

The Reality Check for AI in Business

From C-Suite Outlook 2025

Artificial intelligence (AI) applications were one of the hottest topics of interest for business going into 2024, and expectations across industries and functions were high; one year on, executives across the world have seen progress in using AI but have also had reality checks along the way. This report explores the upsides, the downsides, and the headwinds to progress.

Key Insights

- **AI is being deployed, and results are coming...slowly.** In the C-Suite Outlook 2024 report, 91% of CEOs said their organizations had already or would soon adopt AI into their operations. Expectations were high, with 86% of CEOs expecting improved productivity. Twelve months in, only 44% of CEOs state they have seen productivity of the workforce as the biggest improvement as a result of AI application. The upsides—productivity, innovation, and more efficient automation—are coming, but they take time, effort, and investment to reap the rewards.
- **Headwinds include lack of expertise, high cost, and uneven quality.** The rapid advancement of AI tools is compelling, but the application into organizations, as predicted in our 2024 survey, appears to be harder than expected. CEOs rank expertise as the number one impediment to AI adoption, but at the functional level, C-Suite leaders place this lower on their list. This might be an indicator that general strategic and executional AI leadership across the enterprise is needed or that functional expertise is not up to CEO expectations.
- **Different regions are moving at different speeds with differing focus on AI.** The US and Japan lead in productivity delivered by AI, but they also cite the biggest challenge as lack of expertise. France, UK, and Germany lead in their focus on governance of AI and in

AI's application for automation. Learning from others is a vital component of successfully executing your own strategy, and it is crucial to garner unbiased insights that arise.

- **The marketing and communications functions lead AI implementation.** The application of AI to the workflows of marcomms executives remains paramount. Some 37% of CMOs/CCOs identify investing in technology (including AI) as their number one priority, aligned with CFOs who also rank this as their top priority. Sharing learnings of how to drive productivity and results across disciplines within an organization is key as all other functions—especially finance—are rapidly accelerating their approach.
 - **Keeping the board informed and engaged is crucial.** There is a growing gap between what board members and CEOs feel about AI and what the practitioners say. For example, 40% of CFOs, CMOs, CCOs, and CHROs say “rapidly advancing AI technology” is one of the biggest external factors that will impact the business in 2025, but only 30% of board directors say the same thing. Communication, demonstration and honest reporting are essential in bringing key stakeholders along on the AI journey.
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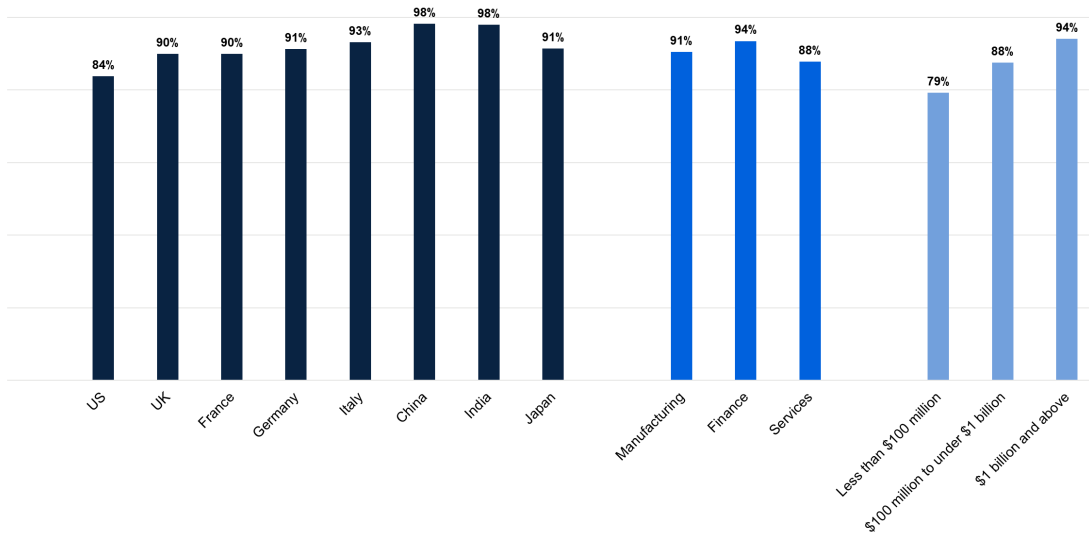
Application of AI Continues and Expectations Are Being Met for Some Executives

The promise and the possibilities of the large-scale adoption of artificial intelligence (AI) tools has compelled almost all enterprises, in all areas of operation, to consider how to invest, upskill, and deploy new technologies in the most advantageous way. This was a big topic of discussion at our November 2024 event, [Leading Through the AI Transformation](#), and application is well underway.

