FROM PROBLEM TO VALUE · PART 4 OF 4

TRANSFORMATION RESEARCH PAPER 16 MIN READ

Realising value: making benefits arrive, and making them stay

Go-live is the point at which benefits are meant to start, and the point at which most organisations stop looking. The last link in the value chain needs an owner, honest measures and the patience to keep watching. Part 4 of From Problem to Value, a four-part research series on how organisations create value.



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RESEARCH SERIES · FROM PROBLEM TO VALUE

This is part 4 of 4. 1. Value starts with the problem · 2. The value case · 3. Delivering for value · **4. Realising value**

Over the first three papers in this series I have followed value through a change programme. It starts as *potential* when a problem is defined, becomes *forecast* in the business case and becomes *enabled* when a new capability is delivered and put to use. This final paper is about the last and most neglected step: turning enabled value into *realised* value, and keeping it there.

By this point the programme team has usually gone, the steering committee has stopped meeting and the business case is in an archive. I wrote a short piece on

this, Benefits do not realise themselves. Here I go further, into what the research says about why benefits fail to arrive and what organisations that realise them consistently do differently.

> *Projects do not deliver benefits. The business realises them, usually after the project has gone.*

Why benefits go missing

The evidence that organisations struggle to realise benefits is long-standing. Ward, Taylor and Bond (1996) found that few UK organisations had a systematic process for checking whether the benefits claimed for IS and IT investments had been delivered. Peppard, Ward and Daniel (2007) drew a lesson from this and from later work that sounds obvious once stated: IT on its own has no inherent value. Benefits arise only when the technology enables people to do things differently, and the people who need to change are usually not the people who ran the project.

Bloch, Blumberg and Laartz (2012) found that large IT projects delivered, on average, 56% less value than predicted. Flyvbjerg and Gardner (2023) found that only 0.5% of the projects in their database delivered on cost, time and benefits together. Some of that shortfall began with a weak problem definition or an optimistic case, as parts 1 and 2 showed. But some of it is lost after go-live, in what I have called the ownership leak.

The same patterns come up again and again.

- Nobody owns the number. The programme owned delivery. The business owns operations. Nobody was told that the benefit in the business case is now theirs.

- Nobody is measuring. The baseline was never captured, or the measures were defined too vaguely to track, or tracking stopped at programme closure.
- The benefit is absorbed. Time is saved but not redeployed. Costs fall in one budget and rise in another. A process improves, and then drifts back.

Does benefits management work?

It is fair to ask whether formal benefits management makes a difference, or whether it is just more paperwork.

The evidence is broadly encouraging. Serra and Kunc (2015) surveyed organisations in the UK, the USA and Brazil and found that the use of benefits realisation management practices was associated with greater project success and with better execution of business strategy. Zwikael and Smyrk (2012) argued that the performance of a project should be judged on whether it achieves its target outcomes as well as whether it produces its outputs, and that this requires a clearly accountable owner on the business side who is distinct from the project manager.

