

IKEA and Ingvar Kamrad Efficient management

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ABSTRACT : The leader has a very important role in the processes of any company, it is often what determines whether the company is successful or not, because leading is one of the most important skills in the job market. A good leader is able to encourage and guide employees towards goals and maintain a good professional climate. The most difficult thing is to have an influence on employees through admiration, which in the case of our leader this happens, because he was the founder of the company and he is molded in his image, being him as a mythical figure who is and will always be respected by all qualities that we show in this work. In this work we approach the company IKEA in several parameters that we consider important to show that this company is unique in many aspects, mainly in management, innovation, leadership and especially in the leader, which was what led us to choose this theme. Since its creation, IKEA has been a leader in the furniture sector, it came from a simple idea and became a big business, gradually introducing new ideas that make IKEA what it is today and a lot owes to the founder and the way he introduced in the market and how it instructed managers and employees of its unique and unparalleled ideals and values in the sector, making IKEA the absolute leader and without a competitor close to this level of simplicity, innovation, quality and price.

KEYWORDS: IKEA, Ingvar Kamrad, Corporate Governance, Leadership

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I. COMPANY PRESENTATION

IKEA's vision is to “create a better day-to-day life for most people”, and this vision applies to all of its customers, employees and employees of all its suppliers.

With a focus on the intended vision that IKEA has of what it wants to be for society, the entity aims to offer several products for the home, that are functional, with a good design and at a low price, so that most people can buy.

IKEA employees are guided by very strong values, such as:

- Unity;
- Taking care of people and the planet;
- Cost awareness;
- Simplicity;
- Renew and improve;
- Different with a purpose;
- Delegate and assume responsibility;
- Lead by example.

Since the beginning of the 1950s, IKEA has completely revolutionized the furniture sector, due to its innovative design and low cost furniture. To date, there are about 422 stores in more than 50 markets and they promise not to stop there, as the goal is to open around 25 stores by 2025 in India, a market yet to be explored.

HISTORY : IKEA is of humble origin, as its founder, Ingvar Kamrad, started the company in a small village in the interior of Sweden in 1943. In the beginning, the offer for sale was just small objects, such as pens, watches and socks. In 1948, Ingvar decided to introduce wooden furniture, which was produced by small producers in the nearest locations. From the 1950s, IKEA as we know it today, began to take shape, as the first catalogs of products were created with such low prices, that people did not believe it and that is why they decided to innovate and create the famous rooms of exhibitions, where people could see and touch all the pieces of furniture on display. With the strong competition that existed and the threat of boycotting its furniture from producers, in 1956, the entity decides to become responsible for the design of its products. That year, IKEA created the concept of flat packaging, which arose due to the problems and difficulties with the distribution of furniture by mail, as many of the products were damaged during the trip. With this concept, the innovative idea of assembling furniture was made by the customers themselves. The first store,

opened in 1958 in Älmhult, Sweden. This store became known as the largest in Scandinavia, which was surpassed years later by the store in Sweden's capital, Stockholm. Two years after the creation of the first store, a restaurant is added, something that remains in all stores worldwide.



Figure 1- First IKEA showroom

With all the success achieved and the high influx of customers, IKEA has created another important concept to cement the top in the furniture sector, which is the self-service warehouse, in which all customers seek and take their own products.

Throughout IKEA's history, we have seen an evolution in its service and facilities, starting in the exhibition halls, where all customers can observe the full range of products and then place their orders from the self-service warehouses .

Since its creation, IKEA has continued to thrive and revolutionize the furniture sector, becoming the world's dominant force in this sector.

IKEA business concept : Although the vision shows why the IKEA entity exists, the business concept indicates what the company intends to achieve. In this case, IKEA's business concept is well defined and evident to all its customers, employees, suppliers and competitors. As shown on its official website:

"To offer a wide range of products for the home, functional and with design, at such low prices that most people can buy them." IKEA (www.ikea.com)

As we can see, IKEA has a well-defined business line, starting with the quality and efficiency of its products, which consists of maximizing all the use of raw materials to produce the needs and tastes of all its customers, with quality products. and affordable. This last point, consists of another line of the IKEA business, which is accessible prices, in which a large part of the entity's idea is to practice low prices on all products, so that they are accessible to any type of customer, IKEA calls "democratic design" (all good quality decorative products available to everyone). Finally, there is the diversity of products, which offers all customers solutions to furnish every room in the house, regardless of the style they like. As we can see, the entity outlined its business line, so that it is accessible to everyone and offers the greatest diversity of quality products.

