Octant Advisory

AI AMBITION INTO MEASURABLE PERFORMANCE

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Where AI Leadership Sits

Most companies have put AI inside the technology function. The decisions that make AI pay off sit with the CEO and the business. Here is what the evidence shows, and what to change.

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Executive summary

Most large companies have put AI leadership inside the technology or data function. The decisions that determine whether AI pays off belong to other executives: the business-unit presidents, COO, CFO and CHRO who control workflows, budgets, roles and targets. Until the CEO connects those two groups, most AI investment will stall at the pilot stage.

Only 24 companies in the 2026 Fortune 500 have an enterprise-wide Chief AI Officer. Another 30 have added AI to an existing title, usually the chief data officer's. In a 2026 survey of Fortune 1000 and global data and AI leaders, 64.3% of Chief AI Officers report to technology or data leadership. Just 26.8% report to business leadership. Wharton found that 58% of managers at organizations with a dedicated Chief AI Officer report strongly positive ROI, against 24% where AI was added to an existing executive's job.

The returns haven't followed. In a 2026 NBER study of nearly 9,000 executives in seven countries, 78% of firms use AI, yet the executives estimate it has added just 0.2% a year to productivity growth. Wharton found that only 7% of large US organizations have proved value, transformed workflows and aligned the organization around AI, and leaders in departments doing all three are the most likely to report strong returns. Most of what separates them sits outside the technology function. A technology team can retrain a model. Rebuilding the claims process, the sales motion or the production schedule around that model takes the business-unit leader who owns the work, and that leader answers to the CEO.

Octant's position is that AI has to be run from the top of the company. The board sets the AI goals and the CEO owns AI as a change to how the business operates. The executive leading AI, whatever the title, needs written decision rights across business units, and business-unit leaders need AI results in their own targets.

The studies cited here describe where AI leaders sit. They don't prove that reporting lines cause poor returns, and we don't claim they do. Our case rests on who controls the decisions AI requires, and on what we have seen over careers spent building AI practices and placing the executives who lead large transformations.

24 of 500

Fortune 500 companies with an enterprise-wide Chief AI Officer

64.3%

of Chief AI Officers report to technology or data leadership

0.2%

a year added to productivity growth, by executives' own estimate, at firms where 78% use AI

58% vs 24%

strongly positive ROI with a dedicated CAIO vs. AI added to an existing job

The return gap

Most companies now use AI. Few can show what it has done for the business. One of the largest studies of firms so far, an NBER working paper by Nick Bloom of Stanford and economists at the Federal Reserve Bank of Atlanta and the Bank of England, surveyed nearly 9,000 CEOs, CFOs and senior executives in seven countries in summer 2026. 78% of their firms use AI. The executives estimate it has added 0.2% a year to labor productivity growth over the last three years and has had essentially no net effect on employment.

UK government data shows the same pattern. The 2026 AI adoption survey, 3,503 telephone interviews with private businesses, found that AI use doubled in a year to 32% of businesses, while 64% of the businesses using AI said it had had no impact on their operating costs.

The spending and the gains are concentrated in a small group. In the NBER data, 2% of firms account for more than half of all AI spending. In the UK survey, the 2% of firms that adopt AI intensively spent about four times as much as AI adopters overall, £31,300 against £7,800 on average, and 81% of them reported higher employee productivity, against 50% of all adopters.

Wharton's data points to what separates the companies getting returns. Its 2026 AI Adoption Report surveyed about 1,400 people at US companies with 1,000 or more employees, including 1,007 managers and above. Only 7% of organizations succeeded on all three of its markers: proving value, workflow transformation and organizational alignment. Of leaders whose department met all three, 67% reported strongly positive ROI, against 19% of those whose department did not.

MIT's Project NANDA found the same problem at the level of individual projects in 2025. Only 5% of integrated generative AI pilots were extracting millions in value, and the report traced the gap to brittle workflows and tools that didn't fit day-to-day operations. In Octant's view, most of that comes down to how the work is organized, which belongs to the executives who run the business.

