

AN EXECUTIVE BRIEFING

The AI Readiness & Performance Assessment™

A practical operating discipline for scaling AI in small and mid-sized businesses.

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Volume II of The Operating Discipline for AI



**Adoption is not performance.
Performance has to be measured.**

Stephen R. Jordan · The AI Readiness & Performance Assessment

WHERE MOST COMPANIES ARE

AI is adopted. Now we have to know if it's working. working.

Most mid-market and enterprise organizations have AI active across at least three departments. The rollouts looked successful. The dashboards lit up.

But adoption is not the same as performance. The question is no longer whether to adopt AI. It is whether anyone in leadership can answer four questions about what is actually producing value.

Four questions executives cannot answer today:

- 01 What workflows is the AI actually supporting, and are they ready for it?
- 02 What data is the AI relying on, and is that data reliable?
- 03 Who owns the output, and what review standard does it meet?
- 04 What is AI producing in measurable business terms?

THE HIDDEN NUMBER

**Fewer than 1 in 10 leadership teams
can answer all four with evidence.**

< 10%

The rest are guessing. Adoption is visible. Performance is not.

The Performance Gap

*Most companies adopted AI tools
without adopting AI measurement.*

The gap is where money quietly leaks:

- Productivity gains that don't show up in financials
- Error rates creeping up in client-facing work
- Review burden growing on supervisors
- Correction debt eating visible time savings
- Unclear ownership when output goes wrong

Activity is not the same as productivity.

ACTIVITY

- Usage counts and login frequency
- Active subscriptions on the P&L
- Employee satisfaction surveys
- Vendor dashboards showing engagement

OUTCOME

- NEYR rising over time
- Documented review standard met
- Cycle time shorter against baseline
- Correction debt and bypass behavior declining

P I L L A R 2

Discipline, Not Decision



**AI does not produce value because a business adopts it quickly.
It produces value when the business builds the conditions that let AI
perform.**

Adoption is a decision. Performance is a discipline. Most businesses have the first and not the second.

WHAT EVERY READINESS DISCIPLINE NEEDS

Apply the same discipline to AI

that you already apply to every other consequential function.

- | | | |
|-----------|---------------------------|---|
| 01 | Defined baseline | You cannot measure what you did not measure first. |
| 02 | Named owners | For each condition. For each use case. For the output. |
| 03 | Scoring discipline | A 1-to-5 scale that converts judgment into evidence. |
| 04 | Decision protocol | Expand, Refine, or Pause. Defensible against the score. |
| 05 | Operating rhythm | On the calendar. Repeating. Defensible to a board or auditor. |

P I L L A R 3

Adopted vs Performing

Two businesses can have identical AI rollouts and opposite results.

A D O P T E D

- Tools in active use
- Subscriptions paid
- Employees trained
- Dashboards lit up

P E R F O R M I N G

- Workflows verified ready for AI
- Data reliability documented
- Output owned, reviewed, signed off
- NEYR rising. OLF declining.

Three signs your AI is unmeasured

- 01** **You can name what AI is doing, but not what it's producing.**
Usage statistics, cost data, and employee feedback exist. A defensible answer to 'is it working?' does not.
- 02** **Your performance metrics are unchanged.**
Cycle time, error rate, margin contribution, and revenue per employee look the same as before the rollout. Activity went up. Outcomes did not.
- 03** **Friction has gone up.**
Employees correct, verify, reformat, and bypass the AI output. Review burden grew. The hidden labor is eating the visible time savings.

Owner Operator Reality



**AI performance advice written for Silicon Valley does not work in a 200-
in a 200-person accounting firm or a 600-person manufacturer.**

Different operating realities. Different playbooks.

THREE REASONS

Why Silicon Valley performance frameworks fail mid-market market

DIFFERENT SCALE

Silicon Valley playbooks assume large engineering engineering teams and venture-capital runway. Mid-Mid-market operators run on margin, not optionality. Performance discipline has to deliver deliver without dedicated AI engineering.

DIFFERENT RISK PROFILE PROFILE

A regulated CPA firm or healthcare provider cannot "move fast and break things." Compliance, Compliance, audit, and client trust are not optional. Performance failures here have legal and and contractual weight.

DIFFERENT TALENT POOL

Most organizations do not have AI engineers on staff and will not hire a Chief AI Officer. The readiness assessment must run on the leadership team already in place.

P I L L A R 5

The Six-Condition Framework

The AI Readiness & Performance Assessment^Á examines six conditions.

01

Workflow

02

Data

03

People

04

Leadership

05

Performance

06

Friction

CONDITION 01

Workflow Clarity

Whether the process is clear enough for AI to support.

Diagnostic instrument: The Workflow Readiness Review™

- Documented — written down, not in one person's head
- Owned — a named person accountable for it
- Stable — consistent across runs and across the team
- Reviewable — outputs can be audited against the standard
- Measurable — has a baseline you can compare to

CONDITION 02

Data Reliability

Whether the information feeding AI can be trusted.

Diagnostic instrument: The Data Reliability Checklist™

- Accuracy — data reflects reality
- Completeness — required fields and records present
- Consistency — agreement across systems
- Currency — up to date for the intended use
- Accessibility — reachable from an authoritative source
- Ownership — a named person responsible for the data

CONDITION 03

People Readiness

What your employees are actually doing with AI.

