MyConsultancy

The Operating Model Blind Spot in AI Strategy

The AI Operating Model Playbook

Manoj Tavarajoo

January 2026

MyConsultancy

The Operating Model Blind Spot in AI Strategy

The AI Operating Model Playbook

Manoj Tavarajoo

Opening context

Most large organisations now have an AI strategy. It outlines ambition, priority use cases, target architectures, and high-level principles around risk and ethics. In many cases, it is well researched, board endorsed, and clearly articulated.

Yet execution outcomes remain fragile. AI initiatives struggle to scale, benefits fail to compound, and momentum dissipates once early enthusiasm fades. This pattern persists even in organisations with strong leadership intent and significant investment.

The explanation is not that AI strategies are poorly constructed. It is that they systematically avoid confronting how the organisation itself must change in order for AI to work.

Why this fails in most organisations

AI strategies focus on what the organisation wants to achieve, not how the organisation must be redesigned to achieve it. They emphasise vision, priority domains, and technology enablers, while treating operating model implications as secondary or downstream concerns.

This omission is rarely accidental. Operating model redesign is politically sensitive, slow to execute, and difficult to quantify. It touches decision rights, funding authority, performance management, and organisational power. Strategy discussions allow alignment without forcing these trade-offs.

As a result, many AI strategies implicitly assume execution will occur within existing structures. Delivery is expected to adapt, governance to stretch, and teams to compensate. When friction emerges, it is treated as an execution failure rather than a design flaw.

The operating model insight

The blind spot in AI strategy is not a lack of ambition. It is the absence of organisational design.

AI reshapes how value is created and sustained. That reshaping requires explicit choices about operating model design, not implicit assumptions. When these choices are deferred, they resurface later as stalled initiatives, governance conflict, and inconsistent outcomes.

By then, the cost of change is higher and resistance is stronger.

What this looks like in practice

Organisations that avoid operating model questions exhibit familiar symptoms. AI strategies are approved, but delivery teams struggle to move beyond pilots. Business units support experimentation but resist ownership. Central teams build platforms that are underutilised. Risk functions intervene late.

By contrast, organisations that confront operating model implications early experience different dynamics. Strategy discussions include explicit trade-offs about autonomy and control, centralisation and distribution, experimentation and standardisation. These choices are imperfect, but they are deliberate.

Execution becomes less heroic and more repeatable. Teams understand where authority sits and how learning is funded. Governance debates are grounded in shared expectations rather than ad hoc escalation.

Common mistakes to avoid

Treating operating model design as a post-strategy activity. Once strategy is approved, incentives and structures are already set.

Assuming operating model change can be incremental and invisible. AI exposes tensions that require explicit resolution.

Creating parallel AI structures that sit alongside the core business. This postpones conflict but deepens fragmentation.

Relying on cultural messaging to compensate for structural misalignment. Culture matters, but it cannot substitute for clear decision rights and accountability.

What leaders must do differently

Leaders must recognise that AI strategy without operating model intent is incomplete. Strategic ambition must be matched by organisational design choices that make execution possible.

Operating model questions must be elevated into strategy forums. Leaders must debate who owns AI outcomes, how learning is funded over time, and which decisions are decentralised versus retained.

Conclusion

The persistent gap between AI ambition and execution is not primarily a technology problem. It is a design problem.

When AI strategy avoids operating model implications, execution is left to navigate constraints it cannot change. The result is frustration, underperformance, and repeated reinvention.

MyConsultancy

Advancing AI Operating Models for the Enterprise

www.myconsultancy.com.au