CASE: LEGO LEARNS TO MAKE SUSTAINABLE ENVIRONMENTAL DECISIONS

Every kid loves to play with LEGO bricks. But even LEGO, the Danish company for which "LEGO" is an abbreviation of the two Danish words "leg godt," meaning "play well," still can learn how to make profits and be environmentally friendly.

The LEGO Group was founded in 1932 by Ole Kirk Kristiansen. The company has passed from father to son and is now owned by Kjeld Kirk Kristiansen, a grandchild of the founder. It has come a long way over the past 80-plus years—from a small carpenter's workshop to a modern, global enterprise that is now, in terms of sales, the world's fourth-largest manufacturer of toys.

The first LEGO automatic binding brick, the LEGO brick, is the company's important product. LEGO has been named Toy of the Century. Its products have undergone extensive development over the years—but the foundation remains the traditional LEGO brick.[114]

The manufacturing of bricks used to occur at the manufacturing plant in Enfield, CT, but has since moved to Mexico. The Enfield location now focuses only on marketing.

However, in 2011, LEGO learned its focus on developing great products meant it might have slipped up in making sure the company was environmentally compliant. The social activist group Greenpeace applied some pressure to LEGO (it also pressured HASBRO) to be more aware of the conditions of how and where its suppliers provide its packaging material.[115] Greenpeace wanted LEGO to use suppliers that used sustainable practices.

LEGO top managers could have stalled and used tactics to discredited the complaints Greenpeace had with LEGO sourcing of packaging made from unsustainable forests. LEGO customers would most likely never hear or be aware of where the paper packaging material originated.

Instead, to be more environmentally aware, LEGO agreed to not use its supplier Asia Pulp and Paper (APP) but to use packaging material certified by the

Forest Stewardship Council (FSC) instead. Greenpeace considers APP the worst forest offender in Indonesia. Greenpeace has also called on companies to start new sustainable procurement policies for purchase of all pulp and paper products.

LEGO has plans to reduce the amount of all types of packaging (not just paper products) and to use recycled products as often as possible. As part of Planet Promise, LEGO has set its overall strategic ambitions to have zero product recalls, to be in the top 10 companies globally on employee safety, to support learning for 101 million children by 2015, to use 100 percent renewable energy by 2020, and to reach a goal of zero waste. According to a 2012 sustainability report, LEGO has reduced its packaging by 18 percent and has continued to work with suppliers that are part of the Forest Stewardship Council.[116]

You can watch a video (http://green.tv/videos/lego-and-sustainability/) of CEO Jorgen Vig Knudstorp, LEGO Group CEO, who presents his company's approach to sustainable business. He discusses how LEGO has become very concerned about its footprint in the history of business. LEGO has invested in wind power, continues to work on reducing all manufacturing waste, and even is looking for ways to reduce product packaging. But, on that account, the company found that people do not tend to throw away LEGO products; instead, they save them for future generations.[117]

Case Questions

1. Which internal environmental factor is the major reason for LEGO's success?
2. LEGO's new program using recycled supplies reflects what level of culture? Refer to Chapter 2 for a refresher on the three levels of culture.
3. Which external environmental factor in this case is least important to LEGO's success?
4. Which external environmental factor, in this case, is most important to LEGO's continuing success?
5. Is LEGO engaged in socially responsible behavior?
6. Would LEGO be considered a "green" company?
7. Does LEGO have a strong or weak culture?
8. Can you think of any other ways LEGO could improve its sustainability practices?

Cumulative Case Questions

9. Which manager's resources have given LEGO a competitive advantage over its competitors? (Chapter 1)
10. How does LEGO's new recycling program highlight the four management functions? (Chapter 1)