Figure 1

Almost every type of enterprise is using AI in some way

Q: In which areas of your business do you see the biggest improvement as a result of the application of artificial intelligence (AI)? (% responding “actively using AI”)



Note: 1,772 global executives responded
 Source: The Conference Board® C-Suite Outlook 2025: Seizing the Future

The fact that the bigger enterprises are further ahead on AI may be an indication of the investment required to genuinely unleash AI across a business, but 8 out of 10 smaller businesses are also already actively using AI, as early adopters, innovators, or fast followers.

AI comes up as a leading factor in many areas of consideration for planning the future growth and operation of the enterprise. In Figure 2, note how aligned the CMO, CCO, and CFO are on the importance of AI.

Figure 2

In many areas, an AI consideration tops the list of priorities

Survey Question	Rank of AI Topic in list of multiple answers	CEO	CFO	CMO & CCO	CHRO	ESG/CLO	Board Members
Societal Issues: Which external factors do you think will have the greatest impact on your business in 2025?	Rapidly advancing AI technology	1	1	1	1	1	2
Innovation & Business Models: Which internal factors will your company will focus on in 2025?	Accelerating digital transformation (including AI)	1	2	1	1	3	1
Innovation & Business Models: Which internal factors will your company will focus on in 2025?	Increasing automation (including AI)	5	1	2	5	2	6
What are your top two priorities for growing profits in 2025?	Invest in technology including AI	3	1	1	3	4	3
Which skills are most crucial for your top leaders to drive future growth?	Technology, data, and AI knowledge	5	1	1	2	4	4
How will you change your supply chains over the next 3-5 years?	Use digital technology/AI to improve performance tracking	1	1	1	1	3	1

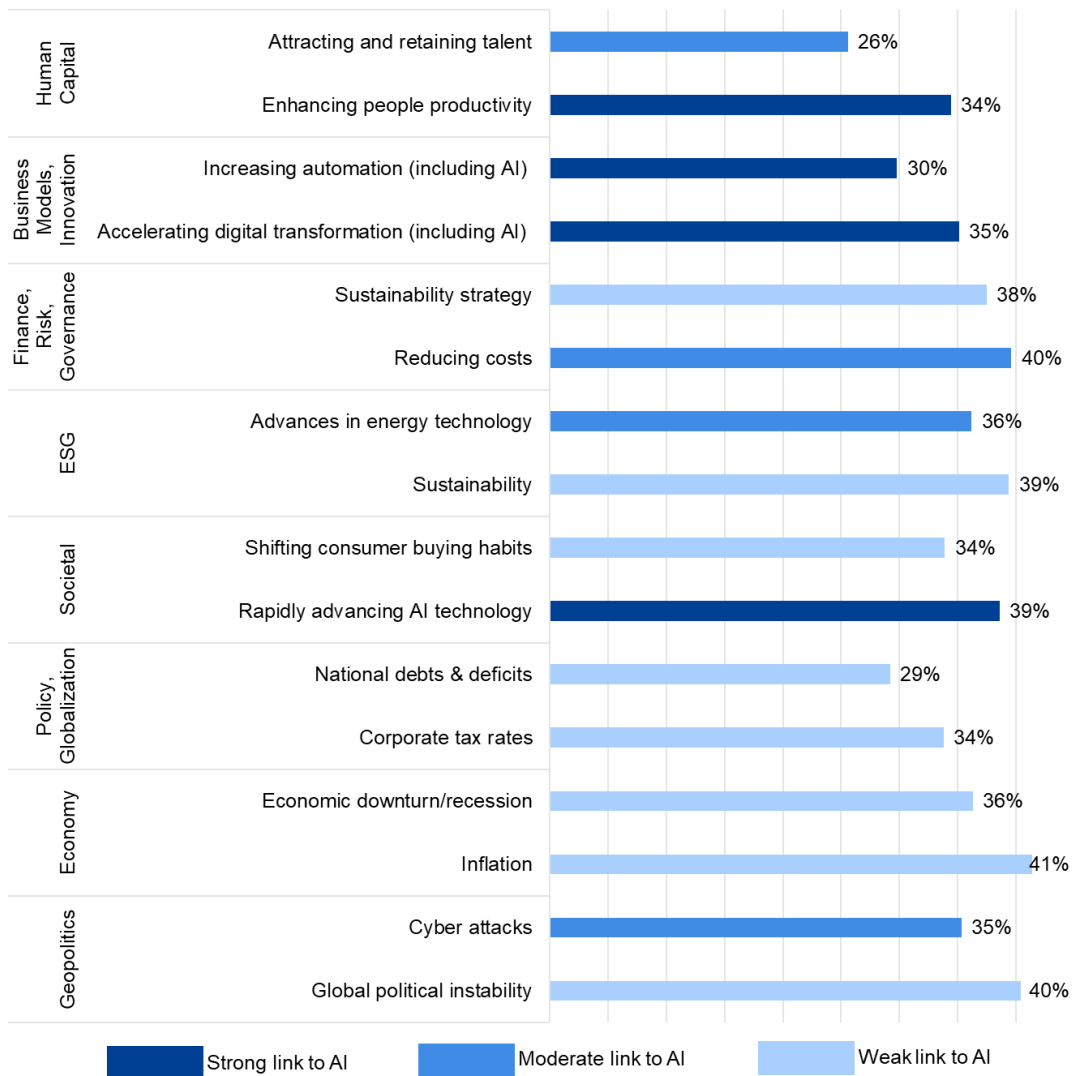
Note: 1,772 global executives responded
 Source: The Conference Board® C-Suite Outlook 2025: Seizing the Future

