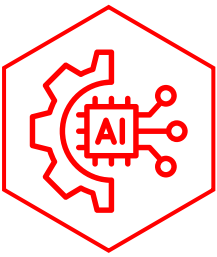


Manuka



The Band-Aid Problem in AI

Engineering Strategic AI
for a Disruptive Future



AI – Not if or when, but **how**

The most forward-thinking companies aren't just adopting AI, they're transforming their businesses with it, building a competitive edge that wasn't possible before. **It's time to get excited about what's next.**

AI is no longer a tech novelty, it's a powerful business tool. The right approach solves your most pressing business challenges and delivers tangible, measurable returns.

We're talking about systems that don't just "assist" you; they take a fragmented data landscape and unify it. They go beyond efficiency improvements, to radically reduce decision-making time, streamline workflows and increase your confidence to act.

Applying AI strategically builds a scalable foundation that ensures your investments are targeted and your data is trustworthy.

In short, the future belongs to businesses that use AI to build with purpose, not to those who just dabble in it.

“

“AI is the chance for legacy firms to start over without starting from scratch. Use data as fuel, not ballast, and you can reinvent how the business runs — faster, clearer, better. At SynapseDX, we’ve seen it in healthcare: moving from disjointed phone calls and paper notes to AI-powered platforms that connect patients and clinicians in real time. That shift isn’t just efficiency — it’s reinvention.”

Maria Bine, CEO, SynapseDX

The question isn't if you should adopt AI.

It's **how**.

The problem isn't the technology, it's a profound misalignment between ambition and execution. That's why its undoubted promise often goes unfulfilled.

Many companies fall into a dangerous trap of superficial adoption, launching “safe” pilot projects that have little connection to core business objectives.

They treat AI like a technical novelty, not a strategic imperative, often overlooking the foundational elements required for success.

95%

of AI projects **fail** to deliver meaningful value.

(The GenAI Divide: State of AI in Business 2025 by MIT).

We call this the ‘Band-Aid problem’.

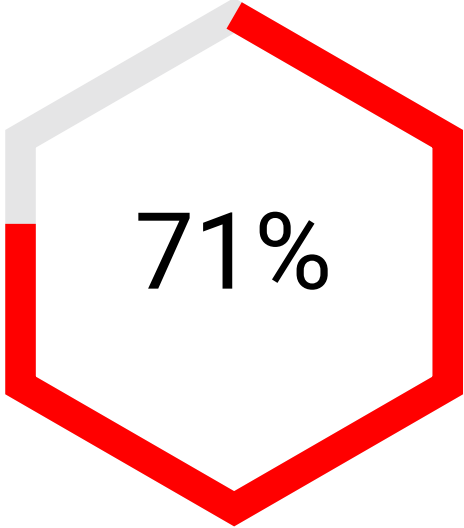
The fix? A roadmap for strategic, not superficial, AI adoption.

It begins not with technology, but with a clear, high-value business opportunity.

This approach ensures your investments are targeted, data is trustworthy, and AI is seamlessly integrated into the business to create tangible, measurable returns.

The time for reactive, piecemeal AI adoption is over.

The AI implementation problem: Promise still outpaces value



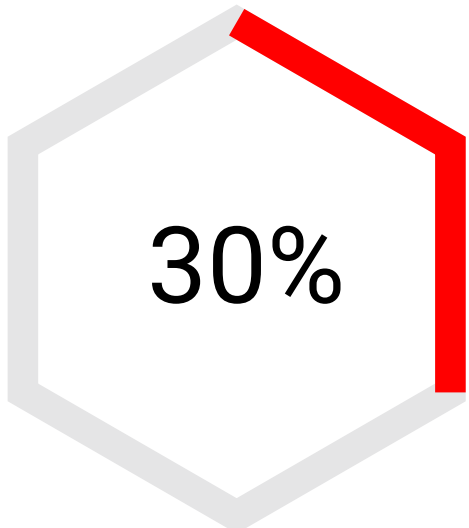
71%

of companies are actively using or piloting AI.

(Source: Kore.ai)

However, only 30% of organisations reported feeling equipped to move beyond pilot projects to full-scale, production-level adoption.

