AlixPartners

Practical AI for CEOs

A playbook for realizing value
from your AI initiatives

When it really matters.

"AI will transform every industry, but getting the most from your investment in AI takes discipline and a pragmatic approach aligned with your business objectives."

Hoyoung Pak

Global Co-Leader, AI and Data Practice Group,
Partner and Managing Director

Practical AI for CEOs

Creating value through your AI initiatives requires alignment and focus across 3 critical areas

Strategy

Blueprint for AI-driven transformation

Focus on the right business problems to identify where AI should be applied

1. Strategic alignment
Align and shape business strategy with AI

2. Stakeholder engagement and change management
Secure stakeholder buy-in to drive change

3. Use case selection
Target high-impact use cases that deliver measurable results and meet ROI goals

Execution

Tangible value creation

Effective execution turns strategic vision into measurable results

1. Model building
Build tailored, practical AI models

2. Model deployment
Deploy into ongoing operations and workflows to begin delivering results

3. Continuous learning and improvement
Refine models with new attributes and data, adapting to shifting patterns

4. Performance and ROI tracking
Track progress along key metrics to deliver ROI

Foundational pillars

Building blocks for AI excellence

None of this works without the right foundations

Technical

1. Data
Secure and expand data assets—the lifeblood of AI initiatives

2. Technology
Build scalable AI infrastructure and forge strategic partnerships

3. Operations
Streamline for AI efficiency and performance

Organizational

1. AI skills
Hire, retain, and engage talent with AI skills

2. Org structure
Structure AI organization to drive strategic initiatives and foster collaboration

3. Risk & compliance
Embed an appropriate control environment to identify and manage risks, ensure compliance, and enable trustworthy innovation

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Contents

CEOs say AI is their most important opportunity[1]

But

More than 80% of all AI projects fail[2]

Why do you need a playbook?

Common traps

– Lack of alignment with business strategy

– Failure to build strong foundations

– Poor use case selection

– Cultural impediments to change

– Gap to operationalization

The AI race is on. CEOs recognize it as the new force multiplier. AI has the potential to both reshape productivity and drive commercial effectiveness. In just the past year:

– $27 Billion invested in AI startups

– $150 Billion invested by corporations in AI applications and projects

– Model capabilities evolving at an unprecedented pace

– As their effectiveness increases, competitive alternatives are proliferating

How do we avoid risks and pitfalls?

This is intended as a guide to help you manage a broad array of competing stakeholder demands, as well as the development of your own understanding and capabilities.

AI Basics

For a summary of the fundamentals of AI, please click here

CEO:
Building a fundamental understanding of AI and its capacity to change the trajectory of your business

Investors/Board:
Ensuring AI investments will make the highest impact

Customers:
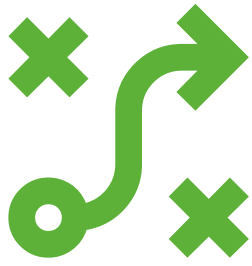Anticipating shifting demands and outpacing competitors

Employees:
Leading to a brighter, AI-empowered future

Strategy

Do you need AI? Are you using it in the right places?

Developing the right AI strategy is essential for integrating these technologies with business objectives to drive innovation, create value, and gain a competitive advantage. Starting with that business objective is essential. Where we see failure—time and again—is when leaders lose sight of the business problem they are trying to solve and chase (and by that we mean pour precious resources into) the shiniest new thing. Only by focusing on the right business problems can you ensure that you will receive a meaningful return on these investments, drive long-term value for customers and shareholders, and chart a sustainable trajectory into an AI-empowered future.

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1. Strategic alignment

Ensures your AI initiatives are tied to your value proposition and business goals, informed by the competitive landscape, and adequately funded.

(?) Critical question:
Is the AI strategy aligned with business goals and backed by strategic investment decisions? And are our AI initiatives reshaping our corporate strategy?

Key elements:

AI strategy: Align AI strategy with corporate strategy, financial goals, value proposition, and customer needs.

Competitive intelligence: Analyze competitors' AI strategies to guide strategic positioning and areas for differentiation.

AI investment strategy: Determine funding required to align AI strategy with business objectives to focus investments where they can create value and ensure long-term success.

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2. Stakeholder engagement and change management

Ensures integration of AI initiatives into business practices. Getting early buy-in from key stakeholders can help avoid cultural or personal roadblocks. Can also provide key insights into use case selection.