Examining the top factors or issues that will have the biggest impact on their business in 2025, CMOs and CCOs highlight many topics that have links to the deployment or use of AI, but it is also important to note that many other political, societal, and operational issues will also occupy the minds of those in marketing and communications.

Figure 3

CMOs and CCOs expect AI to be a factor in many aspects of doing business in 2025

Q: Select the top 2 factors or issues that you think will have the greatest impact on your business in 2025. (% of CMOs & CCOs selecting the top issues in each business area)



Note: 288 CMOs & CCOs responded

Source: The Conference Board® C-Suite Outlook 2025: Seizing the Future

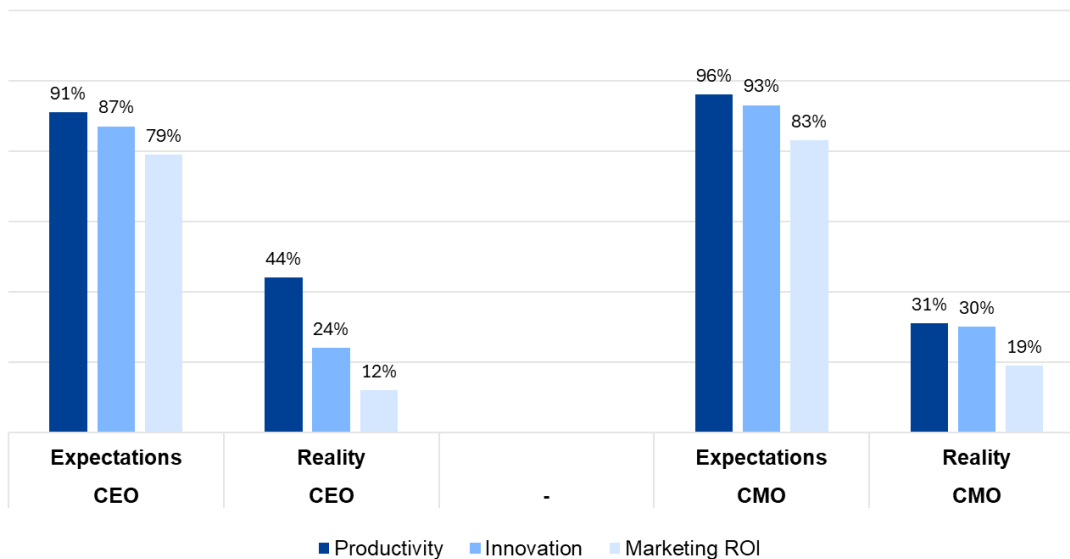
The commitment to AI is evident and this was predicted in our 2024 C-Suite Outlook, with the [expectations of AI](#) being clearly articulated by the 1,247 survey respondents. However, matching the expectations to the reality of what has been achieved so far by comparing 2025's survey to 2024's illuminates the challenge ahead. The questions differ in construct between the two surveys, but the data are enlightening.

Figure 4

AI lags expectations in bolstering innovation and marketing ROI but is already delivering productivity gains

Q: **Expectations** – Do you agree with the following statements on how AI might affect your business? (2024 report)

Q: **Reality** – In which areas of business do you see the biggest improvement from the application of AI? (2025 report)



Note: 508 CEOs responded in 2025, and 630 CEOs responded in 2024; 288 CMOs responded in 2025, and 81 CMOs responded in 2024

Source: The Conference Board® C-Suite Outlook 2024 and 2025

Drive forward but balance expectations with realities. Innovation and experimentation are quintessential characteristics of any successful business that will grow over time. The hype around AI is fully justified and, in any sector, it is highly likely that a business leveraging AI will beat one that is not. However, constant learning that keeps the excitement tethered to reality is a core tenet of good business leadership.

