

**It is all about the bricks**

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**THE LEGO® CASE**

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**TEACHING NOTES**

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The authors prepared this case solely as a basis for class discussion and not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. Although based on real events and despite occasional references to actual companies, this case is fictitious and any resemblance to actual persons or entities is coincidental.

# Teaching Plan

The teaching notes will give instructing guidelines for the preparation, organization, and structure of the case. The LEGO® case is an example of a real-life managerial brand strategy- and brand structure-decision in corporate brand management. By following the teaching plan, the presenter will get the necessary guidelines to lead an organized and exciting discussion, to present the solution made by the LEGO® Task Force and to reflect the management decision. The target audience are master degree students participating as LEGO® Task Force Teams with the task to answer the stated case question.

The teaching notes start with a case synopsis, followed by an argumentation why this case is rational for being an evergreen. Several learning objectives are outlined to explain how the case can contribute to more knowledge on brand strategy- and brand structure-decision-management. Moreover, suggestions for additional questions are given to discuss, and teaching suggestions are included. The included time and broad plan ensure an organized process of the teaching itself and a high audience engagement. The teaching notes conclude with an epilogue and the authors' reflection on the process of designing the case.

## Case Synopsis

Today, the LEGO® Group is the world's largest manufacturer of toys and achieved a strong position in its competitive field. Nevertheless, back in the 90s, LEGO® faced a decreasing sales crisis and was not adapting to increasing technology trends. The crisis forced the company to reposition itself and to rethink its core values further.

Within a seven-year repositioning process with its primary aim of changing its business model, becoming more competitive and downsizing all non-profitable activities, the LEGO® Serious Play® (LSP) method has been invented by two students at IMD business school, Lausanne. The students were using the LEGO® bricks as a brainstorming and idea generator in their study sessions. The concept was not completed until Per Kristiansen joined the students in 2001. Together they founded the concept in 2002. The method has been launched by an external company called Executive Discovery LLD, led by the two students and Per. In 2004, the LEGO® Group acquired Executive Discovery LLD, which resulted in naming the method to LEGO® Serious Play®. LSP became a LEGO® Group sub-brand, and the LEGO® Group further developed the method and concept. Since then, LEGO® has been in charge of executing external LSP training sessions, which brought them to the management question of:

**On which grounds should the LEGO® group keep or drop the sub-brand, and if keeping, under which concept should the sub-brand be integrated?**

# Rational for being an evergreen case

The LSP case can be considered an evergreen case due to the relevance of rational decision making in business organizations. The case provides insights and learnings of impactful management decisions and reflects on important theories regarding corporate brand management and reputation. The fact that a sub-brand has been considered to be dropped by the LEGO® Group shows its strengths aligned in its entire business model. The case encourages one to actively reflect on potential management decisions since it impacts an organisation's future success or failure.

## Learning objectives

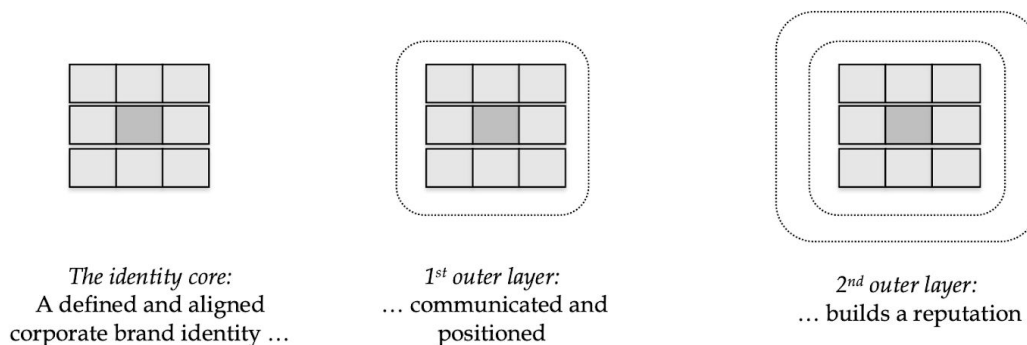
The presentation of this case and the question:

*On which grounds should the LEGO® Group keep or drop the LEGO® Serious Play® sub-brand, and if keeping, under which concept should the sub-brand be integrated?*

aims to impart particular knowledge to the audience, which will be presented in the following section.

