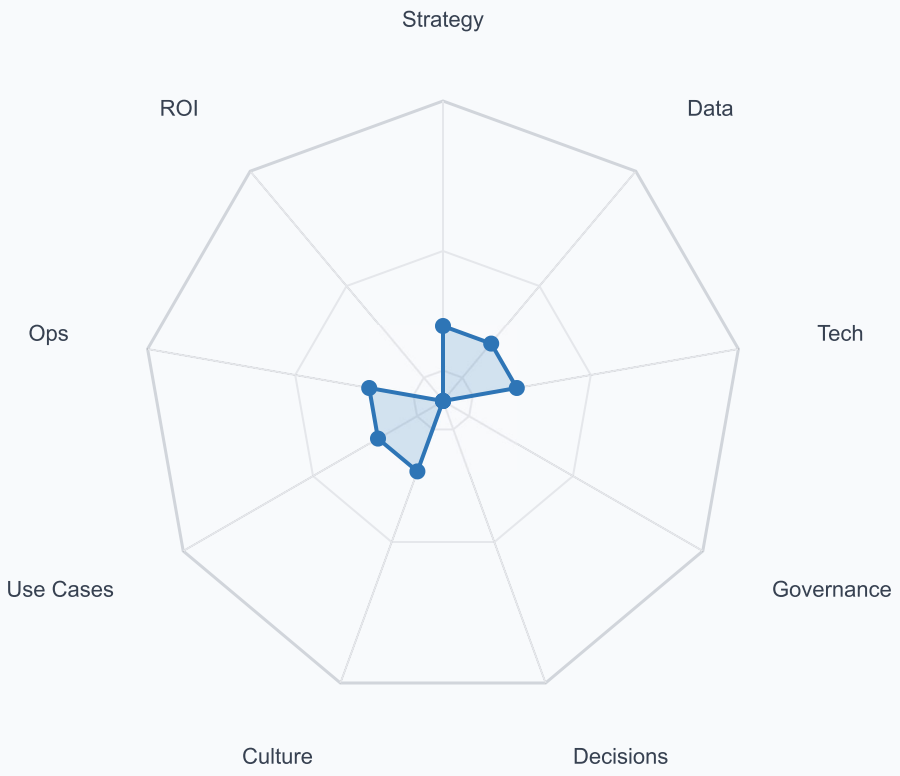
AI READINESS ASSESSMENT — EXECUTIVE BRIEF

Readiness Score: 33/100

AWARENESS

NINE-DIMENSION RADAR



EXECUTIVE ASSESSMENT

This organization is currently operating at the Awareness maturity band in its AI and data readiness. The most consequential gaps are the absence of a formal AI governance structure and unclear decision accountability, as highlighted by both incomplete system inventories and ad hoc decision protocols. In the current operational context-extrusion line uptime, demand-driven scheduling, and scrap reduction-the lack of visibility into value realization and accountability for AI-supported decisions presents material risks. Failure to address these governance gaps may result in increased costs due to unplanned downtime, possible regulatory exposure in quality and HR processes, and erosion of competitive advantage if OEE and cost-per-unit gains remain theoretical.

BOARD SUMMARY

Meridian is assessed at the Awareness maturity band. The absence of formal governance is the most material gap, especially with AI already in use for quality and HR decisions. The business remains exposed to untracked risks and cannot demonstrate control to regulators or owners.

Decisions for leadership:

- Approve and adopt a formal AI use and risk governance policy.
- Direct management to complete an organization-wide AI inventory and risk review in all business-critical functions.
- Mandate that all future AI deployments undergo documented risk assessment before production use.
- Require quarterly board reporting of AI system business outcomes and ROI.

Investment framing: Investment in AI governance directly reduces regulatory and safety exposure, which can have significant P&L impact through avoided fines, recalls, or corrective actions. Concrete oversight enables targeted investment in the systems that deliver measurable efficiency or yield increases. Clear board reporting on AI outcomes enhances investor confidence and supports sustainable growth.

GOVERNANCE GAP ANALYSIS

Without proper AI governance, the board is exposed to unmitigated regulatory, financial, and reputational risks. Formal protocols are essential to meet fiduciary duties.

- No formal AI policy or use protocol exists.
- No current inventory of AI or ML systems is maintained.
- AI modules have been deployed in quality and HR without prior risk review.
- Decision accountability is collective and undocumented for key operational areas.
- Board receives only activity-based AI reports, with no outcome or ROI data.

Accountability finding: For demand forecasts, the planning team adjusts AI outputs but does not have documented approval or escalation processes. In quality disposition, batch approval responsibility is assumed by the quality engineer or shift supervisor, with no formalized escalation or ownership process. This lack of documented accountability leaves the organization exposed, particularly in safety-critical or regulated domains.

RISK REGISTER

HIGH d4_ai_governance

AI is used in quality and HR decisionmaking with no policy, no inventory, and no prior risk evaluation.

Mitigation: Assign the General Counsel and CIO to lead a cross-functional AI policy and inventory project by end of Q3.

HIGH d5_decision_gov

No clear, named accountability for outcomes based on AI model outputs in forecasting or quality batches.

Mitigation: COO to implement documented approval protocols for all AI-influenced operational decisions by Q4.

MEDIUM d9_value_roi

No visibility to ROI or realized financial impact from AI deployment; board lacks true outcome metrics.

Mitigation: CFO and Director of Data Analytics to establish and report AI project outcome KPIs by Q1 next year.

MEDIUM d1_strategy

AI strategy is isolated in IT and not embedded in weekly operations or P&L ownership.

Mitigation: VP Operations to update AI objectives in operational reviews and tie to plant performance metrics by next cycle.

DEFINED ROADMAP

Sequencing actions is critical because without immediate governance, the business faces unmanaged regulatory and operational risk. Addressing exposure in safety, quality, and HR decisions must precede any further AI scaling.

Next 90 days

- Establish an AI use and risk policy approved by the board.
- Conduct a rapid AI systems inventory across all sites and functions.
- Assign executive ownership for AI governance and document current decision protocols for key AI use cases in forecasting, quality, and HR.

12-month horizon

- Implement formal risk review of all AI modules with defined escalation paths for quality and HR applications.
- Begin quarterly board reporting on AI system performance, including model accuracy, quality impact, and hiring outcomes.
- Develop an internal training program focused on safe, compliant AI use in manufacturing.

18-month horizon

- Expand AI policy and risk review to cover new deployments at additional plants.
- Integrate AI impact metrics (OEE, yield, cost per unit, hiring diversity) into core performance dashboards for board review.
- Benchmark AI governance maturity against industry peers and pursue third-party validation if gaps persist.

REGULATORY EXPOSURE

HIGH EXPOSURE

There is no formal AI policy or use protocol in place, and no current inventory of AI or ML systems. AI modules are operating in quality inspection, demand forecasting, and HR screening without risk review or oversight. These systems affect safety, hiring, and operational decisions critical under the EU AI Act.

Immediate action: Assign an executive to lead a rapid, organization-wide inventory and risk mapping of all AI and ML systems currently in use, with results reported to the board within 90 days.