(Source: CFOtech UK)



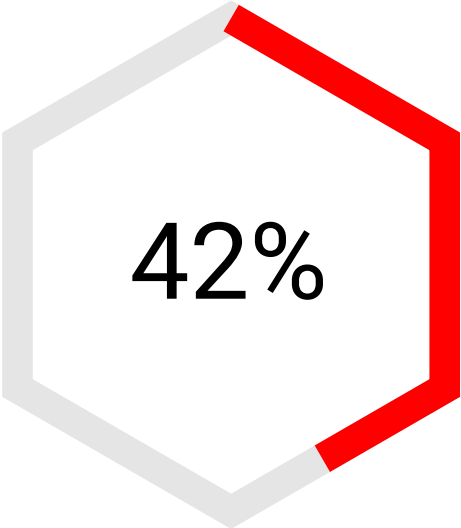
30%



2/3

Almost two-thirds of enterprises admit to being unable to transition pilots into production.

(Source: CIO Dive)



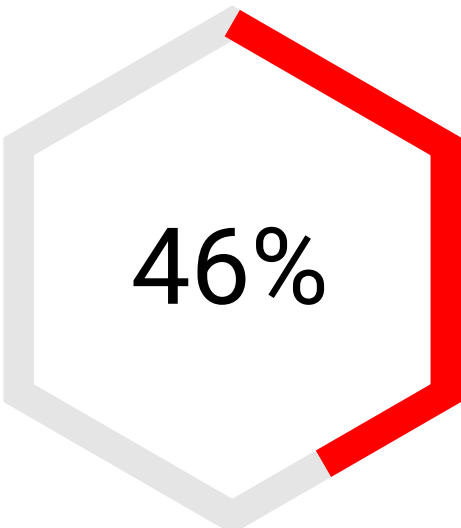
42%

The share of companies abandoning most of their AI initiatives has surged to 42%, up from just 17% in the previous year.

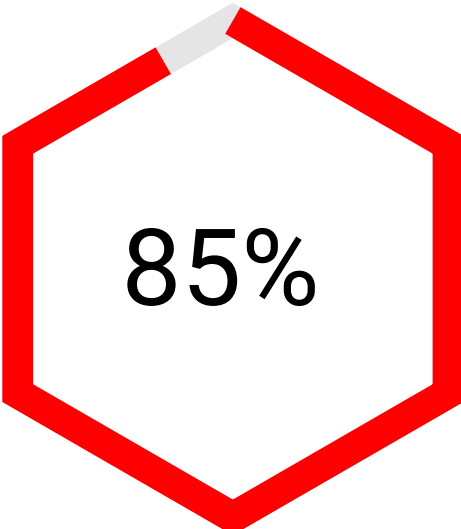
(S&P Global)

The average organisation scrapped 46% of AI proof-of-concepts before they reached production.

(Source: S&P Global Market Intelligence, via CIO Dive)



46%



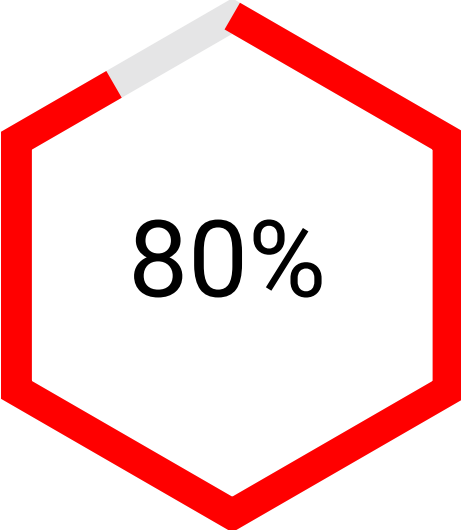
85%

85% of AI initiatives fail to deliver on their promised value. A key reason for this failure is not the AI itself, but rather foundational issues such as messy data and broken business processes.

(Source: Gartner)

The Disparity in Success: The 80% of AI projects that fail often do so before the public ever knows about them. The top reasons for this failure are strategic misalignment, poor data quality, and a lack of quality processes to properly prepare data. These failures have little to do with the performance of the AI model itself.

(Source: University of Queensland Business School)



80%



**Significant potential for those that succeed:
For companies that get it right, the rewards
are **substantial**.**

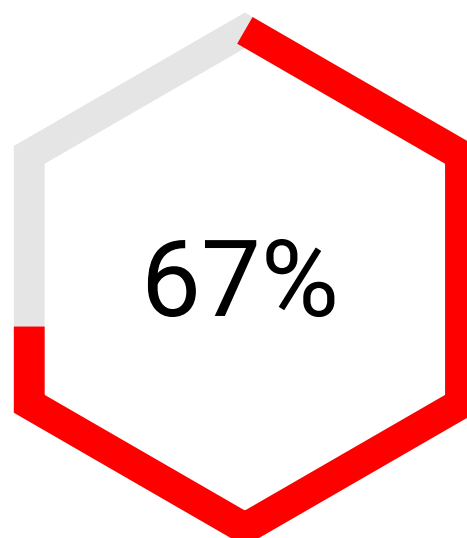


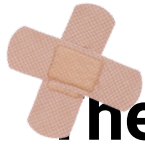
Deloitte's analysis found that for Fortune 500 companies, there is as much as US\$1.25 trillion in market cap to be gained from successful AI implementation.

