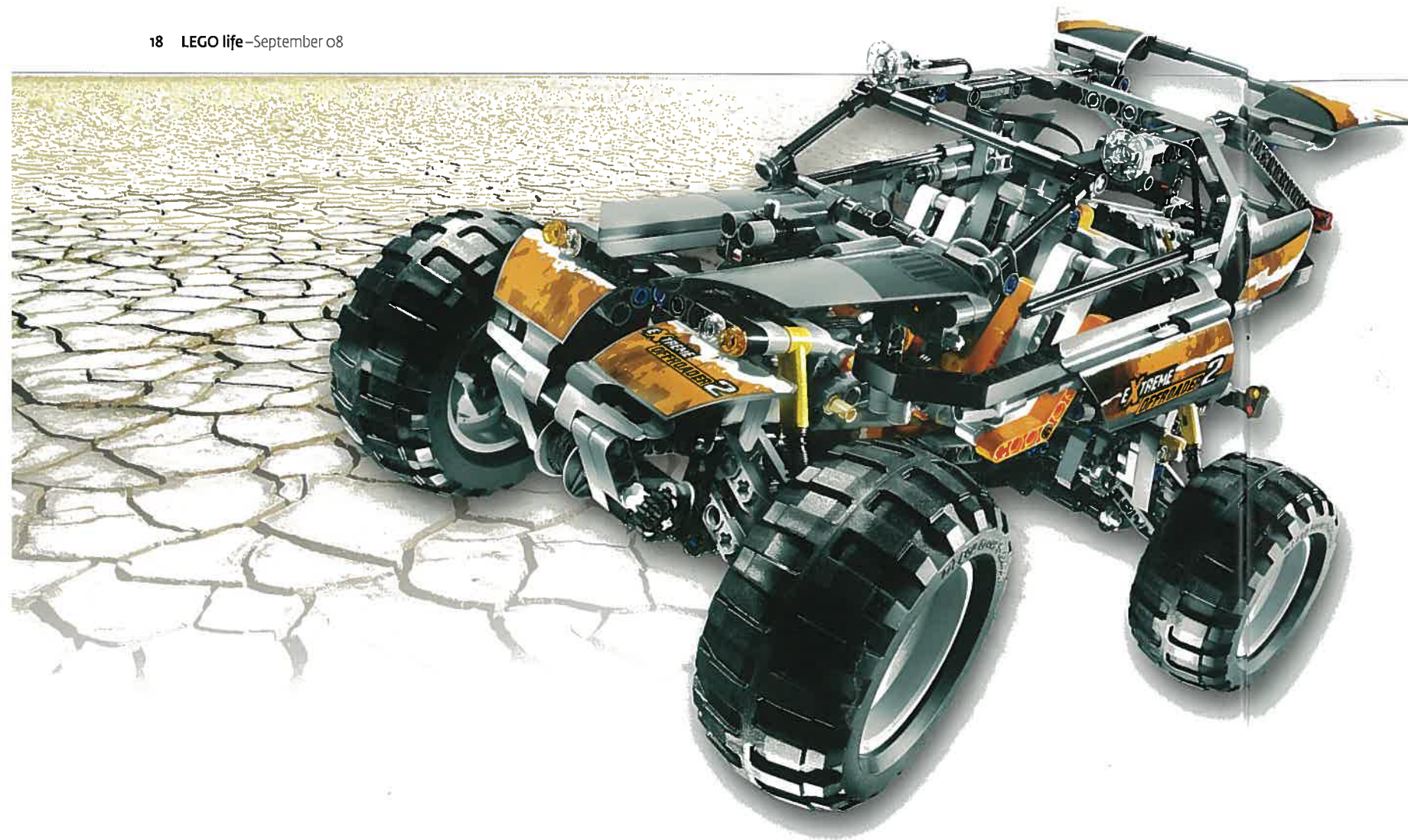
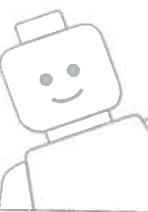




LEGO Technic

on the drawing board



Complicated on purpose

LEGO Technic – once something of a forgotten orphan – has rebuilt its sales and is on target for DKK 500 million. In this interview with Vice President Per Hjuler we learn of the strategy behind the comeback – and catch a glimpse of the many options open to one of the most complicated LEGO product lines.