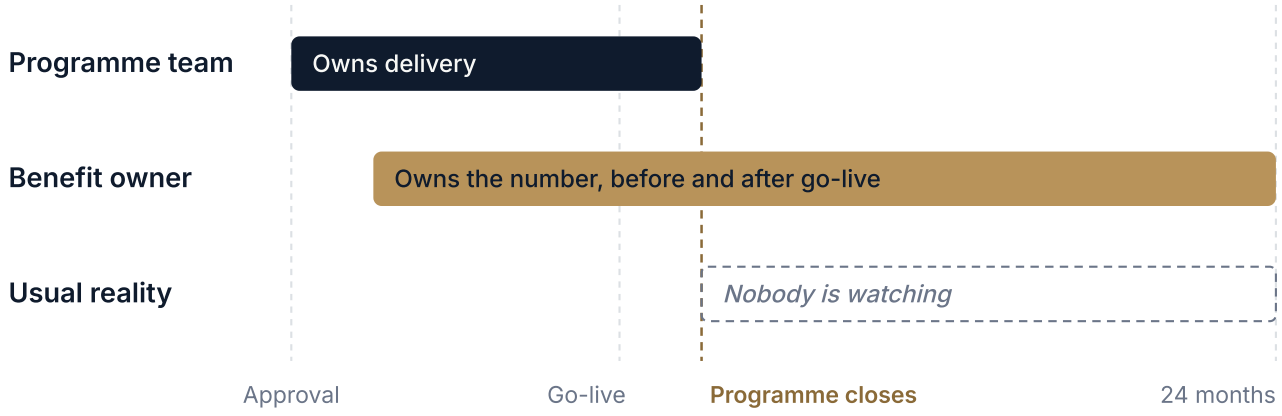
There is also a useful note of caution. Breese (2012) examined benefits realisation management in practice and found a gap between its rhetoric and reality. The approach rests on assumptions of rational, linear planning that do not always hold in complex organisations, and it can become a compliance exercise in which registers are completed and nobody's behaviour changes. I think that warning is fair. Benefits management works when it changes who is accountable and what people pay attention to. When all it does is add a form, it does not work.

Practices that make benefits real

Drawing on the research and on practitioner guidance, including *Managing Successful Programmes* (AXELOS, 2020), *Managing Benefits* (Jenner, 2014) and Bradley's (2010) work on benefit realisation management, a handful of practices separate organisations that realise benefits from those that only report them.

Put a named owner in the business

Every material benefit needs an owner who runs the part of the business where it will show up, who has agreed to the forecast and who will still be in place after the programme has gone. In MSP, this role sits with business change managers, who are accountable to the senior responsible owner for embedding change and realising benefits in their area (AXELOS, 2020).



Who owns value, and when. The benefit owner should be involved well before go-live and stay accountable long after the programme closes. In many organisations, the bottom lane is what actually happens.

Ownership only means something if it is written into the owner's objectives and reviewed as part of normal performance management. A benefit owner who is not measured on the benefit is a name on a register.

Measure against a baseline, with a counterfactual in mind

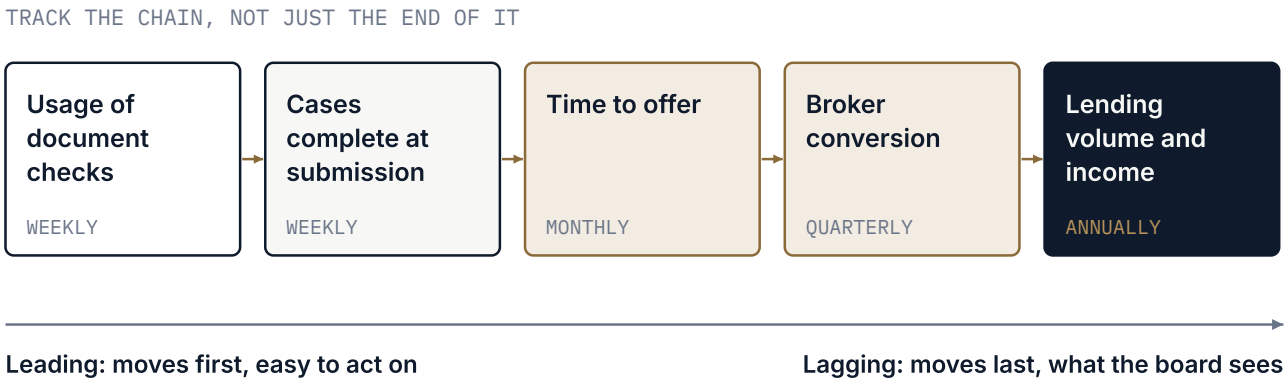
A benefit is a change, and a change can only be measured against a starting point. The baseline should have been captured during problem definition, as described in part 1. If it was not, capture it before go-live, even if that means a short delay.

