

A day in the life of: Jørgen Vig Knudstorp

By HispaBrick Magazine®

Pictures by Delia Balsells

It is likely that many of us have at some time wondered what the life of the CEO of a multinational is like. Travel, meetings, events ... In HispaBrick Magazine® we wondered the same thing a while ago and we decided to visit Mr. Jørgen Vig Knudstorp, CEO of LEGO® System A / S to tell us about his day to day. We were especially curious to know how he could reconcile his professional and personal life.

On December 8 we had an interesting chat with him in his office in Billund and he told us, among many other interesting topics, about a day in his life, what the future plans of LEGO are and how he sees the world of AFOLs. Mr. Kundstorp's responses are very interesting and show us the present and the future of the company.

HispaBrick Magazine would like thank Mr. Kundstorp for including us in his busy schedule and answering the questions so directly and honestly.

6:00 - 7.00 Wake up, go for a running and a shower
7:00 Enjoy breakfast with my wife and children
7:30 Leave home for Billund office
8:30 Misc. preparations
9:30 - 10.45 Media training in connection with press meeting and release of Annual Result 2011
11:00 - 12:00 Interview with HispaBrick Magazine

I'll start the interview with a few personal questions:

HBM: Were you a LEGO fan before you started to work for the company?

JVK: Only as a child, not as an adult

HBM: How did you come to work for LEGO?

JVK: I was hired to do something called strategy and business development and one of my first task was to see how can we improve the LEGOLAND park and how can we increase sales in Southern Europe or how can we build a chain of own LEGO Brick stores. That kind of assignment.

HBM: What does it mean on a personal level to lead the company of the toy you were a fan of?

JVK: It's not just a job but also a hobby and a passion and it's such a fascinating business because there are many different things that are needed to run this company

HBM: How many days a year do you spend travelling (for business)?

JVK: About 120 days

HBM: Is it difficult to stick to the Schedule of each day?



JVK: Yes

HBM: How do the official acts, conferences and events you need to attend affect your personal life?

JVK: It's very important to think long-term and really manage the personal life and be very clear about keeping appointments and so, because otherwise you don't have a personal life, so for instance tonight, at 6:30, my daughter is performing a show at the school and my son is the presenter so even though there is a lot coming into the calendar I will be there

HBM: Do your kids ask you for LEGO?

JVK: Oh yes, they are very big LEGO fans

HispaBrick Magazine is a magazine that is made for and by AFOLs so the following questions are dedicated to the Adult Fans of LEGO:

HBM: How do you view the AFOL phenomenon?

JVK: For me it's one of the very unique things of LEGO and I'm so glad that LEGO® is recognising it and taking it very serious. That has been very important for me when I became CEO. That is not just considered like a shadow market, but it actually the core of the LEGO experience.

HBM: When did you realise AFOLs had a significant impact on the company's accounts?

JVK: I realised that in 2003

HBM: Do you know what percentage would that represent in 2011?

JVK: No, I really don't know; maybe 5-10 percentage we cannot calculate it really, but I think also that it is not just about sales but about influence on product about how we think about things and so on. That's maybe more important.

HBM: Do you believe AFOLs sometime forget LEGO is a children's toy?

JVK: No, I don't think so and I think that maybe sometimes when we say this is something really only for adults, what we find is that it is maybe it is not so appealing for adults, but also some other sets we say it's for adults, but kids love it, so like the big sets, you could say these are only for adults, but children who are 9 years old buy sets that are supposedly 16+

HBM: What criteria do you have to create a theme for AFOLs?

JVK: I'm not very personally involved in that, but obviously it is usually something that is quite iconic, big models, a lot of building activity.

HBM: What surprises you most when you go to an AFOL event?

JVK: The level of inventiveness and creativity. The race track you brought at Skaerbaek this year (Slot cars made with LEGO bricks), the new way of looking at LEGO Architecture, presented from Portugal for instance, so all the time these new ways of using LEGO that we had never thought of. It really confirms the endless creativity that's possible with LEGO, and that's why it gives me so much energy. And often also some of the feedback I am getting in terms of the quality of the play experience, where there are things I wasn't aware of is a problem, but I learn that it is a problem from speaking to the AFOLS.

Now (as you may have supposed) we will ask some questions that affect us more locally:

HBM: Can you make any comment on the Spanish market?

JVK: This year to date, (October) we have been growing about 20% in Spain, but November was very difficult, and I think elections and also the Euro situation the debt situation is influencing the sentiment very much in those economies.

