



Comparing Apple to Plastic Bricks

Why Steve Jobs Was Great for Products, but Lousy as a Management Model | David Robertson



Imitating Apple is a dangerous game for innovators. A safer bet: your old friend, LEGO.

When people talk about innovation in business, Apple usually gets all the attention. That isn't unreasonable: from the original Apple II to the latest iPhone, Apple has created some of the most iconic and successful products the world has ever seen. In the process, Apple has also created untold billions of dollars of wealth for employees, shareholders, suppliers, and partners.

Many managers ask: How do I follow in Apple's footsteps? Well, all you need to do is follow three simple steps:

- 1 Find someone like Steve Jobs,
- 2 Promote him to the top of the company
- 3 Run all your innovation decisions through him.

You are, remember, in a hurry, Your "Steve" might be hard to spot, but if you wait too long he's likely to leave and start his own company.

Once you've found your Steve Jobs, you need to overlook the fact that he showers just once a week, and promote him to the top of the company. (In his first job at Atari, Jobs' personal hygiene habits were such that his managers insisted that he only come in during the night shift.)

Now, with your new wunderkind in charge, all innovation must be run through him or her. No job will be too big or too small to escape attention. The decision to design a new product—every single iteration of that product from the engineers; every detail of the final object, down to the feel of the case and the size of the buttons—are tended to by the “focus group of one” that you've put in charge. This goes for sales and marketing, too. A TV commercial is never aired, nor is a magazine ad ever run, without the boss re-working the copy up to the very last minute.

And if he or she becomes unreasonable and even contemptuous of your company's board of directors, you'll have to send in a pink slip. Although you may also end up rehiring your “Steve” a decade later...

The truth is Apple is no model for innovation management. Steve Jobs was utterly one of a kind. He co-founded Apple and made it in his own image. No other “Steve” would have anywhere near the clout or force of personality. And don't try finding one in the first place, as people like that simply don't come around that often.

So ignore all the lessons about innovation management that you might be tempted to learn from business press articles about Apple. There are much better examples for you to consider.

One of the best is LEGO—yes, the plastic brick company. The 80-year old, family-owned business is one of the giants of the toy industry, with \$4 billion in sales and \$1.3 billion in profits in 2012. Revenue growth for the past five years has averaged 24 percent per year, and profit growth a stunning 40% per year.

Growth like that keeps occurring year-in and year-out because after a lot of trial and error, LEGO has created an extraordinarily effective system of innovation management that works within a traditional management structure. Remember; innovation and creativity are virtually the only tools LEGO has for enhancing the value of its brand, since many of its core patents expired decades ago.

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With the possible exception of Apple, arguably no brand sparks as much cultlike devotion as LEGO.

Über-nerd Jonathan Gay credits the LEGO brick for helping him invent Flash animation and thereby light up the Web. Google cofounder Larry Page once built a fully functioning inkjet printer out of LEGO bricks, and Google managers now use bricks in some of their Mensa-level hiring tests. Maestro clothing designer Eileen Fisher has praised the brick for its capacity to fuel creative play. In his BBC series *Toy Stories*, British TV raconteur James May gushed that the brick embodies “Geometry, mathematics, truth.”

LEGO lust isn’t limited to just famous alpha creatives. Thousands of LEGO acolytes come together at conventions that are held every month of the year in cities around the globe. These tribal assemblages range from the mainstream (the Netherland’ LEGO World, which annually pulls in more than seventy-five thousand kids and their families) to the fringe (Munich’s LEGO Graffiti Convention, a freak-and-geek-fest of brick-themed street art).

The Internet abounds with LEGO gathering places such as LUGNET (aka the LEGO Users Group Network), a global forum for LEGO fans; MOCpages, where builders show off more than 350,000 LEGO “My Own Creations”; Brickshelf, a fan-created site that features close to two million images as well as a thriving market for LEGO kits and pieces; and Brickipedia, a LEGO wiki that encom-

passes nearly twenty-four thousand pages of reviews and forums. YouTube alone is stuffed with more than nine-hundred thousand clips showcasing over-the-top LEGO creations, with robots that solve Rubik's Cube in mere seconds and a LEGO-based animation of English comedian Eddie Izzard's hilarious send-up of Darth Vader, which has drawn more than nineteen million views.

Along with Coca-Cola and Disney, LEGO has ranked at the top of a Young and Rubicam survey of the world's most recognizable brands. In 2007, the Reputation Institute declared LEGO the world's most respected company. In 2010, a wide-ranging survey of more than three thousand adults between the ages of twenty and forty declared the LEGO brick "the most popular toy of all time."

