



Re-shaping Strategy of LEGO

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Student name: Qingxiao Xu

Student number: 1804950

Lecturer: Dr Muhammad Tahir Mushtaq

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Executive Summary

This report aims to analyze and evaluate the existing strategies of LEGO and provide the reshaping suggestions on its strategic directions and implementation for its sustainable development.

The structure of this report consists of four parts: the first part gives introduction to basic theories of strategic management and information of LEGO Group; the second part makes analysis on the existing strategies of LEGO in terms of its position, choices and action. Also, the need for strategic change will be pointed out in the end of this part. After a conclusion of the main findings of the analysis, relevant changes in the strategic directions are recommended. Finally, suggestions on the implementation of the strategic changes from the aspects of the type, leadership, stakeholders and resources are provided.

This report applies many models and frameworks to do analysis including Three Horizon Framework, Exploring Strategy Framework, PESTEL, Five Forces, VRIO Framework, Generic Strategy Framework, Market Options Matrix, Expansion Methods Matrix, Forcefield Analysis, Generic Types of Change Model and Styles of Change Leadership Model. Additionally, academic books and articles as well as official reports and websites are also referenced to support this report.

1. Introduction

This report will analyze and evaluate the existing strategies of LEGO Group and find out the strategic problems for its sustainable development, then relevant solutions will be provided to reshape the strategic directions as recommendations in the end.

1.1 Basic Theories about Strategic Management

1.1.1 Definitions of strategy and strategic management

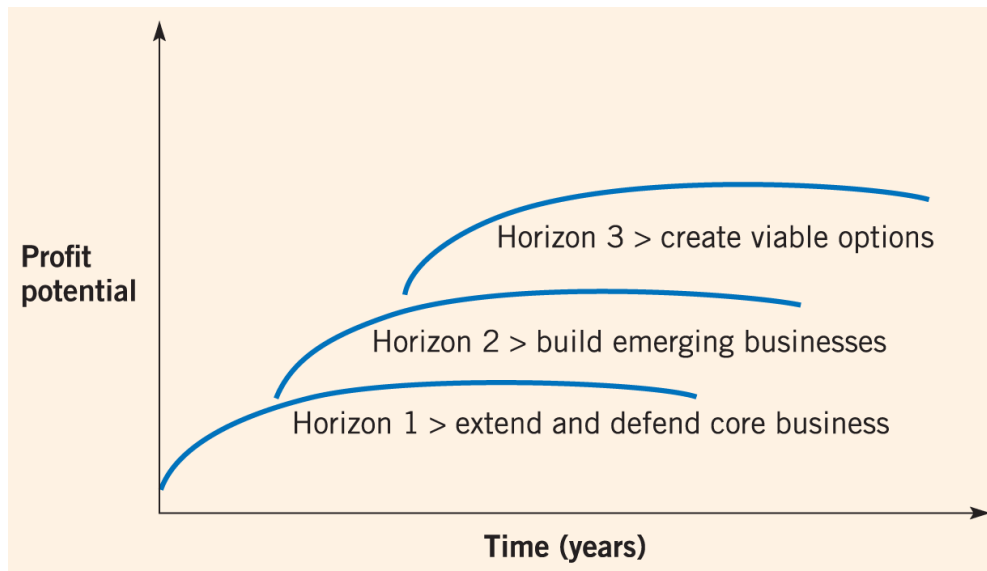
There are a variety of definitions of strategy from different aspects. Strategy refers to “the determination of the long-run goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary for carrying out these goals” (Chandler, 1963, p. 13). While Johnson, et al. (2017) give a simpler definition as “the long-term direction of an organization” (p. 4).

A successful strategic plan is able to “provide direction and action plans, to prioritize and align activities, to define accountabilities, to enhance communication and commitment and to provide a framework for ongoing decision making” (Chirgwin, 2016). Thus, how to effectively manage strategies can be significant. Strategic management is defined as “the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives” (David, 2009, p. 48).

1.1.2 Three horizons for strategy

As is acknowledged that a certain strategy is always measured in a long-term run, the three horizons framework can be used to categorize the goals of a

company into 3 different horizons in terms of years (Johnson, et al., 2017):



(Baghai, et al., 2000, p. 5)

From the brief introduction provided by McKinsey (2009), Horizon 1 businesses should maintain and defend its core business, including activities that are most closely aligned to the current business and are able to improve margins and keep cash coming in; in Horizon 2, companies should nurture emerging business which means using what a company already has, and further extending it into new areas of revenue-driving activity; Horizon 3 is about creating genuinely new business that is rare today. The options in this horizon may take risks of being improper or unprofitable within a short period of time.

However, this framework is criticized to be no longer applicable in the 21st century for “today many disruptions can be rapidly implemented by repurposing existing Horizon 1 technologies into new business models — and that speed of deployment is disruptive and asymmetric by itself” (Blank, 2019). This fatal flaw is said to make an organization fall behind its competitors or even make it out of business.

