

Executive Brief

THE AI OPERATING MODEL PLAYBOOK

Why Structure, Not Algorithms,
Determines AI Outcomes

Manoj Tavarajoo

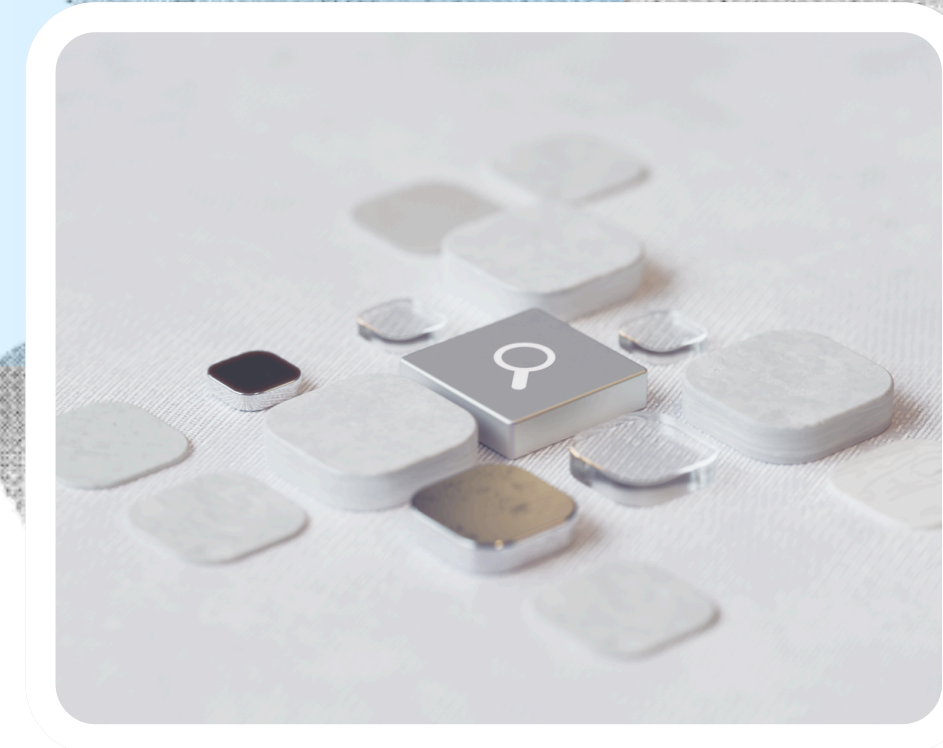
The AI Scaling Problem

Most organisations are investing in AI.
Few are scaling it successfully.



The constraint is rarely technology.
It is the operating model.

Most organisations do not have an AI problem. They have a structural problem that AI exposes.



The AI Pilot Trap

Traditional Operating Model vs AI Operating Model

	Traditional Operating Model	AI Operating Model
Funding	<ul style="list-style-type: none"> • Episodic project funding • Fixed budgets with defined end dates • Success = delivery within budget 	<ul style="list-style-type: none"> • Persistent capacity funding • Continuous allocation over time • Success = sustained performance
Decision Rights	<ul style="list-style-type: none"> • Layered approval processes • Authority distant from execution • Decisions made at design time 	<ul style="list-style-type: none"> • Clear, delegated authority • Decisions close to operational context • Continuous decision-making in production
Governance	<ul style="list-style-type: none"> • Approval-based gatekeeping • Risk assessed upfront only • Compliance-focused documentation 	<ul style="list-style-type: none"> • Ongoing stewardship • Continuous risk monitoring in production • Behavioural oversight
Ownership	<ul style="list-style-type: none"> • Fragmented across functions • Handovers at delivery milestones • Responsibility ends with deployment 	<ul style="list-style-type: none"> • End-to-end ownership • Persistent accountability • Ownership extends into production
Learning	<ul style="list-style-type: none"> • Learning resets with each initiative • Knowledge captured in documents • Feedback loops weak or absent 	<ul style="list-style-type: none"> • Learning compounds over time • Knowledge embedded in systems • Continuous feedback loops
Optimised For	<ul style="list-style-type: none"> • Predictability and control • Minimising variation • Linear execution 	<ul style="list-style-type: none"> • Adaptation and learning • Embracing variation • Continuous evolution

The Operating Model Insight

AI exposes a fundamental incompatibility: Traditional models suppress variation to maintain control.