The LEGO® case is a one-time strategic decision, which presents the LSP sub-brand positioning within the corporate brand. The analysis of this case provides the audience with knowledge in the areas of corporate brand identity and corporate brand reputation, corporate communication, and measuring corporate brand reputation. The aim is to use the LEGO® case and combine it with previous knowledge and relevant literature to broaden knowledge on brand strategy- and brand structure-decision management.

**Figure 1:** The territory of corporate brand management



Source: (Urde, 2021)

## Corporate Brand Identity (and Reputation)

### *Corporate Brand Identity Matrix*

The *Corporate Brand Identity Matrix* describes “How to find and use your corporate brand’s core identity” (Urde, 2021, p.1). Urde (2021) illustrates the framework, with the basis of the matrix, followed by the first outer layer of communication and positioning and the second outer layer of reputation. The matrix’s basis, which consists of nine interrelated elements, visualises the interconnectedness between the core and all other elements in all three dimensions; external, internal and external/internal.

Within this section, only the matrix’s basis is analysed to give a good overview of LEGO®’s corporate essence, its promises, its created value, and how this value has been achieved. It shows both: where the LEGO® Group has been in the past and where it plans to position itself in the future. “It shows *why* you are engaged in doing what you are doing; *how* you go about working in line with that why; *what* your value proposition is; and *by whom* that value proposition is generated – the audience needs to know the speaker in order to trust what is promised.” (Urde, 2021, p.7).

The LEGO® group’s brand core contains four promises: The Play, Partner, Planet, and People Promise. With the Play Promise, LEGO® communicates the stakeholders’ joy during the building process and pride creation. The Partner Promise is about the value creation among all stakeholders. With a positive impact on the planet, the LEGO® Group stays faithful to its Planet Promises.

Moreover, the People Promise combines a strong bound of all stakeholders. In addition to the four promises, the core also clearly demonstrates the company’s values of imagination, creativity, fun, learning, caring, and quality. The combination of the promises and values builds the brand’s essence, demonstrating the LEGO® Group’s overall spirit: “Only the best is good enough” (LEGO® Group, 2010). Because the LSP concept was still not fully established and developed to the point that the concept fitted perfectly into the brand’s core identity by 2010, the decision to drop the sub-brand to a specific limit makes sense.

Looking further into the internal elements of the matrix by Urde (2021), forming the foundation of a corporate brand identity, mission and vision, culture, and competences, have to be analysed. The LEGO® Group's vision is to "Globalise and innovate the LEGO® System in Play" by inspiring and developing the builders of tomorrow (LEGO® Group, 2009). The LEGO® Group's culture is based on openness, trust, and core values: Imagination, Creativity, Fun, Learning, Caring, and Quality. The employees' work ethic and attitudes focus on brand essence. Moreover, LEGO®'s competencies are also connected to the brand essence of "Only the best is good enough." (LEGO® Group, 2009). LSP does not fit into the internal focus on the best performing sub-brands.

Followed by the three external elements of the matrix: value proposition, relationships, and positioning. Those show how a brand wants to be perceived by external stakeholders (Urde, 2021). The LEGO® Group wants to be known for only



## *LEGO® Architecture*

The main intention after the repositioning in 2010 was to keep the brand architecture simple. The brand decided to only focus on four different platforms based on children's targeted age: LEGO® Explore, LEGO® Stories and Action, LEGO® Make and Create and LEGO® Next. After those platforms were established, all brand extensions that did not fit into the platforms were no longer continued. Because LSP did not fit into one of the platforms, the brand decided to drop the sub-brand.

### **Corporate Brand Communication and Positioning**

As illustrated in Figure 1, the second layer of the *Corporate Brand Identity Matrix* is built based on communication and positioning. It helps the company to express the brand's identity by storytelling. The author emphasizes the three core components encountering the company's *logo*, which instils *trust* and therefore arouses *emotions* among its audience. When looking at LSP corporate brand communication and positioning, one can see a precise alignment between LEGO®'s corporate brand logo and its sub-brand LSP. By keeping the same logo, LEGO® makes sure the customer links its sub-brands directly to the brand. This way, trust is built and therefore leads to immediate brand recognition.