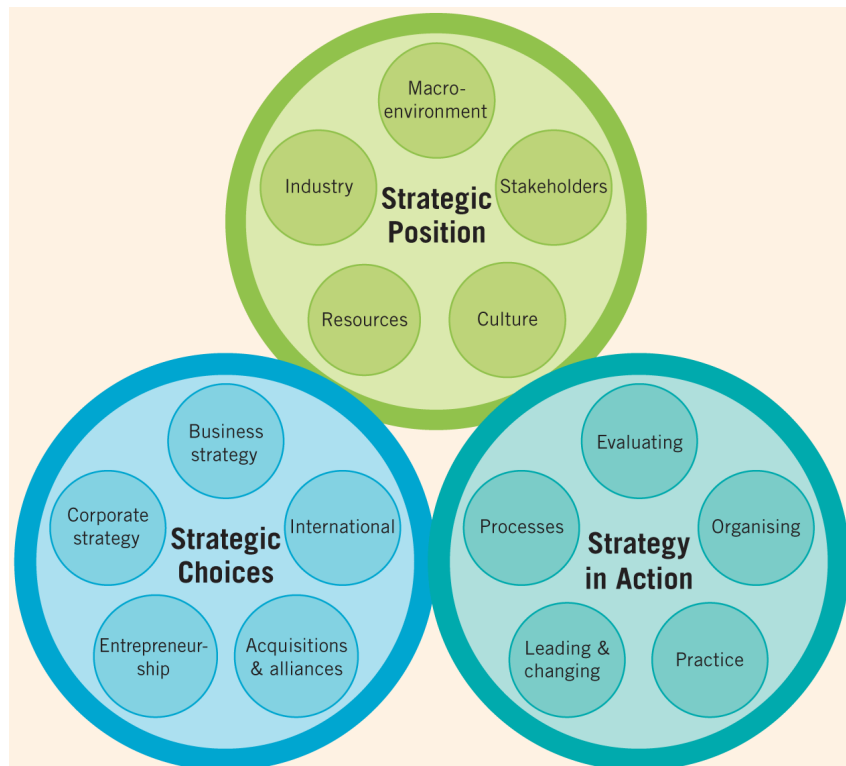
1.1.3 Levels of strategy

Strategies are mostly divided into three levels, all of which should be carefully taken into consideration so that a business can be expected to have the correct direction to pursue its future success.

The first level of strategy which sits at the top is corporate strategy. Strategies in this level aims to outline what business areas a company is going to engage in, and how to enter these areas and add values to all business units (Johnson, et al., 2017). The second level of strategy is business level. In this level, the competitive position should be defined for each particular market and how to deliver tactics in different business units should be considered (Amin, 2016). The bottom-level strategy is about functional strategies, or day-to-day strategies which helps a corporate to make progress towards the correct directions. It is concerned with how various parts of a corporate implement different levels of strategies in terms of managing resources, processes and people (Johnson, et al., 2017).

1.1.4 Framework of exploring strategy

This report will follow the Exploring Strategy Framework which divides strategic issues into three parts (Johnson, et al., 2017): firstly, the strategic position of an organization should be understood; secondly, the strategic choices should be assessed and decided for the future; thirdly, all strategies need to be formed, implemented and managed in action. The figure below shows the strategic issues included in every parts of the framework. This report will mainly focus on the most relevant issues to the study case from each part and analyze them in detail.



(Johnson, et al., 2017, p. 12)

1.2 Company Profile

1.2.1 Basic information

According to MarketLine (2018), LEGO Group (LEGO) is a Danish privately-held company which carries out design, development, production and marketing of plastic construction toys. Its products are commercialized in about 140 countries worldwide. LEGO now has become one of the leading toy companies all over the world. In 2015, this company became the world's largest toy company by revenue and replaced Ferrari as the “world's most powerful brand” (Brand Finance, 2015).

1.2.2 Strategy statement

Collis & Rukstad (2008) believe that all organizations and managers should be able to summarize their organization's strategy with a strategy statement. The statement mainly covers three themes: fundamental goals, the scope of the organization's activities and the particular advantages or capabilities it has to deliver all of these (Johnson, et al., 2017).

Firstly, the mission of LEGO is to "Inspire and develop the builders of tomorrow" and the vision is "Inventing the future of play" (LEGO, 2012). Secondly, the domain of its activities include a wide range of learning toys, video games and online games for different age groups (Marketline, 2018). Thirdly, the competitive advantages of LEGO will be discussed and concluded later.

2. Strategic Analysis and Main Findings

2.1 Strategic Position

This part mainly discusses three aspects concerning the strategic position: LEGO'S macro-environment, industry or sector environment and its resources and capabilities.