AI creates value by embracing variation to accelerate learning. One logic suppresses what the other requires.

Technical success does not guarantee organisational adoption.

Most AI failures are not technical failures. They are organisational failures.

The AI Operating Model

Eight structural decisions determine whether AI scales.



01
Portfolio
Discipline



02
Funding
Logic



03
Decision
Rights



04
Team
Structure



05
Process
Integration



06
Risk
Stewardship



07
Value
Measurement



08
Scaling
Commitment

Authority Determines Adoption

	Business Owner	AI Product Team	Risk & Ethics	Executive
Deploy to Production	PRIMARY Final authority on deployment	PRIMARY Technical readiness assessment	SUPPORTING Risk sign-off	Informed
Adjust Model Thresholds	SUPPORTING Confirms intent	PRIMARY Decides within guardrails	SUPPORTING Defines limits	Informed
Override AI Decision	PRIMARY Final authority in their domain	SUPPORTING Provides context	Informed	Informed
Pause / Retrain Model	SUPPORTING Notified	PRIMARY Decides to pause or retrain	PRIMARY Can force pause if risk emerges	Informed
Escalate Systemic Issue	SUPPORTING Provides input	SUPPORTING Identifies & escalates	SUPPORTING Assesses risk severity	PRIMARY Decides on response

PRIMARY = Decision authority

SUPPORTING = Input / Sign-off

Informed only

AI Decision Rights Map

Clear authority replaces ambiguous RACI — decisions must align with accountability

Critical Principle

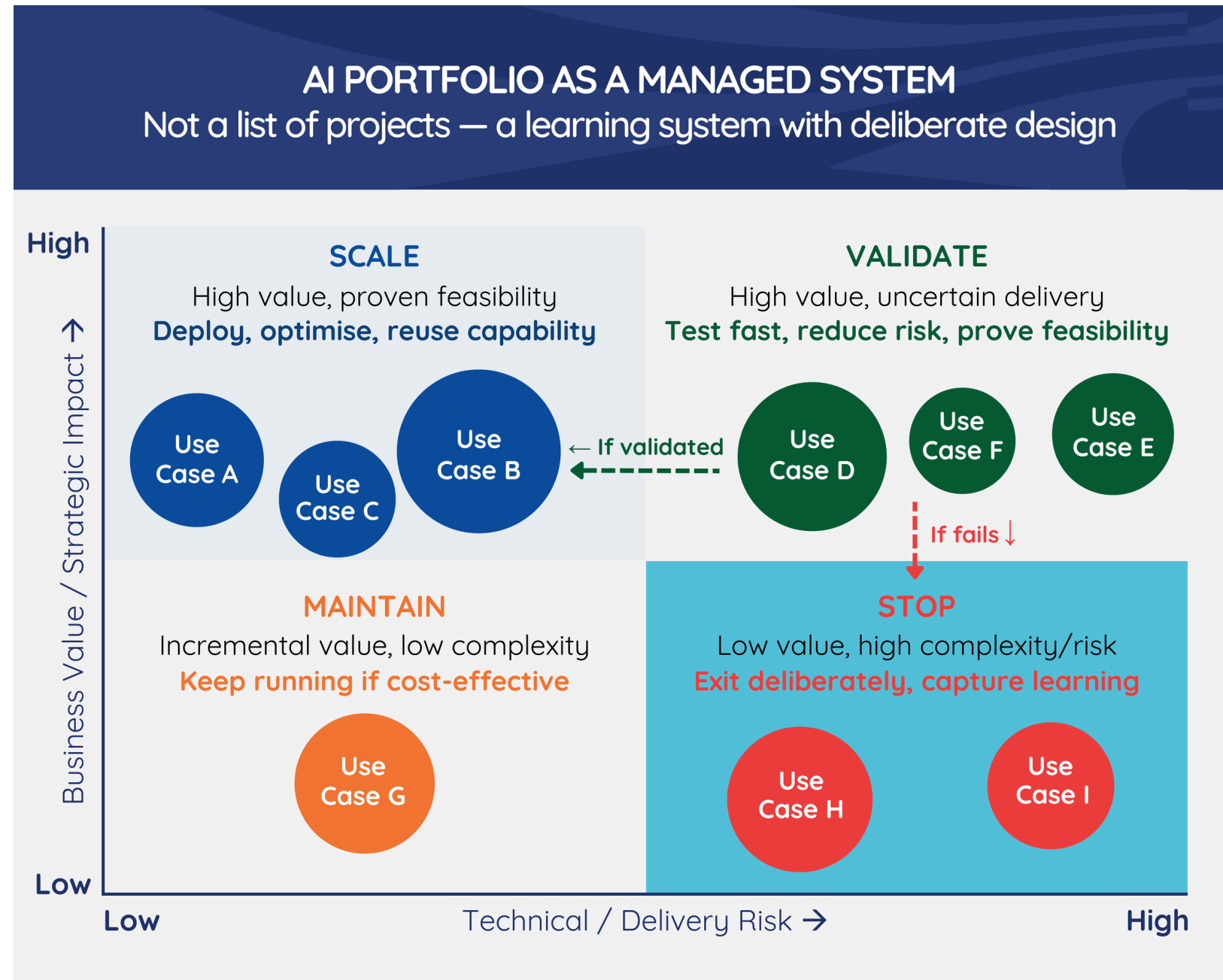
Teams cannot be accountable for outcomes they cannot influence.
Authority and accountability must align.

