

EXECUTIVE BRIEF

MyConsultancy

BEYOND THE AI PILOT TRAP

Why most organisations are scaling AI activity instead of AI value

MANOJ TAVARAJOO

THE AI INVESTMENT PARADOX

**AI investment is accelerating.
AI value concentration is not.**

74%

of organisations have
yet to demonstrate
tangible AI returns

BCG, 2025

5%

of enterprise GenAI
pilots achieve
meaningful P&L impact

MIT GenAI Divide

Top 20%

of companies are
capturing nearly 75%
of AI economic value

PwC Analysis

These are not technology numbers. They are governance numbers.



**Most organisations do not
have an AI capability problem.**

**They have an AI investment
governance problem.**

”

Why AI activity is mistaken for AI value

Most organisations can demonstrate...

- ⚠️ AI pilots and proofs-of-concept
- ⚠️ Experimentation programmes
- ⚠️ Innovation showcases
- ⚠️ AI steering committees
- ⚠️ Rising AI investment reports

Far fewer can demonstrate...

- ✅ Concentrated enterprise value
- ✅ Reusable capability at scale
- ✅ Measurable commercial return
- ✅ Clear outcome accountability
- ✅ Value per dollar of AI investment

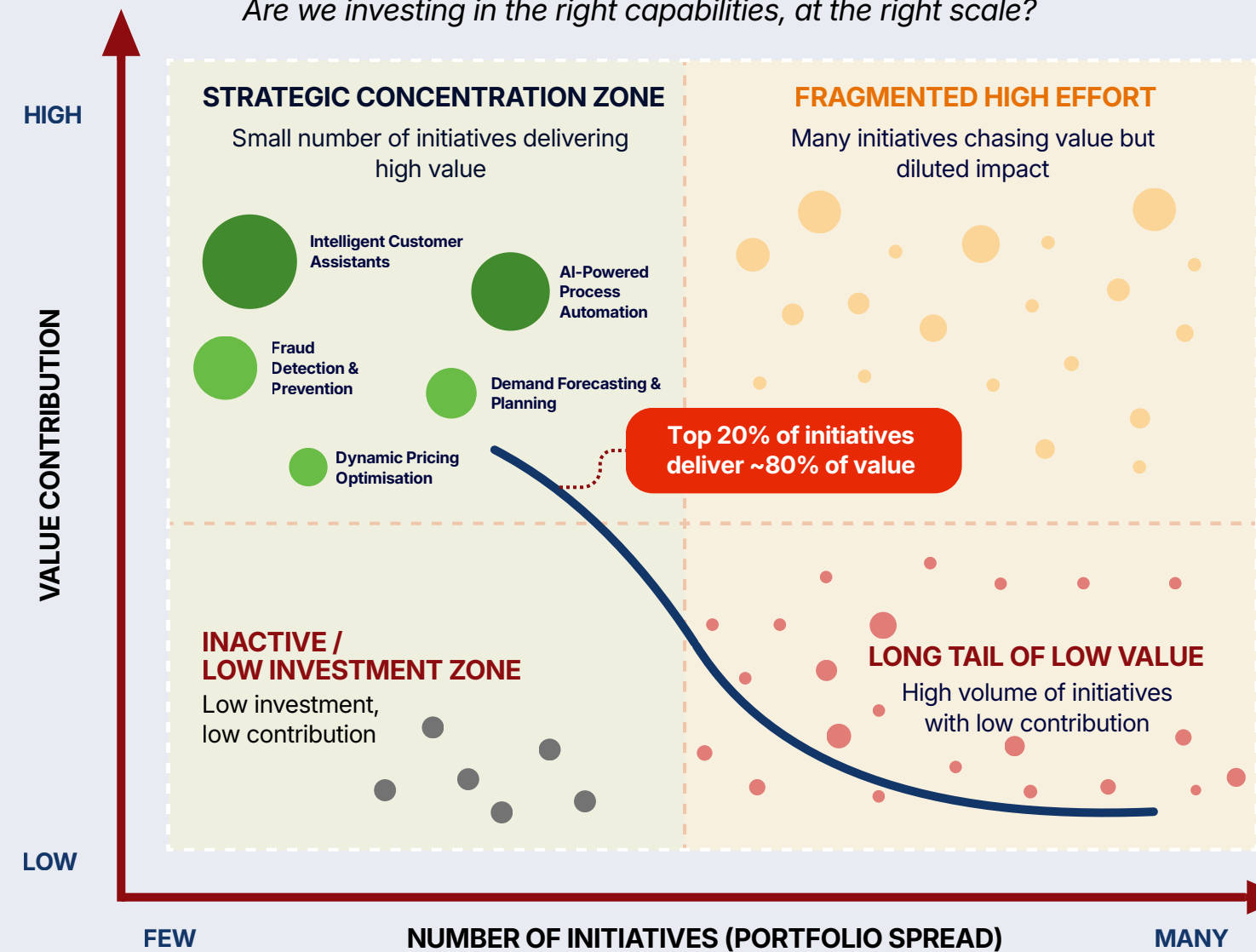
More AI activity does not produce more AI value. Often, it produces the opposite.

