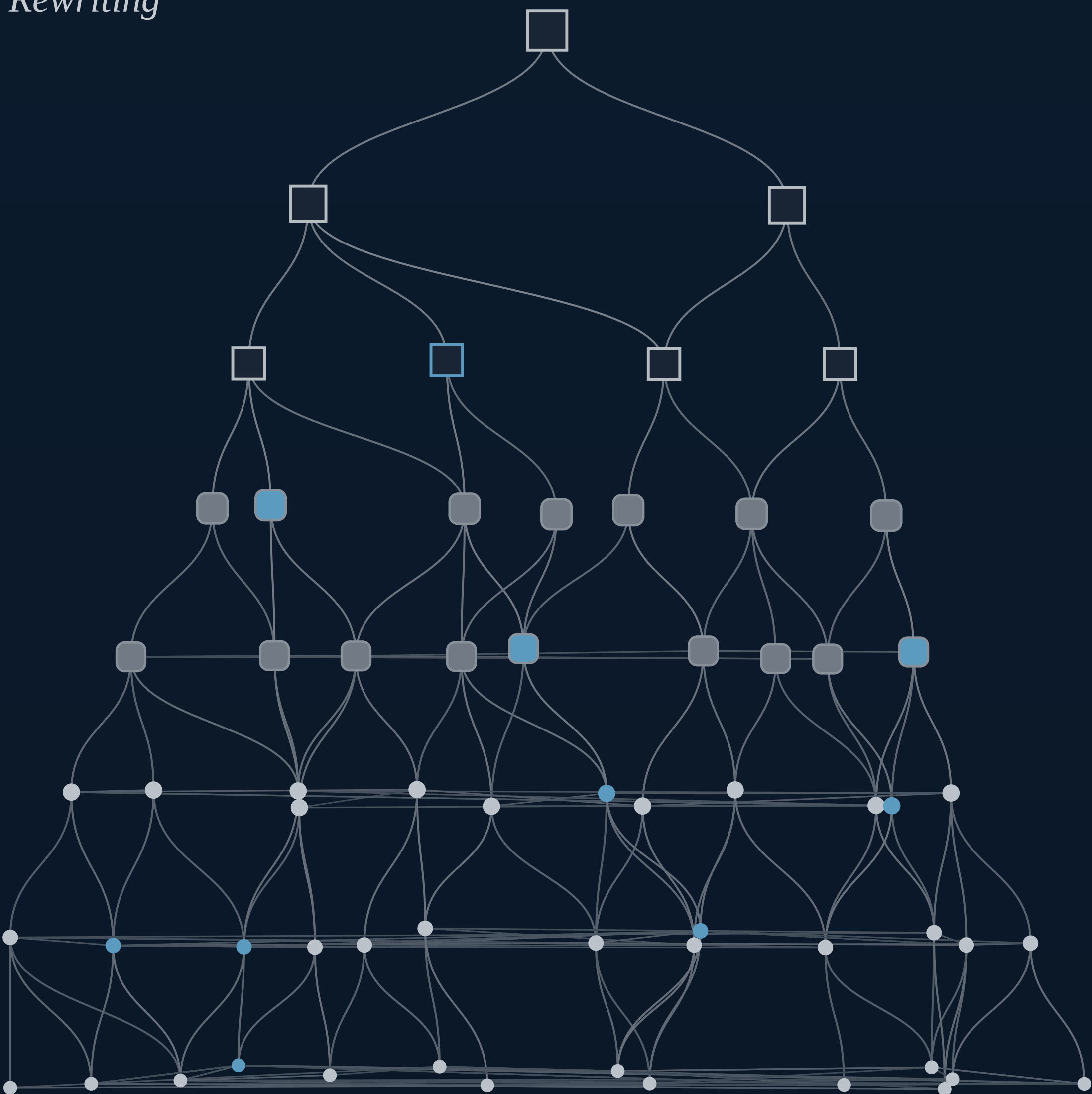
BOARD GOVERNANCE / AI

The Board's Job

Governing the Company That AI Is Rewriting



TEEMU KALTEA

The Board’s Job

The Board’s Job

Governing the Company That AI Is Rewriting

Teemu Kaltea

Kustantaja: BoD · Books on Demand, Mannerheimintie 12 B, 00100 Helsinki, bod@bod.fi
Kirjapaino: Libri Plureos GmbH, Friedensallee 273, 22763 Hampuri, Saksa

ISBN: 978-952-89-2228-5

Contents

Preface

Before every board-director sparring session I run, I ask the participants to send their questions in advance. It is a small thing, but the questions tell you exactly where people's heads are.

