible to future leaders.

14. Think beyond efficiency.

The greatest value of AI may not be cost savings, but enabling organizations to:

- improve customer experience
- accelerate innovation
- strengthen decision-making
- address talent shortages
- create new business capabilities

Three Director Questions to Bring Back to the Boardroom

1. **Do we have a documented AI governance framework that clearly defines accountability, data governance, acceptable use, and oversight?**
2. **How is AI helping advance our strategic objectives and create competitive advantage—not simply improve efficiency?**
3. **Are we investing enough in our people, governance, and data to ensure AI becomes a sustainable business capability rather than a collection of disconnected tools?**

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