### **Corporate Brand Reputation**

While LEGO® was not included in the Global RepTrak 'The World's Most Reputable Companies', it scored fifth place in 2011. This score can most likely be attributed to the repositioning, which LEGO® finalised in 2010, which made the brand stronger than ever before. In 2012, the company scored 10th place in the ranking. However, in Denmark, their home country, they scored higher than in the global ranking. Over the years, the brand became stronger, which is shown in the rankings from 2016-2020. In those years, LEGO® scored first place in the RepTrak ranking, which shows the brand's strong comeback after their corporate crisis (RepTrak, 2012).

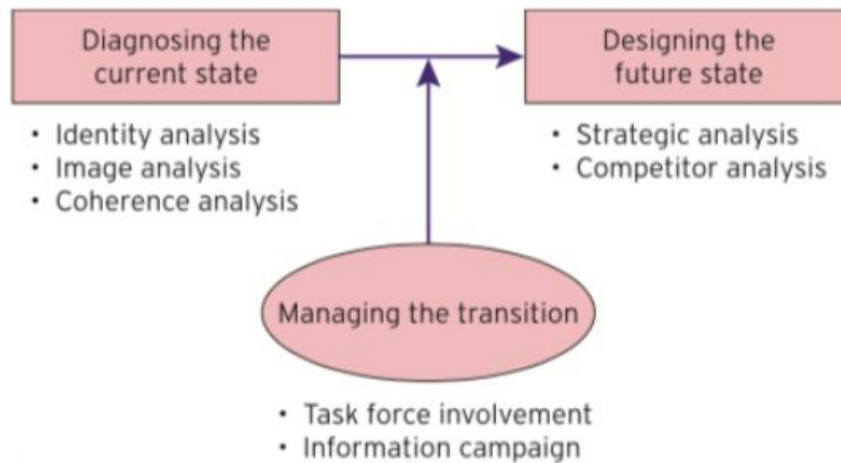
Since the strong score from 2011 is most likely earned by the seven-year-long repositioning, the product brand LSP adjustment could not have such a substantial impact on the company's reputation. Whether to drop or keep a product brand like LSP, which is not known as other sub-brands from the LEGO® Group, does not impact the company's reputation as a crisis, for example.

### *Fombruns 3 stages of a reputational audit*

In order to access the current reputational state of a company, a reputational audit may be accessed. Here, Fombrun (1996) suggests a framework where he defines three stages of a reputational audit (Figure 3).



**Figure 3:** Three stages of a reputational audit



(Fombrun, 1996)

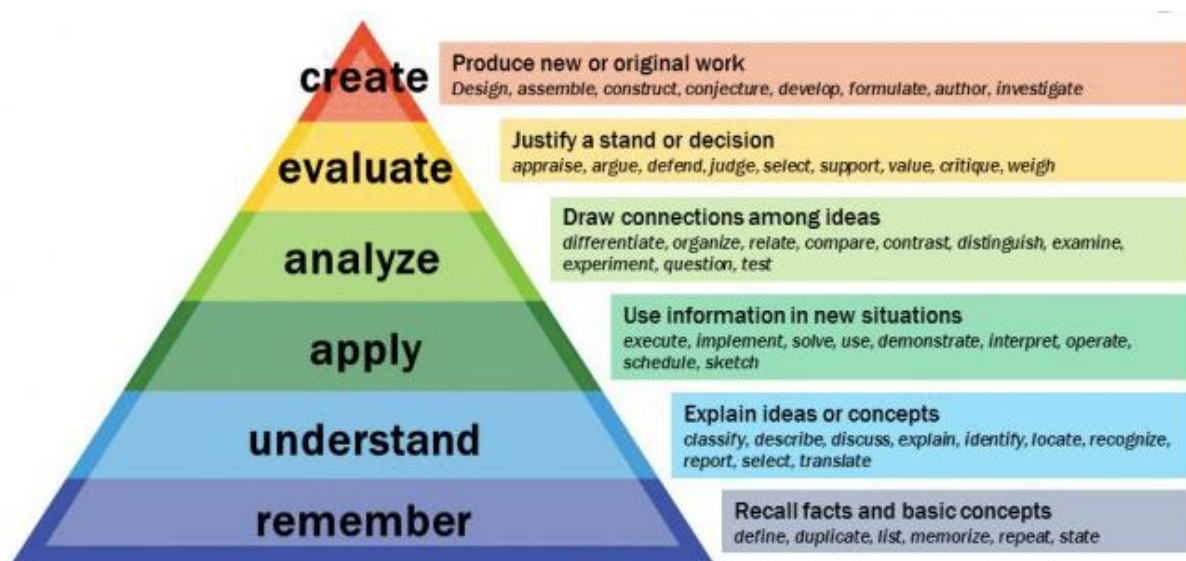
In stage 1, the diagnosis of the company's current state is analysed, where the company's brand identity, image, and reputation are elaborated. Next, in stage 2, the future state in terms of a strategic analysis of future trends, plans, and an outline of the competitive environment is defined. Lastly, the transition process of the company's current state into the future state is to be reviewed. While applying this model to LSP, we can elaborate on the reputational state of LEGO®. For example, when looking at the discussed scenario where LEGO® is facing whether they should drop LSP or keep it, the following attributes are to be questioned: identity, image, and coherence. Its four promises to the stakeholder shape LEGO®'s identity: people promise, play promise, planet promise and partner promise with having the leading target group- kids always as one of the most important players in mind.

