Product Teams vs Project Teams in AI Delivery

The AI Operating Model Playbook

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Opening context

As organisations move away from centralised AI teams and attempt to embed AI into the business, a familiar delivery model often reasserts itself. AI work is framed as a project. Scope is defined. Funding is approved. Timelines are set.

This approach feels reassuring. Project delivery has served enterprises well for decades. Yet when applied to AI, it repeatedly produces fragile outcomes.

The tension is not execution quality. It is a mismatch between how projects operate and how AI creates value.

Why this fails in most organisations

Project teams are designed for finite work. They assume stable requirements, defined endpoints, and handover into operations. Accountability is strongest during delivery and weakens afterward.

AI does not behave this way. Performance evolves after deployment. Models learn. Value is realised through sustained operation rather than initial delivery.

When AI is delivered through projects, ownership fractures at handover. Teams disband. Learning slows. Responsibility for outcomes becomes unclear. Models decay quietly until confidence erodes.

Organisations respond by launching follow-on projects, rebuilding context that was lost. Investment increases, but value does not compound.

The operating model insight

AI delivery requires product teams, not project teams.

Product teams persist. They own outcomes over time rather than outputs at a point in time. They are accountable for performance in production and are structured to learn continuously.

This distinction shapes funding, incentives, and governance. Product teams expect change. Project teams attempt to constrain it.

For AI, constraining change undermines value.

What this looks like in practice

Organisations reliant on project teams see familiar symptoms. Models degrade. Ownership is unclear. Decisions to intervene are delayed.

Product-oriented organisations behave differently. Teams remain intact. Performance is monitored. Models are adjusted as conditions change. Accountability persists and learning compounds.

Product teams are multidisciplinary, bringing together business, data, engineering, and risk expertise. Decisions are made close to context rather than escalated repeatedly.

Common mistakes to avoid

Relabelling project teams as product teams without changing funding or governance.

Assuming product teams remove the need for discipline.

Maintaining project funding cycles while expecting product outcomes.

Allowing product teams to operate without clear boundaries.

What leaders must do differently

Leaders must treat AI as an enduring capability, not a sequence of projects. Funding must support continuity, and governance must focus on performance over time.

Persistent ownership will surface underperformance earlier. This is not a flaw. It is essential for learning.

Conclusion

Project teams optimise delivery. Product teams optimise learning.

AI rewards the latter. The choice between them determines whether AI becomes a durable capability or a series of disconnected efforts.

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