AI has been through several boom and bust cycles over the last 50 years (as noted in the excellent book *A Brief History of Artificial Intelligence* by Michael Wooldridge, Professor of Computer Science at Oxford University and longtime AI researcher). Even this professor ends up saying “there is real cause for optimism about AI right now...with the availability of big data

and cheap computing power,” and this looks unlike many of the other spurts he has witnessed. This book was written in 2020 and things have become more exciting and complex since then.

Progress Is Constrained by Lack of Expertise, Cost, and Output Quality

With the constant innovation from providers of AI tools and the focus from the C-Suite on adopting the new technologies, what is holding back progress?

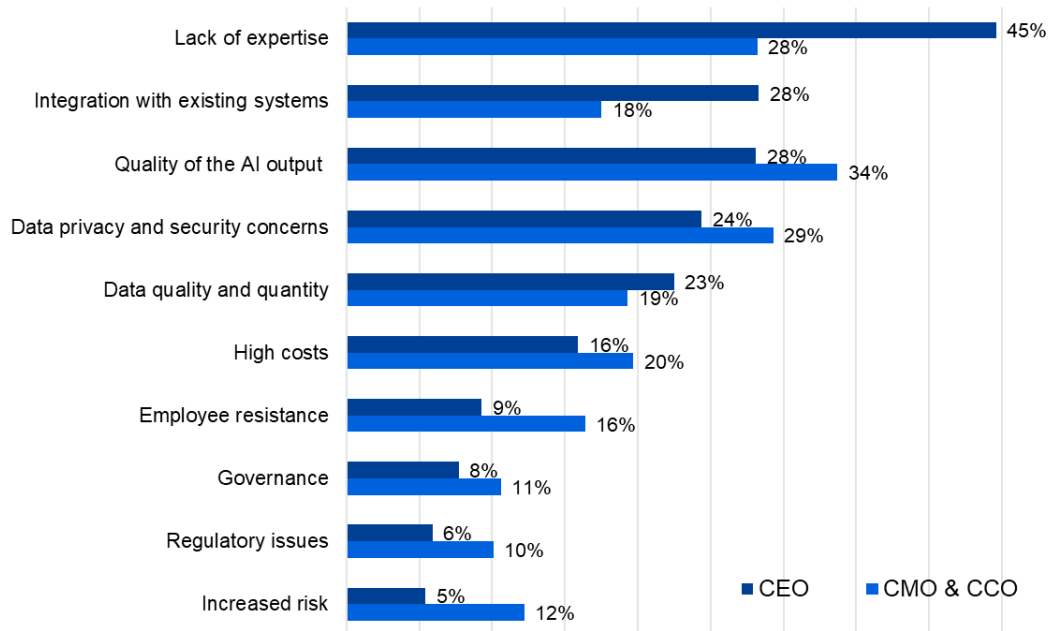
For CMOs and CCOs, the top constraints are the quality of output from AI (34% of respondents picked this as one of their top two concerns), data privacy and security (29%), and lack of expertise (28%). High costs (20%) and data quality/availability (19%) completed their top five concerns. Interestingly, only about 1 in 10 respondents had high concern over regulation, risk, or governance.

Comparing these concerns with those of the CEO and other C-Suite executives, some interesting alignments and divergences appear.

Figure 5

CEOs are markedly more likely to perceive expertise and integration as impediments to implementing AI than CMO/CCOs are

Q: What are the greatest challenges you have encountered with implementing AI? (Select 2)



Note: 507 global CEOs and 288 CMOs & CCOs responded

Source: The Conference Board® C-Suite Outlook 2025: Seizing the Future

Also note that the functional experts, for example the CMO & CCO in Figure 5, are more concerned than the CEO over regulation, risk, and governance. This is a good thing. Regulations and oversight are all expected to increase for AI, so early learning will be valuable.

Diving deeper into the issue of expertise, there is a similar reaction from other functional leaders compared to the enterprise leader. This discrepancy might be explained by the interpretation of the definition of “expertise.” In a functional area, the expertise required will be more specific for AI—for example, a prompt engineer, a designer, a recruiter—while those at the higher level might be seeking a meta-AI expert, one who oversees the enterprise-wide application and exploitation of AI. Such experts are decidedly harder to find. For example, Google Gemini and other AI assistants indicate that fewer than 50 companies in the Fortune 500 have a chief AI officer or similar executive title, but we will expect this to grow rapidly.