Furthermore, its image and reputation have been strongly influenced by its repositioning and change towards being a more innovative, creative, and sustainable brand with a better reputation in the kid's toys market. When elaborating on the second step, which encounters an analysis of the future state regarding future trends, plans, and an analysis of the competition, the following can be analysed for LEGO®: LEGO® needs to critically measure its strengths and weaknesses in terms of its positioning. The competition is adapting to consumer trends, which decides whether the company should focus more on its core values or expand its product portfolio. The last step of LEGO®s reputational audit designs the future state of LSP. LSP is a profitable sub-brand but does not align with its product portfolio. It is a critical situation if LSP should be kept to maintain a profitable asset or rather stick to its core target group of kids. It can be speculated that sticking to the sub-brand may influence LEGO®'s future reputation in terms of bad management by the external partners.

## Overview of Key Learnings

The key learnings of the given case are presented with Bloom's taxonomy. This framework gives a structure for learning objectives. There are six aspects of the framework: remember, understand, apply, analyze, evaluate and create. Going through all of those aspects helps structure learning objectives, which will support the teaching person to "plan and deliver appropriate instruction, design valid assessment tasks and strategies and ensure that instruction and assessment are aligned with the objectives." (Armstrong, n.d.). In the following, the framework will be applied to the learning objectives of the LEGO® Group case.

**Figure 4:** Bloom's Taxonomy



Source: (Armstrong, n.d.)

The aspect 'remember' is about the recall and recognition of facts and concepts. Here, the brand LEGO® is classified, as well as the product brand LSP. Moreover, the process of brand repositioning and the resulting evaluations of future innovative products. For 'understand', identifying, explaining and understanding concepts of the case is essential. For the LEGO® case, here, the fundamental concepts necessary to solve the case questions are meant. Those concepts are part of the BUSN35 course. For the LEGO® case, the theory applied is corporate brand identity, brand architecture, communication, and brand reputation. 'Apply' indicates the application of the key concepts for solving the case. Here, students can learn how to use the course concepts in a real-life case properly. For 'analyze', the outcomes and different parts are connected. This way, a conclusion can be drawn, which results in problem-solving. The next step, 'evaluate', is about checking and critiquing the outcome and defending the decision that was taken by supporting it with arguments. The last step is 'create', if about generating, planning, and producing new work



based on the knowledge taken from the key learnings, which means taking the knowledge gained by working on the LEGO® case and putting it in future work.

## Teaching Suggestions

The following section provides the teacher suggestions related to how to structure and implement teaching techniques. The teacher aims to introduce and guide the case by discussing interactively with the students within a timeframe of 45 minutes.

### Pre-Presentation & Introduction

In the case of several presenters, it is advised to split the roles and to divide responsibilities. Within the case of LSP, there are at least three roles needed that encounter at least one party of the executive board, one member of the LEGO® 's business development team and one member of the repositioning taskforce.

Additionally, it is advisable to inform the students of the case background (written case document) to ensure basic knowledge alignment. The outline will be provided in either digital or printed format before the start of the presentation.

The use of media (visuals, video, audio) is highly recommended and will ensure the audience's attention. Background information on LSP will be shown in a short video and will allow the participants to study the method. Apart from the videos and visuals, the presenter will receive teaching notes with detailed supporting information for each slide in the presentation.

