



# Decision Rights Matter More Than Algorithms in AI

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The AI Operating Model Playbook

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## Opening context

As organisations invest in increasingly sophisticated AI models, attention often gravitates toward technical capability. Leaders debate model accuracy, architectures, vendor platforms, and emerging techniques. These discussions matter, but they often overshadow a more consequential determinant of success.

Across enterprises, AI outcomes diverge not because some organisations have better algorithms, but because they have clearer decision rights. Where authority is explicit and accountability is sustained, AI systems scale and improve. Where authority is ambiguous, even advanced models struggle to deliver lasting value.

AI exposes this reality with unusual force. As systems learn and adapt, technical performance becomes inseparable from organisational design.

## Why this fails in most organisations

Most organisations assume that better algorithms will compensate for structural weakness. When outcomes disappoint, the response is often to invest in more data, stronger models, or new tools.

This instinct overlooks how AI operates in practice. AI systems influence decisions embedded in workflows, incentives, and governance structures. When authority over those decisions is unclear, technical capability cannot compensate.

Decision rights are often fragmented. Delivery teams build models but do not own outcomes. Business leaders rely on outputs they do not fully control. Risk functions intervene without clear mandates. When performance shifts or risks emerge, decisions stall while responsibility is debated.

The result is familiar. Technically capable systems are underutilised, overridden, or abandoned. Investment continues, but confidence erodes.

## **The operating model insight**

AI performance is constrained less by algorithmic sophistication than by the clarity of decision rights surrounding it.

Decision rights determine who can act when models behave unexpectedly, who can adjust thresholds, who can pause or escalate, and who is accountable for outcomes over time. Without this clarity, AI systems become brittle regardless of technical quality.

This does not diminish the importance of algorithms. It places them in context. Algorithms enable capability. Decision rights determine impact.

When decision rights are explicit, governance becomes effective, accountability is meaningful, and learning compounds. When they are implicit, control mechanisms multiply without improving outcomes.

### AI Decision Rights Map

Clear authority replaces ambiguous RACI — decisions must align with accountability

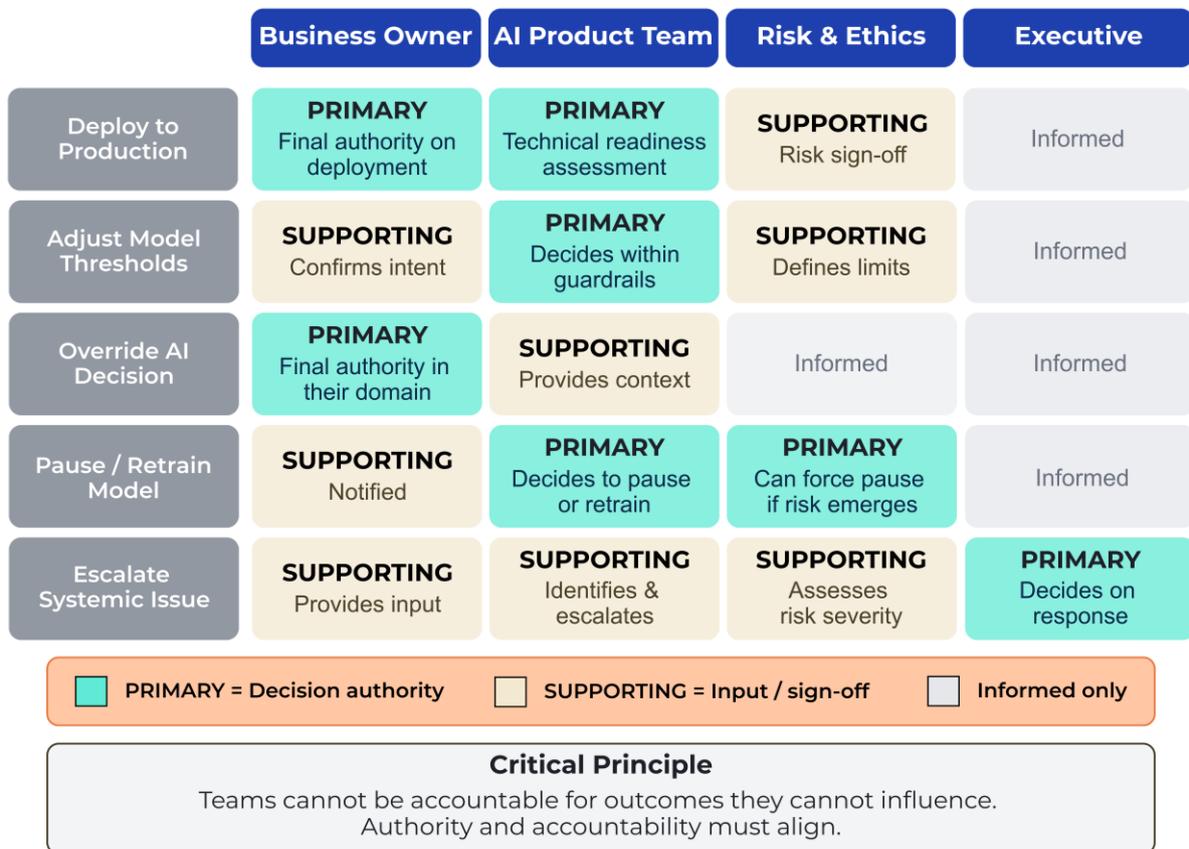


Figure 1: AI Decision Rights Map

### What this looks like in practice

Organisations that prioritise algorithms over decision rights exhibit consistent symptoms. AI outputs are treated as advisory rather than operational. Human overrides are frequent but poorly governed. Escalation paths are unclear, leading to delayed or inconsistent responses.

Post-mortems focus on technical explanations while organisational causes remain unaddressed. Teams cycle through new models without resolving the underlying design problem.

By contrast, organisations that design decision rights deliberately behave differently. Authority aligns with accountability. Teams know when they can act and when escalation is required. Governance focuses on outcomes and system behaviour rather than model internals.

Over time, this clarity enables learning. AI systems are adjusted confidently, not cautiously. Trust grows and adoption deepens.

### **Common mistakes to avoid**

Assuming decision rights will emerge organically as AI matures.

Treating decision rights as a technical concern to be solved through tooling or automation.

Overcentralising decisions, slowing response and disconnecting judgement from context.

Decentralising authority without oversight, creating uneven risk exposure.

### **What leaders must do differently**

Leaders must recognise that decision rights are a primary design choice in AI, not a secondary governance detail. They must explicitly decide where authority sits, how it shifts, and how accountability is sustained.

Investments in algorithms must be matched by investments in organisational clarity. Leaders must also model the right behaviour, focusing on decision quality and system design when outcomes change, not solely on model performance.

### **Conclusion**

AI does not succeed because organisations deploy better algorithms. It succeeds because organisations design clearer decision rights around how AI is used.

Algorithms enable capability. Decision rights determine impact.

Until leaders treat decision rights as foundational to AI performance, investments in technology will continue to outpace returns. Designing authority deliberately is the core requirement for operating AI at scale.



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