Stage-Gates for AI Pilot Funding

Pilots are cheap to start and hard to stop. Write the stop decision down before the first model call.

46%

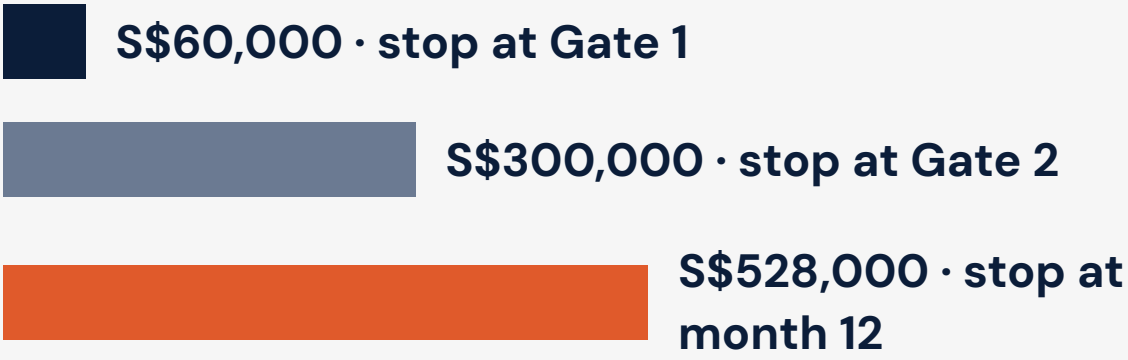
of proofs of concept scrapped before production by the average organisation

S&P Global Market Intelligence, 2025. Gartner expected at least 30% of generative AI projects to be abandoned after proof of concept, and over 40% of agentic projects to be cancelled by end of 2027.

People keep funding what they have already funded

Staw's 1976 experiment showed it: participants who made the first decision put more money in after bad news. Late stops come from a cost overrun. Early stops come from a fixed date and a different decision-maker.

Pay for the answer, a stage at a time



The same answer costs 8.8 times as much if the stop comes at month twelve. Illustrative worked example.

Four parts to every kill criterion

- **Threshold**: the number that changes the decision
- **Measure**: method from part 3, with confidence
- **Date**: gate date and data cut-off
- **Owner**: someone who did not build the pilot

Scale, extend once, or stop

TIME SAVED PER REPLY	DECISION
2.4 minutes or more (target)	**Scale**
Between 1.2 and 2.4	**Extend once**, with a named reason and a changed condition
Below 1.2 (kill threshold)	**Stop**

Criteria change only before the gate's data is opened.

Who presents, signs, checks and hears

CAIO	Presents the evidence. Does not sign.
CFO	Signs the release or the stop.
Independent reviewer	Checks the measurement followed the charter.
Committee	Hears the second extension and any override.

A stop is a decision with a record

- Use-case ID, gate and date

- Criterion breached, copied exactly
- Result, method, confidence
- Spend, and balance returned

Plus signatories and shutdown actions: keys, routes, commitments, cost tag.

Six numbers show if the gates are used

- Stop rate at each gate

- Extension rate
- Gates held on date
- Charters signed at Gate 0
- Days from breach to decision
- Spend after breach

CLOSING

Make the stop decision boring: threshold on paper, date in the diary, a different person signing.



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SAVE · COMMENT · FOLLOW

AI BENEFIT REALISATION · PART 5