Organizational Structure : IKEA as a brand, has 2 completely different owners. INGKA Holding BV, which owns the IKEA Group, where this owner is owned by the Stichting Ingka Foundation, which was managed until the date of his death, by Ingvar Kamprad (Founder of IKEA). This foundation was founded in 1982 in the Netherlands and is currently based in Liechtenstein. The IKEA Group does not own the brand, as it is managed by Inter IKEA Systems BV, which is part of Inter IKEA BV. Therefore, Inter IKEA BV is the owner of the IKEA brand. In order to clarify better, the IKEA Group is a franchise that pays 3% royalties to Inter IKEA Systems BV

The following table shows a distinction between the two entities:

INGKA Holding BV	Inter IKEA Systems BV
This entity manages the IKEA Group, when it comes to taking care of the centers, customer service and all products and services related to IKEA.	On the other hand, this entity is the franchisor of all IKEA stores worldwide, who takes care of all product distribution processes, training of its staff and other activities related in line with the franchise agreements.

Work Areas

One of the important points of IKEA's vision is to create a better day-to-day for most people, being a group of these people its collaborators, the entity has 5 work areas at their disposal.

The areas presented by IKEA are as follows:

- Production;
- Project management;
- Quality and lean;
- Infrastructure and facilities management;
- Purchases and supplies.

Commercial Expansion

As we can see in the history of IKEA, its expansion, both at European and worldwide levels, has been progressive.



Figure 2- Map with new IKEA stores in 2018 (taken from www.ikea.com)

Since 2018, IKEA has had a total of 442 stores in more than 50 markets, such as Germany, England, the United States of America, France and more recently in new markets such as India and further expansion on the continent. South American.

With all the stores, IKEA has to date around 41 factories, distributed around the world and around 28 distribution centers.

“Most things still remain to be done.”

Ingvar Kamprad : In fact, the IKEA is a well-oiled machine, but far from finished. For these reasons, the entity continues to search for new markets and to expand its brand, to further cement its position of power in the sector.

IKEA in Portugal : IKEA entered Portuguese territory in 2004, with the opening of a store in Alfragide, since then it has been opening several facilities to complete the various services that the entity has. After 17 years, there are 5 stores across the territory and an online sales platform for ordering. In the set of 5 stores, IKEA Portugal has around 2,500 employees serving almost 14 million visits to physical stores. At the level of the online platform, there are about 30 million visits. Below is a summary table with the numbers for the 2019 fiscal year.

Data taken from www.ikea.com (September 1, 2018 to August 31, 2019)

2 - Presentation of the Leader

Sales	EUR 478 million
Contributors	2,500 employees
Store visits	14 million
Online visits	30 million

Despite having died about 2 years ago and the IKEA Group being managed by other leaders, Ingvar Kamprad is the founder and the true leader of this well-oiled machine, always with an eye on innovation.

Leader

Name: Feodor Ingvar Kamprad
Date of birth: March 30, 1926
Death date: January 27, 2018 (91 years old)
Nationality: Swedish
Birthplace: Elmtaryd, Agunnaryd
Occupation: Businessman
Fortune: EUR 50 billion (approximately)



History : Ingvar Kamprad, Swedish entrepreneur with huge success in the furniture sector. This success is due to the creation of its furniture manufacturing and sales company. His entrepreneurial sense came from an early age. Since he was 5 years old, he sold matches to colleagues who lived close to his home, and this sense of entrepreneurship was noticed very early on. In the continuation of the sale of matches, a few years later he founded a pencil supply company, this business evolved in such a way that after 5 years, that same company accepted orders by mail and sent its products together with the milk, which was distributed door to door. This same pencil company was the basis for what would become its greatest asset in the business world in the future. Around the 1950s, he transformed his company completely and started selling simple furniture into pieces to assemble, it was these same furniture that cemented his position of power in the business world, as they were innovative and at low prices.

These diverse, simple, innovative and accessible pieces of furniture helped the Swedes at the time to furnish the house. The whole country thanked Ingvar Kamprad, as he helped the whole of Sweden to furnish their homes, causing even today Swedes to say “Per Albin Hansson gave the people a home, Ingvar Kamprad furnished it”. The creation of IKEA, which was an immediate success, led to the point of having all its competitors trying to boycott your company, something that was done without success. At this point, the businessman felt that Sweden was too small and decided to go abroad and now have many stores in different markets. Despite all his entrepreneurial sense, humility, being called “Anti-luxury” and all this to set an example for all his employees and the enormous sense of responsibility that we all recognize, he also has a negative point in the so-called “curriculum” Of life, that same point is the fact that, under the influence of his grandmother, the young businessman sympathized with the ideals of Adolf Hitler, coming to belong to the pro-Nazi movement “ New Swedish Movement ”, in 1942. This his connection, involved donating money and recruiting new aficionados with these ideals. This point was made public in 1994, in which he sent a letter of clarification to all his employees, apologizing for all his actions in his youth.

