

## The Impact of Generative AI on Strategic Portfolio Leaders

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Initiatives: [Best-in-Class Portfolio Office](#); [Enterprise Transformation Enablement](#); [Strategic Portfolio Management](#)

Strategic portfolio leaders must cut through GenAI hype and identify its business and functional implications fast. GenAI will impact your strategic portfolio management life cycle. Prepare now for four key inbound GenAI impacts to ensure effective strategic planning and execution.

### Overview

#### Impacts

- The emergence of GenAI in the workplace and in the general public creates immediate knowledge and skills gaps for strategic portfolio leaders and their teams that, left unaddressed, will negatively impact their ability to accelerate and optimize strategic planning and execution.
- Leveraging and investing in GenAI will flood portfolio demand pipelines with competing investment ideas, requiring strategic portfolio leaders to manage and prioritize the demand for new, unfamiliar types of investments and initiatives.
- Strategic portfolio leaders lack the partnerships they need to have to acquire the necessary data to get the most value from investments in GenAI designed to optimize strategic planning and execution.
- Strategic portfolio leaders, program managers, project managers and delivery teams will experience dramatic changes in their responsibilities due to the proliferation of GenAI technologies.

#### Recommendations

Strategic portfolio leaders responsible for modernizing processes and frameworks to balance enablement and control must:

- Close, as quickly as possible, GenAI knowledge and skills gaps by training staff to recognize and exploit the potential for strategic portfolio management (SPM) efficiencies.
- Create portfolio activities, processes, checkpoints and standards designed to assess, evaluate, prioritize and manage GenAI-related portfolio demand from executive and senior leadership.
- Identify the types of data and data sources GenAI technologies require to optimize processes and activities in and around the SPM life cycle. Partner with the owners of these data sources to enable GenAI use.
- Document the known and perceived responsibilities of key positions within the SPM life cycle (e.g., portfolio managers, program managers, project managers, resource managers). As GenAI adoption and infusion progresses, change and update these positions and their responsibilities to ensure consistency and common understanding across the critical positions within the SPM life cycle.

## Strategic Planning Assumptions

By 2027, organizations investing in AI will process 60% of IT and digital initiatives to the approval stage without human intervention.

By 2030, 80% of the work of project management (PM) will be eliminated by AI, an increase of more than 75% from 2023.

## Introduction

No one, including strategic portfolio leaders, is immune to the current and future impacts and effects of generative AI — a technology that creates original media content, synthetic data and models of physical objects, and provides breakthrough innovation opportunities. The democratization of generative AI directly impacts individuals, employees and various industries. It also presents process efficiency and augmentation opportunities across most, if not all, enterprise functions.

The introduction of proprietary GenAI technologies, such as ChatGPT, to the general public places the potential power of GenAI in the hands of every human being, every employee and every enterprise. This comes at a time when 45% of CEOs and executive business leaders report they have seen increased trends in AI investments at their organization <sup>1</sup> (see Figure 1).

