

BMSW5104

Managing Projects in the Organisation

Project Management Plan

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Executive Summary

This report aims to introduce a new product in a highly competitive market. LEGO has been chosen as the company, and a hypothetical situation is introduced where LEGO plans to introduce new toys to a competitive market. The market selected is in developing countries like India, China or Brazil. Due to high competition in its existing market, LEGO is planning to launch new products. The product will follow superheroes or famous characters, which will attract local customers. A brief project management plan is introduced to give a general idea of launching the product. The study gives an introduction to the product and the objectives for LEGO launching the product. A Risk Management plan will also be introduced at the end of the report.

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Introduction

LEGO's mission has always been: "Inspire and Develop the Builders of Tomorrow" (LEGO 2021). The LEGO brand has become a household name. The company's major purpose is to create and inspire the developers and builders of the future, which may be described by the words: idea, enthusiasm, and values (LEGO 2021). For decades, LEGO's business aims have been the driving factor behind its success. But, high competition due to the expiry of patents and imitations have started to affect LEGO (Lundahl 2005). In order to reduce this competitive pressure, culture-specific toys have to be made by LEGO.

LEGO must offer toys and other things that appeal to people from various countries in order to expand its client base. LEGO, for example, could create a playset that appeals to youngsters. The suggested approach is consistent with the LEGO brand values of imagination, play, caring, learning, innovation, and quality (LEGO 2021). Users will learn about the history of their countries and continents via the toys. Additionally, while engaging with LEGO toys, customers will be able to employ their ideas and creativity. Given that LEGO produces high-quality goods, the suggested items will guarantee that consumers get the advantages of LEGO's high-quality products. The proposed new items would promote inclusion, allowing the new people to freely enjoy their commodities while also flourishing and realising their full potential.

The Product

This is a toy set based on regional superheroes and heroines. The corporation might also create a toy set for those regions that is culturally appropriate and something they can connect to. This will fit into the system since the kids will be learning about them while also getting to play with a toy that looks like the role models and heroes they'll be learning about.

Target Market

The target market is shown in Table 1. The toys would be created differently depending on the age since the toys would get more intricate as the child grew older. Customer co-creation is important for LEGO to gain a foothold in the developing countries (Witell et al. 2011).

Table 1. LEGO's target market (Chua, Merrylees & Phichitsingh 2012).

<u>Segmentation</u>	<u>Targeting</u>	<u>Positioning</u>
Demographic variables: Kids 7-12 years old, mainly boys	Kids 7-12 years old (90 % of sales): Differentiated marketing. Appealing to a rather large target market that is neither as large as mass marketing or as small as niche marketing.	1) Creativity: Toys which stimulate creativity 2) Innovation: Toys which are innovative 3) Personalization: Make kids feel that with Lego toys they can create things that are made by and belongs to them 4) Create a community feeling among the Lego users
Psychographic variables: Kids who have a creative mind and want to play with challenging and stimulating toys	Adult Lego-fans (5 % of sales): Niche marketing.	

Timeline

The time taken for the project would be one year and divided into five stages, as discussed into the work breakdown structure in figure 2. Due to Covid-19 or other risks the timeline can be extended upto 6 more months. Further than that the project may start losing money.

Project Scope

Introduction

The project will relate to launching new products by LEGO in emerging markets like China, India, etc. The main aim is to accumulate market share in these markets due to increased competitiveness for LEGO in European and America markets.

Project Scope

The project would be done in six stages as shown in the work breakdown structure (figure 2) below. The five stages are: 'initiation, planning, execution, management and control and closeout'. The project will take two years to complete, with one year devoted to the development and another to manufacturing.

Project Deliverables

- The business implication for LEGO is that entering the new market makes sure LEGO will get a foothold in this market and makes future product releases easier.
- A good quality product at a favourable price
- Participation from all stakeholders
- Successful patents

A detailed analysis of project deliverables is stated below.

Project Acceptance Criteria

- Financial sustainability - the product made should be sustainable in the long term.
- Return on investment - further study reveals that there is scope for return on investment
- Market is not saturated - The toy market in these emerging markets is not saturated for LEGO to occupy a share of the market.
- During primary testing children show a huge likability to the toys
- The toys associate with the culture of the region and do not hurt any sentiments.

Project Exclusions

- The project will not include toys which are not associated with culture of the region
- The project will not include toys made with environmentally harmful materials
- The project will also stay away from figures of Gods and such in emerging markets

Project Constraints

Time, scope and cost would be the major constraints of the project. Because the project is being launched in emerging markets, each region would have different culture and heroes so it would be a constraint. Impact of a pandemic has already been seen, so a timeline of just two years would not be enough. The main constraint would be the scope. If the price is too high no one would buy the product.

Stakeholder Analysis

The new product will have many stakeholders. Customers need to become aware of the new product, resulting in increased sales. There are also project distributors. The distributors must be prepared to guarantee that the product's strategy succeeds by completing deliveries on schedule. Based on the timeliness of the product delivery on demand, effective delivery will impact total sales of the product.

