

THOUGHT LEADERSHIP

Meet the Maestros: Nickesh Kumar on the Importance of Benefits Realization

Learn how to establish clear, measurable targets to align stakeholders and achieve benefits realization successfully.

Jay Goldman March 13, 2025



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In today's rapidly changing business landscape, organizations are constantly implementing transformation initiatives to stay competitive. But how many of these projects actually deliver the value they promise? In a recent interview with transformation consultant Nickesh Kumar, we explored the critical discipline of benefits realization—the process of ensuring projects deliver their promised value from inception to completion and beyond.

What is Benefits Realization?

Benefits realization is the end-to-end process of tracking, measuring, and ultimately delivering the value promised by business transformation initiatives. As Kumar explains, "Benefits realization is going

to get even more important in the future" due to increasing competition, globalization, and technological advancement.

The process spans the entire project lifecycle:

- Starting with clear targets and alignment on expected value
- Continuously tracking progress toward those targets during implementation
- Measuring and verifying actual benefits after project completion
- Course-correcting when necessary to ensure value is delivered

Why Many Transformation Projects Fail to Deliver Value

Despite significant investments, many organizations struggle to realize the full value of their transformation initiatives. Kumar identifies several common pitfalls:

1. **Misalignment across the organization:** Different departments often lack a shared understanding of project benefits
2. **Project teams focused on completion rather than value:** Teams may prioritize finishing on time and on budget over delivering actual benefits
3. **Unrealistic benefit projections:** Some promised benefits were never achievable in the first place
4. **Scope creep:** Projects that start with clear objectives can expand to include multiple initiatives, diluting the focus on original value targets

Key Insights for Effective Benefits Realization

1. Start with Clear Value Targets and Organizational Alignment

The foundation of successful benefits realization begins with establishing clear, measurable targets. Kumar emphasizes that these targets must be accompanied by a methodology for calculation and tracking, and—crucially—alignment across all stakeholders.

"The amount of times I've been in companies and functional silos... But actually, it comes down to other parts of the organization committing to deliver those benefits as well," Kumar notes.

2. Distinguish Between Hard and Soft Benefits

Kumar differentiates between "hard" benefits (easily measurable, often financial) and "soft" benefits (harder to quantify, such as improved employee engagement or brand awareness). While both are important, organizations should primarily focus on tracking hard benefits to ensure concrete value delivery.

3. Incorporate Benefits into Regular Project Governance

Benefits realization shouldn't be a separate process but integrated into existing project management frameworks. Kumar advises making benefits a central part of project tracking: "Put benefits realization as front and center [in your project management tools]. So it becomes part of that routine."

4. Establish Clear Baselines

You can't measure improvement without knowing your starting point. Kumar notes that establishing baselines is "often the hardest thing" but essential for meaningful measurement. These baselines should be agreed upon across the organization and may need adjustment as projects evolve and interdependencies become clear.

5. Continue Measuring Benefits Long After Project Completion

A project isn't truly complete until its benefits are realized—which may take months or even years after technical implementation. "The benefits don't come through for multiple years. It could be five, six years out that you're going to get these benefits," Kumar explains. Organizations must commit to long-term tracking and accountability.

6. Integrate Benefits into Financial Planning

Benefits promised by transformation initiatives should be built into broader financial plans and forecasts. This integration ensures accountability and helps with resource allocation decisions. As Kumar points out, even small changes like delayed go-live dates affect when benefits will materialize, with potential ripple effects throughout the organization.

7. Maintain Regular Communication and Course Correction

Successful benefits realization requires continuous communication between project teams, functional departments, and steering committees. Regular reviews (monthly or quarterly) help identify when projects are off track so organizations can course-correct quickly—whether by adjusting the approach or, in some cases, redirecting resources to more promising initiatives.

The Future of Benefits Realization

As technology continues to evolve rapidly and market dynamics shift, Kumar believes benefits realization will become even more critical. "Companies have only got limited capital, and technology is changing so much... they've got to be justifying these investments that they make."

Organizations that establish robust benefits realization practices can expect tangible advantages:

- Earlier insights into project success or failure
- Better alignment between transformation initiatives and financial planning

- Higher success rates for projects and programs

Conclusion

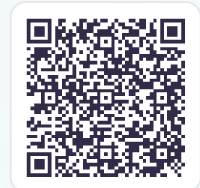
In a world where transformation has become the norm rather than the exception, benefits realization offers a crucial framework for ensuring investments deliver real value. By establishing clear targets, maintaining organizational alignment, and following through on long-term measurement, organizations can dramatically improve their return on transformation investments.

As Kumar summarizes: "It's absolutely critical that project teams, business functions, et cetera, are absolutely clear and focused on the target that they're looking to deliver." After all, that's why projects exist in the first place—to deliver tangible benefits to the organization.

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