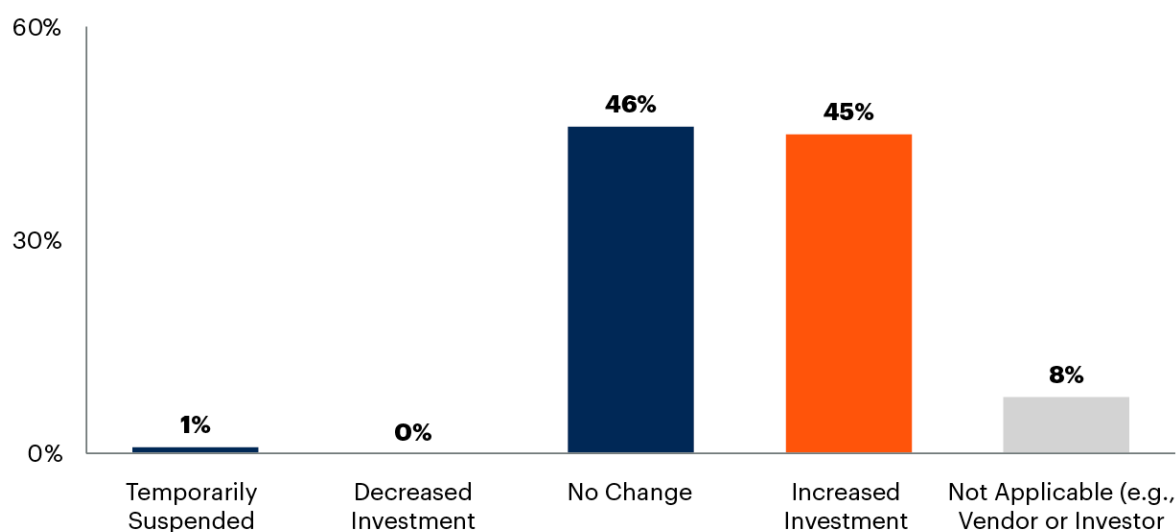
GenAI is, and will continue to be, part of the strategic AI investments enterprises are pursuing today. But there are forces working against GenAI adoption, such as a looming “build versus buy” decision. The “build GenAI” option (e.g., building your own large language models [LLMs]) currently requires a significant commitment of time, funds, resources and specific skills. The “buy GenAI” option (e.g., purchasing commercially available LLMs) is not a standard option yet in many technology markets, and exercising this option today does not guarantee a lower cost or risk to implement.

Challenges with the two approaches will not deter boards and business leadership from pursuing AI and GenAI-related investments. However, it does explain the hesitant posture many strategic portfolio leaders are taking at the moment as it relates to adopting GenAI to optimize the SPM life cycle. Nonetheless, this hesitation does not insulate strategic portfolio leaders from the risk of not doing GenAI or the need to prepare for the infusion of GenAI in every corner of the enterprise.

**Figure 1: Change in AI Investment in 2023**

**Change in AI Investment in 2023**

Percentage of Respondents



n = 2,554

Q: How have your AI investment strategies changed since the recent publicity of ChatGPT?

Source: Gartner Beyond the Hype: Enterprise Impact of ChatGPT and Generative AI Webinar Polls; 30 March and 21 April 2023

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Strategic portfolio leaders must prepare for the infusion of GenAI now. They must be ready when GenAI goes mainstream, rather than be caught by surprise.

Necessary GenAI change will come in waves and impact your SPM life cycle. You will need to make short- and medium-term productivity and augmentation gains with GenAI to keep pace with its infusion in your work environment. Measured risks will need to be taken to achieve this. Familiarize yourself now with the most pressing GenAI-related SPM impacts. This will enable you to get the most value and benefit from GenAI, as it reverberates within and around the SPM life cycle (see Figure 2).

Figure 2: Impact Appraisal for Strategic Portfolio Leaders and GenAI

Impact Appraisal for Strategic Portfolio Leaders and GenAI

Impacts	Top Recommendations
The emergence of GenAI in the workplace and in the general public creates immediate knowledge and skills gaps for strategic portfolio leaders.	<ul style="list-style-type: none"><li>• Create a focused strategy and plan to develop GenAI knowledge and skills across all the key positions within the SPM life cycle.</li><li>• Build a talent pool with expertise in GenAI technologies and data partnerships with others in the organization.</li></ul>
Leveraging and investing in GenAI will flood portfolio demand pipelines with competing investment ideas.	<ul style="list-style-type: none"><li>• Establish a GenAI investment council comprising key stakeholders, including senior leadership, portfolio owners and domain experts.</li><li>• Prioritize GenAI-driven investment proposals against other transformation objectives by developing an evaluation framework.</li></ul>
Acquisition of data needed to feed large language models (LLMs) will force strategic portfolio leaders to improve collaboration and forge new partnerships.	<ul style="list-style-type: none"><li>• Optimize processes by identifying the types of data and data sources GenAI technologies require to support the SPM life cycle, and partner with the owners of these data sources to enable GenAI use.</li><li>• Collaborate with CIOs and other leaders to create a centralized data governance and compliance hub.</li></ul>
Strategic portfolio leaders, program managers, project managers and resources on projects will all experience dramatic changes in their responsibilities due to the proliferation of GenAI technologies.	<ul style="list-style-type: none"><li>• Review the known (and perceived) responsibilities of key positions within the SPM life cycle. Update these positions and their responsibilities as GenAI infusion progresses.</li><li>• Develop change management programs for adapting to the evolving roles brought on by GenAI integration.</li></ul>

