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CONSULTING

# SETTING AN ORGANIZATIONAL STRATEGY FOR AI TO DRIVE BUSINESS TRANSFORMATION

Companies across industries are confronted with technology disruption that regularly impacts decision-making at all levels of the organization. Digital transformation has been on the minds of CIOs for almost a decade, yet as soon as their organization grasps a new technology, there's a new frontier changing the way teams collaborate. Business leaders who stay at the forefront of transformation do so by leveraging technology to enable change and empower the organization to be part of the transformational vision. They also prioritize setting an organizational strategy for AI that helps drive that transformation

Artificial Intelligence (AI) is another frontier of [digital transformation](#) evolving even faster than other technologies, with promise to enable organizational change for the better. AI can enable employees to increase productivity, improve well-being, and streamline manual repetitive tasks and more that ultimately lead to organizational-level improvements, ranging from topline growth to bottom-line cost efficiencies. [89% of employees and business decision-makers](#) with access to automation and AI-powered tools feel more fulfilled. This fulfillment is believed to be attributed to their ability to spend time on work that truly matters. The spectrum of AI tools is broad – ranging from predictive analytics, Machine Learning (ML), generative AI, chatbots, and more.

To truly harness the power of AI, business leaders will need to set an intentional [organizational strategy](#) that offers the right balance of flexibility and control. We are just scratching the surface of what AI can do to empower employees and organizations, so it's imperative to create a sustainable vision for what the [organization's future could look like](#) and ultimately gain buy-in at all levels of the company. We've outlined the core tenets of an AI organizational strategy that executives should consider as they evaluate the technology for their business. .



## STRATEGIC VISION

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Truly incorporating AI into the DNA of an organization is achieved when a [clear vision is aligned with overall business goals and objectives](#). Without clarity around what the strategic ambition is for AI and the expected goals that should be achieved with the technology, it will be difficult to generate buy-in across key stakeholders. The AI vision should inspire the organization to commit and embrace the technology for the value it can create around efficiencies and competitive advantage.

Organizational buy-in starts at the leadership level. It's crucial for leaders to visibly show their commitment and openness to learning and improving with AI; it's still relatively new and evolving rapidly, so expectations should be aligned with an ever-changing technology. Investment in AI will need to be a continuous process; ongoing investment in talent and financial resources should be prioritized to fuel engineering, experimentation, and adoption.



## BUSINESS USE CASE DEFINITION

As some organizations are starting to realize, it's unrealistic to assume that AI adoption will be sustainable if it's driven exclusively by data scientists with little to no engagement from business end users. This is because the value of AI technology should ultimately drive business value through metrics like cost-efficiency, customer retention, and business growth. According to [Gartner research](#), "organizations where the AI team is involved in defining success metrics are 50% more likely to use AI strategically than organizations where the team is not involved." Clarkston's Digital, Data, and Analytics consultants facilitate business value workshops to help organizations find the most valuable problems that can be answered with available data. As an outcome of the workshop session, a backlog of use cases is created and prioritized based on the highest value opportunities and overall AI strategy.

**When deciding what use cases to experiment with using AI, consider the following key business questions:**

- *How can we leverage information we already have to transform employee and customer experiences?*
- *What challenges are we trying to solve through AI?*
- *Who are the primary end users of AI?*
- *Do we have adequate resources to serve as experts in developing the technology structure?*
- *Which processes will be impacted using this technology, and how will that impact be measured?*

In parallel with business use case definition, organizations should define what tool(s) will be leveraged. Depending on the strategic vision, leaders can opt to use existing infrastructure or [select a new tool](#) to implement that best serves the designated use case. For example, organizations on Microsoft Enterprise may opt to explore Copilot, an everyday AI tool meant to simplify repetitive tasks across Microsoft apps. This option requires no effort for an organization to implement, however, resources should be dedicated to support the change management and guidelines for users to promote the best experience.





## GOVERNANCE POLICIES & PROCESSES

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Selecting or modifying your governance model for AI and analytics is ultimately dependent on the unique business structure and culture that exists in your organization today. Some organizations opt to centralize their AI resources with [existing analytics resources in one team](#) that reports to a chief analytics officer, chief data officer, or even chief strategy officer. In other cases, the AI and analytics resources are assigned to specific business units to be closely integrated with the user requirements and processes. There is no one-size-fits-all for the model, but it should be considered in tandem with the organizational structure, skills and capabilities, and AI strategic vision. If the organization's culture doesn't already embody data-driven decision-making and processes, this culture shift should be a priority to set the foundation for further governance policies.

