

TECHNOLOGY

3 Models for Assessing and Improving AI Corporate Performance

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Companies need to assess their current AI operational readiness and performance to find future success.

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Introduction

The global AI market is estimated to be worth over \$196 Billion in 2023 and is expected to grow at an annual growth rate of over 30% from 2023 to 2030 (Grandview Research, 2024). Amidst this landscape, studies have shown that approximately 9 out of 10 companies are leaning on AI to gain a competitive business advantage (Ransbotham et al., 2020). About 83% of executives surveyed indicated that AI is a strategic priority (Fatemi, 2019).

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While there are numerous benefits associated with AI, such as product enhancement, internal and external operational efficiencies, improved decision-making, knowledge gain, and market expansion, among others, challenges such as difficulty in process and system integration, price, lack of technological understanding, and talent limitations exist (Davenport & Ronanki, 2018).

Companies are at diverse stages of AI implementation, and there have been mixed results across industries regarding the accomplished level of success.

Amidst this landscape, companies need to assess their current AI operational readiness and performance and identify areas of strengths and weaknesses and pathways to future success.

The authors recommend 3 models for assessing and improving corporate performance: The AI Program Review, AI Circle, and The AI Strategic Planning Committee.

The AI Program Review

The AI Program Review is an approach where an external team of professionals objectively assesses the company's AI operational performance. The assessment team may be selected by an initiator such as the Chief Operating Officer (COO), Chief Technology Officer (CTO), or Head of AI. The assessment team will consist of technology and business professionals. This team, composed of 5-7 individuals, would ideally include academics, AI or technology experts, and senior-level executives from diverse industries. The review team will be tasked to assess the AI operations and provide recommendations for improvement within a 3-to-6-month window, depending on the breadth and scope of the assessment.

This approach presents an opportunity to leverage AI and examine efficiencies pertaining to finance, operations, sales and marketing, and development.

The areas of assessment may vary across companies. Potential areas of evaluation include systems architecture, vendor relationships, data integrity, model performance, compliance and ethics, operational readiness, user experience, cultural readiness, and ROI analysis.

Upon discussion with top management team members, the initiator ideally informs the AI assessment team about the areas of assessment priority, the types of data that may be accessed, if any, and confidentiality and legal protocols.

Upon completion of the AI assessment, the review team presents their findings and recommendations to the initiator and the top management team. The AI review findings and recommendations should be in a format that is presentable to the board of directors and investors. It should be clear and concise on its conclusions and recommendations for improvement and should consider immediate, short, and long-term expectations.

Professional fees may be paid directly to each evaluator. In cases where an organization leads the effort, payments may be made to the organization or the review team leader.

Companies can gain fresh perspectives on their AI activities and commitments through the AI Program Review. The gathered insights would help shape future strategic decisions.

The AI Circle

The AI Circle is a quality improvement initiative comprised of executives across departments interested in learning more about AI and ways to better use the technology in the organization.

The circle is an employee-driven initiative supported by management. The intent is to be educated and share knowledge and ideas on AI challenges, opportunities, and areas of improvement.

The circle is headed by the AI Circle Head (AICH), who serves as a coordinator between top management and employee participants. The AICH coordinates meeting schedules and venues. As a leader, the AICH also sets the agenda, facilitates discussions, captures meeting notes, and monitors agreed upon quality improvement initiatives pursued.

The AICH discusses with top management incentives and bonuses resulting from the accomplishment of top-quality work in the company's AI agenda. The AICH also secures a budget for books, AI guest speakers, and specialized training for members.

An essential impact of the AI Circle in organizations is that it creates a community of like-minded employees interested in learning more about AI and using the technology to improve their departmental operations.

As a result of this effort, knowledge within the organization on matters relating to AI is enhanced, problems and challenges are discussed, and solutions are uncovered.

The AI Strategic Planning Committee

Some companies face the challenge of integrating their AI agenda. In one study, only 8% of executives surveyed claimed relevant data are accessible using AI systems throughout the organization (McKinsey, 2018). This suggests that companies can do more in taking on a more holistic approach in their AI strategy.

An effective way to coordinate a company's AI efforts is to create an AI Strategic Plan (Munoz & Naqvi, 2021). A strategic plan provides a comprehensive corporate-wide view of how the company wants to move forward with its AI agenda. This plan covers mission and goals, operational assessment, market and competitive analysis, infrastructure and technology, organizational design, relationships and alliances, risk assessment, financial considerations, implementation approach, and progress review and evaluation.

This strategic plan is best created not solely by top management but rather by an AI Strategic Planning Committee comprised of managers and employees. The number of members in the planning committee and its composition largely depends on the company size and the level of commitment towards AI. It is crucial to have each department represented in the committee. The top management team assembles the committee based on departmental nominations. Once the committee is formed, the committee members vote on a Chairperson who will lead the effort toward creating a company-wide strategic plan.

It is best to establish beforehand the overall goals and priorities of the committee, completion timelines, and the allocated budget for the effort.

When managed correctly, the AI Strategic Planning Committee will help the company better coordinate and integrate its AI efforts and have a unified action plan for the future. The fact that the process involves all departments would also mean that critical voices are heard, and essential problems discussed. As a result, the chances for an entire organization's buy-in of developmental plans dramatically improves.

Concluding Thoughts

As the AI Revolution unfolds, many companies are experiencing a wide range of results ranging from dismal failure to phenomenal accomplishments. In companies worldwide, some form of assessment and improvement planning would offer significant merits and the opportunity to boost competitive advantage. These simple yet effective models could offer new solutions to problems, provide fresh operational perspectives, and even boost existing success.

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