2.1.1 Macro-environment analysis

To comprehensively analyze its macro-environment, PESTEL analysis can be used to find out both the threats and opportunities of LEGO in six environmental factors: political, economic, social, technological, ecological and legal (Johnson, et al., 2017), and identify its key drivers of change. The table below shows the outline of PESTEL analysis of LEGO:

	<i>Opportunities</i>	<i>Threats</i>
<i>Political</i>	Political neutrality	Brexit
<i>Economic</i>	World economy growth	Foreign currency fluctuation High import tax
<i>Social</i>	Higher standard of living More concern of education Cooperation with UNICEF	Dynamic social culture
<i>Technological</i>	Digital transformation E-retail New materials	Internet, smartphone, AR/VR
<i>Ecological</i>	Renewable energy goal Cooperation with WWF	Current plastic materials
<i>Legal</i>	Lawsuits against counterfeits	Poor copyright laws Regulations on safety of toys

Specifically speaking, one of LEGO's core values is to maintain political neutrality which may prevent LEGO from getting involved in complex political issues (S&P, 2019). However, Brexit may bring some negative effects on businesses including LEGO between Europe and UK. In terms of the economic and social aspects, the Economic Analysis and Policy Division (2019) states that the world economic growth is expected to remain at 3% in 2019 and 2020. This helps people to live a life with higher quality and more concerns about education, which may boost the sales of LEGO. Also, LEGO is regarded as a socially responsible brand for it cooperates with UNICEF and donates 8 million dollars to charities (S&P, 2019). At the same time, the fluctuated currency rates as well as the increasing import taxes in some countries would post a risk for LEGO (S&P, 2019). And there are more social entertainment choices competing with LEGO. As for the technological factors, the rapid development of digitalization will encourage LEGO to innovate, transform and update, but it also brings in more competitors such as online games, smartphone apps.

Environmental issues have been focused by LEGO as it partners with the WWF to reduce CO2 emissions and promote global action on climate change (Gherasim, 2018). It also committed to replace its current plastic toys with sustainable and renewable materials by 2020 (Grover, 2017). Finally, there are many counterfeits occurring and doing harm to LEGO's reputation and sales. LEGO has joint various lawsuits against cheap imitations (S&P, 2019). However, the poor copyright in some areas and many regulations on manufacturing practices, product safety and hazardous substances may negatively influence the business and financial condition of LEGO (Marketline, 2018).

Among these macro-environmental factors, technologic factors should be the key driver of changes for LEGO. Digitalization and E-retail are and will continue to be the trend of most businesses including toy industries, so LEGO should recognize the importance of technological innovation and implement related strategies to maintain its leading position in the whole industry.

2.1.2 Industry environment analysis

Porter's Five Force Framework can be used to identify an industry in terms of five competitive forces (Johnson, et al., 2017). Although LEGO has stepped into several industrial fields, this part will focus on its major business, the toy industry.

The threat of entry is relatively low. The threat of entry in an industry “depends on the height of entry barriers and on the reaction entrants can expect from incumbents” (Porter, 2008, p. 81). Although the barrier to enter the toy industry is relatively low, it is tough to survive in a long-term run and compete for market

shares. Moreover, LEGO, as a well-known brand around the world with the leading position in the toy industry, cannot be imitated or caught up with by new entrants within a short time.

The threat of existing competitors is moderate. On the one hand, the number of the equal-sized rivalries of LEGO is not small including Mattel Inc., Hasbro Inc., Bandai Co. Ltd. (Marketline, 2018). These competitors distinguish themselves in different aspects such as broader product lines, diversified marketing ways or sufficient resources. On the other hand, LEGO is quite successful in innovation and differentiation, which is able to gain customers' loyalty among its competitors.

The threat of substitutes is high. Substitutes are products or services that provide similar benefits (Porter, 2008). For toy industry, its substitutes are large in number and various in forms, so it is difficult for managers to identify the "extra-industry effects" (Johnson, et al., 2017, p. 68) of all the substitutes. Also, "the price/performance ratio" (Johnson, et al., 2017, p. 68) of LEGO may not be favorable because of its high marketing prices.

The threat of the bargaining power of suppliers is low in general, but relatively high for LEGO. For most toy corporates, the number of suppliers is a lot compared to the buyers. Also, the product provided by these suppliers are fairly standardized, less differentiated and have low switching costs. Thus, the suppliers have less control over prices and the bargaining power of suppliers is weak. However, as LEGO is working on developing the renewable materials which are high-tech and differentiated for its products (Grover, 2017), this special need may greatly increase the power of suppliers.

The threat of the bargaining power of buyers is moderate. It should be clear at first that buyers refer to the immediate customers instead of the ultimate ones (Johnson, et al., 2017). Since the products offered by LEGO are of high differentiation as well as quality, they cannot be easily replaced by the retailers with similar products, the buyers therefore cannot backward integrate the production of LEGO toys.

In summary, the industry where LEGO mainly operates have high-level threat of substitutes, moderate-level threats of existing competitors and bargaining power of buyers, and low-level threats of new entrants and bargaining power of suppliers.

2.1.3 Resources and capabilities

Compared to the external environment which is more unstable, internal resources and capabilities are believed to comprise a more secure base for formulating strategy (Grant, 2016). There are two levels of resources and capabilities in a company: threshold and distinctive levels. This part will mainly focus on the distinctive resources and capabilities which are required to achieve competitive advantages (Johnson, et al., 2017). The table below concludes the distinctive resources of LEGO and divides them into tangible resources, intangible resources and capabilities (Lynch, 2018):

Tangible resources	Large installed facilities, good location of retail stores, R&D departments, efficient supply chain
Intangible resources	Brand name, data of product development, knowledge of product materials, technology of product innovation
Capabilities	Focus on high-quality standard, product design creativity, ability to create new materials

The VRIO Framework (Barney, 2002), a mechanism for testing sustainable competitive resources (Lynch, 2018), can be used to analyze these extensive resources and capabilities of LEGO.