Measurement also has to deal with attribution. Other things change at the same time as the programme: the market, the season, other initiatives. The UK government's guidance on evaluation stresses the importance of a counterfactual, an estimate of what would have happened without the intervention (HM Treasury, 2020). In practice, that may mean comparing a pilot region with one that has not yet changed, or comparing the trend after go-live with the trend before it. You will rarely get perfect attribution. You can always be honest about what else might explain the result.

Use leading and lagging indicators

Financial benefits are lagging indicators. They arrive late, and by the time they are visibly short it is often too late to recover them. Kaplan and Norton (1992) built the balanced scorecard on the idea that financial measures should be complemented by operational measures that drive future performance.

The same applies to benefits. For each financial benefit, track one or two leading indicators that should move first: usage, process compliance, cycle time, error rates. If the leading indicators are not moving, the lagging benefit will not arrive, and you will know months earlier.



Leading and lagging indicators for the mortgage example. If usage and complete submissions stall, the financial benefit at the end of the chain will too, but you will see it a year earlier.

Beware the measure that becomes a target

Strathern (1997, p. 308), generalising an observation by the economist Charles Goodhart, put it simply: “When a measure becomes a target, it ceases to be a good measure.” Once a benefit is tied to someone’s objectives, there is pressure to move the measure instead of the reality. Handling time falls because difficult calls are transferred. Time to offer falls because incomplete applications are declined instead of chased.

Kerr (1975) warned of the same trap from the side of incentives. The defence is to pair each benefit measure with a quality or customer measure that would reveal gaming, and to look at the measures together.

Plan for the time benefits take

Benefits rarely arrive in a step at go-live. They ramp up as adoption grows, often after an initial dip in performance while people learn new ways of working. Brynjolfsson, Rock and Syverson (2021) describe a productivity J-curve for general-purpose technologies, in which measured productivity can fall before it rises because organisations are investing in hard-to-measure complements such as new processes and skills.

In practice this means a few things. The benefits profile in the business case should show a realistic ramp instead of an immediate step. Benefit reviews should be scheduled well beyond programme closure, typically at six, twelve and twenty-four months. And leaders should expect, and explain, the dip, so that it is not mistaken for failure.



How benefits usually arrive: a dip while people learn, then a slow ramp (compare the productivity J-curve described by Brynjolfsson, Rock and Syverson, 2021). Most organisations stop measuring at the dotted line, before most of the value has appeared. Figures are illustrative.

Bank the benefit

Capacity that is released but never redeployed has not been realised, and neither has a cost saved in one budget and spent in another. The surest defence is to lock the benefit in once it is forecast with confidence, by adjusting budgets, headcount plans or targets, so that the gain cannot slip away unnoticed. This builds on the distinction between cash-releasing and non-cash-releasing benefits discussed in part 2 (Jenner, 2014; HM Treasury, 2022).

For cash-releasing benefits, this means taking the money out of the relevant budget at the planned point. For non-cash-releasing benefits, it means making

an explicit decision about how the released capacity will be used, and then measuring whether it was. “We absorbed 12% volume growth without hiring” is a realised benefit. “We saved 14,000 hours” is not, until someone can say where those hours went.

Unplanned benefits and dis-benefits

Not everything that matters will have been in the business case. Ward and Daniel (2012) note that new capabilities often produce *emergent* benefits that nobody forecast, as people find uses the designers did not imagine. These are worth capturing, both because they are real value and because they show where the next investment might go.

The reverse is also true. *Dis-benefits*, negative consequences perceived by some stakeholders, should be tracked with the same seriousness as benefits (AXELOS, 2020). A new process that is faster for the organisation but more frustrating for a group of customers may be storing up costs that will appear elsewhere, in complaints or attrition.

