



# AI Readiness Checklist for Small Businesses

## A self-assessment to see where you stand before adopting AI.

*Before rolling out AI tools across your organization, it helps to know where you actually stand. Use this checklist as a quick self-assessment. It's not about getting a perfect score -- it's about knowing which gaps to address first. Each unchecked item is a signal, not a barrier.*

### Leadership & Strategy

*AI adoption succeeds when leadership understands it -- and has set a clear direction.*

**We have identified specific business problems AI could help solve (not just "use AI more")**

*Start with a defined use case -- not the tool.*

**Leadership understands the difference between AI assistants, automation, and agentic AI**

*Terminology confusion leads to misaligned expectations.*

**We have a named person responsible for AI decisions and oversight**

*Someone needs to own this -- even if part-time.*

**We have discussed AI as part of our overall business and IT strategy**

*Ad hoc adoption without strategic context is a common failure mode.*

**We understand the basic risks of AI (hallucination, data leakage, bias)**

*You don't need deep technical knowledge -- but leadership should understand the fundamentals.*

### Data & Information Management

*AI is only as good as the data you feed it -- and only as safe as your data practices.*

**We know what types of sensitive data our business handles (PII, financial data, health info, etc.)**

*You can't protect data you haven't identified.*

**We have basic data classification -- knowing what's public, internal, and confidential**

*This is foundational for deciding what can and cannot go into AI tools.*

**[ ] We understand what happens to data entered into the AI tools we use or are considering**

*Read the terms of service. Know whether your inputs are used for model training.*

**[ ] We have processes for handling customer data that we could apply to AI workflows**

*Existing data handling disciplines extend naturally to AI governance.*

## **Policy & Governance**

*Without guardrails, AI adoption becomes ungoverned and risky.*

**[ ] We have -- or are building -- an AI Use Policy that tells employees what is and is not allowed**

*Even a one-page policy is better than silence.*

**[ ] We have an approved AI tools list (or process for approving new tools)**

*Employees will adopt AI with or without guidance. Policy fills the vacuum.*

**[ ] We have a process for evaluating third-party AI vendors before onboarding them**

*AI tools are vendors -- and should go through your vendor risk process.*

**[ ] We have guidelines for which decisions require human review of AI output**

*Not everything needs human review -- but some things absolutely do.*

**[ ] We have communicated AI guidelines to employees and provided basic training**

*Policy without awareness is policy that doesn't exist in practice.*

## **Security & Access Control**

*AI tools expand your attack surface. Basic controls need to extend to them.*

**[ ] AI tools used by our team are accessed with individual credentials, not shared logins**

*Shared credentials eliminate accountability and complicate offboarding.*

**[ ] We restrict access to AI tools and sensitive data on a need-to-know basis**

*Not every employee needs access to every AI capability.*

**[ ] We have a process for offboarding employees from AI tools (revoking access)**

*AI tool access is frequently overlooked in offboarding checklists.*

**[ ] We monitor or log significant AI-assisted actions in sensitive workflows**

*Audit trails are critical for incident response and compliance.*

## **Workforce & Culture**

*Technology adoption fails when the people side is ignored.*

**[ ] Our employees understand that AI output requires verification -- it is not authoritative**

*Overreliance on AI output is one of the most common real-world risks.*

**[ ] We have a channel for employees to ask questions or raise concerns about AI tools**

*People will find workarounds if there's no path to ask for guidance.*

**[ ] We encourage experimentation, but within defined boundaries**

*Curiosity is a strength. Uncontrolled experimentation is a risk.*

**[ ] We have identified which roles or workflows are most likely to benefit from AI**

*Focused adoption beats scattershot adoption every time.*

## Compliance & Regulatory Awareness

*Regulated industries face additional AI-specific requirements.*

**[ ] We understand whether our regulatory environment has guidance or rules about AI use**

*Banking, healthcare, HR, and lending all have evolving AI-specific guidance.*

**[ ] We have reviewed how AI use intersects with our existing compliance obligations**

*AI doesn't create new regulations -- but it can create new violations of existing ones.*

**[ ] We have evaluated whether any AI use cases affect regulated decisions (lending, hiring, etc.)**

*High-stakes AI decisions face the most regulatory scrutiny.*

**[ ] We have documentation of how AI is used in our business -- even informally**

*If a regulator asks "how do you use AI?", you want a ready answer.*

## How to Use Your Results

| If...                      | Then...   |
|----------------------------|---|
| <b>Most boxes checked</b>  | You're in good shape. Focus on formalizing what's informal and closing specific gaps.   |
| <b>About half checked</b>  | You have a foundation to build on. Prioritize Policy & Governance and Data Management first.  |
| <b>Few checked</b>         | Start with a named owner, a basic AI Use Policy, and an approved tools list. Those three moves change the risk profile significantly. |
| <b>Regulated industry?</b> | Contact IronRoot for an AI governance review tailored to your compliance environment.   |

## Ready to Close Your AI Readiness Gaps?

IronRoot Risk Consultants helps businesses translate readiness gaps into a practical AI governance roadmap. Schedule a free 20-minute Compliance Snapshot call.

[chris@ironrootrisk.com](mailto:chris@ironrootrisk.com) | [ironrootrisk.com](https://ironrootrisk.com)