(?) Critical question:
Are we effectively managing change and engaging stakeholders in our AI journey?

Key elements:

Focus on people, not tech: AI, like any technology, only has an impact when it is adopted and used by people across the organization.

Identify the right stakeholders: Select influential stakeholders who can drive AI adoption and manage change effectively.

Training and empowerment: Equip stakeholders with fundamental AI skills through training and support to cultivate AI adoption.

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3. Use case selection

Selecting the right use cases is essential for focusing AI efforts on high-impact areas and resource allocation.

(?) Critical question:
Are AI use cases in line with expectations for impact, feasibility, and ROI?

Key elements:

Strategy alignment: Ensure each use case is linked to strategic business and financial objectives.

Feasibility analysis: Assess the feasibility of AI use cases, considering data availability, technological maturity, and implementation complexity.

Near-term results: Pick use cases that have the strongest foundational pillars and can be executed quickly to show results.

Value, investment, and ROI assessment: Evaluate business impact and investment required for use cases to ensure they deliver value and meet ROI goals.

Finding the right use case can drive material results aligned to strategic goals.

When your strategic imperative is growth

47%

higher revenue from contacted customers

45%

higher clickthrough

Supercharging sales at a large-scale retailer through hyper-personalization

A major retailer with over 300 brick-and-mortar stores and a strong digital operation faced major growth challenges in spite of their well-rounded in-person and online presence. Sales and marketing teams needed to use AI to supplement limited resources and develop new strategies that could unlock stronger sales.

AlixPartners was brought in to overhaul business as usual—and put in motion a suite of customized AI solutions that personalized the customer experience.

Solving the seemingly unsolvable took a 10-week sprint. We swiftly developed proprietary AI models to estimate customer lifetime value; built response propensity models to identify which customers were most likely to reply to sales team contact; created micro-segmentation models to hone marketing messages to specific sub-groups; and used generative AI and Bayesian optimization techniques to test dozens of messaging strategies and optimize each one per micro-segment. Each AI solution helped executives make confident, calculated moves—and unlock big gains.

The retailer quickly saw an increase in sales, as the AI models predicted. The sales team improved revenue by 40% among customers who were contacted, compared to customers who weren't. The marketing team sent optimized messages, which had 45% higher click-through rates than previously circulated language. Ultimately, our team delivered the vision and know-how to deploy AI solutions with 47% higher revenue outcomes from contacted customers than the retailer's incumbent methodology.

Execution

Developing a good proof of concept is one thing. Deploying it, and achieving business results, is another. Your technology is only as good as your execution.

Execution is the critical phase for realizing these technologies' potential. Only through effective execution can you turn strategic plans into operational successes that enhance innovation, financial performance, and competitive positioning.

1. Model building

Model building—developing a program that analyzes datasets to find patterns and make predictions—lays the groundwork for AI success, translating data into predictive models that drive business value.

Critical question:
Does our model building process effectively leverage available data to construct accurate and scalable AI models?

Key elements:

Data processing: Collect, clean, and process data to feed into the AI models, ensuring quality and relevance.

Model development: Design and develop AI prototypes to address specific business challenges or opportunities.

Model testing/refinement: Rigorously test AI models to validate their predictions and refine their accuracy before deployment.

2. Model deployment

Model deployment operationalizes AI solutions, integrating them into existing systems and workflows to start delivering business results and creating value.

Critical question:
Are we ensuring rapid and seamless integration and user readiness in AI deployment?

Key elements:

Integration planning: Prepare for integration of AI models into business operations, considering both technical and change management factors.

Deployment management: Oversee the rollout of AI models, monitoring for issues and ensuring smooth implementation.

User training and support: Provide training and resources to end-users to facilitate adoption and maximize the utility of the AI models.

Execution

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3. Continuous learning and improvement

Continuously refining AI models is crucial to adapting to new data, trends, and market shifts and to ensuring effectiveness and sustained value.

Critical question:
Have we got the right processes in place to ensure necessary adaptation and agility?

Key elements:

Continual model refinement: Regularly enhance AI models by incorporating new data and adapting to shifting patterns for sustained accuracy.

Trend analysis and response: Monitor emerging trends to anticipate adjustments, maintaining relevance and performance of AI models.

Performance benchmarks: Review performance metrics to measure improvement and guide continuous enhancement efforts.