Who leads AI today

An enterprise-wide Chief AI Officer is still rare. The September 2026 ProfessionLens census of the Fortune 500 found the title at 4.8% of companies. The share rises to 10.8% when titles that combine AI with another role are counted, and to 13.6% with divisional holders included.

EXHIBIT 1

Under 5% of the Fortune 500 have an enterprise-wide Chief AI Officer

Percent of companies. The share rises as combined titles, divisional roles and equivalents are counted.



Sources: ProfessionLens Fortune 500 census (Sept 2026); 2026 AI & Data Leadership Executive Benchmark Survey

The census counted only titles it could verify from company and press sources, and it excluded LinkedIn profiles. It didn't search for titles such as Head of AI, so it undercounts AI leaders below the C-suite. The 2026 AI & Data Leadership Executive Benchmark Survey, answered by the executives who hold these roles, puts the share of Fortune 1000 and global companies with a Chief AI Officer or equivalent at 38.5%, up from 33.1% a year earlier.

Combined titles outnumber the standalone title in the Fortune 500, 30 to 24. Most of them attach AI to the data function.

COMBINED TITLE	FORTUNE 500 COMPANIES	EXAMPLES
Chief Data & AI Officer	10	Kroger, AT&T, RTX, BNY, State Street
Chief AI & Data Officer	5	Ford, Intuit, Mastercard, Truist
Chief Technology & AI Officer	3	Danaher, Emerson Electric, Masco
Chief Data, Analytics & AI Officer	2	USAA, McDonald's
Chief AI, Data & Analytics Officer	2	Pfizer, Lincoln National
Chief Digital & AI Officer	1	Lockheed Martin
Chief Information & AI Officer	1	Lowe's
Chief AI & Digital Officer	1	Dominion Energy
Chief Data, Digital & AI Officer	1	Cigna

COMBINED TITLE	FORTUNE 500 COMPANIES	EXAMPLES
Chief People & AI Enablement Officer	1	Lumen
Other data-and-AI variants	3	AGCO, Equinix, The Hartford

In most of these companies, AI was added to the job of an executive whose existing remit is data or technology. Lumen is the one company on the list that put AI with the people function, which owns role design and reskilling. None of these titles tells you what the executive holding it is allowed to decide.

Wharton's 2026 data suggests the difference between a dedicated role and an added responsibility matters. Among managers and above, 58% of those whose organization created a dedicated Chief AI Officer position report strongly positive ROI. Where AI was added to an existing executive's role, the figure falls to 24%, and where no such role exists or is planned, to 8%. Two-thirds of organizations now report a CAIO or equivalent, but Wharton found that nearly all of this year's growth came from reassigning the job to an existing executive.

Where AI leaders report

In the 2026 benchmark survey, 64.3% of Chief AI Officers report to technology leadership or to the chief data officer.

CHIEF AI OFFICER REPORTS TO	SHARE OF CAIOS
Technology leadership	33.9%
Chief data officer or CDAO	30.4%
Business leadership	26.8%
Transformation leadership	8.9%

The survey reports that responsibility for AI sits within the chief data officer's function at 62.7% of companies, down from 69.1% a year earlier, and that at most companies without a CAIO, AI stays there. Chief data officers themselves report to technology leadership 42.7% of the time and to business leadership 33.6% of the time.

That puts most AI leaders at least one level away from the executives who decide how the business runs. The distance shows up as AI proposals waiting for a business sponsor, and as pilots that no business unit has budgeted to adopt. The same survey found that 93.2% of respondents see cultural challenges and change management as the greatest obstacle to AI adoption, and only 6.8% named technology. Those are the problems a technology or data executive has the least authority to fix.

The decisions AI leadership has to make

A technology or data executive can build, buy and secure AI tools. The decisions that turn those tools into results sit with other executives, unless the CEO has delegated them. For each priority AI initiative, the executive team has to agree who makes each of these decisions.