Source: Gartner  
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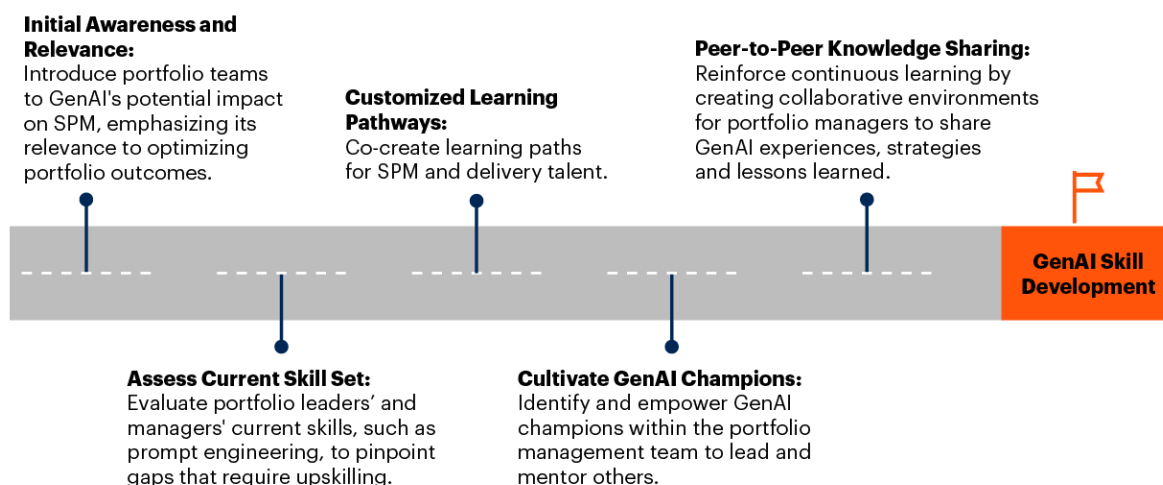
Impacts and Recommendations

## GenAI Creates Immediate Knowledge and Skills Gaps

The first major GenAI impact on strategic portfolio leaders and the SPM life cycle is the sudden emergence of significant GenAI knowledge and skills gaps that will not be easy to overcome at first. Strategic portfolio leaders and their teams must begin developing GenAI knowledge and skill sets now in a controlled business environment (see Figure 3). This will ensure GenAI skill sets can be applied specifically for optimizing strategic portfolio planning and execution.

**Figure 3: Path to Generative AI Skill Development**

### Path to Generative AI Skill Development



Source: Gartner  
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Strategic portfolio leaders must create strategic objectives and clear plans to close GenAI knowledge and skills gaps that impact the SPM life cycle as quickly as possible. These plans must focus on developing GenAI knowledge and skills (e.g., prompt engineering) across key positions within the SPM life cycle. It will require research, training, ideation and controlled environments for experimentation and testing (see [How to Pilot Generative AI](#)). Strategic portfolio leaders are limited in their proficiency in GenAI and training. They must, therefore, partner with internal learning and development professionals to design the training courses needed to address GenAI knowledge and skills gaps that will impact the SPM life cycle.

Every key position within the SPM life cycle, including portfolio managers, program managers, project managers and team members, must also gain a strong foundation and understanding of GenAI technologies and their capabilities. This will best position your organization to take full advantage of GenAI capabilities that become available in the tools and technologies the enterprise provides to all employees, as well as the tools and technologies that specifically support the SPM life cycle.

