LEGO Service Center

Value add

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LEGO Service Center Business Plan 2008

LEGO Service Center Program agenda 2008

Strategic focus areas

- Customers
- Value creation
- Processes
- Innovation
- Employees

Most important LSC program initiatives

- Balanced scorecard
- Charge back model
- Continuous improvement
- Innovation program
- Aligned customer expectations
- Multi-functional service desk
- Organizational structure
- Clear interfaces between LSC and Corporate Functions
- Gain acceptance externally of the multi-functional LSC setup
- Build competencies and employee commitment

Content

- Strategic Direction

- Benefits

Why now?

The sense of urgency is about being proactive – the "why" is about "Mending the roof while the sun is shining"

Why? To support Shared Vision because…

- We need the **right focus** at all functions in Corporate Center. This is not only for optimizing the way we deliver service but also to stress the importance of having corporate functions that really drive strategic business development

- We need also to have **management focus** on all the employees who make the wheels turn – which can be a challenge when we also have to focus on e.g. strategic projects

- We want to **change the perception** of our operational departments from being seen as only creating cost to be seen as an asset that deliver highly professional services that supports the business in a way that can not be bought anywhere

- We need to be able to **support the divisions in a decentralized setup** in a standardized efficient way by having common customer interfaces and SLAs

- We need to be able to provide **services across the existing functional silos**. If not we will not be able to achieve critical mass when the number of employees in the company is being reduced during the coming years

- We need to be able to **document** that we are providing the services to be business in the most cost efficient way compared with alternatives in the market

Why are we here?

Mission:
Our services enable our customers to improve and to focus on their core processes, by giving them the possibility to choose the right balance between cost and customization that fit their and the LEGO Group goals

What do we aim at?

Vision:
To be the right choice for our customers and employees by providing more value than our competitors

What will we deliver?

Key Objective:
To deliver minimum 5% value add every year

1. **Customer focus**
   We have to keep a strong consistent focus on our customers in order to be seen as a beneficial partner that allows the customers to entirely focus on and improve their core businesses.

2. **Continuous improvement**
   In order to stay competitive we must strive for continuous improvement. By challenging ourselves in everything we do we will seek new and better ways to fulfill the customer's and the LEGO Group's goals
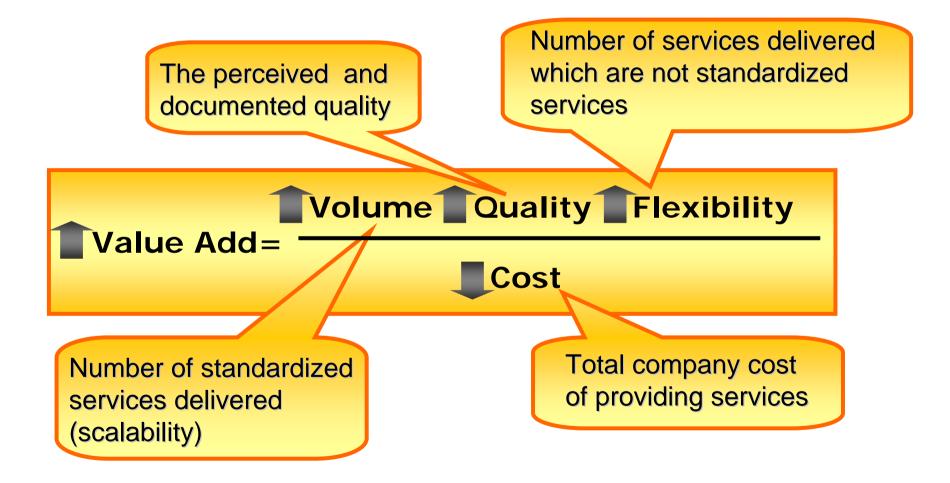
3. **Performance management**
   We need to have our ear to the ground. Only by understanding ourselves and the way we do business we will succeed. Using Balanced Scorecard as a tool we will gain more knowledge about our operation which will help us prioritizing our initiatives and developing our competencies.

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The perceived and documented quality

Number of services delivered which are not standardized services

$$\text{Value Add} = \frac{\text{Volume} \cdot \text{Quality} \cdot \text{Flexibility}}{\text{Cost}}$$

Number of standardized services delivered (scalability)

Total company cost of providing services

- **Volume** represent the level of scalability and is calculated as the number of standard services (part of the service catalogue) delivered.

- **Quality** is measured in two ways. The user perceived quality is measured by use of surveys which are sent to randomly selected users. But the quality can also be documented with quantitative metrics where the Incident rate as a percentage of all services delivered can be calculated.

- **Flexibility** is measured in surveys where the "buyer's" perception of LEGO Service Center flexibility is evaluated (when the change management process is implemented the Flexibility will instead be calculated as the rate of valid request for new services fulfilled by LEGO Service Center).

- **Cost** is divided into direct and indirect costs. Direct cost will be measured in three ways:
  - Total cost for LSC divided by total net sale for TLG
  - Total cost for LSC divided by total number of employees in TLG

The development in Indirect cost will be measured in a customer surveys where the respondents estimate the resources spend on using the most frequently used services. Besides the user impact on new and adjusted processes and services will be estimated.

Corporate Functions

Strategic	CF LT	Why?	
	Overall strategic direction and policy decisions		
SSC LT	Overall governance responsibility		

Boards, committees and forums — Why? — Division LT — Strategic

Tactical			
SSC LT	CF LT	What?	
Demand mgt.	Demand mgt.		
CRM/KAM			
Development	Development	How?	
Supply mgt.	Process owners		

Bilateral discussions and agreements — What? — Division LT — "Buyer" function (BRM, HR Partner, Fin. Controllers) — How? — User policy compliance — Tactical

Operational			
Advisors	CF Advisors	Solutions	
Operators			
Service Desk			

Service delivery — Requests — Users — Operational

LEGO Service Center

Business Units