When authority is unclear, adoption stalls.

Clear decision rights determine whether AI moves from experimentation to execution.

AI as a Learning System

AI portfolios must operate as learning systems.



Portfolio Discipline Principles

1. Clear role for each initiative
2. Explicit movement triggers
3. Learning captured and reused
4. Portfolio reviewed for coherence

AI does not scale through projects. It scales through systems of learning.

Teams That Scale AI

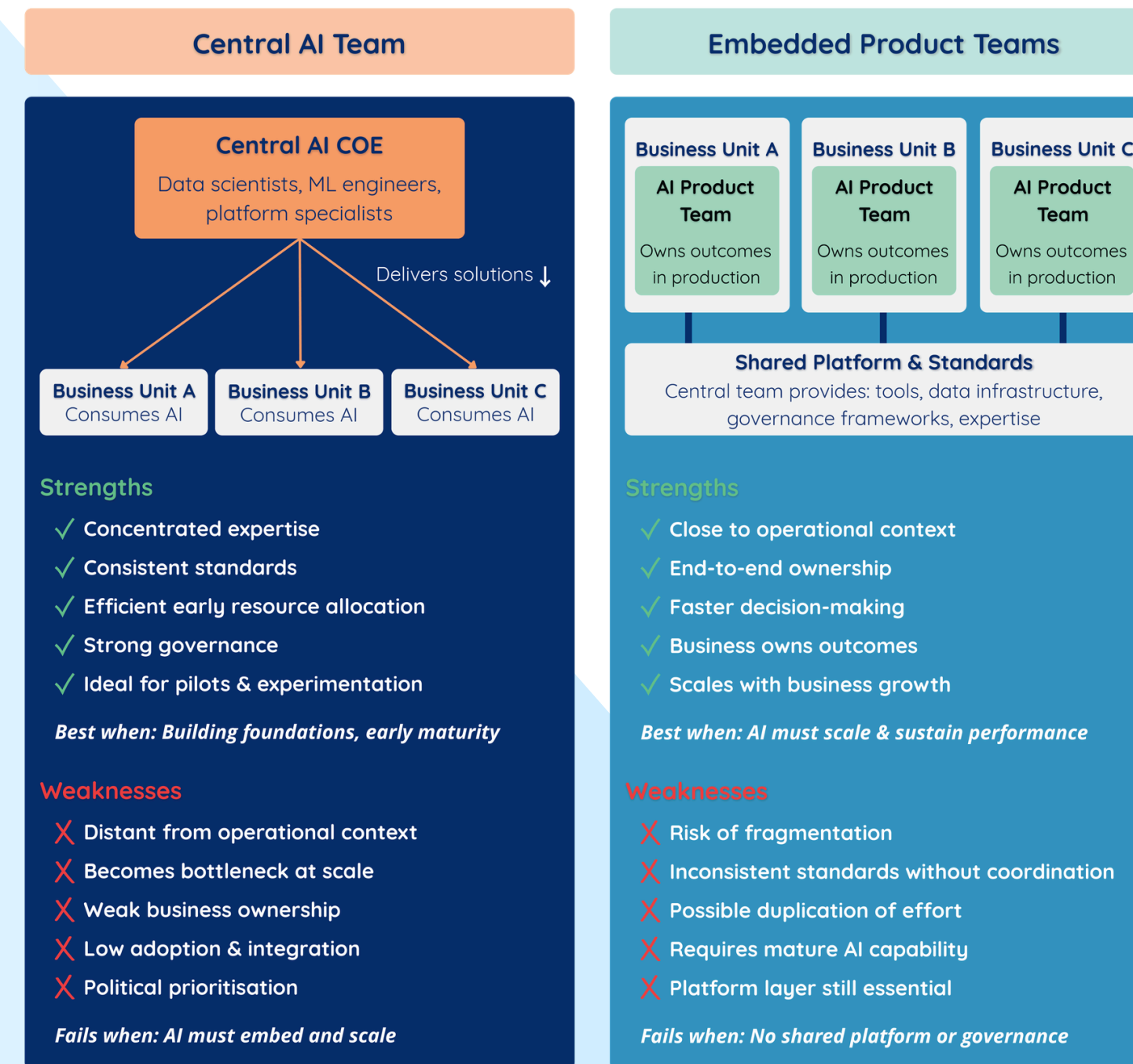
Persistent product teams sustain continuous learning.