THE CONCENTRATION GAP

Where AI value is concentrating and where it is not

AI PORTFOLIO VALUE CONCENTRATION MAP

Are we investing in the right capabilities, at the right scale?



A small number of organisations are capturing a disproportionate share of AI value while most portfolios continue to fragment investment across low-impact initiatives.

WHY PILOT CULTURE PERSISTS

Pilot culture is not a behaviour problem

DESIGNED TO START

- + Approve individual initiatives
- + Distribute funding case by case
- + Reward innovation activity
- + Measure experiments launched
- + Protect short-term budgets

DESIGNED TO SCALE

- + Concentrate investment in capability
- + Fund persistent platforms
- + Reward scaled outcomes
- + Measure enterprise value delivered
- + Enforce explicit kill discipline

Most AI governance models are structurally designed to produce pilot proliferation.



THE STRUCTURAL FAILURE

The wrong unit of governance

USE CASE GOVERNANCE

- + Solves a local problem
- + Variable, project-based funding
- + Ownership by initiative sponsor
- + No requirement to prove reuse
- + Approved initiatives enter a catalogue
- + Success = pilot completed



PORTFOLIO GOVERNANCE

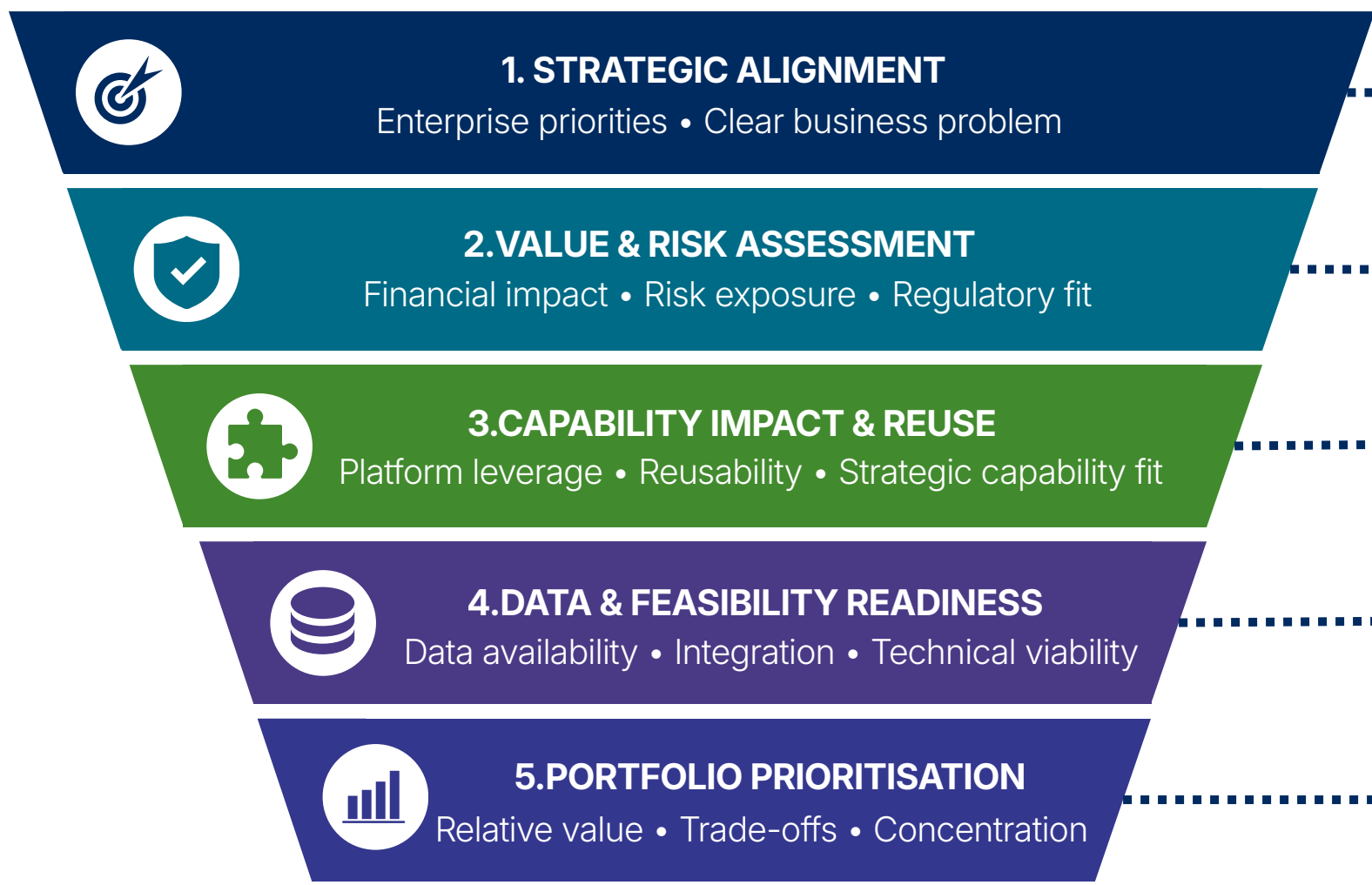
- + Creates repeatable enterprise value
- + Persistent, capability-level funding
- + Business ownership for outcomes
- + Explicit reuse requirements
- + Strategic capability portfolio decisions
- + Success = value at scale

Fragmented governance creates fragmented value.

AI PORTFOLIO GOVERNANCE FUNNEL

AI OPPORTUNITY INTAKE
Single enterprise entry point

GOVERNANCE GATES



- ✓ Strategic fit confirmed
- ✓ Value and risk validated
- ✓ Capability impact approved
- ✓ Feasibility confirmed
- ✓ Portfolio ranking approved

 **CAPITAL ALLOCATION DECISION**
FUND | DEFER | REJECT

- \$ Funding decision made

THE AI PORTFOLIO GOVERNANCE FUNNEL

From fragmented initiatives to concentrated enterprise value

THE CAPABILITY SHIFT

From isolated initiatives to compounding capability



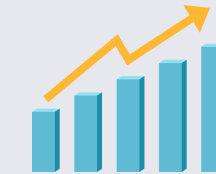
STANDALONE PROJECTS

Each initiative pays full cost.
No accumulation.
No reuse.
No compound return.



SHARED PLATFORMS

Reusable foundations
lower the cost of every
subsequent initiative that
draws from them.