The infusion of GenAI-enabled capabilities in enterprise software is likely to come in waves of increasing sophistication and power, and will focus first on incremental productivity and augmentation benefits. This gives strategic portfolio leaders a small window of time to build a solid GenAI knowledge base and skill sets now. Doing so will allow them to take full advantage of GenAI to optimize strategic planning and execution.

#### *Recommendations:*

- Create a focused strategy and plan designed to develop GenAI knowledge and skills across all the key positions within the SPM life cycle.
- Build a talent pool with expertise in GenAI technologies and data partnerships with others in the organization who have skill sets that can help you interpret and leverage the insights GenAI algorithms generate.
- Appoint GenAI champions within the organization to promote proactive knowledge-sharing and ensure that GenAI concepts are understood and applied effectively across departments. These champions can act as mentors and advocates for GenAI-related topics that can lead to identification of new use cases.

## GenAI Will Flood Portfolio Demand Pipelines

Leveraging and investing in GenAI will flood portfolio demand pipelines with competing investment ideas. This will require strategic portfolio leaders to manage and prioritize the demand for it, which will emerge in the form of investments, initiatives, programs, projects and products.

Strategic portfolio leaders must be prepared to properly assess, evaluate, profile risk and manage these types of investments. To do this effectively, they must communicate GenAI-based investment prioritization criteria to the stakeholder community. These investments will carry a significant amount of risk, while also having potentially game-changing value.

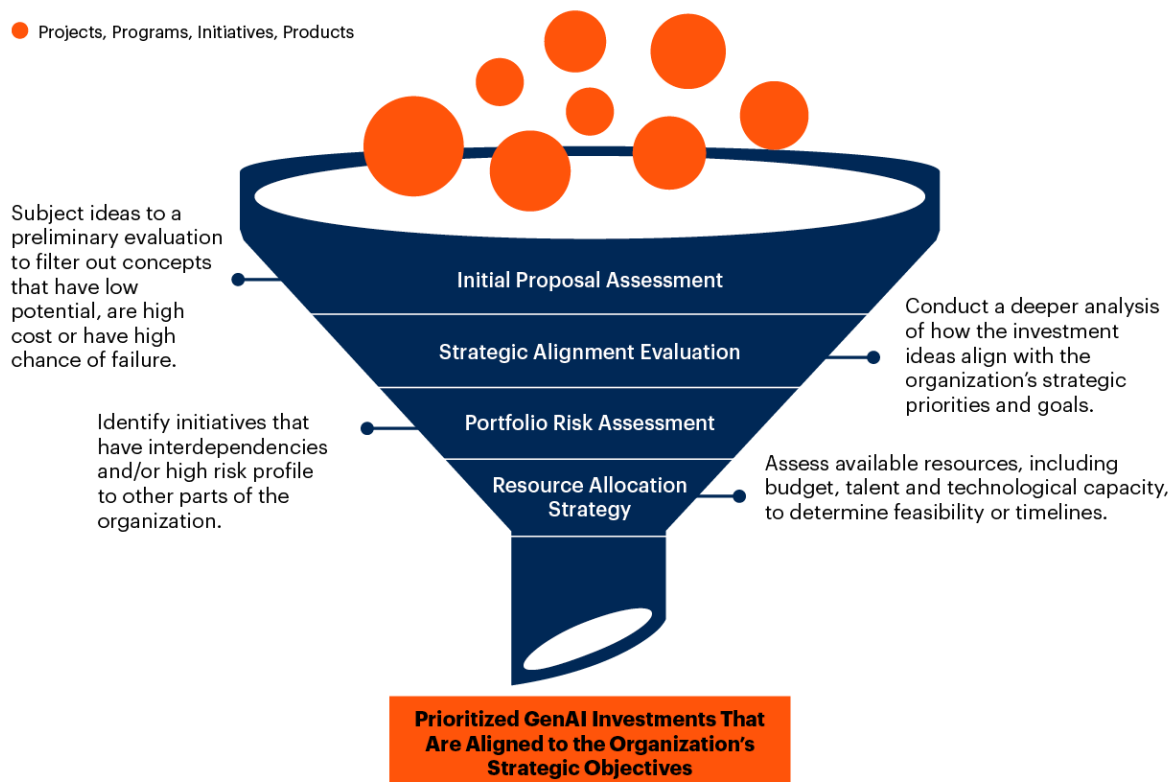
GenAI provides another technology that can support overall AI investments designed to accelerate digital outcomes. This will only generate more and more portfolio demand for strategic investment in AI and GenAI. It will be fueled by the utility and power of GenAI and its relationship with more ambitious and strategic AI investments. Strategic portfolio leaders can expect that business demand for investment in GenAI and AI will continue to increase dramatically in the near term.