Nearly everyone, it seems, loves LEGO. Or at least, everyone seems to know it. When Fortune decreed LEGO the toy of the century, the magazine half joked that with more than two hundred billion bricks scattered across the globe, "it seems safe to assume at least ten billion are under sofa cushions [and] three billion are inside vacuum cleaners." That number has since tripled, as billions of new pieces pour out of LEGO factories every year (approximately thirty-six billion in 2010 alone). LEGO factories annually churn out bricks at the rate of more than five times the world's population. There are now some eighty LEGO bricks for every man, woman, and child on the planet.

And yet, although most everyone has encountered LEGO, far fewer are familiar with the organization that stands behind it. Wall Street largely ignores the family-owned LEGO Group, which is headquartered in Denmark's hinterlands. Given that LEGO is closely held, the Street's disregard is somewhat understandable. What's more perplexing is that aside from those in the toy industry, a surprising number of business journalists and analysts have paid scant attention to one of the world's most creative companies.

Over a four-year period, from 2009 to 2012, *Fast Company* magazine's annual accounting of the "50 Most Innovative Companies" cited the unimpressive (Microsoft), the uninspiring (Facebook), and the unsung (MITRE), as well as corporations based outside the United States (Samsung, Nissan), but not the makers of the iconic brick. Likewise, LEGO Group didn't crack the "most innovative" lists at *Bloomberg*, *Forbes*, or *MIT Technology Review* for 2010 through 2012. Why should they—and we—give LEGO and its innovation strategies a closer look?

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I've spent a lot of time with LEGO managers in connection with a book about the company I've just published, *Brick by Brick: How LEGO Rewrote the Rules of Innovation and Conquered the Global Toy Industry*. (Crown Business, 2013) What I learned is that LEGO executives are masters at innovating “inside the box.” Their system has given them tremendous results, results that rival Apple's. And they compete in a market with the same dynamics as Apple's, featuring fickle customers, intense global competition, and constant innovation.

There are a number of secrets to LEGO's success. One of them is constant experimentation and testing. In case you haven't kept up with LEGO since you were a kid (although the company has many millions of passionate adult customers), LEGO has many more product lines than just its classic brightly-colored plastic bricks. There are movie-themed LEGO kits, and LEGO products that look like monsters and alien creatures. Designers are always working on new ideas.

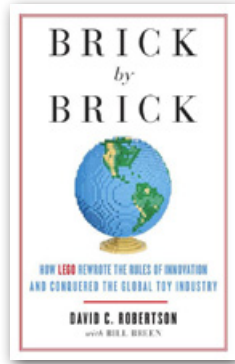
LEGO also has intensive, ongoing interactions with its most knowledgeable and passionate customers. This may sound like a page from the “wisdom of the crowds” playbook, but it's actually quite different. The company invites a small group of selected fans to help it evaluate new ideas. Members of the group are treated as “insiders” and given confidential information about new products, something highly prized in the toy world. These advisors are encouraged to offer their ideas and opinions, though of course LEGO has the final say on things.

What's also striking about LEGO innovation is how it runs across an entire spectrum. There are new products, of course. But the company is constantly innovating with new business models, new platforms, new sales channels, and more. And all of this takes place inside a corporate culture that balances creativity with discipline. A designer at LEGO is not given unlimited freedom—they're given clear direction about what type of toy they're developing for which market segment. That discipline helps ensure that toys are successful, and profitable.

What worked for Apple will probably not work for you. And each company's formula for balancing creativity and discipline will be different. But copying the LEGO model is much more likely to succeed than trying to hire the next Steve Jobs, promote him to the top, and give him unlimited authority.

The LEGO management model is like the LEGO itself: it allows endless creativity, continuous innovation, and helps you build something that holds together and endures. 🧱

Info



BUY THE BOOK | Get more details or buy a copy of [Brick by Brick](#).

ABOUT THE AUTHOR | David Robertson joined the faculty of the Wharton School at the University of Pennsylvania in January of 2011, and was the LEGO Professor of Innovation and Technology Management at IMD in Lausanne, Switzerland from 2002 through 2010. As the LEGO Professor, Robertson was given unique access to the company's management team, has written two case studies about the company, and is the co-author of a *Harvard Business Review* piece on LEGO. At IMD, Robertson was the co-director of the school's largest executive education program, the Program for Executive Development, and directed programs for Credit Suisse, EMC, HSBC, Skanska, BT, and other leading European companies. For more on Robertson's background, visit www.robertsoninnovation.com.

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