

# GENERATIVE AI FOR LEADERS CHEAT SHEET

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# Core Gen AI Concepts

## MUST-KNOW TERMS

Fluency in generative AI begins with vocabulary. The following terms form the essential language of modern AI — understanding them allows leaders to engage credibly with technical teams, vendors, and boards. Misusing or misunderstanding these terms is one of the most common credibility pitfalls for executives navigating AI transformation.

### Generative AI

AI that creates new content — text, images, code, audio, video — by learning patterns from large datasets.

### LLMs

Large Language Models trained on massive text corpora. Examples: GPT-4, Gemini, Claude, Llama.

### Foundation Models

Large pre-trained models adaptable to multiple tasks via fine-tuning or prompting.

### Prompt Engineering

Crafting inputs to guide AI output quality, tone, and accuracy — a critical operational skill.

### RAG

Retrieval-Augmented Generation — combines LLMs with real-time data retrieval to reduce hallucinations.

## Hallucination

When AI confidently generates plausible but factually incorrect information. A key governance risk.

## Fine-Tuning

Adapting a pre-trained model to a specific domain, task, or organizational context for higher precision.

## Tokens

Units of text LLMs process (~ $\frac{3}{4}$  of a word). Token limits define context window size and cost.

## AI Agents

Autonomous AI systems that reason, plan, and take multi-step actions using tools and APIs.

## Multimodal AI

Models that process and generate across text, images, audio, and video simultaneously.

## Embeddings

Numerical vector representations of text used for semantic search and similarity matching.

## Temperature

A parameter controlling output randomness. **Low = predictable. High = creative.**

# The Gen AI Landscape

## 4 LAYERS LEADERS MUST UNDERSTAND

Generative AI does not exist as a single product — it is a stack of interconnected layers, each with distinct strategic implications for your organization. Leaders who understand this layered structure can make smarter build-vs-buy decisions, allocate investment more precisely, and avoid the common mistake of conflating an application with the underlying technology. The four layers are:

Layer	What It Includes	Key Examples
<b>Infrastructure</b>	GPUs, TPUs, and cloud compute	AWS, Google Cloud Platform, Microsoft Azure
<b>Foundation Models</b>	Large pre-trained AI models	OpenAI, Anthropic, Google DeepMind, Meta, Mistral
<b>Platforms &amp; MLOps</b>	Tools to build, deploy, and manage AI	Vertex AI, Azure AI Studio, AWS Bedrock, Hugging Face
<b>Applications</b>	End-user facing AI products	ChatGPT, Microsoft Copilot, Gemini, Jasper, Notion AI

Most enterprise leaders interact primarily at the **Applications** layer — but the strategic and financial leverage often lives at the **Foundation Models** and **Platforms** layers. Understanding the full stack allows your organization to avoid over-paying for commoditized capabilities and to invest intentionally where differentiation is possible.

# Strategic Leadership Framework for Gen AI

## DECISION-MAKING TOOLKIT

Strategy without a framework is just opinion. Effective AI leadership requires structured thinking across readiness, sourcing, governance, and ROI alignment. The following frameworks are battle-tested across enterprise AI deployments and provide a reliable foundation for decision-making at every stage of your AI journey — from initial assessment to scaled adoption.

### AI Readiness Assessment

Evaluate your organization across 4 critical pillars before committing to any major AI initiative.

#### People

Skills, roles, AI literacy

#### Processes

Workflows ripe for AI

#### Data

Quality, access, governance

#### Infrastructure

Cloud, compute, security

### Build vs. Buy vs. Partner

The most consequential sourcing decision in AI strategy. Each path has distinct trade-offs:

- **Build** → Full control, highest cost, requires deep AI talent
- **Buy** → Fast deployment, vendor dependency, limited customization
- **Partner** → Balanced approach, ideal for niche or regulated use cases

→ **Center of Excellence (CoE)**  
Establish a central AI governance and enablement team to drive consistent, scalable adoption across business units.

→ **Pilot-to-Scale Model**  
Identify 2–3 high-value, low-risk use cases → validate ROI → then scale systematically across the enterprise.

→ **AI Strategy Alignment**  
Every AI initiative must map to a specific business KPI: cost reduction, speed-to-market, customer satisfaction, or revenue growth.

→ **Total Cost of Ownership (TCO)**  
Factor in model costs, compute, data prep, human oversight, maintenance, and change management — not just licensing fees.

# Responsible AI & Governance

NON-NEGOTIABLE FOR LEADERS

📌 **FATS Principles** — Memorize These: Fairness · Accountability · Transparency · Safety

## Bias & Fairness

Regularly audit training data and model outputs for demographic or cultural bias. Bias in = bias out. Establish structured red-teaming processes before any production deployment affecting people.

## Explainability (XAI)

Stakeholders must understand why AI made a decision — especially in regulated industries such as finance, healthcare, and legal. Black-box decisions carry significant legal and ethical liability.

## Privacy Compliance

GDPR, CCPA, HIPAA — apply data minimization and anonymization principles. Know where your training and inference data flows, and who has access to it at every point in the pipeline.

## Human-in-the-Loop (HITL)

Maintain meaningful human oversight at high-stakes decision points. Automation without accountability is one of the most common sources of AI-related organizational risk.

## AI Risk Classification

Tier AI use cases by risk level: **minimal, limited, high, unacceptable** — aligned with the EU AI Act framework. Higher-risk applications require stricter controls and review cycles.