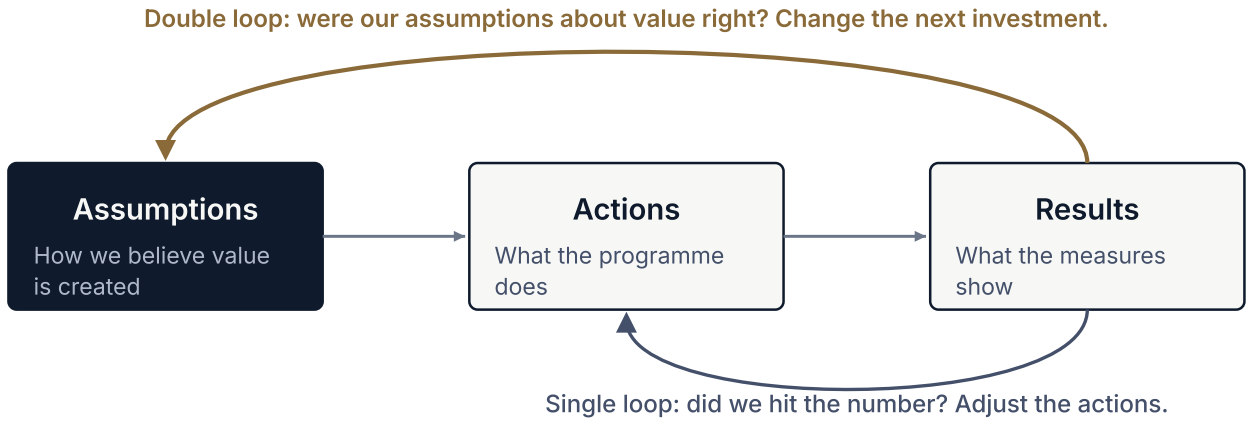
Sustaining value

Realising a benefit once does not mean you keep it. Processes drift. People who championed the change move on. A reorganisation breaks a link nobody knew was load-bearing. Kotter (1995) listed “declaring victory too soon” and failing to anchor changes in the corporation’s culture among the common errors in transformation, and both apply with full force after go-live.

Two ideas from strategy research help here.

The first is *double-loop learning*. Argyris (1977) distinguished between single-loop learning, which corrects errors against existing goals and assumptions, and

double-loop learning, which questions the goals and assumptions themselves. A benefits review that only asks “did we hit the number?” is single-loop. One that asks “were our assumptions about how value would be created right, and what does that tell us about the next investment?” is double-loop. The second question is how an organisation gets better at creating value, as well as at reporting it. The Lessons Learned and Post-Implementation Review template is built to prompt both.



Single and double loop learning (Argyris, 1977) applied to benefits reviews. The second loop is where an organisation gets better at creating value, not only at reporting it.

The second is *dynamic capabilities*. Teece (2007) described the capacity of an organisation to sense opportunities and threats, seize them and continuously reconfigure its resources as the basis of lasting competitive advantage. Seen this way, the ability to move reliably from problem to realised value is itself a capability, one that compounds over time. An organisation that realises benefits consistently earns the credibility to make bolder investments, because its forecasts are believed.

Making it work across the portfolio

Benefits realisation is often designed programme by programme. It works better when it is designed once, for the portfolio. In practice that means:

- A single benefits register across all major change, with owners, baselines, forecasts, actuals and status, reviewed quarterly by the executive team.
- A link to the management system. Kaplan and Norton (2008) argued that strategy execution depends on a closed loop linking strategy, planning, operations and review. Benefits should flow into operating plans and budgets instead of sitting beside them. The OKRs and Balanced Scorecard template shows one way to make that link.
- Consequences for forecasts. Track how realised benefits compare with forecasts, by sponsor and by type of investment. Over time this builds the organisation's own reference class, which is the best defence I know against the optimism described in part 2.

