IKEA's story: leading by design

As a 5-year-old in the 1920s, Ingvar Kamprad starts selling matches to his neighbors; by age seven, he used his bicycle to reach more customers. He found he could buy matches in bulk cheaply in Stockholm and re-sell them individually at a very low price and still make a good profit. From matches he expanded to flower seeds, greeting cards, Christmas tree decorations, pencils and ball-point pens.

When Ingvar Kamprad founded IKEA in 1943, he didn’t sell furniture. He sold pens, wallets, picture frames, table runners, watches, jewellery and nylon stockings—all at reduced prices.

IKEA became a worldwide success at selling simple, inexpensive assemble-it-yourself furniture through a series of shrewd distribution and positioning moves on Kamprad’s part.

- Kamprad began using milk trucks to help deliver his goods, not only to homes, but also to train stations, where boxcars would take IKEA goods to far-flung destinations.

- After expanding his business to include furniture by local manufacturers, Kamprad began creating designs specifically for IKEA.

- A shortage of storage space and rising wholesale prices drove Kamprad to create furniture that buyers could assemble. Selling unassembled furniture meant less storage space, which allowed Kamprad to sell it cheaper than his competitors.

The lesson: Staying only one step ahead of the competition is often enough.

— Adapted from Leading by Design: The IKEA Story, Ingvar Kamprad & Bertil Torekull, Collins Publishing Group. Photos of Ingvar Kamprad and IKEA’s first store openings reprinted with permission of IKEA.