	Valuable	Rare	Costly to imitate	Capable of being exploited	Competitive implications
Facilities	YES	NO	YES	YES	Competitive parity (CP)
Locations	YES	NO	NO	YES	CP
R&D	YES	NO	NO	YES	Temporary competitive advantages (TCA)
Supply chain	YES	NO	NO	YES	CP
Brand name	YES	YES	YES	YES	Sustainable competitive advantage (SCA)
Data	YES	NO	NO	YES	CP
Knowledge	YES	YES	NO	YES	TCA
Technology	YES	YES	YES	YES	SCA
High-quality standard	YES	YES	NO	YES	TCA
Design creativity	YES	YES	YES	YES	SCA
New materials	YES	YES	YES	YES	SCA

Thus, it can be concluded that the sustainable competitive advantages of LEGO are its brand name, technology and capability of innovation and the creation of new sustainable materials.

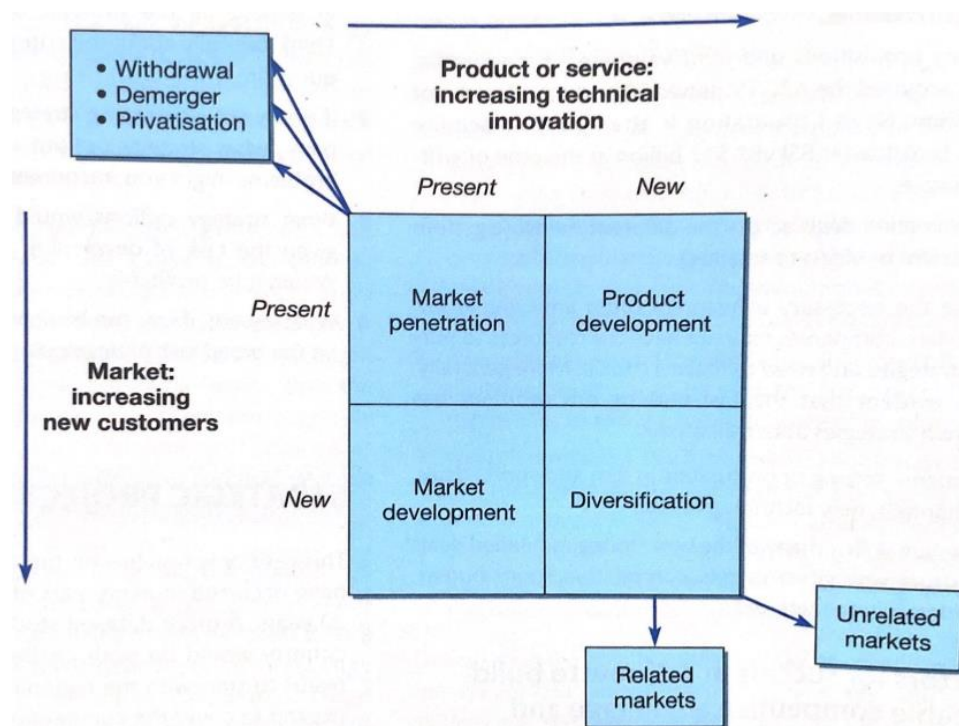
2.2 Strategic Choices

It is said that there are three overarching strategic choices should be made

(Johnson, et al., 2017): business strategies, strategic directions and strategy methods, which will be discussed in this section.

2.2.1 Strategic directions

Ansoff's market growth matrix (1988) is said to be a classic corporate strategy framework for generating four basic directions for organizational growth. The company focuses on globalizing its operations (Johnson, et al., 2017). This part will adopt the market options matrix (Lynch, 2018) which improves the Ansoff's model and provides a broader strategic perspective:



(Lynch, 2018, p. 278)

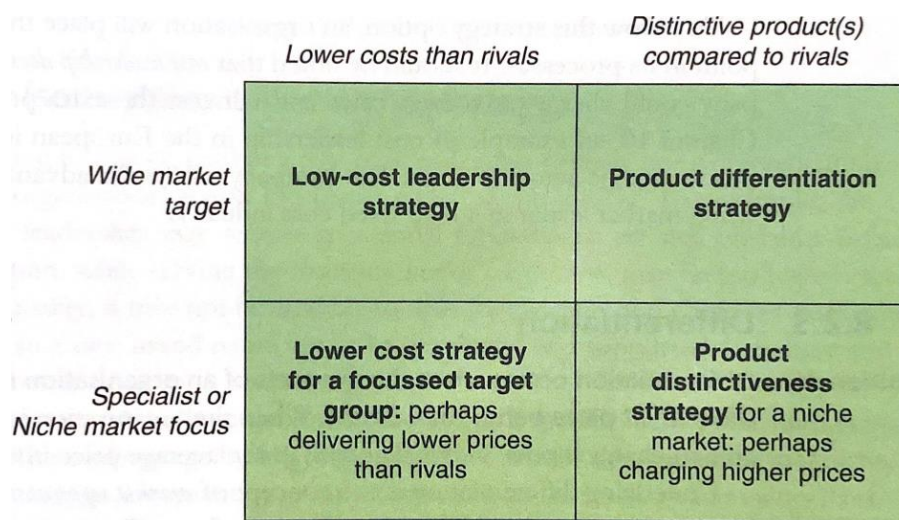
LEGO always emphasizes on new product development, as new products account for approximately 60% its total sales every year (LEGO A/S , 2019). Thus, the strategic directions are mainly Product development and Diversification in unrelated markets.