The other stakeholder is in charge of product marketing and advertising, which is the media. This is an important aspect of the marketing plan. The item to be sold is a brand-new item on the market. The goal of the group is to raise client knowledge of the product's availability in the market and encourage them to acquire it. Customers must recognise the new brand and build a

desire to buy the goods. All stakeholders are expected to collaborate in order to increase product sales. The connection between the three groups is intended to keep product sales booming.

Work Breakdown Structure

LEGO can be operationalising in a lean manufacturing environment using a work breakdown structure (WBS) to verify the product is sustainable and profitable in the toy sector.

The operationalisation of LEGO's new offering will include a lean-approach. The lean system's key objectives are to decrease waste, encourage continuous improvement, ensure high quality, limit inventory holding, promote demand-pull, and create a lean corporate culture (Stevenson 2002, p. 774). Customers desire high-quality toys that are both affordable and appealing, as well as quick and simple shipping and the ability to try on these toys before making a purchase (Davenport, DalleMule, & John 2014).

“LEGO uses the Stage-Gate Model (or Phase-Gate Model) as a strong tool of portfolio management in order to identify relevant ideas, development processes and to prioritize the possible projects until production” (Cooper, Edgett & Kleinschmidt 2001). This model is primarily a product development cycle that may be broken under stages. The so-called gates are used to divide different steps. In the instance of LEGO practice, the model comprises five stages and takes two years to complete, with one year devoted to the development and another to manufacturing (Cooper, Edgett & Kleinschmidt 2001). So, the work breakdown structure for the new product will also follow a similar procedure.

The project will be divided into five levels, each of which will be developed in a top-down manner (Watt 2014). The work breakdown is explained further in Table 2.

Figure 2. Work Breakdown Structure

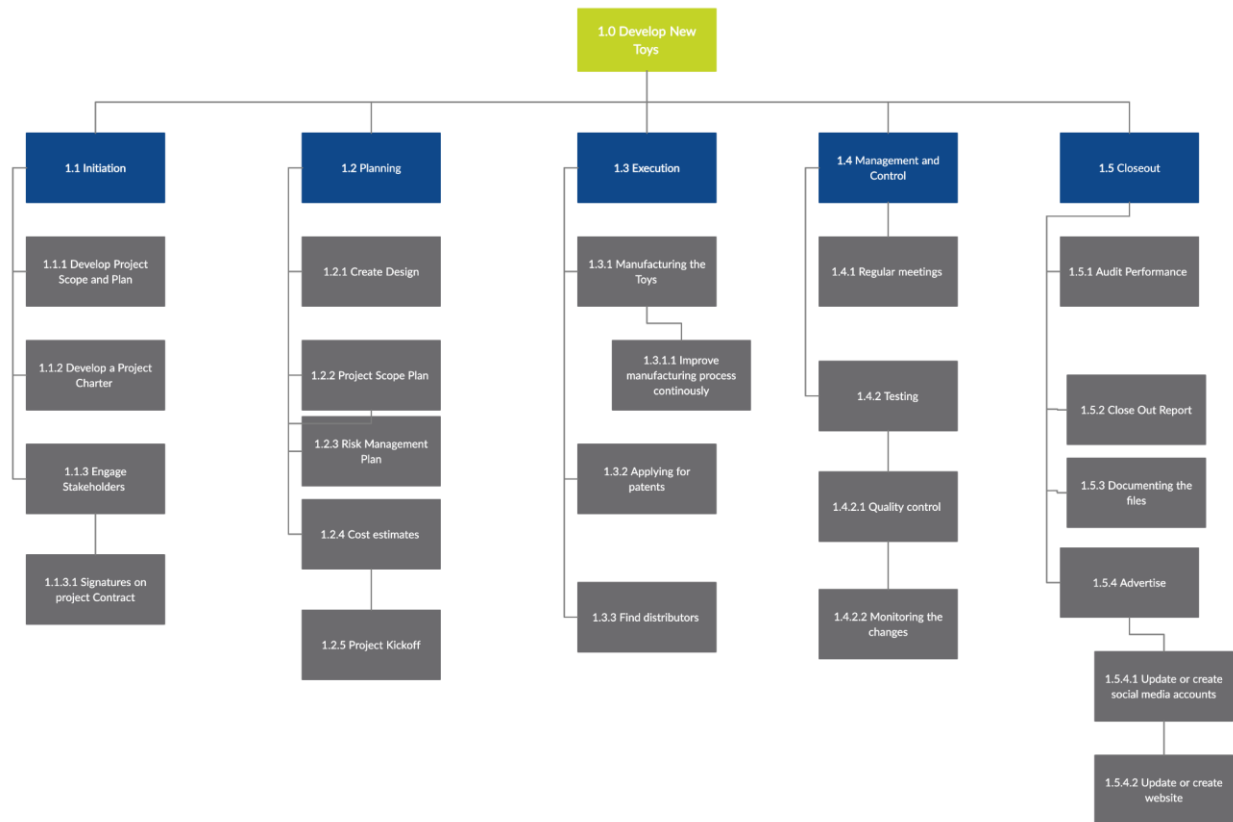


Table 2. Work Breakdown Structure

Initiation	
Develop Project Scope and Plan	Define the project's scope. Plan the project's purpose and objectives. Make an initial cost estimate.
Develop a Project Charter	Prepare a project charter and present it to the stakeholders for approval.
Engage Stakeholders	Stakeholders should be consulted to learn about the project's deliverables—conduct thorough research into the project's and stakeholders' needs.
Signature on project contract	Stakeholders and the Project Manager (ME) sign the official project charter as a contract to begin the project legally.

