

THE AI-READY LEADER GUIDE

Executive Brief: Governance & Managerial Practice in One Sitting
Competence with AI. Character in its use.

The Framework in One Screen

PART ONE — Executive Governance	PART TWO — Managerial Practice
Charter & mandate · Governance council & board reporting · Risk tiers, assurance & monitoring	Verify before you rely · Escalate, don't absorb · Track outcomes weekly

The bridge: Governance sets the guardrails. Practice makes them real every day.

THE QUESTION EVERY LEADER SHOULD KEEP ASKING

What decisions must remain unmistakably human, even when AI supplies the analysis or the recommendation?

Why This Guide Exists

Most AI guidance tells leaders how to use the tools faster. This one tells leaders what to guard before the tools are ever adopted. Character precedes competence — that doesn't change because the tool in the room does. It just means the guardrails have to be built before the capability outpaces them.

Part One is for executives: the charter, governance structure, and accountability system that must exist before AI touches a consequential decision. Part Two is for managers: the daily practices that make those guardrails real in the workflow — not just on paper.

Scope: This is leadership and governance practice guidance, not legal advice. Adapt every threshold here with your legal, privacy, HR, security, and regulatory counsel — particularly for AI used in employment, financial, safety, or legal-rights decisions.

Six Terms, Defined Once

AI System	Software using machine learning, rules, or statistical models to generate predictions, recommendations, content, or decisions with reduced human input.
Generative AI	AI that produces new text, images, code, or audio by predicting patterns — rather than retrieving stored facts.
High-Risk Use Case	Any AI application whose output could materially affect employment, compensation, safety, legal rights, financial standing, or access to opportunity.
Consequential Decision	A decision that meaningfully changes a person's rights, access, opportunities, or wellbeing — the kind no leader should fully delegate to a tool.
Human Oversight	A named person's authority and responsibility to review, question, override, or stop an AI-influenced output before it takes effect.
Approved Tool	Any AI system that has completed intake, risk classification, and sign-off — and appears in the current AI portfolio inventory.

Is Your Organization AI-Ready?

Score yourself honestly across these 10 statements (1 point per YES), then check your tier below.

#	STATEMENT	YES	NO
1	Written AI charter stating where AI may and may not be used	☐	☐
2	Current inventory of every active AI tool	☐	☐
3	A specific executive owns AI governance and reports to the board	☐	☐
4	AI use cases are classified by risk level before approval	☐	☐
5	High-risk uses (employment, safety, legal, financial) get heightened review	☐	☐
6	Employees are trained, by role, on what AI can and cannot be trusted to do	☐	☐
7	A clear, known channel exists for reporting an AI error or incident	☐	☐
8	Your team knows which decisions must always remain human	☐	☐
9	Managers verify AI-generated facts before using them in decisions	☐	☐
10	Active AI systems are reviewed on a regular schedule, not just at launch	☐	☐

YOUR SCORE: ____ / 10 0–4 High Risk / Vulnerable — start with Part One before anything else. 5–8 Emerging — close the specific gaps above. 9–10 AI-Ready — focus shifts to monitoring, training, and scale.

Part One — Executive Governance

Executives don't need to master the technology. They need to own the accountability system around it — built before adoption outpaces anyone's ability to walk it back.

1. AI Charter & Strategic Mandate

A founding document — not a slide — stating what AI is for, where it will not be used, and the non-negotiable principle: a human remains accountable for every consequential decision, regardless of what informed it.

- Mission-aligned objectives, stated risk appetite, explicitly prohibited uses, and the accountability principle in writing.

2. Governance Structure

- An executive sponsor with real authority, not a figurehead title.
- A cross-functional council — business, IT, legal, HR, security, privacy, risk, and ethics — not just IT.
- A defined reporting line to the board or a board committee.

3. Portfolio Oversight

You cannot govern what you haven't inventoried. Most organizations underestimate how many AI tools are already active inside their teams. Maintain a living inventory: owner, vendor, data sources, purpose, who it affects, risk level, approval status, and next review date.

4–5. Risk Classification, Approval & Monitoring

TIER	APPROVER	REQUIRED	REVIEW	EXAMPLE
Low	Team lead / manager	Intake form only	Annual	AI drafting internal meeting summaries
Medium	Dept. head + Council notified	Documented risk-rating + accuracy check	Semiannual	AI-assisted market or vendor research
High	Governance Council + Exec. Sponsor sign-off	Full Impact Assessment + independent testing	Quarterly, legal/privacy required	AI-assisted résumé screening or performance review

Calibrate exact thresholds to your organization's size and legal counsel's guidance. Assurance doesn't stop at approval: keep independent testing, real audit trails, an actual incident-reporting channel, and periodic reassessment with clear pause/retire criteria.

