



MODUL Service, an IKEA Group Company, Says Opportunity Analyzer Enables It to Set Practical Business Targets

Imagine if a senior management team could know, in advance, that an enterprise system upgrade will produce quantified business improvements such as average delivery lead time reduced from seven to two days, delivery performance improved from 85 to 99 percent, and give a pre-determined financial payback on the investment. It would be a very happy team indeed.

“Opportunity Analyzer is the first tool I’m aware of that has been able to visualize how best practices and our new enterprise software will improve our processes. And at the same time it has given us a fresh view of prioritized areas to move toward our strategic objectives,”

Dennis Larsson, process owner of MDC at Modul Service



Well, the senior management team at MODUL Service, an IKEA company, looks pretty cheerful these days. And that's because it is the first to use Lawson's new strategic enterprise performance management tool, Opportunity Analyzer.

This means that when the company upgrades its enterprise system from Lawson M3 version 10 to Lawson M3 Java, the project will concentrate on business improvements and focus wholly on delivering the company's three key strategic objectives: increased market share, lower operating costs and improved product availability.

What's more, working in close partnership with Lawson's specially trained opportunity analysis consultants, the review and targeting process took just six weeks, involving senior MODUL Service managers in just three, one-day workshops, and a half-day presentation to agree on the final project objectives, target areas, KPI (key performance indicator) targets and target owners.

Dennis Larsson, process owner of MDC (Manage and Develop the Company) said the whole opportunity analysis process has proved an eye opener at MODUL Service, and Opportunity Analyzer in particular has been a revelation.

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Financial and Non-Financial Effects

He went on to say that Lawson has lived up to its Perfect Partnership promise and that Opportunity Analyzer will become an integral part of the company's planning. "Opportunity Analyzer is not a one-off for our upgrade. It's an integrated tool for continuous business process improvement".

"The opportunity analysis has enabled us to detach ourselves from the daily pressures of the business and analyze the effects of different business improvement opportunities and scenarios. It has forced each individual within the management team into a commitment to make decisions. Opportunity Analyzer has helped us define our targets in a 'hard' and clearer way, identifying both the financial and non-financial effects."

Larsson emphasizes that Opportunity Analyzer has also been a "great learning tool". And he goes on to explain it had turned what previously was a business planning process combining a mixture of fact and "gut feeling", into a more "exact science" so that the company is now able to accurately predict the business payback of the Lawson M3 Java investment.

And he adds that the three stages of mapping, targeting and planning have given the whole management team a completely different perspective on how business improvement initiatives can be managed.

"At the first workshop with Lawson we mapped and structured our value base. This included market and product matrices, and revenues and costs allocated by company function and all the way down to the business processes and activity groups," explains Larsson. "We also covered working capital and the supply chain, looked at the cost drivers and compared current KPI values with those required to meet increasing demand from our customers."

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process owner of MDC at Modul Service



Process Driven Profitability (PDP)

“At the next stage the workshop focused on targets, and we identified a range of improvement opportunities, looked at different scenarios such as how we could improve responsiveness to customers by shortening lead times and improving product availability, targeting KPIs and implementing best practices. And we gave each opportunity a process driven profitability (PDP) ranking to identify those that would give us the best payback on the improvements.”

Larsson adds that Opportunity Analyzer suggested the 10 prioritized best practices that MODUL Service needed to adopt in order to meet the KPIs required to achieve the improvements. He says these included, among others, capable to promise, advanced planning and scheduling, and flexible and efficient user interfaces through Workplace, Lawson’s Web browser-based work environment for Lawson M3 users.

Larsson says that the third workshop focused on planning and included ranking the highest PDP-rated opportunities and building a benefit realization plan.

The final stage was the executive presentation which summarized the targets, opportunities, KPIs, target owners and PDP improvements to ensure that everyone was in sync and agreed on the business-led objectives for the upgrade. The presentation was attended by the CEO, his senior managers as well as process and resource owners.

But MODUL Service is looking beyond the upgrade project. “Opportunity Analyzer has shown us how we can create a new dynamic within the business through a program of continuous improvement,” says Larsson. “The new tool has speeded up the analysis process saving significant amounts of time and money.

“But moreover, it has given the company a lot of energy and focus. Opportunity Analyzer will enable us to undertake continuous process improvement as an integrated and natural way of running the business, not something that requires a special effort.”

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About MODUL Service

MODUL Service is a wholesale and trading company within the IKEA group with sales of SEK 1 billion. The company's main objective is to act as a catalyst for lower prices to suppliers of the IKEA retail chain while maintaining high quality and delivery performance. MODUL Service buys furniture components and fittings in bulk. These are sold on as kits—made up using ultra-modern production equipment—or bulk to its customers (IKEA suppliers). MODUL Service has a rapidly growing business with operations in Sweden, Slovakia and China.