Despite this discovery, IKEA continued to prosper and with it Ingvar Kamprad cemented his position as a hugely successful entrepreneur. This position was strengthened in 2007, when Forbes magazine considered him the richest man in Europe and the 4th in the world, and his fortune was estimated at around 33 billion dollars. Despite the success and fame, this event says nothing to our leader, as he continued to live his life in the same way, without luxuries and always with an eye on the future to further improve IKEA. In short, Ingvar Kamprad was an extremely successful entrepreneur, in which with his creation he managed to revolutionize an entire sector, always with innovative products and accessible to most people.

Strategy : IKEA has maintained innovation in its strategies, making all of its competitors unable to approach leadership in the sector and in all strategies, it has kept the difference in relation to all the most direct competitors. In spite of everything, IKEA maintains a basic cost-leading strategy, which in turn allows IKEA to achieve a competitive advantage over all other competitors. Before IKEA existed, all furniture was expensive and exclusively made to order and all production and delivery took a long time. With the arrival of IKEA in the furniture sector and with young couples trying to furnish their new home, the company presented everyone with innovative, simple, inexpensive products, with high quality and fast delivery. With all this, since its creation, they started to differentiate themselves from all their competitors. Then, we present the main strategies that helped to have a competitive advantage over all the surroundings of the furniture sector.

Furniture production : At the beginning of the success that IKEA was cementing across Sweden, all of its competitors wanted to put an end to that same momentum that the company was experiencing. Competitors decided to threaten all IKEA furniture suppliers, in which all IKEA furniture would be boycotted, which would mean that many of the orders were never completed. With the involvement of competitors in their suppliers, the founder decided to transfer the production of his products to Poland, where at that very moment, he was looking for partners to sell the furniture produced. With this, Ingvar Kamprad took advantage of the situation, with the low wages practiced in Poland and the right to decide the design of all its products, made it possible to continue with innovative products and competitive prices. To this day, Poland is one of the main producers that supplies IKEA (2nd largest supplier, behind China). This strategy was one of the key points in the development of the IKEA brand because it left the decision-making power of products with suppliers.

Flat Packing and Customer Made Assembly : In the 1950s, the distribution of furniture was complicated and expensive, sometimes with this distribution many of the products arrived damaged to the customer. From 1956, the entity had the idea of removing the legs from the tables and placing all the pieces in a single flat box. With this, it made it possible for all of its customers to be able to transport all products, dispensing with all distribution services and making all customers have to assemble each piece of furniture they purchased. This strategy is something that continues to be implemented by the company and continues to be a success these days. With this strategy, it helped the whole process to become less expensive for the customer, continuing with all the competitive advantage that it removed from the low prices and additional costs that no longer exist. With all the ease of transporting the furniture and the lower assembly costs, by cutting assembly services, it made each piece of furniture easily replaced and not maintained over several years, as was the habit at the time. All of this has driven IKEA sales upwards since then.

SELF-SERVICE : With Self-Service, IKEA has completely changed the way of shopping for all customers, as the consumer will have an entire exhibition to observe and test all the products at his disposal, he will also be able to compare prices with other products that are available in store displays.

“Self-service transferred a resource and time consuming part of the furniture salesperson's task to the customer”

Burkeman, CEO IKEA 2004 After all the research that consumers do through the exhibitions, they point out all the products they chose and collect them in the store's own warehouse. After payment, the customer transports the product to his home, which he assembles himself, making the furniture the final product. This whole new shopping experience, revolutionized and became increasingly the success that everyone around the world knows.

Affordable prices : One of the focal points of the IKEA business concept is low prices, as in the eyes of the company, everyone should have the right to be able to purchase new furniture at all times.

“Why are beautiful products made for just a few people? It must be possible to offer well-designed and functional products at low prices. ”

Ingvar Kamprad : Since the beginning of IKEA, product prices have always been low, which led to a huge success for the company, as they captivated all customers to buy the products, in relation to their competitors who held superior values of their products. With this idea of affordable prices, from an early age they took a competitive advantage and differentiated themselves from all others who competed with them in the sector.

II. CONCLUSION

With the company's analysis, we can understand where this unique type of furniture business comes from and where the inspiration and corporate values came from. It is a great example of the image of the founding leader reflected in the mirror that is the entire company. Despite being led by other professionals, both due to the fact that the founder has already passed away, as well as the abundance of markets and stores that exist around the world, the founder of IKEA will always be the main leader. We learned that innovation and risk are the key words of IKEA, because the progressive improvement and conquest of the market is due to that, the desire to be better and take risks with different ideas to think about the future and not just reap the fruits of success achieved. IKEA aims to furnish everyone's homes around the world, at affordable prices and through innovative and unique ways of assembly and transport on the market. Over the years, IKEA has significantly improved and added aspects to the business, such as the restaurants that exist in all stores at prices equally accessible to the main furniture products, the dynamic exhibitions that offer the opportunity for the customer to observe and touch the articles available, the self-service form of purchase never thought of before, easy assembly by the customer at home and convenient transportation with little risk of damage, the business concept is simply captivating and is rooted by the leader.

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