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4. Performance and ROI tracking

Measuring performance and ROI is essential when it comes to validating the impact of AI, guiding strategic decisions, and optimizing resource allocation

Critical question:
Have we identified the right KPIs to measure returns from our AI initiatives?

Key elements:

ROI tracking: Track ROI for AI initiatives, guiding decisions on progression and additional investments.

Performance monitoring: Assess AI models against business goals to confirm they contribute to targeted value creation.

Tech expertise alone is not sufficient. Knowing which ML tasks solve which particular problems, and then deploying them at speed, is what drives results.

When you're struggling to meet customer demand

5 point increase in "on-time and in full" rates for some clients

Customers want what they want, when and how they want it. Meeting their expectations can prove difficult and expensive.

Everyone wants to keep their customers happy, but doing so in an age of ever-increasing demands for personalized and rapid service requires rethinking supply chains and inventory management, and eats into the bottom line.

Even companies that are rising to these challenges find their ability to deliver orders "on-time and in full" increasingly difficult. But what if you knew in advance which orders are likely to fail?

We have worked with clients to build machine learning models to do just that, based on the number and nature of SKUs, inventory levels, fulfillment channels, and other factors. These models have proven highly effective at identifying those features of an order (which, of course, vary by company) that indicate a higher likelihood of failure and can therefore predict with high accuracy whether an incoming order is likely to fail.

But predicting failure is not enough. Armed with this insight, we have helped companies pursue actionable solutions, which typically include moving high-risk orders to a different fulfillment process, perhaps by splitting orders or moving certain orders to a different fulfillment location.

Technical understanding alone is not enough. Deep experience dealing with the business problem, combined with the insights that AI can provide, drive the kind of actionable results that customers demand.
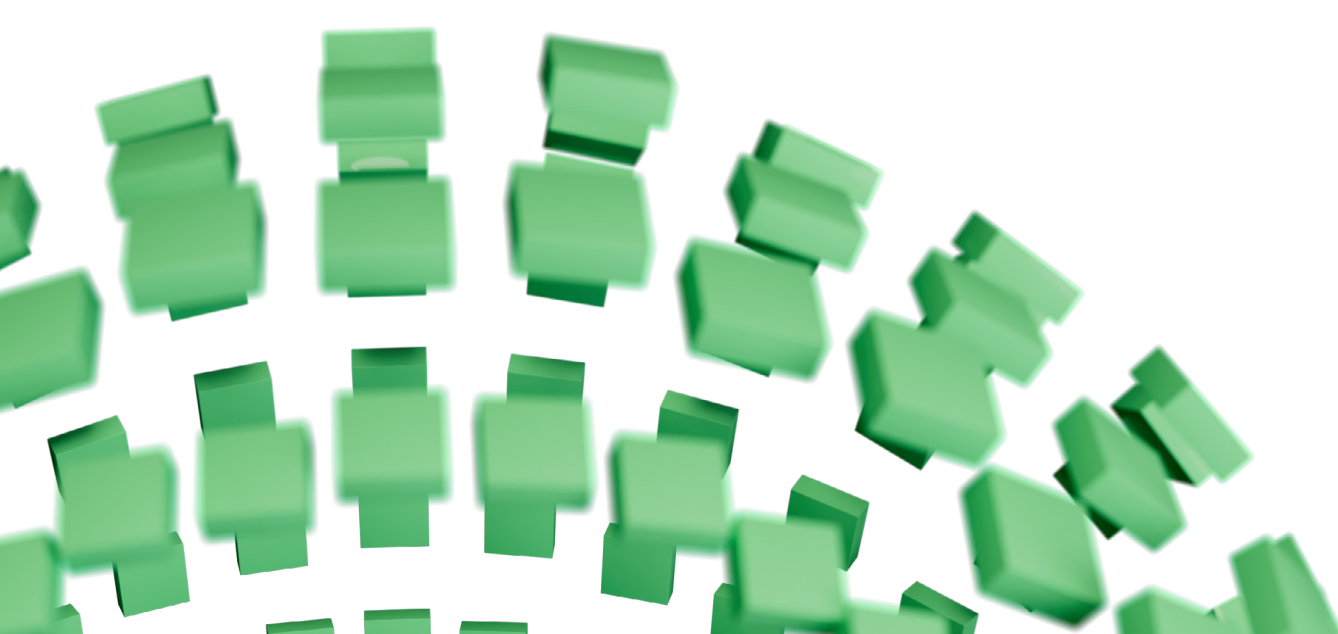
Foundational Pillars: Technical

There's no AI without the right foundations. But don't let the perfect be the enemy of the good.