There might also be an issue that the “expertise” employed in the functional areas is not meeting the expectations of the CEO. All good CEOs demand more from their people, and CMOs and CCOs must constantly discuss these demands with their CEO, demonstrate their current expertise with use cases providing results, and continually strive to improve their AI expertise across their whole organization to meet the CEO’s requirements.

Figure 6

The gap between the CEO and others regarding ‘expertise’

Survey Question		CEO	CFO	CMO & CCO	CHRO	ESG & CLO
What are the greatest challenges you have encountered with implementing AI? (Select 2)	% selecting "Lack of Expertise" as one of their top challenges	45%	27%	28%	25%	29%

Note: 507 global CEOs, 188 CFOs, 288 CMOs & CCOs, 113 CHROs, 94 ESG & CLOs responded

Source: The Conference Board® C-Suite Outlook 2025: Seizing the Future

Coordinated leadership is critical to AI success. The one key takeaway from these data is the discrepancy between the CEO’s issue with expertise compared to that of the functional leaders. C-Suites should discuss and resolve this issue to understand what is driving the disconnect and then act accordingly.

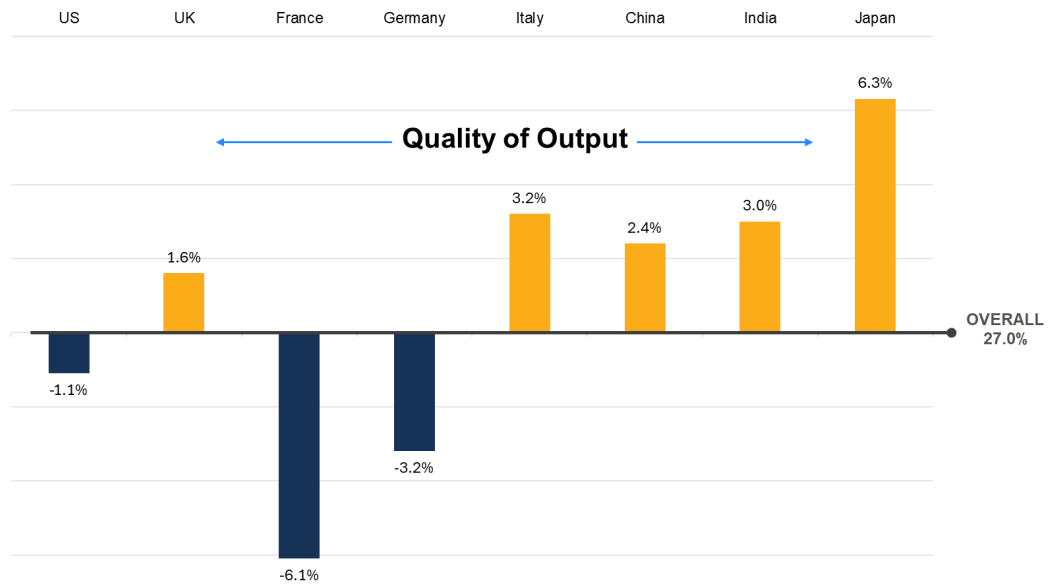
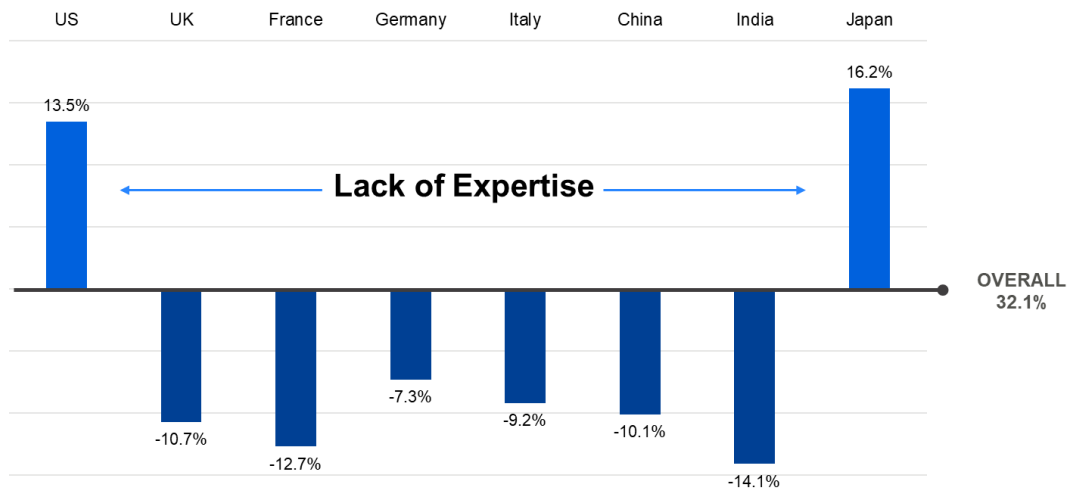
Learning from Other Markets Can Be Gathered as Conditions and Actions Vary

Reviewing the challenges in different markets also indicates that differing stages of evolution and differing external factors are shaping the application of AI even though the technology, the tools, and the data might be almost the same from one location to another. This is something that we all know, but quantifying this provides useful context.

