2026

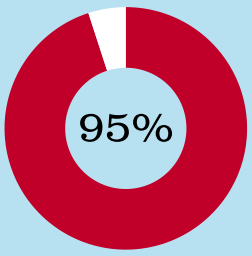
Why your AI investment is not delivering value

Intro

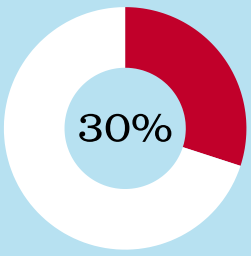
There is real momentum behind AI right now, but the uncomfortable truth is that implementation is where most value leaks out. MIT-backed research widely cited in the market suggests that around **95% of enterprise GenAI pilots deliver no measurable impact on P&L.** The headline is provocative, but the underlying point is more important: failures are not mainly because the models are "not good enough", but because organisations struggle to integrate AI into the operational reality of how work gets done.

Gartner research suggests a meaningful portion of projects will not survive the jump from proof-of-concept to production: **30% of GenAI projects are expected to be abandoned after POC by the end of 2025, and over 40% of agentic AI projects are expected to be cancelled by the end of 2027,** driven by cost, unclear value, and risk controls.

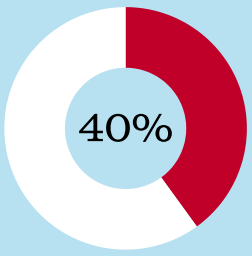
So, if the technology is accelerating, why does delivery keep stalling? Why do organisations repeatedly fail to generate value and deliver the original business case and ROI once AI-led technology is bought in?



of enterprise GenAI pilots deliver no measurable impact on P&L*



of GenAI projects are expected to be abandoned after POC by the end of 2025*



of agentic AI projects are expected to be cancelled by the end of 2027*

*sources detailed on final page

So, if the technology is accelerating, why does delivery keep stalling? Why do organisations repeatedly fail to generate value and deliver the original business case and ROI once AI-led technology is bought in?

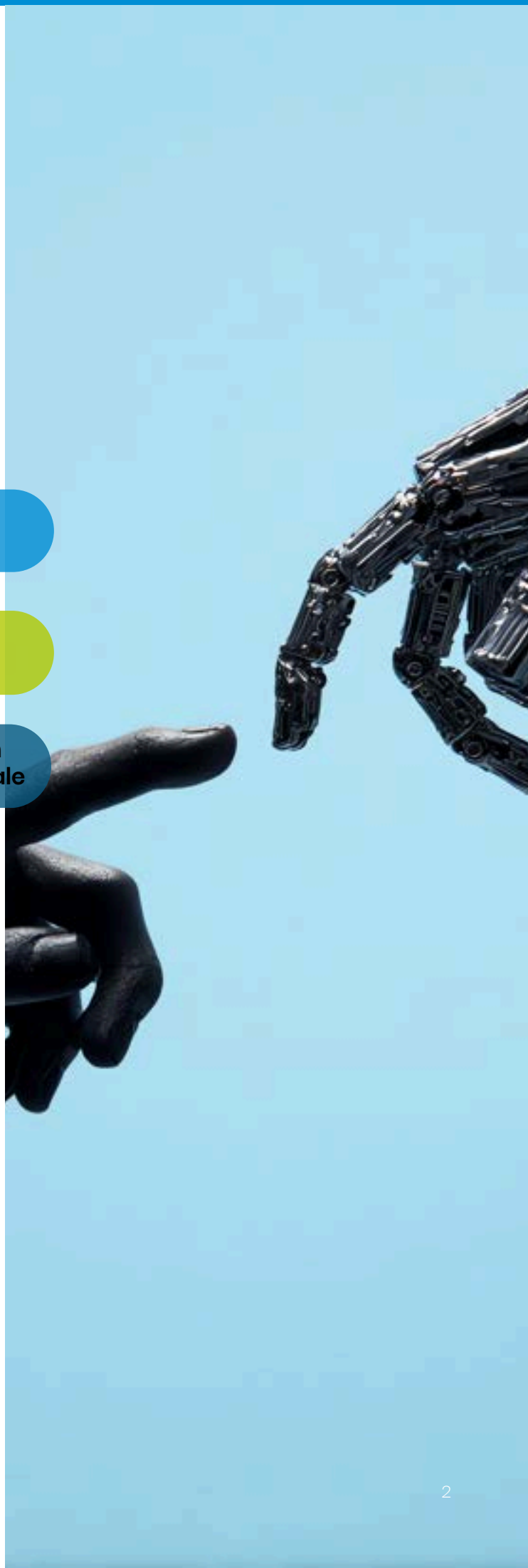
The truth is: most organisations over-invest in architecture and under-invest in three areas that determine whether AI becomes real work that benefits the business:

1. **New ways of working**
2. **Behaviours and adoption**
3. **An operating model that can sustain and govern AI at scale**

These are not "soft" topics. They are the backbone of delivery: people, process, and operating systems working together.

- **How will work change?**
- **What behaviours will shift, and how will we reinforce them?**
- **What operating model will sustain AI at scale, with a set of procedures, tools and metrics to control management activities ?**

Most organisations do not ignore these deliberately. They overlook them because they are harder, slower, and less glamorous than rolling out a pilot.



1.New Ways of Working:

AI changes the way you work, and it is not just a toolset

The AI race is on. Investment is rising. Expectations are high. So why does delivery still break down, and why do so many organisations fail to turn AI-led technology into measurable value and realised ROI?

Decisions move closer to frontline teams

AI can surface insights and recommended actions in real time. If you do not redesign decision-making and escalation, you simply add more information to an already overloaded system.

In a managed service provider or contact centre, AI can quickly suggest the likely cause of an issue and the next best action, but if agents still have to follow the same scripts, route tickets through the same queues, and get approval for anything outside the standard process, resolution times do not really improve. In that situation, AI becomes a helpful hint on the screen rather than changing how incidents are diagnosed, prioritised, and closed end-to-end.

Work becomes probabilistic

Even strong models do not behave like deterministic systems. Teams need clarity on when AI output is "good enough", what counts as an exception, and how to handle edge cases without creating bottlenecks.

People's roles shift from doing to orchestrating

With AI agents, people are no longer completing tasks end-to-end. They are setting intent, validating outcomes, managing exceptions, and approving actions. Without redesigned workflows, this feels like additional work, not less. This shift also demands training and upskilling. Orchestrating is a different skill set: defining intent clearly, applying judgement to validate outputs, handling exceptions, and knowing when to escalate or approve. Without building these capabilities, teams will not trust the outputs and the effort simply moves from "doing" to "checking". This is one reason Gartner expects many projects to be abandoned after proof of concept: pilots prove the concept, but they do not prove the workflow.

A quick reality check:

If you removed the AI tomorrow, would the team's day look the same?
If the answer is yes, you have not changed the work. You have just added a feature.

2.Behaviours:

Adoption fails for rational reasons, not because people resist change

When AI stalls and does not deliver expected results, leadership teams often reach for familiar labels: culture, mindset, and resistance from the workforce.
In practice, the behavioural blockers are usually rational.

Trust and blame

If AI recommends an action and it goes wrong, who carries accountability? If that is unclear, teams will either over-trust the tool and increase risk or under-use it and underdeliver value.

Confidence and competence

Training helps, but what matters more is whether people feel safe using AI in live environments, with clear guardrails and coaching. Without that, adoption becomes a quiet opt-out.

Middle management reality

Frontline teams will use AI where it helps and avoid it where it creates risk. Senior leaders will sponsor. But middle managers and supervisors are expected to deliver performance every day. If their measures, targets, and incentives stay the same, they will default to the old way of working because they are accountable for stable service and predictable outcomes.

In a regulated industry like Financial Services, AI can flag potentially fraudulent claims or suspicious transactions in real time. But if team leaders are still measured mainly on throughput and handling time, they will naturally push teams to keep the line moving and avoid extra checks that could slow processing down. If, instead, leaders are measured on outcome quality and risk reduction, they will encourage those checks, reinforce the right behaviours, and make AI part of normal day-to-day work.