These foundational pillars provide the necessary infrastructure and environment to support the strategy and execution of value-creating use cases. Without these building blocks, no AI program can be successful. Do you have the right foundations in place to drive value at pace? Perhaps most critically, have you invested in the quality and accessibility of your data, because your model is only as good as the data on which it depends.

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1. Data

Data is the lifeblood of AI initiatives, and ensuring the availability and quality of data powers AI insights and solutions. Many organizations discover that their underlying data isn't good enough, but that doesn't necessarily mean a long delay in getting started. A good data strategy is about making the right data readily available for its required purposes when it is needed.

? Critical question:
Is our data strategy comprehensive and aligned with our AI goals?

Key elements:

Data accessibility: Ensure data is accessible to relevant teams and systems, facilitating a seamless flow of information for AI processes.

Governance: Establish a data governance framework to manage data assets, ensuring quality and compliance.

Infrastructure: Develop a resilient data infrastructure capable of handling large volumes of data efficiently and securely.

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2. Technology

The technology ecosystem is a strategic asset, providing tools and platforms essential for AI deployment, and enhanced by partnerships to stay at the forefront of innovation.

? Critical question:
How are our technology choices and partnerships strategically positioning us for AI advancement and market leadership?

Key elements:

Strategic partnerships: Cultivate partnerships that augment AI capabilities and provide additional leverage.

AI platform: Build a scalable platform encompassing infrastructure, system integration, and a versatile tech stack to support comprehensive AI applications.

Tool and model repository: Select a suite of tools and maintain a model repository to facilitate AI model development, ensuring easy access and fostering innovation through reuse and customization.

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3. Operations

Robust operations are essential for the seamless performance of AI systems, with Machine Learning Operations (MLOps) providing the framework for management, quality control, and continuous enhancement.

? Critical question:
How are we enhancing our AI operations with MLOps and continuous improvement practices?

Key elements:

MLOps: Adopt MLOps to streamline the lifecycle management of AI models, from development to deployment and maintenance.

Monitoring and maintenance: Implement monitoring systems to ensure AI solutions are performing as expected and to address issues.

Continuous improvement: Foster a culture that continuously refines AI operations.

Foundational Pillars: Organizational

The right people, structure, and guardrails enable the realization of value at speed.

Do you have the right people and the right organizational and legal ecosystem to build a successful AI program? Are you supporting a culture that embraces change, collaboration, and continuous learning?

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1. AI skills

Building a dedicated AI team equips the business with the specialized expertise necessary for developing and implementing advanced AI solutions effectively.

Critical question:
Do we have the right talent in place to execute on our vision?

Key elements:

Talent acquisition: Recruit and retain ML/Gen AI experts to build and scale AI solutions.

Continuous learning culture: Establish continuous professional development programs to keep the team up-to-date with the latest AI trends and techniques.

Collaborative integration: Encourage collaboration between the AI team and other business units to ensure AI solutions are aligned with broader company goals and user needs.

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2. Organization structure

Establishing a clear organizational structure for AI drives strategic initiatives and fosters cross-functional collaboration.

Critical question:
Does our org structure support both building the right strategy, and effective execution?

Key elements:

Leadership and vision: Position AI leadership roles to drive strategy, champion AI initiatives, and serve as a bridge between technology and business outcomes.

Cross-functional alignment: Design organizational structures that promote cross-departmental communication and project execution, reducing silos and fostering agility.

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3. Risk and compliance

Appropriate risk management, compliance, and governance ensure AI is used responsibly and ethically, aligning innovation with legal standards, minimizing reputational, financial, and other risks, building trust in AI solutions, and maximizing long-term value for the enterprise. Effective governance is necessary to make effective investment decisions and build trust.

Critical question:
Are we maintaining legal and ethical integrity and holding ourselves to appropriate standards in our AI practices?

Key elements:

Governance framework: Implement a governance structure that supports AI scalability and ethical standards, and aligns with regulatory compliance for AI deployments.

Regulatory compliance: Stay abreast of and comply with current and emerging regulations and community standards relevant to AI and data usage.

Risk management: Identify and mitigate legal, ethical, reputational, financial, and other risks associated with AI deployment and usage.

