

## Niels Lunde's book is a new version of the story of The Ugly Duckling

Niels Lunde has outdone himself with *The Miracle at LEGO*. It is one of the most exciting and insightful Danish business titles in many years. Lego is more than just a company. It is a Danish icon – a part of the country's cultural heritage.

*The Miracle at LEGO* uncovers previously unknown sides of the company and of the people who are, or have been, associated with Lego, which makes the book as exciting as any thriller. Not least because the story of Lego has never before been told in such detail.

The first few pages of the book are dedicated to an enumeration of “the most important people”. Lunde has brought out his most powerful magnifying glass for his investigation of these individuals. Discovering who contributed the most to Lego's miraculous success and who failed at pivotal moments is guaranteed to tickle every reader.

The main character of the book is Jørgen Vig Knudstorp. But he is not allowed to burst onto the stage in the very first act, or to steal the limelight from the outset. Instead, his role grows gradually throughout the book. Niels Lunde's narrative style is intense and compelling and makes *The Miracle at LEGO* as much of a page turner as a Stieg Larsson novel.

### A journey through history

*The Miracle at LEGO* takes its readers on a journey through time, back to 1978, a dark time for many companies. It was the year that Kjeld Kirk Kristiansen returned to Billund, after a six year break from Lego, during which he developed his skills away from the family and the company, a hiatus characteristic of family-run businesses.

In 1978, the American market was struggling and West Germany's economy was slowing down. And Lego had strayed too far from its original idea. However, the management at the time were able to get Lego back on track, and the 1980s was a profitable decade.

It was followed by a period of calm, but in 1998, a marked shift occurred. A hard-hitting new CEO, Poul Plougmann, was brought in. He challenged the company's entrenched culture and made swingeing cuts. It was an immediate success. Lego got back on its feet. But before long, things deteriorated once more, and in 2004, Plougmann was fired.

Jørgen Vig Knudstorp was brought in as his replacement. His back was against the wall from the outset, not least because Lego was now close to failing.

Niels Lunde has delved into the treasure-trove that is Lego's archives and has had access to people and documents that until now have only been available to a select few.

This makes *The Miracle at LEGO* a more comprehensive book than your average biography of a top manager or company.

The board meeting on Wednesday 25<sup>th</sup> June 2003 is the climax of the book. “The meetings of the amicable board were usually characterised by consensus and the understanding that when it came right down to it, Kjeld Kirk Kristiansen was in charge. This meeting was going to be different,” Niels Lunde writes.

In the meeting, the board discussed a memorandum prepared by Jørgen Vig Knudstorp and one of his close associates, Morten Juel Willemann, both experienced consultants, in which they demonstrated that Lego had spent ten years destroying its own values. A grim message that would have far-reaching consequences. Lego will never be the same again. That is already clear.

It is also clear that *The Miracle at LEGO* is one of this year’s best business titles. Put it at the top of your Christmas list!

Published in Berlingske Tidende (leading Danish morning daily)

By Henrik Ørholm

## Niels Lunde, Managing Editor of Børsen, is the author of a book about Lego that has thrilled critics

More than one hundred interviews with key persons associated Lego form the material of a book that is guaranteed to remain relevant reading for many years to come.

From the outset, *The Miracle at LEGO* is a mix of OK! Magazine for business people and a corporate thriller, except we already know how the story ends.

This is apparent as early as the first chapter, which contains a six page overview of the “most important people”, complete with comments explaining why they are in book. E.g., “John Barbour. CEO of toy chain Toys “R” Us who in 2004 told Lego’s young management that his company was more passionate about Lego than they were.”

Or “Poul Plougmann. Turnaround expert who joined Lego in 1998 and carried out a rapid and seemingly successful turnaround, but who was unable to chart a clear strategic course.”

It’s one of the best openings of a company history I have ever read. And it adds significant entertainment value – not least because we are dealing with a world-renowned Danish company.

And this is a company profile, rather than a biography of the Kirk Kristiansen family or CEO Jørgen Vig Knudstorp.

Fortunately, the focus is on recent years' developments. However, it is hardly a typical company profile, commissioned by the company itself on the occasion of some anniversary or the other. It asks the tough questions. Both successes and failures are scrutinised, as are power struggles within the company's management.

Although Lego has contributed to the writing of the book, this is not a one-sided corporate anniversary publication. The mistakes – large and small – made by managers, including Jørgen Vig Knudstorp, are scrutinised, such as Lego Universe, the botched outsourcing to Flextronics and, on the more colourful end of the spectrum, Ole Bornedal's slightly too philosophical corporate film.

Exciting new material is presented, making the book a ridiculously exciting read. Unique and pivotal meetings are recounted, as are internal reports, materials and conversations, such as the one in which Jørgen Vig Knudstorp phones Kjeld Kirk Kristiansen to give him the sack.

Of particular interest is the document "LEGO Company Strategy", which Jørgen Vig Knudstorp authored in 2003, and signalled the start of the real turnaround and the significant changes that took place in the company's management. Mads Øvlisen, chairperson of the board at that time, for example, is quoted as asking – having read the document three times – whether it really was meant to describe the company of which he had been chairperson for seven years.

In addition to being a company history, *The Miracle at LEGO* is also a textbook on strategy, management and turnarounds. The list of important people includes a number of strategic thinkers such as Ram Charan, Daniel Pink and Chris Zook.

That selection is no coincidence. Ram Charan is famous for his books on proactive and executive strategic management, Daniel Pink is known for his emphasis of creativity and innovation in business and Chris Zook for his reiterated advice for companies to focus on their core business.

When we as readers reach a book's postscript, many of us, I believe, naturally assume that the book is finished. But that is not the case here. Quite the contrary.

The postscript is forty pages long and consist of the author's own reflections on a range of issues. They are possibly the book's most interesting pages, especially in the context of the aforementioned interviews and the deep insight Niels Lunde has into Danish business in general and Lego in particular.

Niels Lunde poses ten or so questions and answers them himself. For example, "Why did Kjeld Kirk Kristiansen allow Lego to pursue a misguided strategy?" or "Can Jørgen Vig Knudstorp do what Steve Jobs did?"

A passionate leadership sometimes risk neglecting aspects of the management process meant to guarantee constant insight into the company.

This is certainly true in the case of Lego.

*The Miracle at LEGO* shows clearly that this was one of the reasons the very existence of Lego was threatened. Or at least why it took so long to discover the threat. The book outlines Lego spent the ten years until 2003 eroding the company's value. Lego's long decline is the result of its management's failure to focus on the company's core activities.

Another lesson to draw from *The Miracle at LEGO* is that the combination of a highly complex business (model) and limited economic governance is a very toxic cocktail.

The Kirk Kristiansen family found this out the hard way. And I believe Niels Lunde's excellent book will be an eye opener for many business people. And perhaps it will also teach them how to reinvent themselves and how to make their businesses successful winners.

Published in Børsen (leading Danish business daily)  
By Mikael Vest, partner and strategic adviser, Vinderstrategi A/S

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