Session 2 Handout: Choosing and Justifying Use Cases

FAST-09 AI for Managers and Leaders · 7formations · Instructor: Wadood Chaudhary · All examples fictional · Training, not legal advice

Why this session matters

Surveys keep finding the same gap: many people report personal productivity gains, but far fewer organizations can show financial results. McKinsey's August 2026 survey reported that about 37% of respondents saw any EBIT impact from AI. The difference is usually choosing the right first use cases and measuring them honestly. You can't do them all; pick well and show the math.

Key concepts

1. The use-case matrix

Score each candidate 1 to 5:

Factor	High score means
Value	Saves real time, improves quality or service, happens often
Risk	Errors would reach customers, money, safety, or decisions about people
Data sensitivity	Needs personal information, PHI, employee data, or confidential business data
Effort	New tools, integration, a lot of training or process change

Start with **high value, low risk**. Park high-value, high-risk ideas until controls exist. Drop low-value, high-risk ideas.

Always high risk: decisions about hiring, firing, pay, credit, insurance claims, or anything customers will rely on without a person checking. Massachusetts regulators expect accountability for these (AG advisory, April 2024; DOI Bulletin 2024-10), and states such as Colorado (SB26-189, applying from January 1, 2027) are adding rules for AI in consequential decisions.

2. ROI math

```
Hours saved per week = old hours − (new hours + checking hours)
Gross annual saving  = hours saved × loaded hourly cost × working weeks
Net first year       = gross − tool cost − training time − maintenance time
```

- **Loaded cost** = wage plus benefits and employer taxes. If you lack payroll data, BLS reported $46.89 per hour worked for private industry (June 2026).
- **Include checking time.** Leaving it out is the most common error.
- **State every assumption** and its source: logs, pilot, payroll, or "estimate, to be tested."
- Simple math beats impressive guesses.

3. Buy, build, or wait

Choice	When
Buy (often: use what you already pay for)	AI features already in your suite; vendor terms and data handling checked
Build	Only simple, low-risk helpers within policy (a prompt template, a shared instruction)
Wait	Value unclear, risk high, or rules and controls missing

Waiting is a valid decision.

4. Reading vendor terms: five lines to find

Price and minimums · initial term · auto-renewal and cancellation notice · price increases at renewal · whether your content is used to improve the vendor's service (and how to opt out).

Worked example (fictional, Pioneer Valley Mutual)

Four adjusters spend 3 h/week each on claim summaries. With AI, drafting takes 1 h plus 0.5 h checking. Loaded cost $48/h, 48 weeks. Gross: 4 × 1.5 × $48 × 48 = **$13,824**. Tool: 4 × $30 × 12 = $1,440. Training: 4 × 3 h × $48 = $576. **Net: $11,808.** Weakest assumption: checking stays at 0.5 h when harder files arrive. Re-measure in days 31 to 60.

Checklist

- ☐ 8 to 10 candidates scored on all four factors.
- ☐ Two pilots chosen with value and risk reasons.
- ☐ High-risk ideas parked, with what would unpark them.
- ☐ ROI includes checking, training, and tool costs.
- ☐ Every assumption has a source; the weakest is named.

Do and don't

Do	Don't
Start with tools you already own	Buy the flashiest product first
Measure a baseline from logs	Guess the "before" time
Keep people deciding about people	Pilot AI that rejects applicants or denies claims
Say "wait" when it's right	Start a pilot just because a trial is free