The reasons for LEGO's product development for existing market is to counter competitive entry, to exploit new technology , to protect overall market share and to maintain the company's stance as a product innovator (Kuczmarski & Silver, 1982). For example, LEGO launched a new product, Women of NASA Set in November 2018 and it had risen to the top of Amazon's list of best-selling toys within a very short time (Mosher, 2018).

Diversification of an organization requires it move out of its current products and markets into new areas, which will “involve a step into the unknown and carry a higher degree of business risk” (Lynch, 2018, p. 281). LEGO's diversification in unrelated markets is more likely to run the risk of operating. Also, it is sometimes costly to diversify. For example, LEGO plans to launch its school STEAM courses for the elementary students in China. This strategy is reported to face great challenges and difficulties in localization such as the lack of sufficient teachers, low level of enthusiasm and time conflict with the after-schools (GETChina Insights, 2018). If this strategy fails, it will lead to a relatively large loss of LEGO.

2.2.2 Business strategies

Last section has analyzed the environment, so this section begins with the environment-based options by the generic strategies (Lynch, 2018). Porter (1980) argued that there were three basic strategies open to every business: cost leadership, differentiation and focus. Then focus was combined into the other two strategies and the concept was modified as the figure shows below (Poter, 1985):



(Lynch, 2018, p. 269)

LEGO adopted the product differentiation strategy which consists of creating differences in products or services that is perceived industrywide as unique and valuable by customers (Dess, et al., 2016). LEGO aims to achieve differentiation in many forms including brand image, quality, technology and innovation. For example, LEGO differentiates itself by creating *The LEGO Movie*, hoping to broaden its business scope and in the same time, to enhance its brand image and to advertise its existing products.

However, when companies achieve and sustain differentiation advantages and attain above-average performance, the consumer prices will be increased to offset the higher costs. Hence, the marketing price of LEGO is much higher than that of its competitors, which may lead to low-level of market share in certain areas, especially in developing countries.

2.2.3 Strategy methods

In the age of globalization, LEGO also focuses on globalizing its operations worldwide. The expansion method matrix provides a variety of methods by which the market opportunities associated with strategy options could be

achieved (Lynch, 2018):

		Company	
		Inside	Outside
Geographical location	Home country	• Internal development	• Merger • Acquisition • Joint venture • Alliance • Franchise
	International	• Exporting • Overseas office • Overseas manufacture • Multinational operation • Global operation	• Merger • Acquisition • Joint venture • Alliance • Franchise • Turnkey • Licensing

(Lynch, 2018, p. 283)

Alliances can be the mostly used methods for LEGO to expand the market. LEGO has actively sought partners to extend its position beyond its struggling Lego building bricks. The alliance methods have been adopted in many aspects by LEGO. Firstly, it owns partnerships with many giant corporates in various fields such as Microsoft, Nestlé, Nike and the latest one, Tencent to jointly launched their mobile game LEGO Cube in China (Marketline, 2018). Secondly, LEGO combines with popular themes to create successful sets like Star Wars and Harry Potter Sets, which is said to be able to expand production lines of LEGO as well as its market (Lioukas, 2015). Thirdly, LEGO builds partnerships with non-profit organizations like NASA and WWF to enhance its brand name and emphasize its social and environmental responsibilities, in which ways LEGO will gain good reputation around the world to improve the loyalty of all its customers (Lioukas, 2015).

However, the strategy methods of LEGO are relatively sole. Although Merger and Acquisition has become a very popular way of corporate growing in recent

years (McLaney, 2011). LEGO mainly relies on its simple cooperation or alliance methods with contracts or agreements for its expansion internationally. This may be less risky than other more complex methods, the speed of growth or the degree of achievements it gains for LEGO would proportionally decline. Also, it is not a sustainable strategy for a long-term development (Stead & Stead, 2014).