### Management Conference

During the management conference, three roles will be played in order to explain the situation and finally, lead to the discussion. LEGO®'s CEO, Jørgen Vig Knudstorp, the Head of Task Force and Head of Business Development.

LEGO®'s CEO takes the position of wanting to drop LEGO® Serious Play®, because it does not fit into the brand categories anymore, which were developed during the repositioning process. He also claims that the sub-brand is too time and cost intensive, due to the training for the method. The Head of Business Development does not want to drop the sub-brand since she thinks innovation is a key factor to stay competitive and therefore, the LEGO® brand needs innovations like LSP. The Head of Task Force takes on a more neutral standpoint, since he understands both sides and wants to analyse the risks and opportunities more before taking a decision.

Based on all three opinions, the management decides to let the task force create a concept of why and how the LSP sub-brand should be dropped or kept.

## Discussion

The discussion phase suggests involving the audience in an active discussion. It is recommended to start to take the role of the Executive Board of LEGO® and then ask the audience to quickly summarise the LSP scenario and the management decision question. The participants should be divided into groups of 3-4 students which each represent the task force of the LEGO® Group. Here, the participants will feel highly involved in the discussion and can actively introduce exciting insights and arguments of their position.

It is advised to guide the discussion and to motivate the participants. To keep an interactive discussion, the presenter should ensure a balance by emphasizing each group equally.

## Conclusion

Following the discussion, the concluding phase will display the findings of the participants before the management decision is presented. Once the presenters notices the discussion might come to an end, one should close it. On the contrary, if the presenters notices that the discussion is not soon to finish, they should remind the participants of the set time limit.

After the discussion is completed and all participants expressed their opinion, one presenter should summarise the conclusion. Afterwards, one presenter is called to present the management decision and conclude some final thoughts by the participants. Once the participants have stated their opinion, the presenter might summarise the findings and thank the audience for the discussion and input on the case.

## Board Plan & Discussion Questions

The main question to be discussed from the participants is:

*On which grounds should the LEGO® Group keep or drop the LEGO® Serious Play® sub-brand, and if keeping, under which concept should the sub-brand be integrated?*

to lead the discussion properly and agree on whether to keep or drop LSP within the LEGO® Group, the board plan (Table 1) is a useful tool. This board plan consists of 5 questions, which should be discussed and answered by the participants.

**Table 1:** Discussion questions

<b>On which grounds should the LEGO® Group keep or drop the LEGO® Serious Play® sub-brand and if keeping, under which concept should the sub-brand be integrated?</b>	Option 1: Keep LEGO® Serious Play®	Option 2: Drop LEGO® Serious
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		Play®
Which decision would strengthen the brand identity (internally) more?		
Which decision would strengthen the brand image (externally) more?		
Which decision would strengthen the overall brand reputation more?		
Considering the opportunities for the LEGO® Group, by keeping LSP, to reach another target customer segment (businesses), and the risk of hurting their actual brand image, which solution should be chosen?		
Which decision would strengthen the communication of the LEGO® Group more?		

Source: own table

## Discussion Questions

In order to create a proper discussion on the case, which gives the pros and cons of the possible case outcomes, next to the main question, several sub-questions are created.

The table with the sub-questions is integrated into the PowerPoint presentation, to guide, support and boost the discussion. Moreover, the alternative which will be chosen by the participants is going to be marked to generate a nice overall overview. By showing the questions in the matrix every important field of the theory is going to be considered.

To direct the discussion and help the participants, assisting questions for each discussion question are provided below. The questions, if necessary, can be asked in the following order:

### To support Q1:

1. Which alternative fits better into the LEGO® Group's values /brand architecture/ structure/ mission?
2. Which decision is more relevant for internal stakeholders?

### To support Q2:

1. Which decision is more relevant for external stakeholders?

### To support Q3:

1. How engaging and inspiring is the purpose and practice of LSP?
2. How appealing and meaningful is the offered value of LSP?