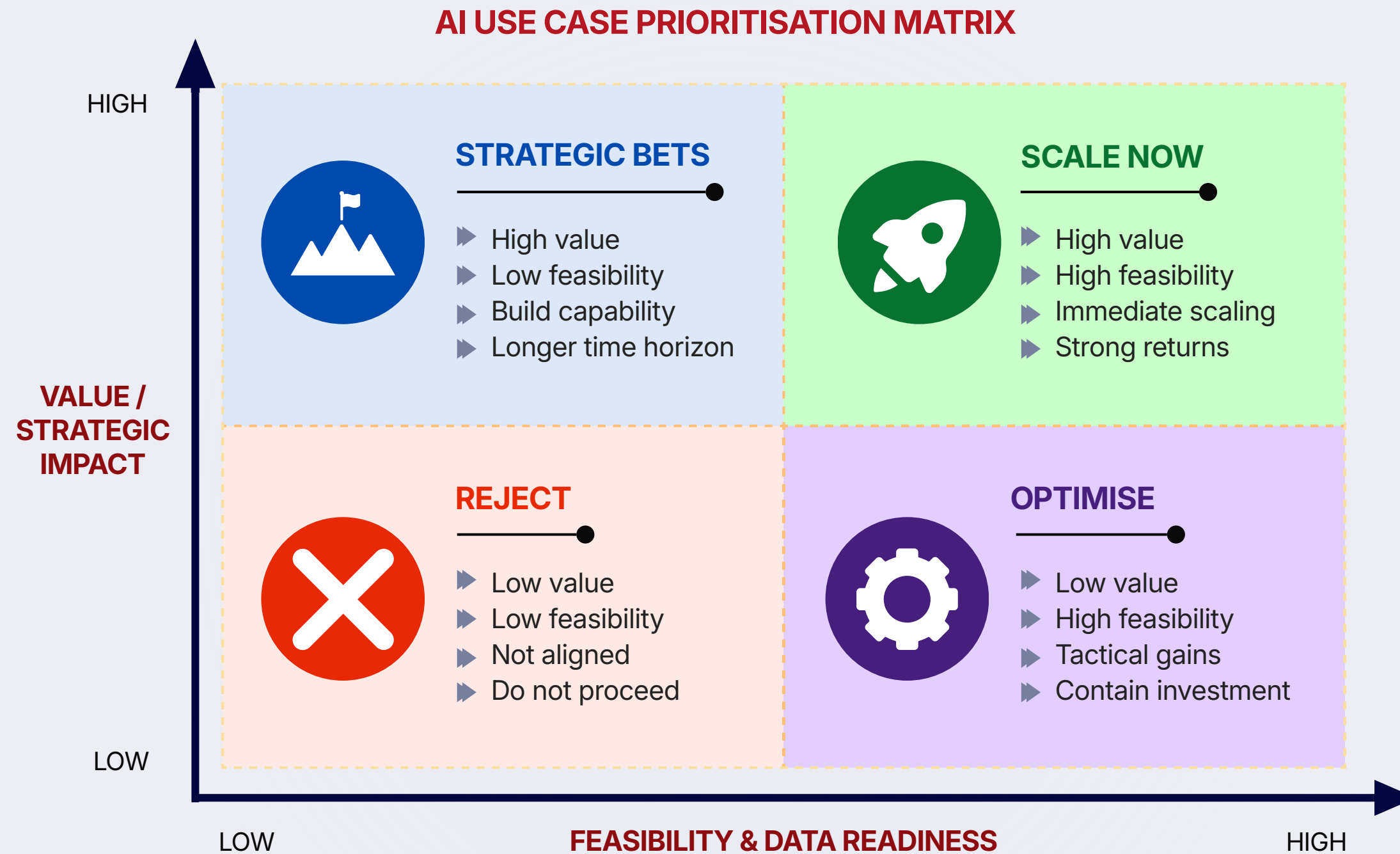
COMPOUNDING CAPABILITY

Each capability built lowers
the cost of the next.
The economics compound.
The competitive gap
widens.

Reuse is not a technical preference. It is the logic of investment efficiency.