HBM: Do you believe that in a country where children grow up mainly playing in the street, it is possible to keep growing as you have in the last couple of years?

JVK: Yes, in all countries all over the world, children are playing less in the street, more indoor. The parents' attitude is changing

HBM: When did you learn about the existence of HispaBrick Magazine®?

JVK: Probably when we met the first time... about 4 years ago

HBM: What do you think about the fact that a country like Spain (in which LEGO isn't the "star" toy) has a magazine of this kind?

JVK: I think it is fantastic. I don't know how many children are reading it. You are reaching probably quite a small group, but what is great for me to experience is that even if it is a big market or a small market for LEGO, there is this fan community, which is also true in the other smaller markets around the world.

Let's talk a little bit about the company you direct:

HBM: How is The LEGO® Company affected by the economic crisis?

JVK: So far very little, but I expect that the turmoil in Europe will grow. I think we have had for three years now what has been largely a financial crisis and it will become more an economic crisis now, because the debt will have to be reduced and to reduce the debt it turns into an economic crisis and reductions. I think Europe will be less important for LEGO in the future and America and Asia will be more important for LEGO

HBM: Have you worked out different scenarios depending on





how the crisis evolves?

JVK: Yes we have. We look at different ways the crisis might evolve: what if there's no Euro in Italy or Greece. What if there's no Euro in German. What does it mean to our company in terms of systems and financial risk and also how much sales we can have.

HBM: How do the constantly changing oil prices affect the company?

JVK: It affects us a little bit less than you might think because actually resins of plastic material is not actually made from crude oil but from a particular kind of refined oil and it is not always the case that this oil price follows the price of crude oil, the oil barrel price that we see in the market. Also the next step of the production is the manufacturers of resin and for a long time they have had a very large capacity and so prices have been fairly low, but today some of the biggest producers of resin have merged and prices have increased very significantly over the last two years for plastic.

HBM: What ecological and energy saving measures is LEGO® taking?

JVK: A number of measures: both in terms of how we heat our offices and conserve energy in our offices, but the mayor source of energy saving we have come from two things: one is transportation so reducing box sizes and packing trucks better and so on to reduce transportation costs significantly and therefore energy. The other one that's the biggest source for us is that moulding machine technology is changing

and becoming more energy effective. We have more 1000 moulding machines and many of them are more than 20 years old, so we are undertaking an ambitious plan of replacing our moulding machines so we can mould plastic at lower energy consumption.

HBM: What is the most important activity on the company's balance that is not related to the production of sets?

JVK: One interesting item relating to energy is that we are looking to make investments in renewable energy manufacturing, so we know that consume energy, but then we can make sure that we produce as much renewable energy as we consume, so that could be one example. Otherwise it is probably buildings that are not used for production purposes.

HBM: Why is the commercial strategy so different on both sides of the Atlantic?

JVK: We got that question with the Danish Fan community yesterday. I would probably first have to say that it is surprising how equal it is. LEGO City sells really well. There is some differences. More interest in newness all the time in the North American Market, and then the other major factor that makes for a difference is that in the US we have largely 4 customers: Amazon, Toys R Us, Target and Wall Mart. They drive an enormous volume in a very simple and super effective setup. So in terms of our cost in dealing with a retailer, the cost of working with the retailer in the US is maybe 20% of working with a retailer in especially Southern Europe, so the efficiency of this market system is extremely high.

HBM: You always have to answer questions from fans, journalists, customers or suppliers. HispaBrick Magazine® offers you the possibility to be on the other side and propose us a question that will be answered in the article containing this interview.

JVK: I do have a question and I'll explain the background: it is so with LEGO® that if I look at LEGO over 80 years of development or let's say the last 50 years, there is a perfect correlation between the more wealthy a country becomes the more product LEGO can sell. Not in one year, but if you look at 20 years, that is the truth. But there is also something else which is a difference between the Nordic culture and Latin culture. Some people say this has to do with the temperature and children playing outside, but I can for illustration tell you that if you look at Belgium, there is one set of behaviour in the northern part of Belgium and another set of behaviour in the southern part of Belgium which is French speaking, and we think it is not related to climate, but related to culture and so my question would be (this is just a background for the question): What does it take, how is LEGO not such a good fit to the Latin culture? How does LEGO become more acceptable or suitable for the Latin culture, in terms of, probably, family life? One thing I heard is that in the Nordic culture it is more normal for the parents to sit down and play with the child than in the Latin culture, so that could be one example of an answer to this question, but I would ask for other ideas.