Planning	
Create Design	Create prototypes with LEGO logos
Project Scope Plan	The Project Manager will create a Scope Management Plan that lists the project's scopes, deliverables, and constraints.
Risk Management Plan	To deal with any potential hazards that may arise throughout the project, a risk management strategy will be developed.
Cost estimates	The Project Manager will provide the LEGO directors with a cost estimate for the whole project. The production and administration processes will be included in this pricing.
Project Kickoff	A project launch meeting will be arranged, at which all project stakeholders will be present, and an agreement will be reached on project deliverables, as well as being briefed about the project.
Execution	
Manufacturing the toys	LEGO will produce the toys according to the project Scope Plan's approved design and requirements.
Improve manufacturing process continuously	Better production processes will be investigated in order to reduce costs and increase quality.
Applying for patents	Because toys are readily copied, patents should be filed as soon as it is determined that the toys are viable.
Find distributors	LEGO should start searching for distributors in developing

	nations.
Management and control	
Regular meetings	Regular meetings with the team, stakeholders, and cross-impacted sectors of the firm will take place.
Testing	Toys will be tested to ensure that they function properly, have all of the needed features, and are entertaining to youngsters.
Quality control	Because LEGO has a brand image to maintain, quality will be monitored.
Monitoring the changes	Toy manufacturing changes and add-on features will be closely monitored in order to stay within the project budget.
Closeout	
Audit Performance	External organisations or stakeholders will audit the project personnel's and delivery systems' performance.
Closeout report	At the conclusion of the project, a closeout report on project success and Phase will be prepared.
Documenting the files	For future reference, all of the data will be recorded and preserved in business storage.
Advertise	Start planning for major promotion and release by updating social media accounts and websites with information about the new product.

Success Criteria

Initial Criteria (pre-completion)

- Meeting schedule
- Meeting Budget
- Marketing was a success

Satisfying customers (short term)

- Customers are buying products
- Solving customers issues
- Customers rate the toys highly
- Children love the toys

Financial (medium-term)

- LEGO has established revenue growth targets based on a percentage increase, with a 20% yearly growth target (LEGO 2021). So 20% yearly growth in revenue.
- Another goal for LEGO is financial sustainability, which is an important factor to consider. So there is financial sustainability for the new toys.
- Then there's the return on investment, which is just a ratio applied to the amount of money invested. The income produced by LEGO will be adequate to justify the need to invest in new products. Then it will enhance its market share in developing countries.

Long Term

- Creating job and economic possibilities for the area.
- Then there's the issue of avoiding unfair commercial practices. LEGO should position customers competitively
- Employee welfare will enhance the workplace's living circumstances.
- Giving back to society will be fulfilled via community service, in which the corporation will participate in various activities with the community (The LEGO Foundation 2019).

Resource Allocation

The resource allocation for the new product will be based on Cooper and Kleinschmidt (1988) cost breakdown.

Due to Covid-19, disruptions in the distribution or other processes may happen, so 5% of the funds will be kept as a safety measure.

Total cost = \$100 million.

Table 3. Stage Allocation (5% of the funds will be kept for safety measures).

Stage	Proportion (in %)
Initiation	5
Planning	10
Execution	50
Management and control	5
Closeout (Advertising)	25

Table 4. Resource Allocation (5% of the funds will be kept for safety measures).

Stage	Proportion (in %)
Labour Cost	15
Consumables and materials	38
Facilities	17
Equipment and tools	25

Risk Control

Control

Productivity and the quality of a company's goods have a significant impact on its profitability. There are various strategies to increase profitability, one of which is to make better use of the resources available. This creates a foundation for strategically positioning the goods market to attract more customers, resulting in increased income (NI Direct 2021).

Contingency plan

A contingency plan is a method of action that is aimed to help an organisation react quickly and effectively to a crisis (Kahn 2014). A policy statement for the contingency plan is created to guarantee that the plan is properly trained and tested.

If there is political instability or a shutdown in the new market owing to foreign regulations, and the items are damaged, this might derail the whole strategy and have a significant effect on LEGO. To reduce the possible repercussions, LEGO must establish procedures that must be followed. This may include a variety of distributors, which will help to avoid shutdowns by ensuring that the items are available at all times. For economic issues, the contingency plan would be loans from banks, and if the products do not sell well, the materials used can be recycled and made into new products.

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