PRIORITISATION IS A GOVERNANCE DISCIPLINE

Not all AI initiatives deserve capital

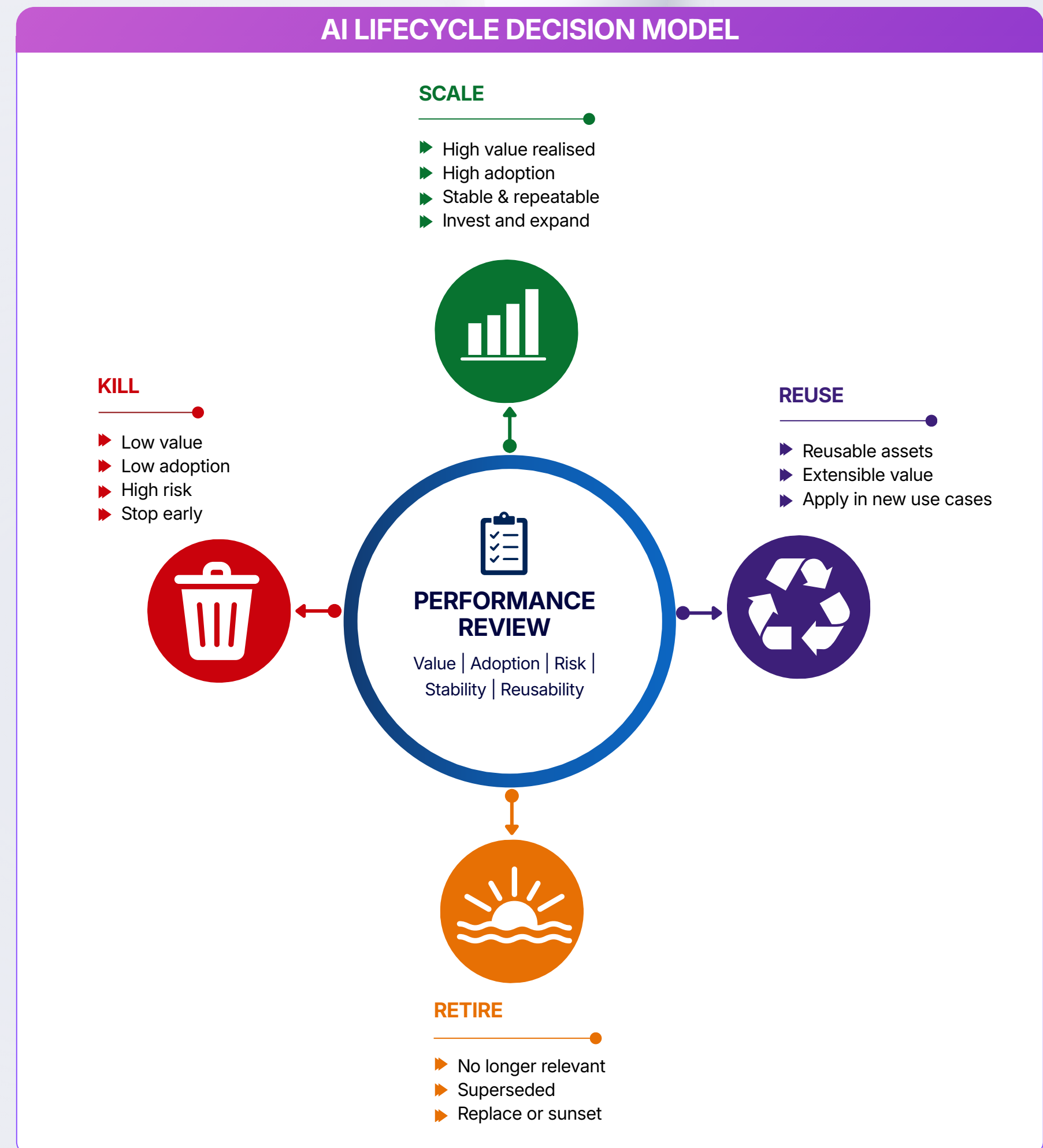


Portfolio governance exists to concentrate investment deliberately, not distribute it evenly.

THE DECISION MOST ORGANISATIONS AVOID

Scale, Reuse, Retire or Kill

Kill discipline is not failure management. It is capital allocation discipline.



WHAT HIGH-PERFORMING ORGANISATIONS DO DIFFERENTLY

The organisations pulling ahead operate differently

Concentrate Investment

Deliberate, concentrated bets on a small number of high-impact capabilities. Resourced properly.

Govern as a Portfolio

AI opportunities evaluated collectively with explicit trade-offs at portfolio level.

Assign Business Ownership

Outcome accountability sits with business leaders. Value is owned, not just reported.

Build Reusable Capability

Persistent platforms and shared foundations reduce marginal cost across all subsequent initiatives.

Stop What Is Not Working

Explicit kill discipline applied early. Capital released rather than consumed by underperformers.