Project teams dissipate knowledge after delivery.



Central AI Team vs Embedded Product Teams

The right model evolves with AI maturity — neither is universally better



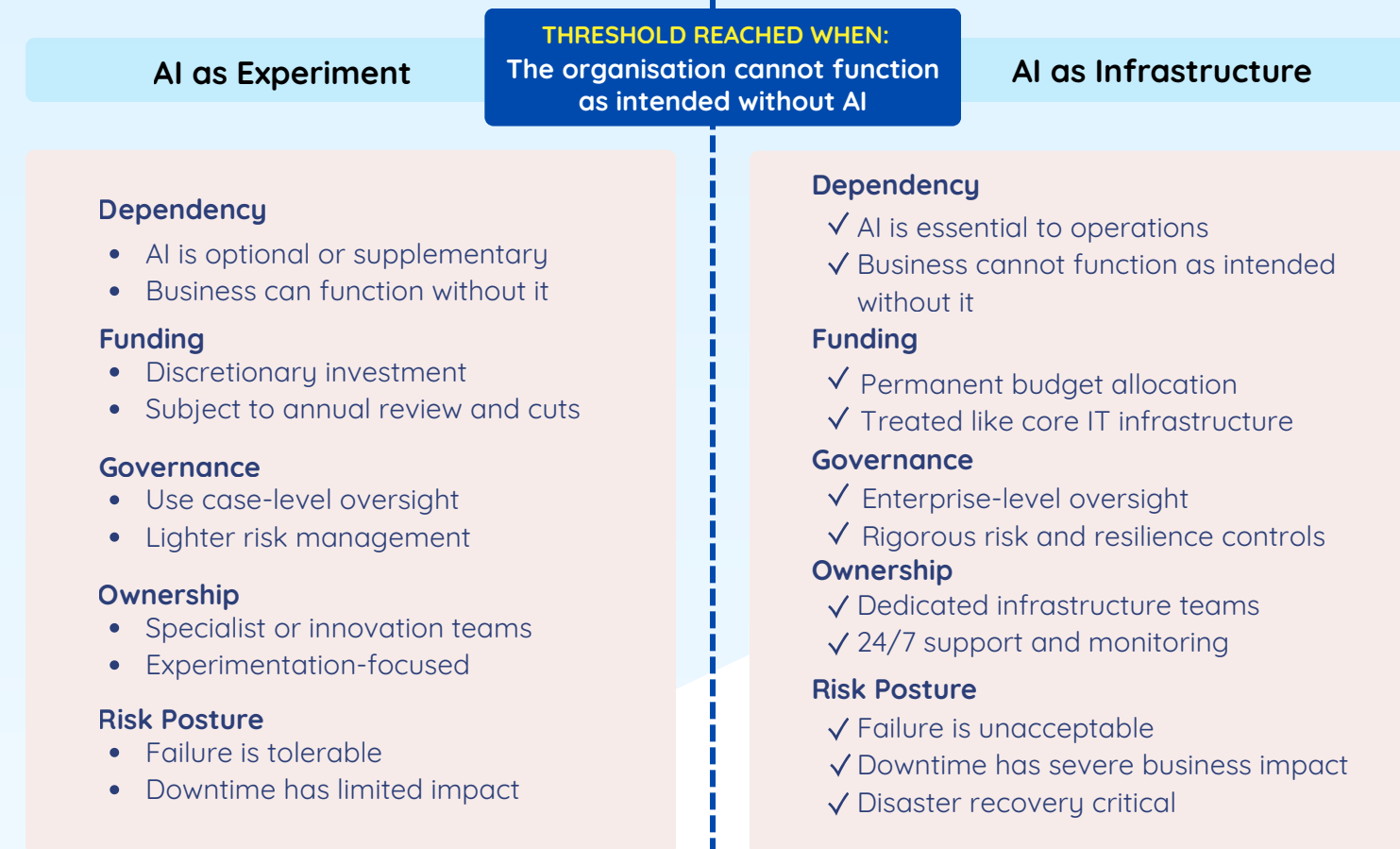
The Operating Model Insight
Central teams build foundations and accelerate early learning. Embedded teams enable scale and sustained impact.