DECISION	WHO OWNS IT	WHAT HAS TO BE AGREED
Redesign a core workflow	Business-unit leader, COO	The workflow owner, approval rights, service requirements and rollout conditions
Change roles and redeploy capacity	Business-unit leader, CHRO	Role design, training, employee communication and the plan for released capacity
Commit or move funding	CFO, budget owners	Spending limits, full costs, funding sources and approvals
Set performance expectations	CEO, business-unit leader, CHRO	Outcome measures, leadership objectives and how compensation reflects them
Share data across business units	Data owners, CDO, risk leaders	Access, ownership, quality, security and escalation when needs conflict
Approve AI risk and controls	Business owner, legal and risk leaders, CEO and board	Permitted uses, approval thresholds, monitoring and conditions for stopping

Consider an illustrative case. A mid-sized insurer's data team builds a claims-processing agent, and testing shows it can settle routine claims within agreed quality and control limits. Putting it into production means changing the claims process, retraining adjusters, resetting productivity targets and deciding what happens to the capacity it frees. If none of those decisions has an owner or a place in the operating plan, the agent stays a pilot.

Here is what it takes to get it into production. The head of claims proposes the new workflow and owns the service and operating results. The technology leader validates system performance and integration, and legal and risk leaders set the controls. The CHRO and the head of claims agree the role changes and training. The CFO and the budget owner approve funding, and the COO settles competing priorities. Before rollout, the team records a baseline and full costs, and finance validates the benefits. Every one of those steps sits outside the data team's authority.

Why a new reporting line is only the start

Moving the AI leader to report to the CEO is the most visible fix and the fastest one to make. On its own it changes little. A CAIO who reports to the CEO but has no budget authority, no say in business-unit targets and no CEO willing to overrule a division president is a staff advisor with a C-suite title.

A technology-led structure can work when the CIO or CTO already runs enterprise-wide change and the CEO backs the mandate in front of the business-unit leaders. Lowe's and Lockheed Martin both combined AI with an existing technology or digital title.

Either structure works only if three conditions hold. Decisions have to reach someone with the authority to make them, business-unit leaders have to commit resources, and a named executive has to be accountable for results. Checking them means asking each executive separately who decides what, then comparing the answers. That is hard to do from inside the company when the person asking reports to one of the executives being asked.

What we recommend

AI has to be set up as a business mandate owned by the CEO, with the AI leader holding enough authority to make business units change. In practice, the executive team needs to settle six things.

1. **The board sets the AI goals.** Management proposes what AI should contribute to revenue, margin, growth, quality or service, and the board sets the goals and reviews progress, investment and risk. Octant groups AI ambition into Reinvent, Expand and Improve. Reinvent changes how the company creates value, Expand grows the business, and Improve makes existing operations cheaper or faster. In our view, Improve is where most AI programs start and has the smallest effect on ROI. Each goal needs a business case that accounts for full cost, expected benefit, risk and time to results.
2. **The CEO owns AI as a business change.** The CEO decides how cross-unit decisions get made: which workflows go first, where budget moves and how disputes between units are settled. The COO can run this day to day under an explicit mandate.
3. **The AI leader holds written decision rights.** Whatever the title or reporting line, the charter states what the AI leader decides alone, what needs a business-unit leader's agreement and what goes to the CEO. It also sets funding authority, risk approvals and the escalation path. If the charter lists only advisory duties, business-unit leaders will treat the AI leader's recommendations as optional.
4. **Business-unit leaders own the results in their operations.** The P&L owner agrees the baseline, resources and expected outcome with finance and the AI leader. Those measures go into business plans and leadership objectives, and compensation reflects them.

5. **Managers get the time and support to redesign the work.** Managers rebuild the workflows, change roles and bring their teams along. Gallup's 2026 workplace research, drawn from 43,262 responses from US workers, shows how much the manager matters. In AI-adopting organizations, 78% of employees who strongly agree their manager supports AI use it frequently, against 44% of those who don't. Employees whose manager actively supports their team's AI use have an engagement rate of 48%, against 30% for those whose manager doesn't. Interviews published in Harvard Business Review in June 2026 found middle managers taking on the checking and coaching AI requires while their delivery targets stayed the same. Their leaders have to clear room in existing targets for that work and agree how employees will be involved and trained.
6. **The CHRO is part of AI leadership.** Role design, training, employee communication and workforce planning are decided alongside the technology and financial decisions. Employees need to know what is changing, what support they will get and where to raise concerns.