Regardless of the organizational model selected, there should be assignment of responsibilities and guidelines for all users involved across data-focused and business-focused users. The AI and analytics team in partnership with the broader IT department tends to provide oversight, security review, and training support to ensure the established governing policies are followed and understood. Setting guidelines for the definition, usage, responsibilities, and processes associated with AI can build trust in the security of the system and ensure a safe environment with [reliable data](#).

Another key aspect of governance policies is to align on potential risks and mitigation plans that protect the security and safety of the organization. There will be heightened risks in the early phases of AI adoption given the potential ethical, social, and legal implications. As the full power of AI is still being discovered, guardrails are needed to both preserve data integrity and build adoption as the technology adapts within business processes.



## ORGANIZATION-WIDE ADOPTION

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An AI strategy would have no value without preparing for and guiding the organization through change. Investment in [training and change management](#) should be a priority for business leaders seeking to create a scalable AI organization. If not already part of the organization's culture, consider building a test-and-learn environment where teams are encouraged to trial and fail through experiments with new AI tools and supporting ways of working. There is a higher likelihood that the solutions will be best tailored to the needs of each business unit and overall organization if learning is encouraged.

Where possible, the AI and analytics team developing organizational tools should [engage business users](#) to gather their feedback and input. This creates greater transparency and trust in the technology while also ensuring the tools are built with business needs in mind. Engaging



business users early and often can also lead to greater adoption as these ‘AI champions’ can share their learnings with their teams across pockets of the organization.

Lastly and importantly, training should be provided around the context in which AI tools should be used. Training must be delivered to every layer of the organization, with various curricula depending on the audience.

- For senior executives, topics may include an overview of how the tool(s) work, inherent risks and mitigation strategies, and communication management strategies.
- For technical talent, consider topics that will allow for continuous learning and development so the team can remain sharp and ready to address issues as the organization evolves. Some technical resources may be appointed as technology translators to assist business users with the tools; these translators may need additional training on how to best facilitate and support the business users.
- For business users, provide an overview of the purpose and goals of the AI strategy along with the tools that will be offered. Where possible, offer on-the-job training opportunities so individuals can practice using the AI tools as part of their business processes.
- For all levels of the organization, be sure to reinforce the governance model, policies, and boundaries in place for the responsible and safe use of AI technology. Teams should feel empowered to harness the capabilities at their disposal while also being willing to speak up when improvements need to be made for the betterment of the organization.

Training will need to be a continuous process that evolves as employees discover and adapt to the technology. Consider hosting regular office hours and offering training sessions as part of ongoing training programs so teams have access to the education they need.



# IN PRACTICE: HOW PEPSICO OPERATES AS AN AI-ENABLED ORGANIZATION

PepsiCo exemplifies a large global organization who has successfully incorporated AI across the business. The company embarked on a multi-year digital transformation aimed to improve efficiencies, cost savings, and response to consumer demand. PepsiCo is leveraging AI across R&D, sales, warehousing, and sustainability to name a few.

To realize such AI maturity, PepsiCo has achieved organizational alignment and understanding around the importance of analytics. This is supported by a well-defined strategy that fuels organizational change. PepsiCo has also invested in best-in-class data governance and data management practices to ensure each business function understands both how to use and what the value of analytics is for them. PepsiCo also has cracked the code around how to leverage AI outside of their organization through their PepViz Data Science program for retail partners. The program is a data-sharing service that helps retailers understand product performance and customer habits. Through innovative AI programs, PepsiCo has been able to realize value and cost savings that are changing the way CPG organizations engage with technology.

## LOOKING AHEAD

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We're seeing that organizations that prioritize articulating a robust strategy around how to handle advanced technologies such as AI are better prepared to realize the most value across their organization. There is an opportunity for non-tech companies across the consumer products, retail, and life sciences industries to harness the power of AI by setting an AI vision, defining business use cases, building governance and guardrails, and investing in organizational-wide adoption. Our [Digital, Data, and Analytics](#) experts can advise on what approach may be best for your organization no matter what stage of analytics you may be at. [Contact us today](#) to learn more.

## ABOUT CLARKSTON CONSULTING

Businesses across life sciences, consumer products and retail industries partner with Clarkston Consulting to enhance strategic decision-making, improve operational efficiencies, implement new technologies, and promote business growth and market diversification. Leveraging deep functional and industry expertise, our people discover, design, and deliver solutions that fit your business, your goals, and your future. At Clarkston, your purpose is our purpose.

For more information about how we can help your company, [please contact us](#).