Figure 7

Differing conditions and regulations pose different challenges by region

Q: What are the greatest challenges you have encountered with implementing AI? (Percentage point difference from the overall mean %).



Note: 1,722 global executives responded
 Source: The Conference Board® C-Suite Outlook 2025: Seizing the Future

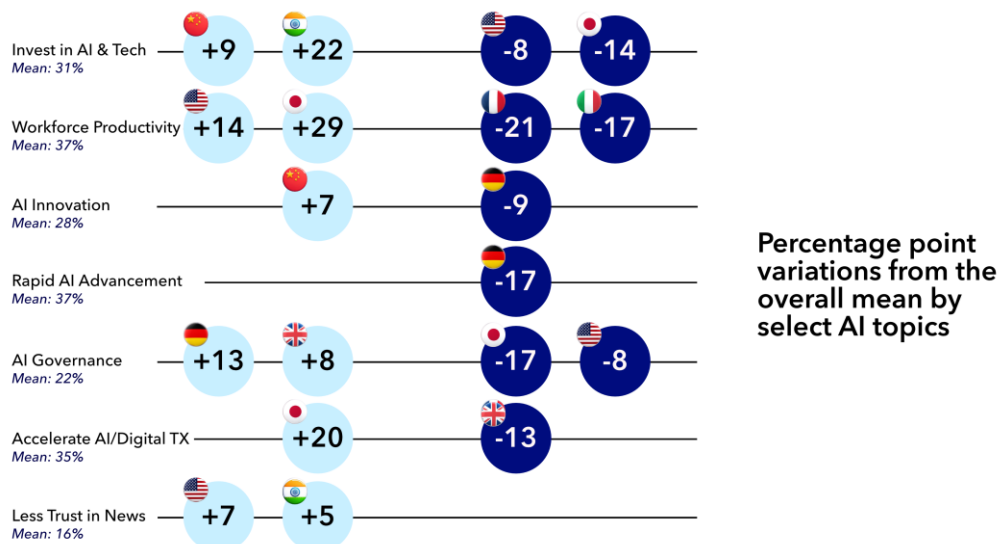
The US and Japan are more worried about expertise compared to the mean, whereas Europe seems to have that under control. However, France and Germany are more concerned than others over the quality of AI output.

Summarizing other divergences in regional responses, we see where learning can be gained on certain topics as some are ahead in their considerations and some are behind.

Figure 8

India and China accelerate investment, Germany lags, US and Japan are less focused on governance and investment in AI but lead in productivity

Graphic highlights countries with the greatest divergence from the mean in each category



Note: 1,722 global executives responded

Source: The Conference Board® C-Suite Outlook 2025: Seizing the Future

More data about regional variations by topic can be found for our Members on this [C-Suite Outlook](#) page.

As AI is manifesting in different ways and in different conditions, learning from other markets and businesses is possible. The key takeaway from regional variability is that new lessons can be learned by exploring what those in other sectors and other markets are facing. Not everything will be transferable, but understanding the market context of other countries and extrapolating to local conditions can help with scenario planning. The conditions will globalize, and the applications will always be evolving. Companies should create action plans for their own continuous learning about AI across their business.

Marketing & Communications Continues to Lead in AI Application and They Are Sharing with the C-Suite