Diagnostic instrument: The AI Adoption Pattern Map™

- Approved usage — sanctioned tools across roles
- Shadow AI exposure — personal accounts, unauthorized tools
- Training verification — confirmed competency, not assumed
- Review behavior — what employees check before sending
- Bypass behavior — workarounds employees built quietly
- Role consistency — uniformity within similar roles
- Approved tool register — current and enforced

CONDITION 04

Leadership Accountability

Who owns the output AI produces.

Diagnostic instrument: The AI Governance Matrix™

- Named owner — a specific human, not a role
- Business purpose — what this use case is supposed to improve
- Output risk — what is on the line when AI is wrong
- Review requirement — when and by whom output is checked
- Approval path — who signs off before expansion
- Escalation procedure — what happens when something breaks
- Performance expectation — measurable, baseline-anchored
- Executive review cadence — on the operating calendar

CONDITION 05

Performance Measurement

Whether AI is producing measurable business results.

The Net Efficiency Yield Ratio™ (NEYR)

$$\text{NEYR} = \text{Net completed output value} \div \text{Total labor hours} \\ (\text{generation} + \text{review} + \text{correction} + \text{release})$$

Rising over time: AI is producing real value — more usable output per labor hour.

Flat: AI has not changed the economics of the workflow.

Declining: Correction debt is eating the visible time savings. The business is quietly losing ground.

CONDITION 06

Operational Friction

Where AI is creating hidden drag.

The Operational Leakage Factor™ (OLF)

Untracked manual hours per unit of AI-supported workflow volume. None of this shows up in usage dashboards. It is invisible until leadership goes looking. leadership goes looking.

Correction

Employees fix AI output before it can be used.

Verification

Employees do not trust the output and check manually.

Reformatting

AI produces the wrong shape; a person reworks it.

Bypass

Employees build workarounds to avoid the AI entirely.

THE MASTER AI READINESS SCORECARD

Six conditions. One decision.

Score range 6 to 30. The number drives the decision.

27 – 30**Expand**

Genuinely ready. Conditions are strong across the board. Expand with continued monitoring.

21 – 26**Controlled Expansion**

Ready with safeguards. Move forward with a monitoring cadence and named owners.

13 – 20**Refine**

Structurally incomplete. Repair the weak conditions before scaling. Reassess against the score.

6 – 12**Pause**

Not ready. Foundation is too weak. Stop expansion, repair, and reassess on a defined timeline.

A strong average can hide a critical weakness.

Two businesses scoring the same average can be in very different positions. If one carries a 1 in a high-risk condition, the average lies. The suppression rule keeps the average from misleading leadership.

THE RULE

Any condition scoring 1 in a high-risk use case triggers a pause or a formal executive risk acceptance — regardless of the total score.

Evidence in. Decision out.

Each decision is defensible to a board, an auditor, or a regulator.

EXPAND

The evidence supports broader use. Conditions are strong. The suppression rule is clear. The business is ready to scale.

REFINE

Potential exists. Specific conditions need repair before expansion. The decision is not 'no.' It is 'not yet, and here is what has to be true before yes.'

PAUSE

The foundation is not ready. Stop the expansion. Repair the weak conditions. Reassess on a defined timeline.

THE 90-DAY ROADMAP

The 90-Day AI Readiness Roadmap

Three thirty-day phases. Defined sequence. Executable without additional headcount.

DAYS 1 – 30

Baseline

- Build active use case inventory
- Assign or confirm custodians
- Run the Workflow Readiness Review
- Document the improvement target

DAYS 31 – 60

Reliability

- Deploy the Data Reliability Checklist
- Run the AI Adoption Pattern Map
- Confirm data sources and owners
- Update the approved tool register

DAYS 61 – 90

Decision

- Run the Performance Reality Test
- Evaluate friction (NEYR + OLF)
- Compile the Attestation Sheet
- Make the Expand / Refine / Pause call

TO SET EXPECTATIONS CLEARLY

What this assessment is not

This is a business performance review, not a technology assessment.

- ✗ **Not a primer on AI tools**
We don't explain how the technology works. We measure whether it's working for you.
- ✗ **Not a list of vendors**
We don't sell AI tools. We don't refer to vendors for commission.
- ✗ **Not a technical systems audit**
Not an IT or cybersecurity review. The AI IT Security Audit™ is a separate engagement.
- ✗ **Not a generic strategy framework**
Specific to your organization, scored against the six conditions, defensible against the evidence.

BUILT FOR

Who this assessment is for

Designed for executives, not engineers. No technical background required.

ROLES

- Owners and presidents
- CFOs and COOs
- Boards and audit committees
- Leadership teams overseeing AI risk

SECTORS

- Professional services and consulting
- Financial services and accounting
- Legal and healthcare
- Manufacturing and distribution

ABOUT THE AUTHOR

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Author of The AI Readiness & Performance Assessment™, the second book in The Operating Discipline for AI, a nine-book canon on running AI as a permanent business function. Stephen also wrote The AI Business Enablement Audit™ (Book 01) and is developing the remaining seven books across the AI Business Services and AI Risk Governance & Security pillars.

Stephen draws on three decades of senior security and operations leadership across Citi, Intel, McAfee, and Optiv. His consulting work focuses on AI governance, operational discipline, and business performance for organizations from mid-market to large multinational conglomerates.

Based in Dallas–Fort Worth, working with executives nationwide.
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BACKGROUND

Citi

Intel

McAfee

Optiv

Ready to find out if your AI is actually working?

Book a consultation with Stephen R. Jordan.

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