■ BY JONAS BECH ANDERSEN

First, a little hesitation. Then the obligatory flush of modesty. And then it comes – a crystal-clear assessment of LEGO Technic delivered by Vice President and executive responsible for this product line, Per Hjuler:

"Things are going incredibly well! At the moment we're about 35% ahead of the excellent

result of DKK 370 million we achieved last year, measured in consumer sales."

To put these confident words somewhat into perspective we have to look back about five years. The entire company was in an existential crisis. LEGO Technic – in Per Hjuler's own words – was on its way into oblivion. Sales had dropped to somewhere in the region of DKK 200m (EUR 27m). A problem in its own right. But also a problem that pointed directly into the Design Department.

"We had begun to design models that puzzled our consumers: they couldn't see what they were supposed to be! Our designs had lost the place. Functionality was out of focus. Product appear-

ance had changed. It was a while before we realised and acknowledged that."

Strategy: AFC

LEGO Technic designers went back to the beginning – as did their colleagues with many other LEGO products when the Shared Vision strategy was introduced. But that's where any similarity between LEGO Technic and other LEGO products ceases. Own building system, own target group, own LEGO elements. And most important of all, LEGO Technic had its own way of beating the crisis: the AFC strategy. An abbreviation of three core concepts that were to show the way from darkness back into the light:

"A is for Authenticity in the products. Models must be capable of instant recognition by all children and adult fans. F is for Functionality. All models must offer a high degree of functionality. That had previously meant only mechanical functions but with new Power Functions available, LEGO Technic now has a bundle of new options for improving functionality. C is for a Challenging building experience. LEGO Technic must present a more complicated and challenging building project than, for example, LEGO City."

Per Hjuler sums up: "A lot of words but they mustn't be allowed to muddy our fundamental challenge: we had to make bigger, better, higher and deeper models for sending to the market with an even sharper identity."

DKK 500 million

Asked to put a figure on the sales target, the LEGO Technic team sees DKK 500m on the horizon.

"Our growth engines for achieving that goal are primarily Eastern Europe, France and the UK. We hope to reach DKK 500m in 2009. Then we'll turn our sights on the USA, where there's a huge potential in the long term – if we play our cards right," says Per Hjuler.

Sales of LEGO Technic in the Americas are virtually non-existent. It is Northern Europe – led by Germany – that accounts for the Technic millions.

Per Hjuler: "For the time being we don't seem to have the code that unlocks the US market but we'd like to meet our American colleagues soon

for talks on how we tackle this potentially massive market."

More Technic products

In the meantime, the team is content to pick the fruits nearest the ground. And these grow in the European market, where LEGO Technic will take further steps in 2009 to achieve its magical half-billion target. The focus will be centred on the cheaper end of the price range.

This will be at the request of the new Eastern European markets, which find the investment in the expensive Technic bulldozer at EUR 150 a bit on the heavy side.

"LEGO Technic has a longer shelf life than we see with other products. Even four years after the initial launch products are still selling."

Smaller sets also mean that younger children can get into the game – but Per Hjuler emphasises that LEGO Technic must preserve its position outside the LEGO Group's core target group of 5-9 years.

"LEGO Technic für Männer ab neun (LEGO Technic for men – from the age of 9) is a tongue-in-cheek German slogan for Technic. I don't know whether it was borrowed from an old German advertisement or commercial but we use it now and then when we want to define ourselves – with a smile," says Per Hjuler who believes, however, that the childish element contains an important truth for the company:

"LEGO Technic plays a crucial role in persuading boys to stay with the target group as long as possible. Having something that's more technical and complicated gives us an attractive tool. Digital media reach deep into the age

group to fetch consumers. Recognising that competition, it's absolutely essential that the LEGO Group has something to offer children who are growing out of the core target group.

No competition

Apart from making a profit and stretching the target group, Per Hjuler believes there is a third good reason for everyone in the LEGO Group being enthusiastic about LEGO Technic products: they have no direct competitor.

"In my judgment, MEGA and other imitation products are a long way from competing with LEGO Technic. Both product development and production are – if it's possible – more complex than dealing with classic bricks. This is a segment we can cultivate at our leisure."