A worked example

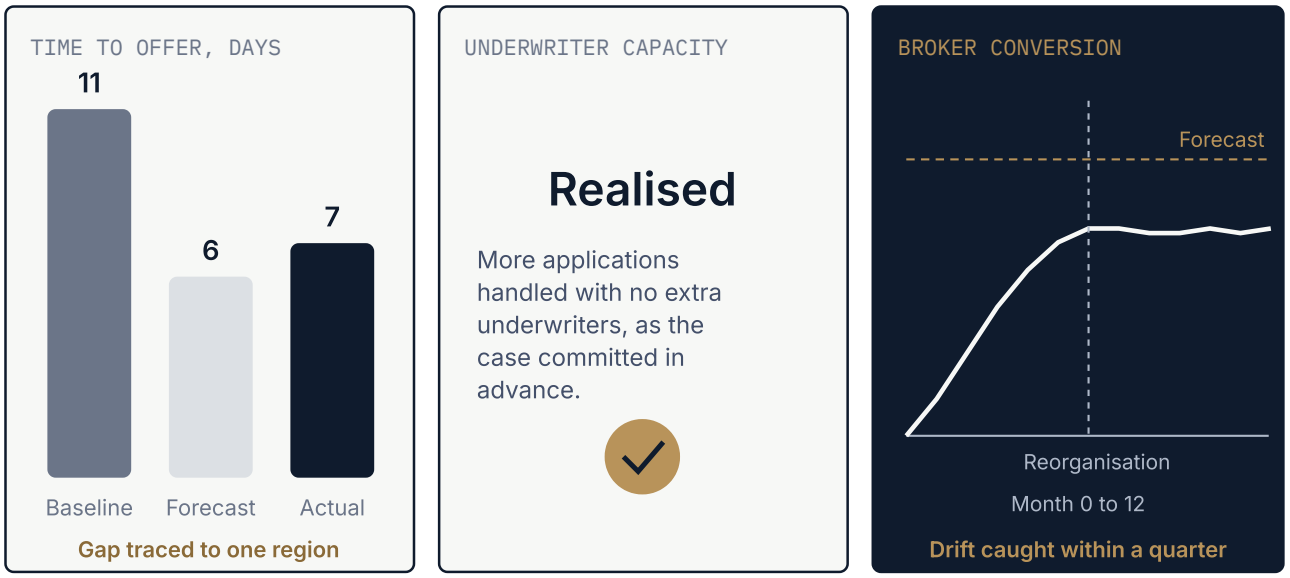
Twelve months after go-live, the mid-sized UK lender from parts 1 to 3 held its second benefits review.

Time to offer had fallen from 11 working days to 7 across the network, against a forecast of 6. The leading indicators explained the gap. Document checks were used in almost all eligible cases, but one region had kept a manual second check "to be safe", adding a day. The benefit owner, the head of mortgage operations, agreed a plan to retire it.

Underwriter capacity had been released as forecast. Because the business case had committed it in advance to absorbing growth, the lender processed

significantly more applications without adding underwriters. That benefit was recorded as realised, with the volume data to support it.

The broker conversion benefit told a more cautionary story. It rose strongly for six months, then flattened. It turned out that a reorganisation of the broker relationship team had dropped the new communication standard without anyone noticing. Nobody had connected the reorganisation to the benefit. Because the benefit had a named owner and a leading indicator, the drift was caught within a quarter instead of years later.



The 12-month benefits review for the mortgage example. One benefit realised, one close to forecast with the gap explained, and one drifting, caught early because it had an owner and a leading indicator. Figures are illustrative.

The review also asked the double-loop question. The lender's original assumption had been that the delay was mainly a technology problem. It was mainly an information problem. That lesson changed how the next two business cases in the portfolio were framed. The Benefits Realisation Tracker template follows the structure of this review.