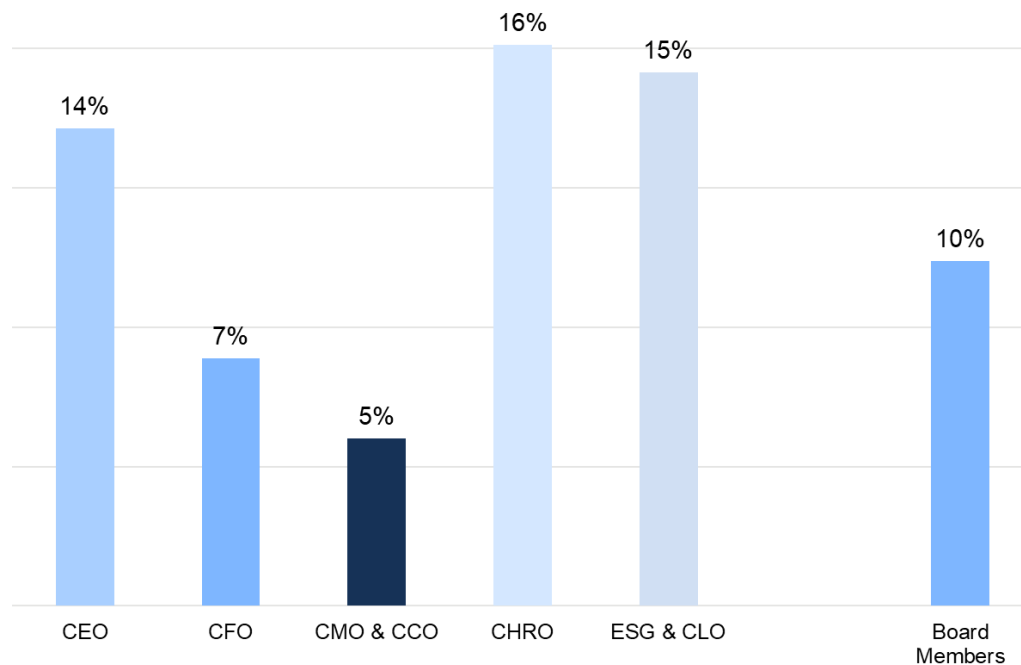
Any reliable source will declare that one of the earliest areas of utilization of AI—in all of its forms, but especially generative AI (gen AI)—is the marketing and communications (M&C) team, with applications ranging from innovation pipelines, market segment mapping, scenario planning, synthetic data for customer research, and improved sales effectiveness, through to customer service chatbots, AI generated communications content, and performance attribution.

While M&C teams maintain their position in the AI vanguard, almost all other disciplines are now leveraging innovative technologies and tools to improve their own workflows. Exchange of learnings and empowerment for task-based innovation is vital to maximize the upside of AI and minimize the potential risks.

Figure 9

M&C teams are leading the application of AI in business (only 5% are not actively using it), but other teams are learning and accelerating quickly

Q: In which areas of your business do you see the biggest improvement as a result of the application of artificial intelligence (AI)? (% of executives saying, “We are **not** actively using AI”)



Note: 507 global CEOs, 188 CFOs, 288 CMOs & CCOs, 113 CHROs, 94 ESG & CLOs responded
Source: The Conference Board® C-Suite Outlook 2025: Seizing the Future

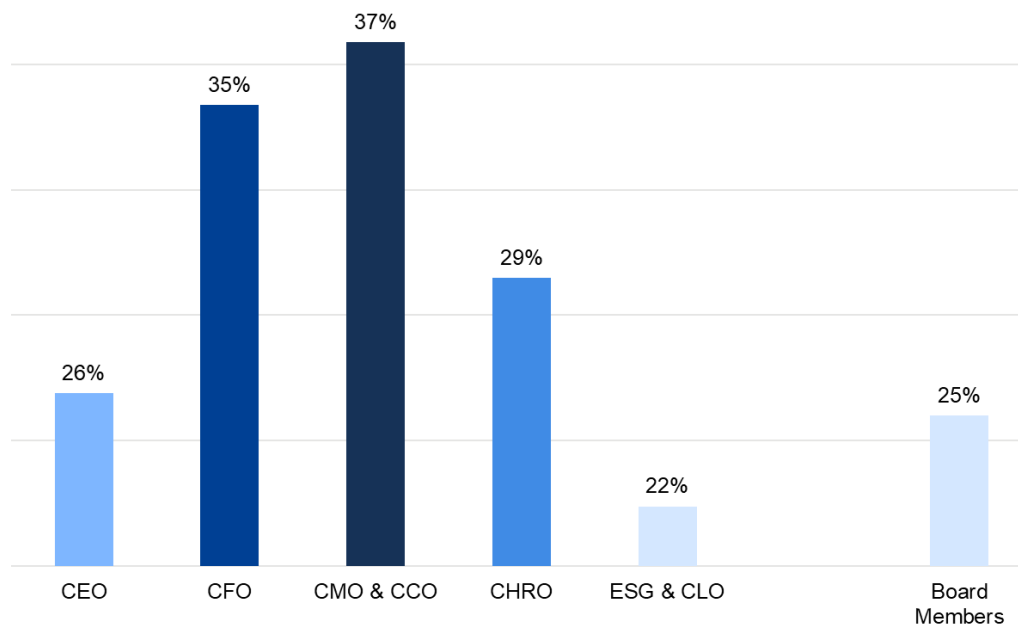
By implication, 19 out of 20 CMOs and CCOs are actively using AI in their work and the CFOs are not far behind. In contrast, 1 in 7 CEOs report they are not actively using AI. This might reflect the interpretation of the question: the functional leaders might be referring to specific, narrow applications of AI technology to particular tasks, while the CEO might see this as an enterprise-wide application of AI. On the other hand, it could also be an indication of the need for greater communication between the C-Suite and their CEO.