And the Technic team is doing just that. Although its members are busy finding new, good-looking and challenging products, they can take some satisfaction from the fact that ideas from 2-3 years ago continue to sell well.

"LEGO Technic has a longer shelf life than we see with other products. Even four years after the initial launch products are still selling. That means we can recoup our product investment many times over," says Per Hjuler, reaching for the latest addition to the Technic range.

A cool 4-wheel drive vehicle incorporating the latest Power Functions.

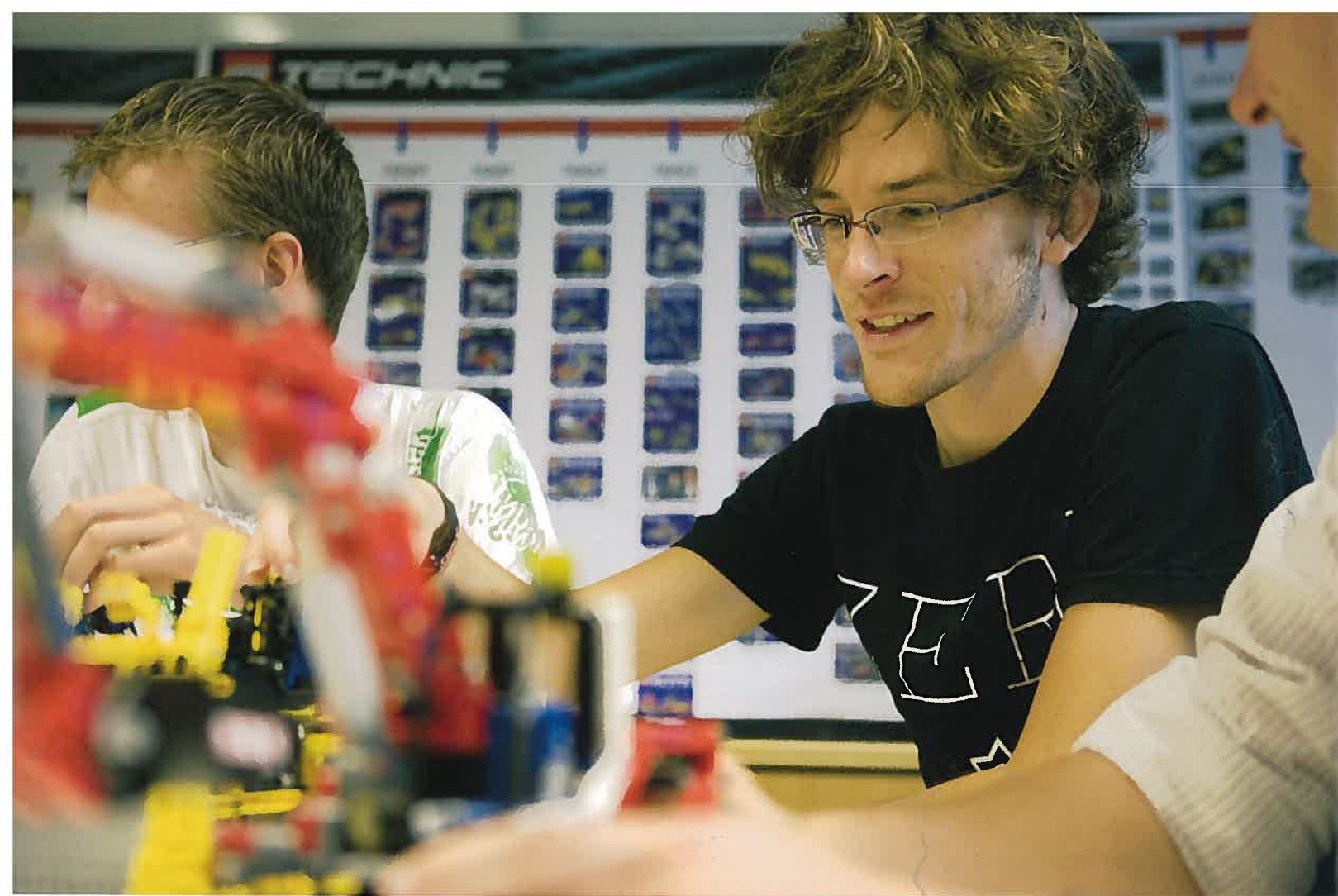
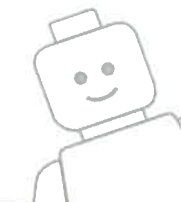
"It's fresh off the production line. We've set the price at EUR 100. It's a blast, and has lots of functions," says the top Technic boss in a proud voice.