For a midmarket company making changes across several functions, the right structure is usually an AI leader reporting to the CEO or COO, with a charter covering points 3 through 5. Where the CIO or another executive already holds that mandate, the company may not need a new hire. It does need to know whether that executive has the authority and the leadership capability to carry a change of this size.

Questions for CEOs and boards

- Who is accountable for AI results, by name, and what can that person decide without asking anyone?
- How long does it take an AI decision to reach the executive with the authority to make it?
- Which business-unit leaders have AI results in their goals and compensation this year?
- Who can commit funding for AI and the operational changes around it, and how are full costs and benefits reviewed?
- How many AI pilots are running, how many reached production in the last 12 months, and who decided which ones moved forward?
- When a business unit turned down an AI proposal, who settled it, and on what basis?
- Does the executive team agree on what AI is supposed to deliver for the company? If each member wrote it down separately, would the answers match?

If the CEO and the CIO would answer these questions differently, that difference is the first thing to resolve.

How Octant helps

Octant works with CEOs and boards to set up AI leadership so that AI investment produces measurable business results. We start from the business outcome the company wants and work back to the leadership, governance, workforce and operating-model decisions that stand between it and that outcome.

Every engagement starts with our AIR-O℠ assessment. It runs for about six weeks after scoping with the client's executive sponsor, and it scores the organization on the eight conditions AI results depend on:

Strategic Mandate	**Operating Model & Structure**
Executive Alignment	**Leadership Capability**
Governance & Decision Rights	**Workforce & Culture**
Data & Technology Strategy	**Value Measurement & Improvement**

The evidence comes from the company itself:

- Interviews with each member of the executive team
- A review of AI policies, governance documents and decision records
- A workforce survey, which can cover the whole organization
- A value path trace on selected pilots that stalled, following where the expected value was supposed to come from and where it stopped

Octant does all of the scoring. Executives don't rate themselves. Each interview is scored, and where executives disagree, we report the disagreement as a finding, because when the executive team isn't aligned, the execution work stalls. Names and roles can be masked in the readout.

The engagement ends with an executive readout and a transformation plan that sequences the changes and names who owns each decision.

Where the question is whether the current executive can lead AI across the business, our AIR-L℠ leadership assessment, grounded in Hogan psychometrics, evaluates that executive against what the role requires. Where the constraint is technical, our AIR-T℠ assessment covers data, architecture, security, AI governance and the path from pilot to production.

Octant sells no software and does not bid on the implementation work the plan calls for. Because we have no stake in what gets built next, an executive team can weigh our findings about its own alignment without wondering what we plan to sell them.

About the evidence

The ProfessionLens census counts publicly documented titles in the 2026 Fortune 500. It doesn't measure how many companies have given someone responsibility for AI under another title. The benchmark survey covers about 110 Fortune 1000 and global organizations. Data and AI leaders make up 90% of its respondents, and 42.7% work in financial services. Project NANDA describes its findings as preliminary. The NBER, UK government, Wharton and Gallup figures are survey responses, so they report what executives, managers and employees say rather than audited results, and the NBER paper is a working paper that has not yet been peer-reviewed. None of these sources measures whether a given reporting structure produces better financial results, and the recommendations in this paper rest on the decisions AI requires rather than on that claim.

About Octant Advisory

Octant Advisory is an independent AI transformation advisory firm founded by Maria Chaloux and Dr. Ian McCulloh.

Dr. Ian McCulloh, Co-Founder, built and led Accenture's federal artificial intelligence practice. At Johns Hopkins University he is Director of AI Executive Education, responsible for the full program and its curriculum. A retired U.S. Army lieutenant colonel, he has published widely in peer-reviewed journals and holds a Ph.D. in computer science from Carnegie Mellon University.

Maria Chaloux, Co-Founder and Managing Partner, has spent more than 20 years identifying, recruiting and developing the leaders responsible for driving transformation, including leading executive recruiting for a Fortune Global 500 company subsidiary through a period of rapid growth. She is a Hogan Certified Practitioner and holds a certification in AI Business Strategy from Johns Hopkins University.

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To talk about where AI leadership sits in your company, contact Maria Chaloux.

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