WHEN AI BECOMES CORE INFRASTRUCTURE

The irreversible organisational transition — recognising the threshold moment



INFRASTRUCTURE THRESHOLD



The Operating Model Insight

Most organisations cross this threshold quietly, through use rather than declaration. The moment AI becomes essential, operating model requirements change fundamentally. Recognising this moment is critical.

What Leaders Must Do Differently

Before promising scale, make explicit choices about ownership, funding, governance, and accountability. Once the threshold is crossed, experimental operating models become structural liabilities.

From Capability to Infrastructure

Technology creates capability.

Operating models create scale.

The Leadership Imperative

The organisations that will define the next decade are being built through how they choose to operate today.

Technology creates capability. Operating models create scale.

**Executives must move beyond asking:
“How do we deploy AI?”**

**Instead they must ask:
“How must the organisation change in order for AI to succeed?”**

**The leaders shaping AI-driven organisations are not those investing the most in technology.
They are those redesigning how their organisations operate.**



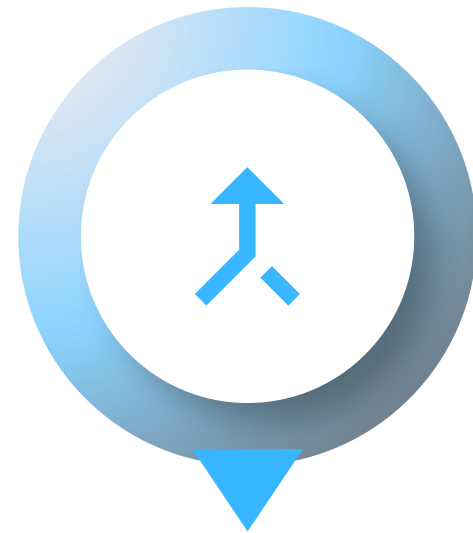
The Playbook

The AI Operating Model Playbook provides a structured framework for redesigning the enterprise to scale AI

The book explores:



Why AI pilots fail to scale



How decision rights determine adoption



How teams must be organised for learning



How governance must evolve for adaptive systems



How organisations transition AI from capability to infrastructure



[Available on Amazon KDP](#)

About Manoj Tavarajoo

Manoj advises boards and senior executives during moments when operating models, governance structures, and delivery approaches must evolve to support new forms of capability.

Over two decades, he has led enterprise transformations across global organisations, spanning technology, operations, and business model change.

He brings a dual perspective as both practitioner and strategist.

Also by Manoj:

Leading the AI Transformation: How Bold Leaders Unlock Value, Reshape Strategy, and Build the Future



Connect :

 [@manojtavarajoo](https://www.linkedin.com/company/manojtavarajoo)

 www.myconsultancy.com.au



MyConsultancy

Advancing AI Operating Models for the Enterprise Era



www.myconsultancy.com.au