Has he built it yet? No, not yet. But when he gets round to it, it will take some time.

"Six to eight hours – no, maybe six to 10 hours. It's a complicated piece of playware.

Quite deliberately so.





Maarten Simons is a Junior Designer. He has brought three small yellow models along to the meeting. But he has to watch his weights – one of the models has to lose 20-30 grams.

Top-secret Technic

Once a week the designers behind LEGO Technic hold an office meeting at which they share and explain their latest model ideas. The focus is on safety, price and speed.

BY NINA HERMANSEN

It's a secret place – a meeting behind closed doors and darkened windows. The assembled participants are the designers behind LEGO Technic launches for 2010, and they know all there is to know about the future of their products. Each has hurried into a small room at Tech House, hands clutching new, hitherto unseen Technic prototypes.

Full speed ahead, Captain

"Quite a collection of models we've got today,"

exclaims one of the designers. On the table in the centre of the room there are about a dozen items in classic Technic colours: yellow, black, red and blue. All of them ready for discussion at the weekly meeting of Technic designers.

Three designers are fiddling with a wheel on a large, blue vehicle. There's something not quite right about the way the wheel is turning. No doubt about that. But apart from that the model is well advanced.

"How much are you under your price?" asks the meeting chairman, Design Manager Ricco Rejnholdt Krog. The designer mutters a reply.

"So we can afford transfers?" says Ricco – simultaneously asking and affirming.

Keen, interested eyes wander across the table



Technic designers meet once a week, eager to show each other their latest ideas.

It is a Top Secret gathering!

So it's strictly forbidden to write anything about the specific products designers are working on. That's also the reason our photos show only models already on the market.

But LEGO Life promises ... there's something to look forward to ...

as each model is introduced. Each model more technical and sophisticated than the one before. A grey model makes a grinding noise. It hasn't been fitted with an air intake yet. Another red vehicle is almost finished and ready for launch. It is one of the few 2009 models the design team is still working on.

"It's almost an A model. No comment from me. Full speed ahead, Captain!" says Ricco with genuine enthusiasm.

There's an air of passion in these men as they discuss and examine Technic models – they obviously share a devotion to their work. Their efforts are constantly aimed at finding ways of enhancing, improving the models. A couple of them even play with Technic in their spare time.

A large, red model suddenly has centre stage.

"How about another colour? Maybe blue? With some super transfers!" enthuses one of the designers. But two others agree that the model should be black and grey, with colourful, contrasting transfers. Real cool.

Slimmed-down models

The designers know precisely what each model must cost. Their initial guide is weight; the heavier the model, the higher the price. Pricing infor-

mation is on the wall chart. One of the designs has gone well over budget. It weighs 230 grams. Needs to lose 20-30 g – so a way has to be found of designing a lighter and cheaper model. Then the model is dismantled and counted. Only then can they calculate the final price.

"How many times has it been on the market?" asks Ricco suddenly. The designers scrutinise three posters on the end wall displaying all LEGO Technic products over the years.

"Twice!" responds one designer. But that's at least nine years ago, and the model has changed – so they can go ahead with its development.

Safety first

As with all other LEGO Group designers, the Technic design team must think carefully about the consequences of their work. Safety is the most important factor. The team discusses whether the grey model producing the grinding sound is safe enough.

Ricco: "You can safely stick your finger into the works. Nothing'll happen – and it doesn't hurt! Three of us have tried it." Safety is a prime factor with Technic models. No ifs, no buts, no maybes.



PHOTO: NIELS ÅGE SKOVBO

The designers have made a lot of progress with the 2010 collection. But exactly how the models will finally look when they make their appearance is still a big secret – safe behind the closed doors of Tech House.



Designers are always coming up with new ideas for models. Their work is their all-consuming passion.