## AI Governance Board

Establish a cross-functional review committee with representation from Legal, HR, IT, and business units. This body sets policy, reviews high-risk deployments, and resolves escalations.

# Business Use Cases by Function

WHERE AI CREATES VALUE ACROSS THE ENTERPRISE

Function	Gen AI Applications
HR	Resume screening, onboarding bots, L&D personalization, employee sentiment analysis
Marketing	Personalized campaigns, content generation at scale, SEO optimization, A/B testing automation
Customer Service	AI chatbots, call summarization, sentiment-based routing, automated resolution workflows
Finance	Fraud detection, automated report generation, financial forecasting, contract analysis
Legal	Contract review and redlining, compliance monitoring, document summarization
Product	Feature ideation, user research synthesis, roadmap drafting, competitive intelligence
Operations	Process automation, supply chain optimization, predictive maintenance scheduling
IT / Engineering	Code generation, automated testing, documentation, incident summarization and RCA

The most successful enterprise AI deployments begin with a single, well-scoped use case in one function — then systematically expand. Avoid the temptation to deploy AI everywhere simultaneously. Focus yields faster validation cycles, clearer ROI attribution, and stronger organizational learning that accelerates the next deployment.

# ROI & Measurement Framework

FROM ADOPTION TO IMPACT

One of the most common executive mistakes in AI strategy is investing in deployment without a rigorous measurement framework.

## 1 Efficiency Gains

Time saved per task × number of employees × task frequency. This is your baseline productivity ROI calculation — start here for any automation or copilot use case.

## 2 Error Reduction

Percentage decrease in manual errors post-AI deployment. Particularly relevant in Finance, Legal, and Operations where error costs are quantifiable and high.

## 3 Speed-to-Market

Reduction in product or content development cycle time. Measure in days or weeks — not just percentages — to make the impact tangible to stakeholders.

## 4 Customer Metrics

CSAT scores, Net Promoter Score (NPS), first-response time, and resolution rate. These are the most board-visible metrics for customer-facing AI deployments.

## 5 Revenue Impact

Uplift from personalization engines, AI-assisted upselling, or faster sales cycles. Requires clean attribution methodology to isolate AI's contribution from other variables.

## 6 Leading Indicators

Adoption rate, prompt usage volume, active users, and task completion rates. These predict future ROI before lagging financial metrics catch up — monitor them weekly.

# Change Management for AI Adoption

## Key Principles for Successful Adoption

### → Lead with Purpose, Not Cost

Communicate why AI is being adopted — tie it to company vision, customer value, and employee empowerment. Never let "cost reduction" be the primary narrative your workforce hears.

### → Address Job Fear Proactively

Acknowledge the "job displacement" narrative head-on with concrete reskilling commitments, timeline clarity, and visible senior leadership investment in people development.

### → Empower AI Champions

Identify and formally empower AI Champions in each department — these are your internal change agents who bridge the gap between strategy and day-to-day practice.

### → Create Safe Feedback Loops

Employees must be able to flag AI errors, surface concerns, and report failures without fear of reprisal. Psychological safety is a prerequisite for honest AI monitoring.

# AI Literacy Programs — 3 Levels

Run structured programs across all three levels to ensure no layer of the organization is left behind:

1

## Awareness

All employees. What is AI, how does it affect my role, what are the guardrails?

2

## Practitioner

Power users and managers. Prompt engineering, tool workflows, output evaluation.

3

## Expert

AI CoE, data teams, product. Model selection, fine-tuning, governance design.

Measure **culture shift**, not just tool adoption — survey psychological safety, AI confidence, and cross-functional collaboration regularly.

# Key Models & Vendors to Know

## THE COMPETITIVE LANDSCAPE AT A GLANCE

The generative AI vendor landscape is moving faster than any other technology sector in history. Model capabilities that were state-of-the-art six months ago are being commoditized today. Leaders don't need to track every release — but they do need a reliable map of the major players, their strategic positioning, and the implications for enterprise procurement and partnership decisions. The table below reflects the current competitive landscape as of mid-2024.

### OpenAI

**Models:** GPT-4o, o1 (reasoning), Sora (video), DALL·E (images)

The market leader in enterprise adoption. Deep Microsoft integration via Copilot makes it the default starting point for most organizations.

### Anthropic

**Models:** Claude 3.5 Sonnet, Claude 3 Opus

Safety-first positioning. Preferred in regulated industries. Claude 3.5 Sonnet is widely regarded as among the best for nuanced reasoning and long-context tasks.

### Google

**Models:** Gemini 1.5 Pro, Gemini Ultra

Native multimodal capability and deep Google Workspace integration. Gemini 1.5 Pro leads on context window size — up to 1 million tokens.

## Microsoft

**Models:** Copilot (powered by OpenAI)

The most widely deployed enterprise AI interface. Deeply embedded in Office 365, Teams, and Azure. The default entry point for most large organizations.

## Mistral

**Models:** Mistral Large (open/efficient)

Europe's leading AI model provider. Strong on efficiency and open-weight availability. Favored for GDPR-compliant deployments and cost-sensitive enterprise workloads.

## AWS

**Models:** Amazon Bedrock, Titan, Nova

Not a model builder but a model aggregator. Bedrock provides managed access to models from multiple vendors — ideal for organizations already in the AWS ecosystem.

## Meta

**Models:** Llama 3 (open source)

The leading open-source option. Llama 3 enables self-hosted deployments — critical for organizations with strict data residency or IP protection requirements.

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