2.3 Strategy in Action

2.3.1 Evaluation of existing strategies

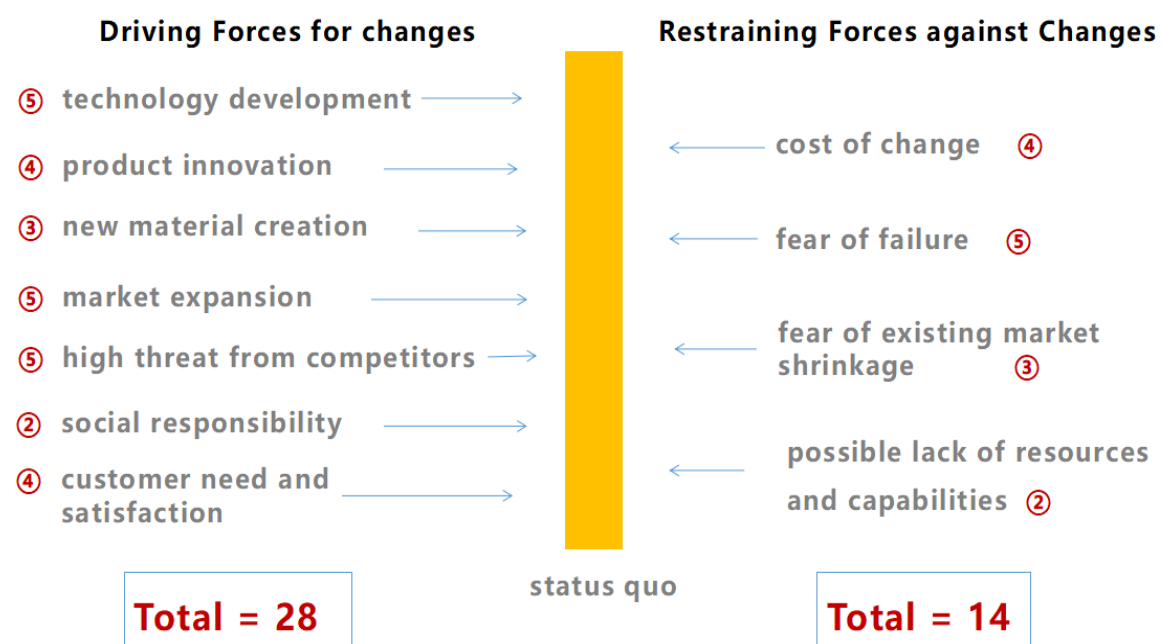
Because of the great drop in sales and revenue of LEGO in 2017, the strategies in 2018 aimed to recover and “buck toy industry trends to increase its market share in all major markets” (LEGO, 2019). According to the Annual Financial Report of LEGO in 2018 (LEGO A/S, 2019), its international sales increased by 3% in 2018, the revenue increased by 4%, the operating profit increased by 4% and the net profit also grew by 3.5%. As what has been said by Christiansen, the CEO of LEGO, LEGO has achieved its major aim in 2018 which was stabilizing the business (LEGO, 2019). The good financial performance of LEGO indicated that the strategic direction was correct for LEGO in 2018.

However, in 2019, LEGO has new vision and objectives (LEGO, 2019). Firstly, LEGO will still pay attention to the development of both its core and new technology so that it is able to maintain its differentiation. Secondly, LEGO will focus more on its social responsibility to be healthier and more environmental-friendly and work harder to meet its commitment to be totally replaced by renewable energy and materials. Thirdly, LEGO will expand new markets

around the world, especially in China and the Middle East, and explore opportunities in new markets where the number of middle-class people is increasing rapidly, such as India. As there are changes in strategic objectives, strategic change have to be done to achieve these identified objectives (Lynch, 2018). In other words, the existing strategic directions of LEGO must be reshaped to adapt to these changes.

2.3.2 Necessity of Changes

Lewin's Forcefield Analysis (Lewin, 1951) is used here to explore a pair of opposite forces that drive or resist certain changes. The figure below shows the driving forces and restraining forces of strategic changes of LEGO:



The status quo would stay in the middle and no change will happen if the two sides of forces are in balance (Burnes, 2014). However, it is clear that the total score of driving forces for changes is 28, which significantly outweighs that of restraining forces for changes, which is only 14, so it indicates that the strategic changes are necessary.

3. Conclusion

In conclusion, this report makes analysis of the existing strategies of LEGO in terms of its strategic position, strategic choices and strategy in action.

Firstly, PESTEL analysis is used to analyze the macro environment of LEGO and found out that technological factors should be the key drivers of changes. Then, Porter's Five Force analysis is adopted to explore the toy industry environment where LEGO is mainly involved. The threats of substitutes and the bargain power of suppliers are relatively high for LEGO. Next LEGO's internal resources and abilities are identified, which concluded that the sustainable competitive advantages of LEGO are its brand name, technology and capability of innovation and the creation of new sustainable materials.

Secondly, LEGO's existing strategies have been discussed from different aspects. The findings are that the business strategy of LEGO is product differentiation; the basic directions of LEGO are product development and diversification; and the strategy methods for LEGO'S market expansion is alliances in various ways.

Lastly, the financial performance of LEGO in 2018 was assessed to be good, indicating that the strategies are suitable for LEGO in 2018. However, with the changes happen in the strategic objectives in 2019, the existing strategic directions should be changed and reshaped. The Force Field analysis is provided to justify the necessity of the strategic change of LEGO for its development in 2019.

4. Recommendations

It has been concluded that the strategic directions of LEGO have to be reshaped. The recommendations suggest new strategic changes for LEGO based on sustainable strategic management and change management.