WHAT THIS MEANS FOR YOU

Five questions that should be uncomfortable to answer

1. Are we funding AI initiatives individually or governing them as a portfolio?
2. What percentage of our AI investment is producing measurable enterprise value?
3. Which initiatives would we stop today if capital discipline was applied rigorously?
4. Are we building reusable capability or repeatedly funding isolated use cases?
5. Does our reporting measure activity or value concentration?

If these questions are difficult to answer, the portfolio governance model needs to change.

THE GOVERNANCE SHIFT

The organisations pulling ahead are not experimenting more broadly. They are investing more deliberately.

AI value does not scale through pilot proliferation. It scales through concentrated investment, disciplined governance and the willingness to stop what is not building enterprise capability.

**Most organisations do not have an AI
capability problem.
They have an AI investment governance
problem.**

THE AI TRANSFORMATION FRAMEWORK

Lead AI. Organise AI. Govern AI. Execute with discipline.



**01
LEAD AI**
AI Strategy and Transformation
Leadership

Set direction and ambition

Define the strategic role of AI,
leadership intent, value
priorities and transformation
readiness.

Leading the AI Transformation



**02
ORGANISE AI**
AI Operating Model and
Organisational Design

Design the structure to scale

Establish the operating model,
funding logic, decision rights,
teams and process integration
required for AI at scale.

The AI Operating Model Playbook



**03
GOVERN AI**
AI Governance, Accountability
and Assurance

Define boundaries and accountability

Set the governance, evidence,
accountability, risk and
autonomy boundaries that keep
AI under control in operation.

The AI Governance Imperative



EXECUTE AI
AI Execution
Oversight

Execution oversight turns leadership, operating model and governance into measurable outcomes.

It keeps delivery aligned to strategy, structure and governance commitments.

ABOUT

Manoj Tavarajoo

Manoj Tavarajoo has spent over two decades working with boards, executives and senior leaders across enterprise, digital and AI transformation. His work sits at the intersection of strategy, operating model design, governance and execution, where transformation ambition becomes measurable enterprise capability.

He is the author of *Leading the AI Transformation*, *The AI Operating Model Playbook* and *The AI Governance Imperative*, together forming a practical leadership trilogy on how organisations lead AI, organise for AI and govern AI at enterprise scale.

Manoj leads MyConsultancy, an independent advisory and transformation practice based in Australia, partnering with boards and executive teams on enterprise, digital and AI transformation spanning strategy, operating model design, governance and execution. He also undertakes select senior embedded leadership roles where sustained executive ownership is required to translate strategy into measurable enterprise outcomes.

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THE AI TRANSFORMATION TRILOGY

Three books, one system: how to lead AI, organise for it, and govern it once it acts.



LEAD AI

AI Strategy and Transformation Leadership



ORGANISE AI

AI Operating Model and Organisational Design



GOVERN AI

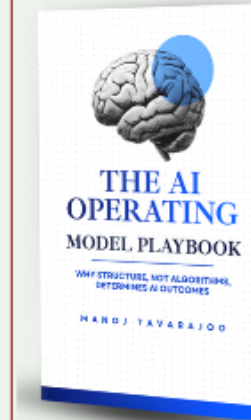
AI Governance, Accountability and Assurance



Leading the AI Transformation **Lead AI**

How Bold Leaders Unlock Value, Reshape Strategy, and Build the Future

A practitioner-focused guide for executives navigating the shift to AI-enabled organisations. Covers leadership alignment, AI strategy, governance, responsible adoption, and building sustained enterprise AI capability.



The AI Operating Model Playbook **Organise AI**

Why Structure, Not Algorithms, Determines AI Outcomes

A structural guide to scaling AI in the enterprise. Examines the operating model decisions that determine whether AI initiatives scale or stall, including portfolio governance, funding logic, decision rights, team design, and process integration.



The AI Governance Imperative **Govern AI**

How Boards and Leaders Govern Value, Risk, Accountability and Autonomous AI

A governance guide for boards and leaders on AI behaviour, evidence, accountability, vendor risk and autonomous systems. At its centre is the Behavioural Envelope, converting approval into a continuous evidence obligation.

The background features a light blue gradient with three concentric white circles. Three white spheres with soft shadows are positioned on these circles: one on the left, one at the bottom right, and one at the top right.

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Beyond the AI Pilot Trap

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