KIMREY CONSULTING

Responsible AI Adoption • Governance • Risk Management

Responsible AI Starter Guide

for Small Businesses

A practical framework for adopting AI safely, credibly, and effectively — without the hype.

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1. Why This Guide Exists

Small and mid-sized businesses are adopting AI tools faster than most internal policies, contracts, or hiring practices have caught up. Scheduling software recommends staffing levels, marketing platforms draft ad copy, insurance tools estimate risk, and hiring systems screen resumes — often without anyone in the business having formally decided how AI should be evaluated, monitored, or explained to customers and employees.

This guide is not about becoming an AI company. It is about making sound, defensible decisions when AI tools are already part of how the business runs, or soon will be. “Responsible AI” here means something specific and practical: using AI in ways you can explain, defend, and stand behind if a customer, employee, regulator, or partner asks how a decision was made.

Kimrey Consulting built this guide for owners, operators, and office managers who need a working framework — not a technical manual and not a sales pitch for a particular AI product.

Who this guide is for

Small-business owners and operators evaluating AI tools for the first time.

HR, office, and operations leads responsible for AI used in hiring, benefits, or scheduling.

Leadership teams that need a shared vocabulary before adopting new software.

2. What “Responsible AI” Actually Means

Strip away the marketing language, and responsible AI adoption rests on four practical questions a business should be able to answer for any AI tool it uses:

- What decision or task is this tool actually making or influencing?
- What happens when it is wrong, and who notices?
- What data does it use, and where does that data go?
- Who at the company is accountable for how it is used?

This framing draws on the National Institute of Standards and Technology's AI Risk Management Framework (NIST AI RMF), the leading voluntary framework used by organizations of every size in the United States. It is intentionally not a certification or a checklist to pass once — it is a way of thinking about AI risk that scales up or down with the size of the business.

For a small business, “responsible” does not mean building your own AI models, hiring a data science team, or writing a fifty-page compliance manual. It means knowing, in plain language, what your tools do and being able to say so.

3. Three Misconceptions Holding Small Businesses Back

Misconception 1: “We're too small for this to matter.”

Regulatory attention on AI has increasingly focused on how tools are used, not just on who built them. Employers who use a hiring or scheduling tool are generally responsible for the outcomes it produces, even when a vendor built the underlying software. Size does not remove that responsibility — it usually just means fewer people are watching for problems before they surface.

Misconception 2: “If the vendor says it's compliant, we're covered.”

Vendor assurances are a starting point, not a substitute for internal review. Multiple recent enforcement actions and lawsuits involving AI-driven hiring and marketing tools have proceeded against the businesses using the tools, not only the vendors who built them. A short internal review process protects the business regardless of what a vendor promises in its sales materials.

Misconception 3: “Responsible AI means slowing everything down.”

In practice, a lightweight review process — a short checklist, one accountable owner, and a habit of documenting why a tool was chosen — takes less time than most businesses expect and considerably less time than responding to a complaint, a vendor dispute, or a regulatory inquiry after the fact.

4. The Four Foundations of Responsible AI Adoption

These four foundations are adapted from the NIST AI Risk Management Framework's core functions — Govern, Map, Measure, and Manage — scaled down for a small business context. You do not need a compliance department to apply them.

Foundation 1: Govern — Decide who is responsible

Every AI tool in use should have one named person accountable for it — usually the owner, an operations lead, or a department manager. That person does not need to understand the underlying technology. They need to know what the tool is used for, approve its use, and be the point of contact if something goes wrong.

Foundation 2: Map — Know where AI is actually being used

Most small businesses underestimate how many AI-enabled tools they already use, because AI features are increasingly bundled into ordinary software — payroll platforms, scheduling apps, marketing tools, and insurance portals. A simple inventory (tool name, purpose, department, data involved) is the foundation everything else builds on.

The table below illustrates where AI commonly shows up in a small business, drawn from the areas Kimrey Consulting sees most often across hiring, healthcare, insurance, and day-to-day operations.

Business Area	Common AI-Enabled Tool	What It Typically Does
Hiring & Workforce	Resume screening / interview scheduling software	Ranks or filters applicants; suggests interview slots
Insurance & Benefits	Underwriting or claims-triage platforms	Estimates risk or flags claims for review
Healthcare Operations	Scheduling and documentation assistants	Drafts notes; predicts no-shows; routes referrals
Small-Business Automation	Customer service chatbots, marketing copy tools	Answers routine questions; drafts ads and emails

This is illustrative, not exhaustive. Your own inventory should reflect the specific tools your business actually uses.

Foundation 3: Measure — Check that it works as expected

Before relying on a tool for something consequential — screening job applicants, setting prices, or flagging health or safety issues — test it against a small, known set of examples where you already know the right answer. Repeat this periodically, since AI tools change behavior as vendors update them.

Foundation 4: Manage — Have a plan for when it's wrong

Every AI-assisted process should have a human review step for consequential decisions and a clear, simple way for employees or customers to flag something that looks wrong. This is the single most protective habit a small business can build, and it is the one most often skipped.

5. A Five-Step Adoption Roadmap

This is the order Kimrey Consulting recommends for businesses adopting AI tools for the first time, or formalizing practices around tools already in use.

