



## 5 questions to...

*Jørgen Vig Knudstorp*  
*Chief Executive Officer, LEGO® A/S*

**o What was the situation of The LEGO® Company when you arrived?**

The LEGO Group was in actual fact a very creative and enthusiastic organisation. However, it was living insulated from the realities facing it. Users were mildly unhappy with the product offering, employees were concerned about the future and sceptical about the top management's intentions and strategies, and retailers were very mad at the LEGO Group, which they considered unable to deliver on their business needs.

I sometimes say that there was too much self confidence in LEGO Group, but not enough self-esteem. Self-esteem comes from knowing who you are and feeling good about yourself, and thus being very true to yourself – being authentic. Self confidence comes from the recognition of others, and when you become too concerned about what other think, you lose yourself. This, I think, was the psychological situation of the company. We wanted to be loved and be 'cool' as seen by the kids, - so much that we strayed away from our true identity, self and destiny.

From an economic point of view the company was weak due to 10 years of unprofitable growth, heavy debt burden and poor management. The company was not yet bankrupt, but it wasn't healthy either. When in 2003, the US dollars sharply declined in value and LEGO Group lost sales in key product areas such as Star Wars™ and Harry Potter, the financial strength was too low to handle the situation, and the company nearly went bankrupt.

**o At present TLC is in good health. Could you explain what the key is to this success?**

Successful business outcomes are the results of many complex and complementary factors that come together in a carefully balanced optimization – that constantly shifts as the world the business operates in constantly changes. Thus there is no single key to LEGO Group's success. First and foremost, The LEGO Group is successful again because it has found its way back to where it all started, the core of the LEGO Idea, but it is as if we see that place for the first time. You could call it 'forever the same and yet constantly new', I believe LEGO City or LEGO Creator is a very good example of this.

Without this strong heritage there was nothing to build a successful business on.

Then on top of that we have built a very strong organisation, people, culture and capabilities that focus on making retailers successful when they sell LEGO Products (so they want to buy ever more, and give us ever more space in their stores, catalogues and web sites), while continue to be driven by the interest and excitement of our users, children of all ages, whether they are young children or adults.

Today, LEGO Group has a very strong identity but remains humble in listening to and interacting with its users and customers. It is also an incredibly strong company as seen from a financial point of view, so our future is very solid and positive.

**o Please explain how you as CEO of LEGO view the AFOL community.**

I am a LEGO Fan. I love LEGO System, and I think it is one of the greatest inventions of our time. I can take no credit for that; it was someone else's invention, and I am not involved on a daily basis in our product development, as the owning family of the LEGO Group traditionally has been. But I have the greatest admiration for the LEGO Experience and its potential to bring joy, pride and essential learning to children of all ages across the globe.

When we had to rediscover our soul and meaning, as per the description above, AFOLs were essential in helping me on that

journey. I really enjoyed – and continue to enjoy – meeting with AFOLs because they show the way...they teach me so much, and I feel so at home with their passion for LEGO® Bricks. It's like loving football and then meeting players in FC Barcelona!

So I have great affinity for the adult community of LEGO Fans, and I am sincerely grateful for the guidance and support they have offered to me over the years.

**o In your opinion, what makes the LEGO brick different from any other toy.**

Toys are great. They stimulate learning, imagination and creativity. It is when we are playful and curious that we best learn and invent stuff. Unfortunately, as we go through school that curiosity and playfulness is killed, so much that the favourite kind of play "role play" is that far away that grown up people have to go to Acting School to learn to be role playing again.

I honestly believe that Play is up there with Food and Love when it comes to child development. It is essential, it is how children learn and develop – become mature grown up's capable of solving life's important problems.

So there are many great toys and kinds of play; football is but one great example. However, in this world of Play, I do believe that LEGO System is very unique and special.

It is special because it nurtures the ability to reason systematically and think creatively – at the same time – and it helps kids to learn to work collaboratively – and the best part of it, is that they are not even noticing that they are learning these important things. They play their way into this learning, without knowing it. So beautiful is nature's design of human learning that we learn best when we don't know it. We call it Playful Learning.

This combination of System and Creativity is unique, especially a system with so many shapes in such a uniquely and consistent high quality – there is nothing like it. Something that you can easily assemble and yet easily take apart, without using glue – there is nothing like.

**o In general lines, what direction will the company take in the future?**

Based on the above insights about the role LEGO Play has in society, I think we have moral imperative to stay in business! It is more than a business. It is a movement. It is an honor and duty to carry forward.

I think the duty of top management, myself in particular, is to always make sure the business survives – that it is capable of adapting to constantly shifting circumstances, in order to survive and be successful. This can very often involve very painful conflicts and the implementation of tough decisions. You cannot be everyone's best friend and you have to find your own path and speak with your own voice.

We focus first and foremost on building our core business around the core themes you know today; bricks, Creator, LEGO City and LEGO Star Wars™ as well as LEGO DUPLO and LEGO TECHNIC. We want to continue to evolve the business and we do that by focusing in on three mid term priorities for the business.

- 1) Our operations, which we want to continue to reinvent. We will never give up on being very creative in the ways we design, produce, distribute and sell our products.
- 2) Our People, Culture and Capabilities – we want to develop the LEGO People and our culture to be the best at supporting and delivering the LEGO Idea, and we want to build the global capabilities to be competitive in every country on the planet.
- 3) Growth Drivers need to be nurtured and we have found seven, one of which is LEGO Universe which has just been launched with great success.

Thank you very much for the opportunity to speak to you!

Jørgen vig.

#