4.1 Changes of Strategies

4.1.1 Generic types of change

What types of changes LEGO needs should be identified firstly. Concerned with the extend and speed of changes, Balogun, et al. (2016) developed the four generic types of strategic changes as below:

		End result (extent)	
		Transformation	Realignment
Nature of change (speed)	Incremental	Evolution	Adaptation
	Big bang	Revolution	Reconstruction (or turnaround)

(Balogun, et al., 2016, p. 23)

One important way to distinguish whether a change is transformational or realignment is to consider whether cultural changes are needed by the corporate (Johnson, et al., 2017). LEGO's corporate culture is "based on openness, trust their company's core values: Creativity, Imagination, Fun, Learning, Quality & Care" (LEGO, 2019). This culture of LEGO is robust and

sustainable, and this culture is said to be reflected in everything they do. Thus, there is no need for cultural changes, so the change should belong to realignment. As for the nature of change, if the emphasis is on speed of change and rapid cost reduction and/or revenue generation, this is a turnaround (Johnson, et al., 2017). However, since LEGO has recovered in its revenue and stabilized its performance, the objectives do not focus on the costs or revenue, but market expansion and further innovation, which tends to be an incremental process. To sum up, the strategic change for LEGO should be an adaptation process.

4.1.2 Change of strategic directions

“The strategic decisions at the corporate level concern the scope of the firm’s operations” (Stead & Stead, 2014, p. 170). To expand both the scope and market of LEGO, integration strategies are recommended. On the one hand, horizontal integrations involves acquiring a competitor within the industry may help LEGO to enhance its competitive position by increasing its market power as well as the market share (Stead & Stead, 2014). It is also an effective way to eliminate the threat of competitors and substitutes. On the other hand, LEGO’s aim to create and apply new materials results in the high bargain power of its suppliers. This can be settled if LEGO implements vertical integration strategies and expands its operations backward into industries of developing and producing renewable materials (Grant, 2016). This strategy could strengthen the competitive position of LEGO through lowering costs, protecting product quality and conducting its social responsibilities (Stead & Stead, 2014).

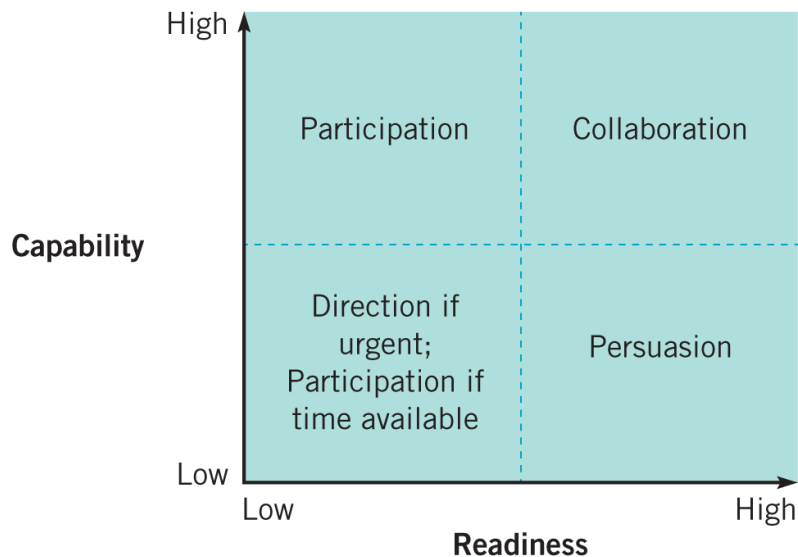
As for the business-level strategies, market segmentation should be done in

terms of the customer demands and consumption abilities at the beginning. The existing differentiation strategies can be continued in some markets with higher demand of high-tech and innovative products and more willingness to pay for differentiation. However, LEGO's objective to expand its market in markets like China, India and Middle East may be stuck because of its higher price compared to the existing rivalries in the markets. Thus, cost focus strategy which delivers lower price for a focused target group (Lynch, 2018) can be advised to help LEGO enter new markets in developing countries. In the meanwhile, the strategic direction can be switched into market development to develop new markets essential for growth with the existing but representative product portfolio (Johnson, et al., 2017).

4.2 Implementation of Changes

4.2.1 Leadership strategy of change

Hayes (2014) argued that the first step of managing a change is to provide a sense of direction because people need a vision to recognize what kind of behaviors will be appropriate and constructive. In this way, transformational leaders who emphasize building a vision for organizations can be helpful (Johnson, et al., 2017). In addition to the leadership style, the styles of leadership ways in changes according to the organizational capability and readiness should also be considered. The figure below shows four types of change leadership styles:



