

The LEGO Group

Senior executive performance management

“The performance management programme at LEGO is much more than just a performance and bonus system. It is a development tool that builds the desired competencies along with rewarding performance.”

Christian Iversen
VP global human resources, LEGO Company





The LEGO Group: Senior executive performance management

The issue

Global toy maker, The LEGO Group, was restructuring to introduce a new media business and identified the need to respond positively to major changes in their traditional marketplace. They determined that a change in the senior executive reward strategy would help them to improve, and sustain, business performance.

The objective was to re-align behaviours with commercial needs in a more human way of doing business, by:

- defining a balanced scorecard for the whole business
- focusing the effort of senior executives on doing the right things for the whole business and rewarding them for contributions that really make a difference
- achieving a consistent way of looking at employee performance on a global basis.

Our approach

The collaboration between LEGO and the PricewaterhouseCoopers team members was key to the success of this project. One early and important message for our consulting team was LEGO's expectation that when working together it should be impossible to tell who was from LEGO and who was from PwC. Given that LEGO values embrace creativity, stimulation and fun, this was a challenge we were very happy to accept.

After initial research and discussions with the senior executives, we planned the project in three streams. The first stream covered economic analysis. We undertook quantitative and qualitative analysis to present a complete picture of LEGO's business, including which aspects really contributed to its value.

The economic analysis fed in to the second stream – the creation of a balanced scorecard and the development of a metrics-based approach to performance management. Business success is reliant on a number of activities, which all need to be considered, so the balanced scorecard was based on three closely linked domains of financial performance (measured as economic value added), brand value and people.

“Training and employee communications were fun and fitted in with the LEGO values and culture.”

The third stream of work involved communications and the roll-out of the balanced scorecards and new approach to performance management to senior managers and then to employees in the UK, Denmark, Germany, Italy and Switzerland. The briefing and training was led by the PwC team in local offices and was based on a 'train-the-trainer' programme. Training and employee communications were fun and fitted in with the LEGO values and culture.

The outcome

By the end of the project, LEGO had implemented a new reward and performance management strategy linked to business performance. The strategy and philosophy were cascaded throughout the company to cover the global workforce.

LEGO now had:

- a clear structure for the objectives of the senior executive community, linking their performance to the performance of the business overall, as well as their own local operations
- a transparent and consistent approach to link objectives, performance and rewards
- individual development plans.

LEGO has continued to build on the core principles and will develop the approach further to meet changing needs and the demands of new business initiatives. We continue to work with LEGO providing advice and consulting support.