The questions I get about AI are almost always about tools, policy, and risk. What does it mean for our data privacy? Should we have an AI usage policy? How do we stop our people using it in ways that embarrass us? Which vendors should we be talking to? These are not bad questions, just pitched a level too low. They are the questions of a board that thinks it is managing a technology risk, not one that understands it is governing a change that may decide whether the company is still here in ten years.

I have spent my career on one question, what makes a company more valuable. First as a technology investment banker, then as an investor and adviser to boards, companies, owners and entrepreneurs. It is a question that sits above strategy, and followed far enough it runs into how a company is built to create value. That is what brought me to AI. I sit on the board of a financial-management software company, where two years ago I put AI on the agenda as the thing that would either remake us or be used by someone else to end us. We have been building, carefully, ever since. I worked with a founder who rebuilt his company around AI while his own board spent a year trying to repair the business he was walking away from. And through the Directors' Institute of Finland I have sparred with the people this book is written for, non-executive directors trying to work out what their job now is. One thing to know as you read. I have skin in several of the games described here, on boards I sit on and in companies I have backed or advised. Where I do, I say so.

What I keep seeing is not a knowledge gap. It is a framing gap. The boards that struggle are neither unintelligent nor incurious. They are asking a different question from the one that matters. They are asking whether the company is safe. The right question is whether the company is changing. And it matters now, because AI is not waiting. The distance between the companies redesigning around it and the ones tuning it onto the edges of what they already do is already measurable, and widening in one direction.

That gap is what this book is about, and its claim can be put plainly. AI is dissolving the constraints your company's structure was built around, which makes the structure a choice. Your board is already making it, by default if not by decision. And the two roads are not equal. Efficiency won inside the old structure can be copied, and will be, by every competitor with the same tools. Only transformation, the company rebuilt around what AI makes possible, creates advantage that lasts. That choice gives a board two jobs, not one. Governing AI's risks is the first, and most boards have built it. Governing whether the company actually changes is the second, and it is the job only a board can do, because what stalls transformation sits where management cannot reach it from inside. The reason the second job goes undone is rarely negligence. It is imagination. No board can govern toward a company it cannot yet picture.

This is not a technology primer. It will not help you choose a vendor or draft a policy. It will give you a different frame for what is happening inside your company, and a clear view of what your job, as a director rather than as management, is in deciding how it ends.

The argument that follows is not complicated, but it is direct. I hope the directness serves you.

Helsinki, 2026

Teemu Kaltea

Introduction: The Wrong Question

Most directors have met AI personally. They have drafted a note with ChatGPT, asked it to summarize a board pack, sat through a management deck on AI initiatives and risk. That first encounter installs a particular mental model. AI is a capable, fast, surprising tool. And the questions that follow from a tool are tool questions. Are we using it responsibly? Do we have a policy? Are we keeping up with competitors? They are not wrong. They are simply the wrong altitude. This book is about the altitude above them.

Here is the whole argument in one sentence, so you know where we are going. AI did not hand your board a technology problem to manage: it lowered the cost of coordination, the deepest variable behind what a company can be, and in doing so it is dissolving the constraints that once made your structure necessary. Your structure is no longer the only answer to those constraints. It has become a choice, and most boards are making it without realizing they are. Governing AI's risks is the floor, and nearly every board has built it. Governing whether the company actually changes is the ceiling, and it is the job only the board can do. Most have built only the floor.

Most boards are asking the wrong question about AI. In one form or another it is: *are we certain enough about where this is going to justify the disruption of transforming around it?* It sounds prudent. The trajectory is genuinely uncertain, the early returns are uneven, and the widely cited finding that most organizations get no financial return on their AI spending is real. Caution looks defensible.