Maintaining portfolio-level communication with stakeholders will ensure all GenAI-related prioritization conversations and decision making operate under a common understanding of expectations across business stakeholders and strategic portfolio leaders (see Figure 4).

**Figure 4: Generative AI Investment Prioritization Funnel**

## Generative AI Investment Prioritization Funnel

● Projects, Programs, Initiatives, Products



Source: Gartner  
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Strategic portfolio leaders must develop a strong foundation of GenAI comprehension to properly advise and lead the management of successful GenAI investments proposed by the business. This includes conducting and creating effective GenAI-related portfolio risk registers that will allow risky AI and GenAI investments to proceed, but under the watchful eye of the strategic portfolio leader. These registers will include risks that are specific to GenAI, such as data hallucinations, which could derail the success of a portfolio investment where GenAI is involved.

The demand for AI and GenAI investments and the significant weight in business value placed on such investments will only increase. But reservations about GenAI remain. As a result, many organizations are relying on future GenAI innovation being offered as commercially available services. Managing portfolio demand for GenAI investments will likely include identifying smaller, thematic GenAI-related requests that can be addressed collectively using a product approach. Strategic portfolio leaders must be able to adapt their SPM life cycle and strategic portfolios to effectively manage GenAI-related portfolio demand in ways that lead to outcomes optimizing value and cost, while avoiding risk.

Maintaining transparent communication channels with stakeholders is essential to manage the expected flood of GenAI-related proposals. Regularly communicating the status of investment decisions, reasons for prioritization or deprioritization, and expected outcomes will foster trust and understanding, and is required to effectively manage GenAI investments.

#### *Recommendations:*

- Establish a GenAI investment council comprising key stakeholders, including senior leadership, portfolio owners and domain experts. The council will review, prioritize and approve GenAI investment proposals based on their potential to advance strategic objectives and deliver value.
- Prioritize GenAI-driven investment proposals against other transformation objectives by developing an evaluation framework that considers factors such as alignment with strategic goals, potential impact on value delivery and resource requirements.
- Create a communication framework around investment decisions, reasons for prioritization or deprioritization, and expected outcomes to foster trust and understanding.
- Implement a GenAI risk-value matrix tailored to the unique characteristics of GenAI-related initiatives. This matrix should combine risk assessments with value potential, allowing for a systematic evaluation of each GenAI project's risk-to-reward ratio.