(Source: Deloitte)

Purchasing AI tools from specialised vendors and building partnerships succeed about 67% of the time, while internal builds succeed only one-third as often.

(Source: MIT)





The "Band-Aid" Problem:

Why quick fixes fail to deliver value

Many businesses are drawn to what we call the “band-aid” approach to AI. Single-purpose, tactical implementations that address an isolated problem without considering the wider business context. While this feels like an easy and safe starting point, the stats prove it rarely leads to **long-term, game-changing value**.

The appeal and the pitfall of the band-aid

It's easy to understand why companies opt for this approach. The pressure to "do AI" is immense, and quick, low-risk pilot projects offer a way to show progress without committing to a full-scale transformation.

These projects, often focusing on a single use case like a simple chatbot or a small process automation, are easy to sell internally and feel like a tangible first step. However, this focus on a single symptom often means businesses miss the wood for the trees.

The path to strategic AI

To avoid the band-aid problem, companies must shift their perspective from a tactical "use case" mindset to a strategic "value chain" view.

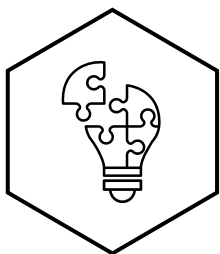
This means analysing the entire business, from customer acquisition to post-sale support, to identify and target the most impactful areas for AI intervention.

This holistic approach ensures that AI is not just a tool for a quick fix, but a core driver of long-term business transformation and competitive advantage.

By concentrating on a small problem, businesses overlook the larger, more strategic opportunities that could truly redefine their operations or market position.

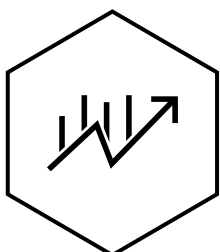
This is the difference between implementing a single chatbot for customer service and completely reimagining the entire customer experience with a suite of interconnected AI agents.

3 reasons to move beyond AI band-aids



Solve deep-rooted problems

Superficial AI solutions often fail to address core business challenges. For example, a company might use AI to automate a single step in a broken workflow rather than fixing the entire process. This can create new bottlenecks, as the faster, AI-powered step is still dependent on a slower, manual one. It's like putting a new engine in a car with a flat tire, the fundamental issue remains, and you won't get anywhere fast.



Unlock long-term ROI

Band-aid solutions are typically developed as isolated projects, with little consideration for their scalability or integration with other systems. This results in AI models that are expensive to maintain, difficult to update, and quickly become obsolete. Without a strategic vision, a single point solution provides minimal return on investment and can even lead to more costs down the line.



Build trust in AI

When an AI project fails to deliver on its promise, it creates a lack of trust in the technology across an organisation. This makes it much harder to win the case for more strategic AI initiatives down the line. Employees may become resistant to new technology, and leadership may be unwilling to allocate further resources, creating a cycle of underperformance.



The Strategic Shift: From band-aids to hotspots



Gareth Martin,
CEO, Manuka AI



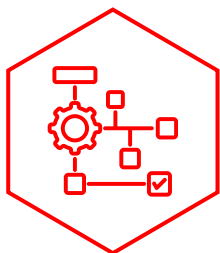
"If it doesn't match your business strategy, all your AI projects will fail. Aiming for growth? Then invest in AI that will promote growth. Aiming for cost cutting? Look for AI efficiency gains. This sounds obvious, but you can't use AI to pursue every possible goal."



Aligning AI with strategy is the transformative opportunity many are missing.

The first step to AI-powered strategic change is a comprehensive value chain mapping exercise.

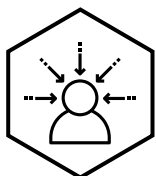
This disciplined process identifies high-impact opportunities for AI by viewing your business as an interconnected system of value creation rather than a collection of individual tasks.