This is why many AI initiatives create initial excitement and then fade. The technology "works", but the organisation never makes it normal.

Harvard Business Review captured a similar idea in late 2025 that AI initiatives fail less because models are weak and more because organisations are not built to sustain them.

3.Operating Model:

AI adoption fails when ownership is unclear, and governance is an afterthought

AI becomes expensive and delivers little value when it scales without structure. Agentic AI makes this sharper because agents can act across systems, trigger transactions, and carry out tasks end-to-end. That forces a few operating model basics:

Spans of control and decision rights: what can the AI agent do automatically, and what needs human approval?

Issue management: how are issues logged, triaged, fixed, and learned from, and who is accountable?

Review: how often do you formally review performance, risk, incidents, and realised benefits, and who leads that cadence?

Roles and responsibilities: who owns the end-to-end outcome when work spans functions?

Change ownership: who approves and owns changes to prompts, rules, tools, and workflows?

Controls: what control reports are required, who reviews them, and how often?

Without clear answers, scale becomes fragmented. Teams build their own copilots and agents with different rules and standards, leading to inconsistency, higher risk, and no single point of accountability.

In the transport field engineering, an AI agent might book jobs, order parts, and send customer updates. But if it is not clear what the agent can do on its own, when it must escalate, and what happens when parts or schedules change, things quickly unravel. You see missed appointments, wasted travel time, and confused customer communication. The issue is rarely the algorithm; it is the operating model around it: clear roles, handoffs, approvals, and control points.

This is not hypothetical. Reuters has reported that regulators in financial services are increasingly focused on agentic AI, particularly around autonomy, speed, and accountability. The more autonomous the system, the more explicit the operating model needs to be.

Gartner's forecast that over **40% of agentic AI projects will be cancelled by end-2027** is a warning of what happens when cost, controls, and value ownership are not designed in from the start.

Why are these three factors overlooked?

They get missed because architecture feels concrete: vendors, roadmaps, milestones, and clear ownership. The "softer" parts sit across functions and require tougher decisions: what work stops, how roles change, who owns decisions, and which controls are non-negotiable. These are leadership and operating model decisions, not just IT or Technology delivery, and they are hard to bolt on once a pilot is underway.

Three key questions leaders should ask:

1. **What workflow are we changing end-to-end, what will we stop doing and what will we need to start doing?**
   If you cannot answer clearly, it is exploration, not value.

2. **What behaviour needs to change, and how will we reinforce it through measures and routines?**
   If the answer is training, adoption will be patchy.

3. **What operating model will govern value, risk, and change control at scale?**
   If the answer is "IT owns it", the business will not fully trust it.

AI transformation needs more than a technology platform decision. It needs an operating system for delivery and scale. One of Managementors' core offerings in delivering business performance improvement is acting as a critical friend to help organisations land technology implementations in a sustained way, so they deliver value, close out the business case, and accelerate ROI. We do this by aligning people, process, and the operating model around the technology, avoiding delivery drag, and turning AI into measurable business performance improvement rather than a one-off pilot.

To learn more, get in touch:
Chetan Shrouti - cshrouti@managementors.co.uk / 01256 883939

Sources

https://fortune.com/2025/08/18/mit-report-95-percent-generative-ai-pilots-at-companies-failing-cfo

https://www.gartner.com/en/newsroom/press-releases/2024-07-29-gartner-predicts-30-percent-of-generative-ai-projects-will-be-abandoned-after-proof-of-concept-by-end-of-2025

https://www.reuters.com/business/over-40-agentic-ai-projects-will-be-scrapped-by-2027-gartner-says-2025-06-25/

https://www.reuters.com/markets/funds/agentic-ai-race-by-british-banks-raises-new-risks-regulator-2025-12-17/

https://hbr.org/2025/11/most-ai-initiatives-fail-this-5-part-framework-can-help

Report written by:
Chetan Shrouti
Managing Director - IT and Telecoms

Contact

Managementors Ltd
11-13 High Street, Theale, RG7 5AH
(0)1256 883939

www.managementors.co.uk
enquiries@managementors.co.uk