6. Culture & Capability

- Funded, role-based training — an executive needs different literacy than a frontline employee.
- Real support for people whose roles are changing, and plain communication delivered before the change, not after.

WATCH-OUT

Unvetted tools spread fastest in the gaps: a department quietly adopts a free AI tool with no data agreement or owner of record; an HR team adopts a screening tool that down-ranks candidates before anyone reviews it. A living inventory, mandatory risk tiers, and named owners catch both before they start.

Part Two — Managerial Practice

Executives build the guardrails. Managers hold the line day to day — or quietly let it slide under deadline pressure. Seven practices make the difference.

- **1. Start with the problem, not the tool.** Choose AI because it solves a real, named business problem — not because it's available or trendy.
- **2. Complete a short use-case assessment.** Before real work begins, name the purpose, who's affected, data sensitivity, anticipated benefit, possible harm, and required human review.
- **3. Stay inside approved tools and data rules.** Never enter confidential, personal, or regulated data into an unapproved tool. This is the fastest, most avoidable way trust breaks.
- **4. Verify before you rely.** AI-generated facts, numbers, sources, and recommendations get checked before they inform a decision or leave the building. Fabricated confidence is still fabricated.
- **5. Be transparent with your team.** Tell people when and how AI shaped their work, and make it genuinely safe to flag something that looks wrong or biased.
- **6. Escalate — don't absorb.** High-risk outputs, real errors, and suspected data leaks go up the chain immediately — not after a quiet attempt to fix it yourself.
- **7. Track what actually happened.** Track time saved, quality, error rates, impact on your people, and anything unintended. Never claim an AI-enabled process is accurate or fair without documented evidence.

THE CONFIDENT FABRICATION

A manager asks AI to summarize market research for a board memo. It returns a specific, authoritative-sounding statistic that doesn't exist anywhere in the source material — and it ships before anyone checks. The Manager Verification Checklist (Template 3) closes this gap: every fact and figure gets checked against an authoritative source, no exceptions for how confident the output sounds.

WORTH REMEMBERING

Generative AI carries its own failure modes — fabricated outputs, information leakage, results shaped by the prompts themselves. Verification and escalation aren't optional steps. They're the job.

Your 30-60-90 Day Rollout

Governance without sequencing stalls. This is the order that works.

Days 1–30	Conduct a full AI tool inventory across every team. Draft and publish the AI Charter & Strategic Mandate.
Days 31–60	Stand up the cross-functional AI Governance Council. Deploy the AI Use-Case Intake Form organization-wide.
Days 61–90	Roll out role-based AI training for executives, managers, and staff. Implement the Manager Verification Checklist as standard practice.

Governance Metrics Dashboard

If no one is tracking it, no one knows if it's working. Put these on a standing report — monthly for most organizations, quarterly at minimum.

- Approved vs. unapproved tools in active use — is shadow AI showing up outside the process?
- Role-based training completion rate, and high-risk use cases reviewed on schedule.
- Open vs. resolved AI incidents, and average time-to-remediation.
- Verification-checklist failure rate — how often outputs fail a manager's fact-check.
- Appeal / human-review outcomes, and AI portfolio inventory currency.

Core Templates — Ready to Deploy

Six short forms that turn the principles above into something your team can use this week. Ask about the companion fillable-PDF and slide-deck versions of the full template set.

1. Executive AI Governance Charter	Establishes who holds authority and how decisions get made.
2. AI Use-Case Intake Form	Completed before any new AI use case goes live.
3. Manager Verification Checklist	Completed before an AI-assisted output is used in a decision or external communication.
4. High-Risk AI Impact Assessment	Required for any use case touching employment, compensation, eligibility, safety, or legal rights.
5. AI Incident Report	Filed any time an AI system produces an error, exposure, or outcome requiring correction.
6. AI Vendor Due Diligence Checklist	Completed before signing or renewing any AI vendor contract.

Grounded In

NIST AI Risk Management Framework (1.0 and the Generative AI Profile) • ISO/IEC 42001:2023 • OECD Recommendation on AI • FTC guidance on AI claims • EEOC guidance on adverse impact in AI-assisted employment decisions • White House Blueprint for an AI Bill of Rights. None of this is legal advice — consult qualified counsel for your organization's specific obligations.

About the Author

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