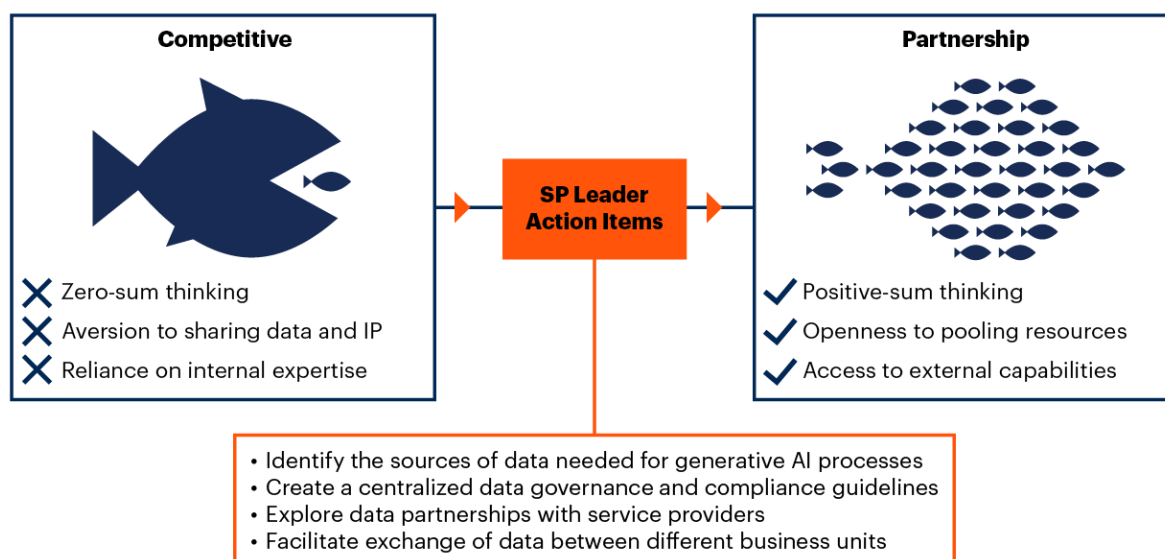
## GenAI Requires Data Partnerships

To get the productivity and augmentation benefits from investing in GenAI to optimize the SPM life cycle, strategic portfolio leaders must acquire the right data from reliable and trustworthy sources (see Figure 5). Processes and partnerships will need to be created to support continuous access to quality data to drive GenAI investments that optimize the SPM life cycle and strategic planning and execution. Flexible data governance and mechanisms will be required to ensure data authenticity and integrity, and enforce data quality standards required to realize value in GenAI investment and adoption.

Data access and quality has a major impact on the SPM life cycle but can be a key inhibitor. To get advanced intelligence and value from GenAI investment in strategic planning and execution, strategic portfolio leaders will need to invest in industry LLMs and/or build their own. Most are likely to choose the former, rather than the latter. Building your own LLMs for SPM is not currently viable or realistic, as the condition of the existing datasets are not yet prepared for GenAI infusion.

**Figure 5: Enabling Data Partnerships for Generative AI**

### Enabling Data Partnerships for Generative AI



Source: Gartner  
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*Recommendations:*

- Optimize processes by identifying the types of data and data sources GenAI technologies require to support and activities in and around the SPM life cycle, and partner with the owners of these data sources to enable GenAI use.
- Collaborate with CIOs and other leaders to create a centralized data governance and compliance hub with guidelines that ensure adherence to data privacy regulations and best practices when collaborating with vendors.
- Establish partnerships with data analytics service providers that offer cloud-based data analytics as a service (DAaaS) solutions. Such partnerships allow access to more data and advanced data analytics capabilities without extensive data-sharing commitments.
- Leverage existing data assets by encouraging cross-functional data sharing within the organization and facilitating the exchange of data between departments to maximize the available data for GenAI applications.

## GenAI Will Dramatically Shift Responsibilities

Strategic portfolio leaders, program managers, project managers and resources on projects will experience dramatic changes in their responsibilities due to the proliferation of GenAI technologies.

Gartner predicts that by 2030, 80% of the work of project management will be eliminated by AI, an increase of more than 75% from 2023. That is a significant amount of administrative burden for strategic portfolio leaders, program managers, project managers, resource managers and team members that will be eliminated by effective GenAI investments by the end of the decade. Such burdens are time-consuming and involve a significant amount of data entry, work and project modeling, financial and portfolio reporting, project plan updating, and communication. The value of using 80% of these positions' capacity for such activities has been questionable for 25 years. The reality is, using that amount of capacity was required. This is due to the inadequacies of the technologies available to automate and optimize the SPM life cycle. Although such technologies can automate and optimize, they often do not make it easy to maintain quality portfolio and project data and insights. It is the latter issue that has driven up the 80% exhaustion of solid manager and team member capacity. GenAI offers a way to dramatically change this situation (see Table 1).