- ☐ Step 1 — Inventory. List every tool in use today that involves AI, including features bundled inside existing software.
- ☐ Step 2 — Prioritize. Flag any tool involved in hiring, healthcare decisions, insurance or benefits eligibility, pricing, or customer-facing claims — these carry the most risk and deserve review first.
- ☐ Step 3 — Assign ownership. Name one accountable person per tool, not per department.
- ☐ Step 4 — Document the basics. For each priority tool, write down its purpose, its data sources, and how outcomes are reviewed — one page is enough.
- ☐ Step 5 — Set a review cadence. Revisit the inventory and each priority tool at least twice a year, or whenever a vendor changes the product materially.

The AI Risk Assessment Worksheet (a companion Kimrey Consulting resource) provides a structured way to work through Steps 1–4.

6. Where the Legal and Regulatory Risk Actually Sits

The legal landscape around AI is genuinely unsettled and continues to shift at the federal and state level. Rather than track every development, small businesses are better served by understanding the three areas where scrutiny has been most consistent.

Hiring and workforce decisions

Federal law (including Title VII, the ADA, and the ADEA) applies to AI-assisted hiring decisions the same way it applies to human decisions. Employers generally remain responsible for outcomes even when a third-party vendor built the screening tool. Several states have adopted their own AI employment rules in addition to federal law, and the requirements vary by state.

Marketing and product claims

The Federal Trade Commission has actively pursued businesses that overstate what their AI tools can do, including claims made in advertising to attract customers or investors. The standard applied is the same one used for any product claim: it must be truthful and something the business can substantiate.

Data privacy and vendor handling

Where AI tools touch customer, employee, or patient data, existing privacy and data-security obligations apply in full — AI does not create an exception. This is particularly relevant in healthcare and insurance contexts, where sector-specific rules (such as HIPAA) already govern data handling.

> **A note on legal specifics**
>
> This guide provides general, educational information only and is not legal advice. AI-related laws vary by state, change frequently, and depend heavily on your specific facts and industry.
>
> Before making decisions with legal consequences — particularly around hiring, benefits eligibility, or marketing claims — consult a qualified attorney familiar with your state and industry.

7. Choosing AI Vendors and Tools Wisely

Most small businesses will buy AI capability rather than build it. That makes vendor evaluation one of the highest-leverage steps in responsible adoption. At minimum, ask any AI vendor to answer, in writing:

- What specific decision or output does this tool produce?
- What data does it use, and is any of it shared with third parties?
- Has the tool been tested for accuracy or bias, and can we see a summary of results?
- What happens when the tool is wrong — is there a human review or appeal path?
- Who is liable if the tool produces a discriminatory, inaccurate, or non-compliant outcome?

Kimrey Consulting's companion AI Vendor Evaluation Checklist expands each of these into a structured scoring worksheet for procurement conversations.

8. Light-Touch Governance for Small Teams

Governance sounds like a large-company word, but for a small business it can be three simple habits, sustained consistently:

- A short, written AI use policy that tells employees what is and is not approved for use with company or customer data (see Kimrey Consulting's AI Policy Starter Kit).
- A standing owner for AI-related questions — often the same person who owns IT, HR, or operations.
- A brief recurring check-in (quarterly is typical) to review the tool inventory and any incidents or complaints.

Businesses that adopt these three habits early tend to avoid the two most common failure patterns Kimrey Consulting sees: AI tools multiplying without anyone tracking them, and no one being able to explain a tool's output when a customer or employee asks.

9. Quick-Start Checklist

- ☐ We have listed every AI-enabled tool currently in use across the business.
- ☐ Each tool has one named, accountable owner.

☐ Tools used in hiring, healthcare, insurance, or pricing decisions have been flagged for priority review.

☐ We have a simple, written explanation of what each priority tool does and what data it uses.

☐ Consequential AI-assisted decisions include a human review step.

☐ Employees and customers have a clear way to flag an AI output that looks wrong.

☐ We have a short, written AI use policy shared with staff.

☐ We have reviewed vendor claims against our own written questions, not just their marketing materials.

☐ We have scheduled a review of this checklist at least twice per year.

References

National Institute of Standards and Technology (NIST). "AI Risk Management Framework (AI RMF 1.0)." nist.gov/itl/ai-risk-management-framework.

U.S. Equal Employment Opportunity Commission. Strategic Enforcement Plan and Title VII, ADA, and ADEA guidance on employer use of algorithmic decision-making tools. eeoc.gov.

Federal Trade Commission. Section 5 enforcement guidance and "Operation AI Comply" enforcement actions regarding AI-related business claims. ftc.gov/industry/technology/artificial-intelligence.

U.S. Department of Health and Human Services. HIPAA Privacy and Security Rules, as applicable to AI tools handling protected health information. hhs.gov/hipaa.

Educational Disclaimer

This guide is provided for general educational purposes only and does not constitute legal, financial, medical, or insurance advice. Laws and regulations governing AI vary by jurisdiction, industry, and specific use case, and they continue to change. Kimrey Consulting recommends consulting a qualified attorney, compliance professional, or relevant licensed advisor before making decisions based on the information in this guide.

Related Resources

- AI Risk Assessment Worksheet — a structured tool for identifying and prioritizing AI risk across your business.
- AI Vendor Evaluation Checklist — questions to ask before purchasing or approving AI software.
- AI Policy Starter Kit — a beginner-friendly acceptable-use policy template for small teams.

Next Step: An AI Readiness Conversation

If you would like help applying this framework to your specific business — your tools, your industry, and your team — Kimrey Consulting offers a no-obligation AI Readiness Conversation. We'll help you identify where AI is already in use, where the real risks sit, and what a responsible next step looks like.

Schedule your AI Readiness Conversation

Visit kimreyconsulting.com/ai-readiness or reply to this resource to schedule a conversation with our team.