Why are the CFO and the CMO/CCO focused on AI? The simple answer is that these leaders select “invest in technology (including AI)” as their number one priority for driving profits. AI is being used in business because there is genuine belief it is a powerful tool for driving profitable growth. Results are already surfacing (Figure 4), and the belief is that more is still to come.

Figure 10

1 in 3 CFOs, CMOs/CCOs see AI as the top priority for driving profitable growth, but only 1 in 4 CEOs or board members feel the same

Q: What are the top two priorities for growing profits in 2025? (% saying “invest in technology (including AI)”)



Note: 507 global CEOs, 188 CFOs, 288 CMOs & CCOs, 113 CHROs, 94 ESG & CLOs responded
Source: The Conference Board C-Suite Outlook 2025: Seizing the Future

Keeping leadership informed and engaged is crucial. There is a growing gap between what the board of directors reports on AI and what the practitioners say. For example, 1 out of 3 CFOs, CMOs, and CCOs say “rapidly advancing AI technology” is one of the biggest external factors that will impact the business in 2025, but only 1 out of 4 board members or CEOs say the same thing. Communication, demonstration, and honest reporting are essential in bringing your key stakeholders along on the AI journey. Companies could refer back to Confucius and

his observation: “Tell me and I will forget. Show me and I might remember. Involve me and I will understand.”

The Challenges Ahead

Our C-Suite Outlook 2025 underscores the need for businesses to adapt to an increasingly volatile environment and rapidly improving technology. CEOs, CFOs, and CMOs/CCOs are prioritizing innovation, digital transformation, and AI integration to drive growth and improve performance. However, they must also address significant external challenges, including geopolitical tensions, economic uncertainties, and threats to their supply chains. By focusing on resilience, technology transformation, and upskilling their workforces, businesses can better position themselves to thrive in 2025 and beyond. And AI has a big role to play in this.

About The Conference Board® C-Suite Outlook

The anonymous survey was carried out November 7–29, 2024, with 1,722 C-Suite executives responding, including 508 CEOs from around the world. This is the 26th annual survey coordinated by The Conference Board. We are grateful for the collaboration with the seven organizations globally that invited their members and contacts to take the survey. We believe this report can serve as an idea prompter for decision-makers within organizations by offering insights into challenges shared by their peers and how they compete in the global marketplace.

It should be noted that responses across the globe are not perfectly aligned by function. For example, proportionately more CEOs responded from America and more CMOs responded from Europe. The data are ultimately weighted by size of the market and by response rates, but some regional bias is introduced in the aggregated reporting. Nevertheless, this global perspective is indicative of the trends in the functions around the world even though it might not be a precise picture of what is happening in one market, such as the US or Germany.

Profile of respondents

Among major regions or economies, 18% of CEO and other C-Suite respondents are based with companies headquartered in the US, in Europe 29%, in Japan 11%, in Other Asia 26%, in Latin America 10.5%, and the rest of world 5%.

By sector, 49% of respondents are based in business and professional services, 38.8% in manufacturing industries, and 12.2% in financial services.

By company size, 59% of respondents are based in businesses with average annual revenue of \$1 billion and above, 17% with average annual revenue of \$100 million to under \$1 billion, and 23.2% with average annual revenue of less than \$100 million.

Artificial intelligence (AI) is a branch of computer science dealing with the simulation of intelligent behavior in computers including reasoning, learning, problem solving, and creativity that mimics human cognitive abilities. *AI augments, replicates, and may even one day surpass human intelligence.*

AI key components and types

- **Large language models** are used to understand, interpret, and generate human language that is contextually relevant.
- **Machine learning** is used to make predictions or decisions leveraging data and algorithms that enable systems to learn without explicit programming.
- **Generative AI** is used to create outputs such as text, images, computer code, designs, and music that resemble content created by humans.
- **Autonomous AI** is used to perform tasks without human intervention or direct control.
- **Artificial general intelligence (AGI)** will perform any intellectual task that a human can do with the ability to learn, adapt, and solve complex problems.

About the Author



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