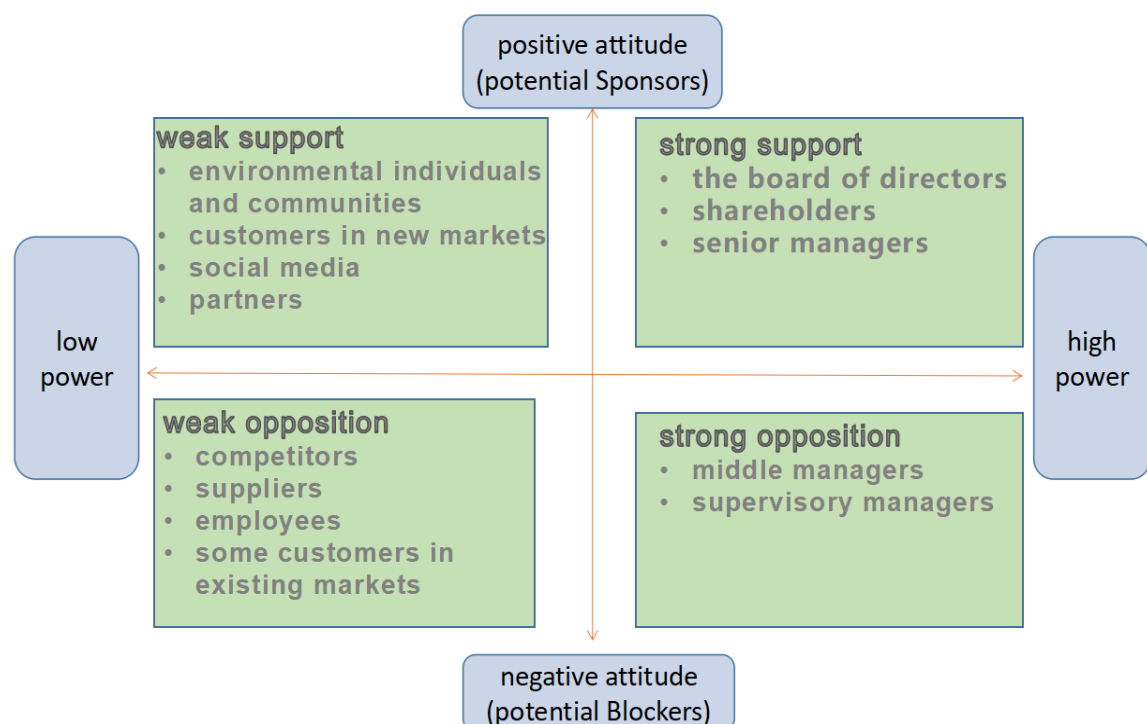
(Johnson, et al., 2017, p. 476)

LEGO's capabilities of managing changes should be high. Since LEGO was founded as a small family-owned store to sell wooden toys, it has experienced a variety of changes throughout its development to today's international giant corporates, especially in 2004 when LEGO faced serious risk of bankrupt, it has survived and recovered fast through reconstructive changes (Feloni, 2014). This proves the high-level of capabilities of change management of LEGO. Readiness for change indicates that "there is a felt need for change across the organization" (Johnson, et al., 2017, p. 474). Because of the good performance in 2018, people may resist changes for the fear of costs and risks, so the readiness should be low. Where capabilities is high but readiness is low, controlled participation in managing the change process may help leaders in LEGO to win over employee support (Johnson, et al., 2017).

4.2.2 Stakeholders involved

Stakeholders can be defined as "individuals or groups that can affect or can be affected by the organization in the pursuit of its objectives" (Freeman, 1984).

Donaldson & Preston claimed that “all stakeholder interests are of intrinsic value” (1995, p. 67). However, it is impossible for a corporate to equally protect interests of all stakeholders, so identifying the most important stakeholders in change decisions and management should be necessary. Monks & Minow (2001) argued that the primary participants in determining the direction and performance of corporations are the shareholders, the management and the board of directors, which indicates that the main stakeholders involved in change decisions are shareholders, top managers and the board of directors. The stakeholder map below shows the stakeholders involved in this change according to their attitudes towards the change and their degrees of power, in which the primary participants are more likely to hold the positive view towards the strategic changes.



There are two opposing perspectives of stakeholder management, Zero Sum and Symbiosis (Dess, et al., 2016). The former one believes that there is a

conflict between stakeholders for they compete for the organization's resources. While stakeholder symbiosis recognizes that stakeholders are dependent upon each other for their success and well-being (Dess, et al., 2016). Although it often appears that stakeholders' interests are in conflict, LEGO should learn to partner with communities, suppliers, customers even competitors (Dess, et al., 2016) and encourage all stakeholders to work together to achieve mutual benefit.

4.2.3 Required resources and capabilities

Firstly, LEGO has to make full use of its sustainable competitive advantages which have been identified in 2.1.3 as its brand name, technology and capability of innovation as well as the creation of new sustainable materials. This is for both the long-term and short-term development of the company.

Secondly, there may be other superior resources and capabilities required by LEGO to realize the strategic change within a relatively short time. For example, to expand the market, high-level salespeople with sufficient knowledge about the corporate culture as well as the local culture are needed. Also, expenditures on advertising, sales promotion, distribution infrastructure are on the requirement lists (Jobber & Ellis-Chadwick, 2016)

Thirdly, redundant Capabilities which are effective in the past but less relevant as industries evolve and change may inhibit change and become a weakness (Johnson, et al., 2017). Such capabilities of LEGO like the morning cartoon should be abandoned or updated.

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