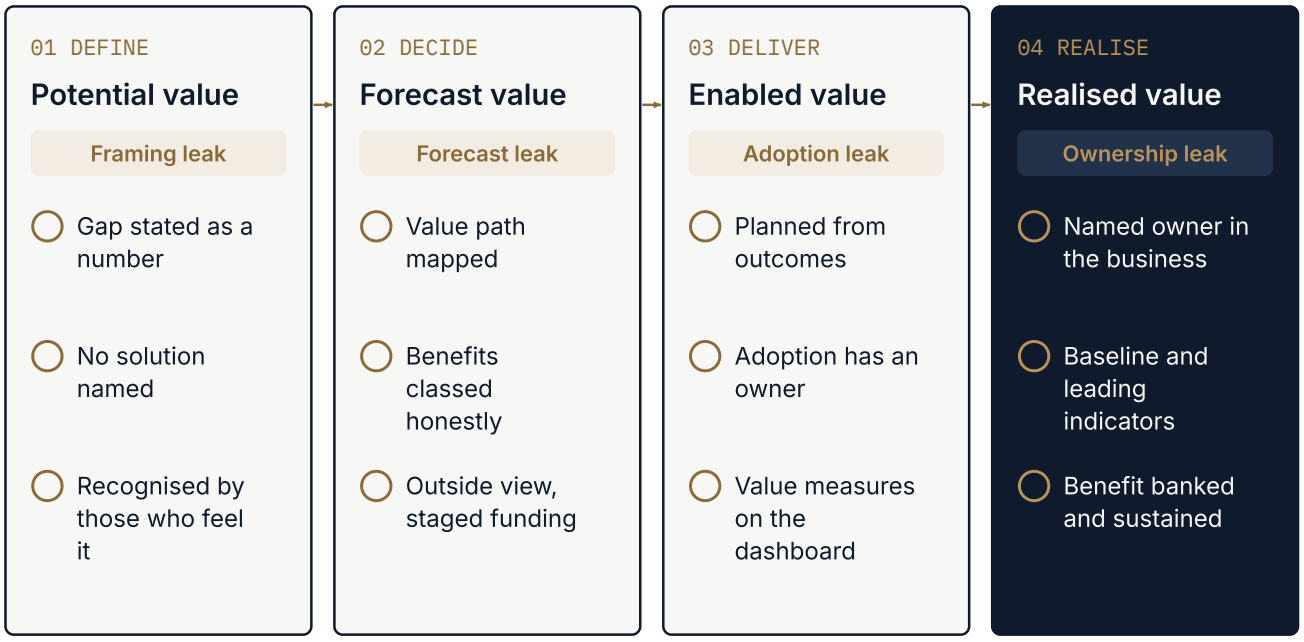
TRY THIS

Pick a programme that closed in the last two years. Find its business case and list the three largest benefits. For each, answer four questions: who owns it today, what was the baseline, what is the latest measured value, and where did any released capacity or cash actually go? If you cannot answer all four for any benefit, that benefit has probably not been realised, whatever the closure report said.

The value chain, end to end

This series has followed value through four links, each with its own characteristic leak. Pulling them together gives a short set of questions any sponsor, steering committee or board can ask of a change programme at any point in its life.

- Define. Is the problem stated as a measurable gap, without naming a solution, and do the people who experience it recognise it? (The framing leak.)
- Decide. Does the business case show how value will be created, classify benefits honestly, take the outside view and release money in stages? (The forecast leak.)
- Deliver. Is delivery planned and governed around outcomes as well as outputs, with adoption treated as a workstream from the start? (The adoption leak.)
- Realise. Does every material benefit have an owner in the business, a baseline, leading indicators and a plan for how it will be banked and sustained? (The ownership leak.)



The value chain of change on one page: the state of value at each stage, the leak to watch for and three checks a sponsor or board can apply at any point.

None of these questions is new, and you do not need a large methodology to ask them. You do need someone who takes responsibility for value across the whole chain, instead of one link at a time. In most organisations I have worked with, that responsibility does not sit anywhere in particular. Giving it a home is one of the most useful things a leadership team can do.

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