Productivity improvement is not the same thing as ROI.

“Our employees are 20% faster using AI” — sounds good. “This implementation produces $430,000 in annual EBITDA impact” — that’s a business case. Most companies stop measuring at the first sentence.

Why? Because time saved is easy to measure and dollars are not. But saved time is only POTENTIAL value. It becomes real value only when it changes something.

SIX CONVERSION PATHS

Here are six common ways saved capacity actually becomes dollars: 1. Fewer hires (or backfills avoided) 2. More throughput from the same team 3. Reduced downtime 4. Faster quotes → higher win rates 5. Less scrap and rework 6. Faster cash cycle

THE QUESTION

The question to ask about every "productivity gain": WHICH of the six did it convert into? If the answer is "none yet" — you don't have ROI. You have a nicer workday.

EXAMPLE

Quoting team saves 15 hrs/week. Path A: everyone goes home earlier → $0. Path B: 20% more quotes out the door × win rate × avg margin → real number. Same tool. Same time saved. Only one is a business case.

This is why early AI projects show productivity gains while financial ROI lags. Not because the tech failed — because nobody engineered the conversion step.

Measure the conversion, not the convenience.

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