But that question has only one answer: wait. Wait for the trajectory to clear, the failure rate to fall, a competitor to prove the path. Managed nicely, waiting feels like governance. It is not. It is a strategic bet disguised as prudence, with its own risk, its own timeline, its own compounding cost.

The deeper reason boards ask it is not caution. It is imagination. A board can picture AI making the current business a little cheaper and a little faster. Very few can picture the business the company could become. So they set the bar where their imagination leaves it, and govern toward the small prize they can see. I will call this the imagination gap, and it sits beneath most of the wrong questions in this book. I should be honest about what this is. It is a frame, not a finding. It is a lens I have come to trust because of what it keeps letting me see in boardrooms, more than any statistic could. But a lens earns its keep by what it shows, so here is a test you can run yourself. Look back over your last few board meetings. If the AI discussion was mostly about doing what you already do more cheaply and more safely, and almost never about the company you could become, you have just watched the imagination gap at work. It names the disease this book is about, and the two jobs the later chapters build toward, governing AI's risks and governing whether the company actually changes, are the treatment.

Two things should weigh on that choice more than they usually do. First, the small prize does not keep. Efficiency every competitor can also buy is table stakes, not advantage. As the same savings spread through an industry, rivals match them and customers pocket them, and the relief is gone. Chapter Three shows it happening in the data. The deeper reason deserves stating plainly, because it is the logic of the whole book. Every company you have ever governed was designed around human intelligence, because for the entire history of the corporation intelligence could be had nowhere else. That exclusivity has just ended. AI now does the intelligence work — faster, cheaper, at scale — and when a capability that fundamental stops being scarce, durable advantage moves to the companies rebuilt around the new source of it, as it once belonged to the companies best built around people. Efficiency is what AI yields inside the old structure. Advantage is what it yields from a structure designed for it. Keeping the structure is a choice a board may make. Keeping the advantage while making it is not on offer. The transformation prize is of a different kind, and larger than it

Most boards think they are managing an AI risk. They are missing the decision that will decide whether their company is still here in ten years.

AI is not another technology to oversee. It is lowering the cost of coordination, the thing your company's structure was built to manage, and turning that structure from a fact of nature into a choice your board is making, whether it means to or not. Governing AI's risks is the floor, and most boards have built it. Governing whether the company actually changes is the ceiling, the job only the board can do.

Your board has two AI jobs. It has almost certainly built only one.

Drawing on twenty-five years spent on one question, what makes a company more valuable, *The Board's Job* is a direct, opinionated account of the choice AI now puts to every board, and a frame for making it while the future is still unclear.

Is your board a follower of AI's development, or the force driving the change?

ABOUT THE AUTHOR

Teemu Kaltea

Teemu Kaltea has spent his career on a single question: what makes a company more valuable. He has worked it from every seat at the table. He built his first career in technology investment banking, beginning as an award-winning equity analyst, rising to Nordic Head of TMT at Nordea, and founding Öhman's corporate-finance business in Finland. Since 2007 he has been founder and Chief Value Officer of Value Group, advising listed companies, family owners, and entrepreneurs on value creation and better strategic decisions about capital.

He came to AI through that same lens, and early. He has followed it for fifteen years, longer than most boards have had it on the agenda. Value creation, taken to first principles, runs into how a company is built to coordinate work, and AI is the largest change to the cost of that coordination he has seen. He has watched it from inside as a board member: at Titanium, a listed asset manager he has served since its IPO, and at Palkkaus.fi and Snowfox AI, two AI-native financial-management software companies, one of which put AI on its agenda as an existential question.

As an advisor and angel investor he has backed more than twenty technology companies, and stood beside founders rebuilding their firms AI-native from the inside. Through the Directors' Institute of Finland he has sparred with the non-executive directors this book is written for. He holds an M.Sc. (Econ.) in finance from the Helsinki School of Economics, hosts Rahoituskierros, a podcast in which founders tell the stories of their funding rounds, and lives in Helsinki, Finland.

THE BOARD'S JOB

GOVERNING THE COMPANY THAT AI IS REWRITING

ISBN 978-952-89-2228-5