**Table 1: Shifting Responsibilities Due to Generative AI**

Impact of Generative AI	Resource Availability for Higher-Value Tasks	New Opportunities to Drive Digital Transformation	Resistance to Generative AI Initiatives	Opportunity to Improve Team Productivity
<b>Strategic Portfolio Leader Responsibility</b>	Update team responsibilities	Create Strategic Roadmaps	Drive Change Management	Empower Delivery Teams Through AI
<b>Recommended Actions</b>	Document the known (and perceived) responsibilities of key positions within the SPM life cycle	Identify key projects or initiatives where GenAI can be leveraged to accelerate the organization's digital transformation journey	Implement effective communication, training and support to mitigate resistance to change and foster a culture of innovation	Create "Centaur teams" comprising both human experts and AI-driven algorithms to increase delivery team efficiency

Source: Gartner (November 2023)

By investing in GenAI for the SPM life cycle, strategic portfolio leaders can achieve unprecedented gains in productivity and augmentation for these positions and their current responsibilities. GenAI investments in the SPM life cycle will open up significant capacity for portfolio, program, project and resource managers, as well as the team members assigned to execute program, project and product delivery. The result will be a shift in responsibilities and better use of their skills, knowledge and time. Strategic portfolio leaders should co-create new responsibilities for these positions by bringing groups of employees together to determine how they want to use the time gained from GenAI-based SPM process efficiencies.

It would be counterintuitive for strategic portfolio leaders to dismiss the value of reducing the administrative burdens of portfolio, program, project and resource managers with GenAI. Rather, strategic portfolio leaders should embrace the opportunity GenAI provides to repurpose these managers in ways that optimize the SPM life cycle beyond detailed processes and tasks.

## Recommendations:

- Review the known and perceived responsibilities of key positions within the SPM life cycle (e.g., portfolio managers, program managers, project managers, resource managers, team members). As GenAI adoption and infusion progresses, update these positions and their responsibilities to ensure consistency and common understanding across the critical positions within the SPM life cycle.
- Develop change management programs to help team members adapt to the evolving roles brought on by GenAI integration. Effective communication, training and support can mitigate resistance to change and foster a culture of innovation.
- Create agile resource allocation teams comprising both human experts and AI-driven algorithms. Having such “Centaur Teams” will ensure optimal and accurate resource allocation while retaining human judgment and adaptability.
- Develop digital transformation roadmaps that integrate GenAI opportunities strategically. Identify key projects or initiatives where GenAI can be leveraged to accelerate the organization’s digital transformation journey.

## Evidence

<sup>1</sup> [Beyond the Hype: Enterprise Impact of ChatGPT and Generative AI](#)

<sup>2</sup> Each year, Gartner uses its Frameworks, Processes and Tools Investments Survey to benchmark investment patterns across enterprises. The 2023 Frameworks, Processes and Tools Investments Survey harnesses the collective wisdom of your peers to understand deployment plans, adoption timelines, value and risks posed by 18 frameworks, processes and tools across strategic portfolio management. The results detail where your peers are finding real business returns and where they face significant deployment risks. The benchmark is based exclusively on data from 130 strategic portfolio leaders from North America, EMEA and the Asia/Pacific across industries and enterprises with annual revenue of more than \$1 billion.

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## Recommended by the Authors

Some documents may not be available as part of your current Gartner subscription.

[Quick Answer: How to Use GenAI to Manage Enterprise Transformations](#)

[Generative AI: The Basics \(Shareable Slides\)](#)

[Assess the Value and Cost of Generative AI With New Investment Criteria](#)

[Top Trends for Strategic Portfolio Leaders for 2023](#)

[ChatGPT and GPT: A Board Reference Presentation](#)

[How to Pilot Generative AI](#)

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