Mapping your value chain to uncover AI hotspots

Start at the enterprise level before focusing on a specific line of business. Trying to map an entire large-scale organisation at once can be an overwhelming and often futile exercise. By narrowing your scope, you can gain a deep, actionable understanding of a single business unit.

There are two ways to approach the mapping process, depending on your business's natural orientation:



The customer-centric approach

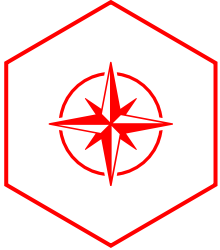
Start at the very end of the chain - the moment a customer buys your service or product. From there, work backward to uncover all the underlying processes, decisions, and activities that enabled that final transaction. This method is ideal for service-oriented or consumer-focused businesses.



The product-first approach

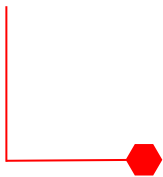
Begin with the creation of your product and trace its journey forward through design, manufacturing, marketing, sales, and delivery. This is often the natural starting point for product-driven companies.

As you chart the processes, you'll begin to see where value is added and, just as importantly, where costs are incurred. This is the critical juncture where financial data becomes your most powerful tool. You don't need to go into granular detail of every process, even at a very high level it will be clear which processes are costing most or generating most value. These are the best areas to focus on.



The P&L is your compass

Profit and loss is a particularly effective starting point. Think of your value chain as a complex, sprawling network of activities and decision points.



Your profit and loss helps you find the hotspots within this network – the areas with the largest financial impact, whether through high costs or high-value revenue streams.

For example, a profit and loss line item such as ‘logistics and shipping costs’ that represents a massive chunk of your operational budget is a definite hotspot. This number isn’t just a cost, it’s a signal to investigate the processes that generate it.

Collaborating with the financial leadership of your company, the CFO or CRO, is vital here. These executives are often the key sponsors of a successful AI transformation because they understand the flow of capital better than anyone. By digging into your finance data, you can identify the most significant financial levers in the business.

Once you have identified a hotspot, it’s time to move from a high-level financial view to a detailed process analysis.

The goal is to zoom in and dissect the individual processes, costs, and revenue components within that hotspot to find specific areas that are underperforming.

The key here is to focus on re-engineering the process and resist the urge to apply a quick-fix AI solution to a single symptom.

Re-engineering process problems into revenue drivers

Let's consider a common hotspot: the sales department. A typical band-aid response to sales reps losing deals might be to use AI to generate better sales decks. While this is a minor improvement, it fails to address the underlying process flaws causing customer churn.

Instead of...

Problem: Sales reps are losing deals.



Band-aid AI Solution: Use AI to create more compelling sales presentations.

Focus on re-engineering the process:

Problem: The sales process is broken, leading to high customer churn and poor repeat business.

Strategic AI-Driven Re-Engineering Approach:



Map the full process: Chart every step, from initial lead qualification to closing the sale and providing after-sales support.



Identify breakpoints:

Pinpoint the decision points or activities that are creating friction. Is it a manual, slow lead qualification process? Is there a lack of automated follow-up that leads to lost opportunities? Is the after-sales support so poor that it prevents repeat business?



Deploy AI strategically: Solve systemic issues by applying AI at critical points to solve systemic issues. Use AI for intelligent lead scoring to ensure reps focus on the most promising prospects. Implement AI-powered systems to automate and personalise follow-up communications. Deploy AI to analyse customer feedback and proactively address support issues, increasing customer loyalty.

This approach transforms your AI strategy from one of small, disconnected projects to a powerful driver of business value.



By leveraging AI to re-engineer core processes, you not only improve efficiency but also enhance customer lifetime value, reduce your cost of sales, and ultimately create a more robust and profitable business model.

AI in action:

A worked hypothetical - re-engineering a retail value chain

By leveraging AI to re-engineer core processes, you not only improve efficiency but also enhance customer lifetime value, reduce your cost of sales, and ultimately create a more robust and profitable business model.

To illustrate how strategic AI can reshape enterprise operations, consider Moda: a fictional, medium-sized retail clothing company facing stagnating growth and rising operational costs. While the company isn't real, the scenario is based on real-world patterns, and the solutions reflect our methodology and philosophy in practice.

Moda's executive team had initially explored an AI-powered styling tool for in-store sales associates, a 'Band-AI' solution that, while innovative, failed to address their core business challenges. Instead of pursuing point-solution innovation, Moda's leadership took a more strategic path. They used value chain mapping, aligned with their CFO, to assess their primary revenue engine: direct-to-consumer e-commerce.

