## Building a New Opportunity for Lego

This exercise gives a brief history of Lego, focusing on its culture, its approach to the toy industry, and some of the challenges it has faced recently. Then it gives your student teams a challenge—find a new Lego product.

Students have to do a brief SWOT analysis for Lego, define and design the new product, define the market, consider the competition, recommend a promotion for introducing the product, suggest various distribution methods, and address any other areas they think should be part of the strategic plan for the new product.

For a more detailed background on Lego, go to <http://www.lego.com/> or to <http://www.fastcompany.com/> and do a company search for Lego. There is an article that gives an extensive history, along with the description and examples of the amazing response to the article on its Web site. You may want to capture some of the opinions to share with your class or to incorporate a visit to the site and a review of the article and the responses as part of the exercise.

For over 70 years, a little town in Denmark has produced one of the world’s best-known and longest-lasting toys, Legos. Most adults today played with the distinctive Lego bricks as children. But many people don’t realize that the little Legos are part of the heritage of a company started by a far-seeing carpenter, Ole Kirk Christiansen, who founded Lego in 1932 with his purchase of a plastics injection-molding machine. One of his early plastic toys was a set of small blocks that snapped together, initially called “automatic binding bricks.” The magic of these bricks was that when you pushed them together, they stayed snapped together. This is something Lego calls “clutch power.”

There is another factor beyond clutch power that holds Lego together—Lego values. These include inspiring and nurturing play and creativity and a belief that if they do things right, the profit will be there. Some of Lego’s innovations over the years:

* Themed sets—such as town and farm kits, and (later) space, castle, and pirate sets.
* Developing Lego kits that are more like models, including construction instructions.
* Legoland—a theme park built around Legos.
* The introduction of Mindstorms—programmable Lego bricks that make your Lego creations behave in certain ways.
* A partnership with Lucasfilm Ltd. in 1999 to produce *Star Wars*–themed kits. Other licensed kits have followed.
* Bionicle action figures, introduced in 2001, are built around a story—the legend of Mata Nui.

In spite of the success of these introductions, Lego has been losing money steadily since the mid-1990s. In addition, many Lego employees have been concerned, with each addition to the product mix, that the primary values Lego was built around are in jeopardy. It’s a constant challenge to Lego to come up with toys that today’s entertainment-rich children will want, while maintaining their belief in the importance of creative, self-guided play. As Poul Plougmann, the CEO’s chief deputy at Lego, explained, “The important thing is that we not grow beyond our values. We are here only to develop kids. And we should be smart enough to make a business of it.”

### Your Assignment:

Create a new Lego product. It can be anything, for any purpose or any market. When developing it, include the following:

* How your product fits into the company with a brief SWOT analysis of Lego
* How your product fits in with Lego values
* A prototype of the product
* The demographic group your product will appeal to
* Lego’s competition for your new product with that demographic group
* What makes this product unique—its competitive advantage
* How the product would be introduced and promoted
* How the product would be distributed
* Anything else you think is relevant to the product plan