HBM: In order to answer this question, the HispaBrick Magazine editors have done some brainstorming together with their closest collaborators. With these ideas and some additional help from we will try to answer your first question: **What does it take, how is LEGO not such a good fit to the Latin culture?**

In the first place, the Mediterranean climate allows for and encourages outside activities more. More outside activities means more team play, and LEGO is not primarily a game for several players. Construction is a more or less individual activity and not something to do outside. This fact, together with the purchasing power of countries in Southern Europe, which is usually lower, answers the question in general terms.

In the specific case of Spain, we could do the forgoing that Spain has always had a strong toy industry that produces toys that are significantly cheaper than imported products. Add to this the fact that working hours (and opening times of shops) are also much longer than in the north of Europe. Most children here finish their school day late in the afternoon, and after extracurricular activities like sports, music and languages they don't have much time to play. If in addition both their parents work, they don't have a lot of time to play with their children either. Any modern society has the same problems: lack of time and, therefore, few hours of playtime with our children.

The case of Belgium is curious (although strange) and it invalidates the theory of cultural division based on religious backgrounds. This certainly has its influence too, but while in Holland there is a clear(er) distinction between the predominantly Catholic south and Protestant north (in general terms), Belgium is predominantly Catholic in all its extension. However, while Flanders (the northern part which speaks Dutch) has a level of life that is very similar to that of Holland and other northern European countries, Wallonia (the southern part which speaks French) has a significantly lower economic level. To shed some light on this situation we contacted with the BeLUG Ambassador, Ludo, who kindly informed us there are evident cultural differences between the north and south of Belgium. In the south there are more people who do modelling

(plains, scale cars, etc.) as a pastime. The south of Belgium has received many immigrants from Italy and Turkey to work in the coal mines and steel industry. Maybe this is somehow related to this difference.

Something similar happens in Italy. Marco, Ambassador for ItLUG, tells us the north of Italy has a strong influence from the neighbouring countries (Switzerland, Austria, France). The further south you travel, the more 'Latin' the customs and way of life become. Another important factor is that the purchasing power of families tends to be lower; and the climate in the north, with long cold winters, is very different from that in the south. Kids play a lot outside, and this fact, combined with the lower economic level, explains why parents invest less in toys than those with kids who spend more time indoors. The centre of the country is a mix between these two tendencies.

Another important factor, according to Marco, is the different way of life of the people in the south, which is more Latin. Although it would be wrong to generalise these matters, people in the north tend to be more rational, while the Latin character is more emotional. No matter how much we like building, LEGO cannot be classified as an emotional toy. As a matter of fact, Marcus informs us that 80% of the ItLUG members live in the north of Italy. The events that are organised are in the northern part of the country and in the last 5 years the attendance of members from the south has been scarce.

To finish this analysis and have another opinion from a non-European source, we contacted Enrique, an AFOL in Uruguay, to give us his opinion about LEGO as a fan in his country. It may not be the best example as the population of Uruguay originates mainly from Europe. However, the vast majority come from Spain (especially from Galicia) and Italy. His vision may not be very Latin American, but certainly very Latin. Enrique tells us that most of the games children in Uruguay play are collective games. Maybe because families are more numerous (we'd have to have a closer look at the demographics) and there are more siblings to play with. It is also true that LEGO is perceived more as a boy's toy. There are few girls who make the step from DUPLO to LEGO. Another possibility is that there is less interest in educational toys in Latin cultures, but this needs to be checked against marketing studies.

As for the second question: **How does LEGO become more acceptable or suitable for the Latin culture, in terms of, probably, family life?**, we haven't found a clear answer. The most influential factors (climate and hours of daylight) can hardly be altered. And obviously, the lower purchasing power of families in the south isn't helpful either. We hope the information and opinions we provide here will help LEGO find the answer to their question.

12:15 -13.45	1:1 meeting with Bali Padda, COO
14:00 -15:00	1:1 meeting with Mads Nipper, CMO
15:00 - 16.00	Meeting with Poul Hartvig Nielsen, Legal Council, oficina de KIRKBI
16:15 - 17.15	Meeting with Jens-Peter Poulsen, SVP, Havremarken
17:30	Leave for home
18:30	Pick up the children at scouts
18:45	Dinner together with my family
20:00	Bedtime stories
21:00 - 21.45	Conference call w/US team
22:00	Misc. mails
23:45	A good night's sleep

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