Finding their hotspots

A deep dive into their profit and loss statement revealed two major hotspots in their e-commerce value chain:

Returns and reverse logistics

25% of all online purchases were returned, with the cost of processing these returns (shipping, inspection, restocking) representing a significant financial drain.

Customer acquisition cost (CAC)

The cost of acquiring new customers through digital marketing was rising sharply, eroding their profit margins on initial purchases.

Re-engineering their process

Moda's team realised the two hotspots were deeply interconnected. High return rates are often a symptom of poor customer fit, which drives up CAC as they have to spend more to replace lost customers.



To address the problem they re-engineered the customer journey from initial product discovery to post-purchase support:

Before the purchase (targeting and discovery):

Old process: Generic product recommendations and ads based on basic browsing history.

New AI-driven process: Implement a sophisticated AI model that analyses customer data (purchase history, browsing behaviour, and returns history) to provide highly personalised product recommendations. This helps customers find items they are more likely to keep, reducing future returns.

During the purchase (fit and sizing):

Old process: Standardised size charts and customer reviews.

New AI-driven process: Integrate an AI-powered virtual fitting tool. Customers upload their measurements or a photo, and the tool uses AI to predict the best size and fit, significantly reducing the primary reason for returns.

After the purchase (retention and support):

Old process: Standardised email confirmation and a generic returns portal.

New AI-driven process: Use AI to predict which customers are at high risk of returning an item. Automatically trigger a personalised email with styling tips, alternative sizing information, or a special offer on a related item, encouraging them to keep the original purchase and explore complementary products.

By strategically applying AI across the entire value chain instead of on one isolated task Moda simultaneously tackled its high return rate and high CAC. The result is a more efficient business model with lower costs and higher customer lifetime value.

Identifying hotspots in your business

To help get you started on your strategic AI journey, here are some questions that will highlight where AI could make the biggest difference.

- **Where are we spending most money, and which processes drive those costs?**
For example: Customer service costs are a major line item. Which inquiries dominate and how many people are needed to handle them?
- **What is the biggest friction point for our customers and what is the cause?**
For example: Slow order fulfilment frustrates customers. Is the bottleneck in the warehouse, with our shipping partners, or in our inventory management?
- **Which of our processes rely on manual, repetitive data entry or decision-making?**
For example: Finance spends a week reconciling invoices each month. Can this be automated?
- **Where do inefficiencies or errors cost us the most?**
For example: Perishable goods spoil frequently. Can we use data to better predict demand and optimise our inventory levels?
- **Which teams have the highest staff turnover or constant hiring needs?**
For example: Call centre turnover is 50% annually. What processes drive people away?
- **What critical processes lack clear performance measures or decision making visibility?**
For example: Marketing makes ad-hoc decisions on campaign spending. Could a data-driven approach optimise our ad budget in real-time?
- **Why do we lose sales or customers to competitors?**
For example: Slow quoting processes frustrate customers. Can AI instantly generate accurate quotes?
- **Where is decision-making slow, inconsistent, or intuition driven?**
For example: Underwriters rely on experience to approve loans. Could AI analyse a wider range of data points to make faster, more accurate decisions?
- **Which costly parts of our product or service are not valued by customers?**
For example: Returns processing is expensive. How can we improve the customer experience before they consider a return?
- **What large datasets do we collect but not use strategically?**
For example: We have years of sensor data from our manufacturing equipment. Can AI proactively predict equipment failures?

Turn your hotspots into competitive advantage

Applying superficial AI band-aids will put your business in the slow lane.

But it's a mistake that keeps getting repeated: businesses fail to solve the root problem, miss out on long-term ROI, and undermine trust in a powerful technology.

Hopefully we've shown how thinking strategically about AI is a better way forward, that can kickstart a complete transformation of your data capabilities and underpin growth.

We truly believe the companies that thrive will be those that build AI with purpose.

 **Dabbling with pilot projects isn't enough.**

Stop focusing on quick fixes and start thinking bigger. It's time to create a roadmap for strategic AI adoption – one that begins with a clear, high-value business opportunity.

As we've highlighted, the first step is identifying process hotspots that are holding your business back, hitting margins, profits and customer retention.

If you'd like our help addressing those hotspots and transforming your end-to-end processes with AI so they become drivers of competitive advantage, get in touch.

Get in touch

 **Manchester – London – Liverpool**

 **www.linkedin.com/company/manukaai**

 **www.manuka-ai.co.uk**