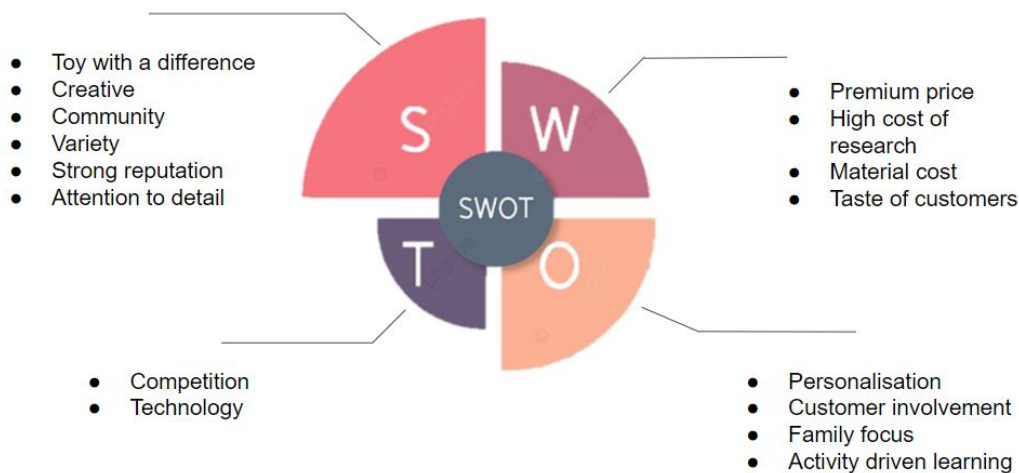
**To support Q4:**

1. What are the risks for each decision?
2. What are the opportunities for each decision?
3. Does it make sense for the LEGO® Group to target a completely new target group?

**To support Q5:**

1. Does it make sense to communicate LEGO® Serious Play under the LEGO® brand?
2. Will the communication of LSP under the LEGO® brand strengthen or weaken the LEGO® brand?

**Figure 5:** SWOT analysis of the LEGO® Group



Source: own illustration

## Time Plan

The proposed time plan (Figure 6) is a guideline for the presenter to estimate how much time each section takes to be discussed in detail, ensuring all theories are covered. In total, 45 minutes are given. The time plan starts by presenting the LEGO® Group's background and continuing by introducing LSP to give relevant background information needed for the case. With this background information, the audience is prepared to be asked the case-question, get into their LEGO® Task Force Teams role, and work on the case. The case discussion follows this section. Experts within the LEGO® Task Force Groups are given to make sure all relevant themes are covered. Afterwards, the management decision and the specific actions taken by the

LEGO® Group will be revealed. Summing up with an open discussion about alternative ways and solutions that the company could have taken.

**Figure 6:** Proposed Time Plan



Source: own illustration

## Epilog

The key takeaways are learnings about corporate brand identity and brand architecture, measuring corporate brand reputation, and corporate communication. After LEGO® succeeded in building a strong brand after its crisis and the long process of its repositioning, the brand still tried to stay true to its newly established values. Since LSP still reflected LEGO®s values, they decided not to drop the brand entirely but only to a limited extent. This way, LEGO® still owns the naming rights, making it seem that LSP is part of the LEGO® brand and produces the bricks. LEGO® only stands for the quality of the methodology and the physical products while not being responsible for the training anymore. Customers are self-responsible for the methodology's execution but can get training from people who have dealt with it a lot and offer training sessions. The case shows that brands can and should explore markets they have not operated so far to grow, create innovation, and target new audiences.

## Reflection

As one of the BUSN35 - Corporate Brand Management and Reputation course assignments at Lund University, it was a task of groups of three students to create a master case, in which a case will be presented to the class with a case question that the class had to answer. The first hand-in was a one-pager where three possible cases were presented to the lecturer. After a discussion and detailed feedback, the students decided on one of the cases, which was then prepared in detail for a final case presentation.

To create a good case for the class, several meetings were held to discuss and evaluate possible cases within the master case. After deciding on a final case, which the group felt would offer a detailed and interesting discussion for the class, the case was prepared, theories were searched for, and decisions were made. Many challenges occurred in deciding how to properly ask a case question to create an in-depth and creative discussion with different outcomes. First, the case itself was written, where the tasks were divided after a detailed meeting discussion of which aspects should be included. After this, the group discussed further steps, evaluated different questions, and after deciding on the content of the different papers, the

writing was divided among the group members. Even though the text topics were divided, a detailed reading of other group members parts was conducted to ensure higher quality.

This case creation taught us to work first-hand with problem-solving skills, evaluation from different angles, how to not only understand the theory but also make use of them, understand business problems in detail and learn how to evaluate different outcomes. Those skills will strengthen business management skills for future situations in real-life business situations.



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