Privacy and security: Enforce strict data privacy and security measures to protect sensitive information and comply with global data protection laws.

Dashboards: Use the right metrics to monitor performance and risk along the product development lifecycle.

Your data is one of your most valuable assets. Make it work for you.

When you need to take the guesswork out of pricing

24%

higher revenue over 5 years for one client

Price is the biggest lever most companies have to affect their bottom line

Every businessperson is familiar with the notion of a demand curve, and the relationship between the price charged and the quantity sold. Establishing that relationship, though, can be tricky, given the number of other factors—including marketing, promotions, seasonal fluctuations, and competitive alternatives (to name a few)—that influence consumer behavior.

Luckily, companies today have access to unprecedentedly rich data and to effective tools (particularly machine learning) to interrogate that data and separate out the noise. AlixPartners has developed sophisticated AI-driven pricing models tailored for a broad spectrum of B2B and B2C clients, delivering targeted recommendations that enhance profitability and revenue growth.

These recommendations inform overall marketing spend, promotional discounts, loyalty programs, home delivery, and financing options. Too often, these decisions continue to be made based on intuition and rules of thumb, instead of hard data. And in a world of sticky inflation and higher cost of capital, getting these pricing decisions correct has never been more critical.

The key is not to overcomplicate the process. Start simply, then test and validate. You rarely need perfect data for this work; almost all companies already have sufficient information to gain real insight.

Once the model is built and validated, we then deploy an intuitive, user-friendly interface to provide pricing recommendations for specific time periods, and "what-if" scenarios with estimated impacts on revenues and gross margins. AI-based demand forecasting tools can even provide dynamic pricing recommendations at the store-SKU-level.

Gaining more visibility and control over your pricing decisions, and ultimately your bottom line, should be at the top of every CEO's agenda.

How can AI inform your strategy going forward?

Using this playbook, you can begin to rate your AI readiness in these critical areas. What does your specific "maturity pattern" reveal? What are the implications for any AI prerequisites or critical action steps? Would this self-assessment look different if you asked your entire leadership team?

After taking this self assessment, use case identification and near-term remediations should become more apparent, paving the way for swifter action and results.

Self-assessing the AI environment: An illustrative example

Key:
3 = Currently being implemented and/or established and ongoing
2 = Early-stage planning and/or currently being implemented
1 = Not yet started and/or being considered

Maturity level:

	Maturity level		
Strategic alignment — Is our AI strategy aligned with our business strategy?	1	2	3
Stakeholder engagement and change management — Are stakeholders committed to supporting and driving change?	1	2	3
Use case selection — Have we selected the right priority use cases?	1	2	3
Model building — Have we yet built successful models for these use cases?	1	2	3
Model deployment — Have models been fully deployed and adopted by the business?	1	2	3
Scaling models — How adaptable and scalable are the models?	1	2	3
Data — How readily can data be applied to AI opportunities/use cases?	1	2	3
People — Do we have the necessary AI skills and competencies?	1	2	3
Operations — How strong are MLOps and continuous improvement capabilities?	1	2	3
Technology — Does our technology truly support our AI ambitions?	1	2	3
Risk & compliance — Do we have tailored risk, compliance, and governance roles, responsibilities, and procedures in place?	1	2	3

(Selected/highlighted maturity levels: Strategic alignment = 1, 2, 3; Stakeholder engagement and change management = 1, 2; Use case selection = 1, 2, 3; Model building = 1, 2; Model deployment = 1; Scaling models = 1; Data = 1; People = 1, 2; Operations = 1, 2, 3; Technology = 1; Risk & compliance = 1, 2, 3)

How can AI inform your strategy going forward?

A fear of missing out and a herd mentality can disproportionately influence technology investments in the current market, leading to poor returns.

AI is going to transform every industry. But that doesn't have to mean losing sight of the business rationale for any investment in these technologies. Start with the business rationale, then determine whether today's AI is even capable of solving the problem at hand. Developing a practical, straightforward plan to apply AI within your business is the only way to realize value from these investments.

Think big, start with purpose, learn fast, and scale with confidence.

This playbook is your guide to AI success.

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About us

For more than 40 years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges – circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring and risk mitigation. These are the moments when everything is on the line – a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-theroad decision. But it's not what we do that makes a difference, it's how we do it. Tackling situations when time is of the essence is part of our DNA – so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done, and only measure our success in terms of the results we deliver. Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.