

CASE STUDY

THE LEGO GROUP

THE LEGO GROUP IS A 90-YEAR-OLD, PRIVATELY OWNED COMPANY WITH AN INCREDIBLE TURNAROUND STORY.

In 1998, the company reported their first ever losses, and after several attempts to get back on track, despite some short-term success, they reported their biggest ever losses of USD\$285 million.

Under the steady leadership of Jørgen Vig Knudstorp as CEO from 2001 to 2016, the company demonstrated a 600% increase in turnover from 6.3 billion to 37.9 billion in 2016. In December of 2016, Knudstorp took up the position of Chairman of the Group, handing the CEO reins over to Neils B. Christiansen.

In March of this year, the positive growth story continues. The company reported its strongest period yet with "revenue growth of 27% vs 2020 and consumer sales growth of 22 percent over the same period, outpacing the toy industry and driving market share growth globally in largest markets".

For reports on their turnaround story and 2022 performance, check these links:

<https://www.theguardian.com/lifeandstyle/2017/jun/04/how-lego-clicked-the-super-brand-that-reinvented-itself>

<https://www.lego.com/en-us/aboutus/news/2022/march/2021-annual-results/>

<https://www.smartcompany.com.au/industries/retail/legos-gift-to-staff-as-profits-and-revenue-soar-amid-the-pandemic/>

How did they get there?

Three things stand out:

- Outstanding leadership
- A clear vision and strategy focussed on simplification and empowerment
- A priority on culture and excellence.

I love this case study!

1. Because who doesn't love LEGO??
2. Because it's a perfect example of how leaders with clarity of purpose drive exceptional business results.

Watch this Video with the former CEO, now Chairman of The LEGO Group, Jørgen Vig Knudstorp

<https://www.youtube.com/watch?v=JlVyiFqIq0w>

"Most companies don't die from starvation; they die from indigestion"

What did Jørgen mean by this?

Is our organisation at risk of dying from starvation or indigestion? Why?

"You believe you need to think your way into a new way acting, but actually what you do is you act your way into a new way of thinking".

Are we demonstrating alignment between what our business is about and how we lead it?

How are we acting in ways that demonstrate what is important to us?

"The CEO needs any avenue to the truth that he or she can find, and some of those avenues are candid dialogues with employees"

What are your "avenues to the truth"?

How do you create a context where it is safe for employees to share unpopular news or opinions?

"As the CEO – you are the Minister of Culture, but you are first and foremost the Minister of Leadership practice"

How do you define the "practice of leadership"?

If there was a school of leadership at our organisation – what would you expect to learn there?

OPTIONAL: For those who CRAVE MORE!!

Watch this video with the current CEO, Niels B. Christiansen, and Chief People Office & Head of Corporate Affairs, Loren I. Shuster

<https://www.youtube.com/watch?v=OvduMQ2Gceo>

Neils *"It is super important that an organisation feel confident and optimistic, and believe that it can work"*

Why is it important that people in an organisation feel confident and optimistic?

Neils *"we are both good at arguing. It's not like the compromise always has to be in the middle. Both of us can be moved."*

Are we good at "arguing"? How do we go about persuading one another and finding alignment? How can we be better at this?

Neils: *"It was a journey to figure out how could we get complexity out, how could we get the unnecessary thing out and how do we then use that opportunity to allow people to make decisions"*

What are the most difficult decisions we need to take to "get complexity out" of our organisation?

Neils *"If you can signal credibly to an organisation that a train is in motion - that is way better than saying 'yes we are going to'".*

What are the signals that our train is in motion?

How could we put out stronger signals?

On considering both clips – what aspects of the culture have been carried through from one CEO to the next?