

The Testament of a Furniture Dealer

To create a better everyday life for the many people

by offering a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them.

We have decided once and for all to side with the many. What is good for our customers is also, in the long run, good for us. This is an objective that carries obligations.

All nations and societies in both the East and West spend a disproportionate amount of their resources on satisfying a minority of the population. In our line of business, for example, far too many of the fine designs and new ideas are reserved for a small circle of the affluent. That situation has influenced the formulation of our objectives.

After only a couple of decades, we have achieved good results. A well-known Swedish industrialist-politician has said that IKEA has meant more for the process of democratisation than many political measures put together. We believe, too, that our actions have inspired many of our colleagues to work along the same lines.

Sweden, our “domestic market”, has become a world pioneer in that many of the new concepts have been devised right from the outset for the benefit of the many – all those people with limited resources. We are in the forefront of that development.

But we have great ambitions. We know that we can be a beneficial influence on practically all markets. We know that in the future we will be able to make a valuable contribution to the process of democratisation outside our own homeland too. We know that larger production runs give us new advantages on our home ground, as well as more markets to spread our risks over. That is why it is our duty to expand.

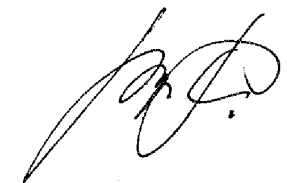
The means we use for achieving our goals are characterised by our unprejudiced approach, by “doing it a different way” if you will, and by our aim to be simple and straightforward in ourselves and in our relations with others.

Lifestyle is a strong word, but I do not hesitate to use it. Part of creating a better everyday life for the many people also consists of breaking free from status and convention – becoming freer as human beings. We aim to make our name synonymous with that concept too – for our own benefit and for the inspiration of others. We must, however, always bear in mind that freedom implies responsibility, meaning that we must demand much of ourselves.

No method is more effective than the good example.

I claimed earlier that we contribute to the process of democratisation. Let me add, to avoid any misunderstanding, that this does not mean that we take a position on questions of equality – such as salary issues. Though you may say that here again, we approach these problems from a different perspective.

Our product range and price philosophy, which are the essence of our work, are described in the following chapters. They also describe the rules and methods that we have worked out over the years as cornerstones of the framework of ideas that have made and will continue to make IKEA a unique company.



Ingvar Kamprad, 20 December 1976

1

The product range – our identity

We shall offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them.

Range

The objective must be to encompass the total home environment, i.e. to offer furnishings and fittings for every part of the home whether indoors or outdoors. The range may also include tools, utensils and ornaments for the home as well as more or less advanced components for do-it-yourself furnishing and interior decoration. It may also contain a smaller number of articles for public buildings. The range must always be limited to avoid any adverse effect on the overall price picture. The main effort must always be concentrated on the essential products in each product area.

Profile

The main emphasis must always be on our basic range – on the part that is “typically IKEA”. Our basic range must have its own profile. It must reflect our way of thinking by being as simple and straightforward as we are ourselves. It must be hard-wearing and easy to live with. It must reflect an easier, more natural and unconstrained way of life. It must express form, and be colourful and cheerful, with a youthful accent that appeals to the young at heart of all ages.

In Scandinavia, people should perceive our basic range as typically IKEA. Elsewhere, they should perceive it as typically Swedish. Alongside the basic product range, we may have a smaller range in a more traditional style that appeals to most people and which may be combined with our basic range. This part of the range must be **strictly limited** outside Scandinavia.

Function and technical quality

“Throw-away” products are not IKEA. Whatever the consumer purchases shall give long-term enjoyment. That is why our

products must be functional and well-made. But quality must never be an end in itself: it must be adjusted to the consumer’s needs. A tabletop, for example, needs a harder-wearing surface than a shelf in a bookcase. In the first example, a more expensive finish offers the consumer long-lasting utility, whereas in the latter it just hurts the customer by adding to the price. Quality must always be adapted to the consumer’s interests in the long-term. Our benchmarks should be the basic Swedish Möbelfakta requirements or other sensible norms.

Low price with a meaning

The many people usually have limited financial resources. It is the many people whom we aim to serve. The first rule is to maintain an extremely low level of prices. But they must be low prices with a meaning. We must not compromise either functionality or technical quality.

No effort must be spared to ensure our prices are perceived to be low. There shall always be a substantial price difference compared to our competitors, and we shall always have the best value-for-money offers for every function. Every product area must include “breath-taking offers”, and our range must never grow so large as to jeopardise our price picture. The concept of a low price with a meaning makes enormous demands on all our co-workers. That includes product developers, designers, buyers, office and warehouse staff, sales people and all other cost bearers who are in a position to influence our purchase prices and **all our other costs** – in short, every single one of us! Without low costs, we can never accomplish our purpose.

Changes in our range policy

Our basic policy of serving the many people can never be changed. Changes in the guidelines given here concerning the composition of our product range can be made only by joint decision of the Boards of Ingka Holding B.V. and Inter IKEA Systems B.V.

2

The IKEA® spirit – a strong and living reality

You have certainly experienced it. You may even have given it our own interpretation on it. Obviously it was easier to keep alive in the old days when there were not so many of us, when we were all within reach of each other and could talk to each other. It is naturally harder now that the individual has gradually been lost in the grey conformity of collective bargaining and the numbered files of the personnel department.

Things were more concrete in those days – the readiness to give each other a helping hand with everything; the art of managing on small means, of making the best of what we had; cost-consciousness to the point of being stingy; humbleness, undying enthusiasm and the wonderful sense of community through thick and thin. But both IKEA and society have changed since then.

But the spirit is still to be found in every one of our workplaces. Among old co-workers and new ones. Heroic efforts are still being made – daily – and there are many, many people who still feel the same way. Not everybody in a large group like ours can feel the same sense of responsibility and enthusiasm. Some undoubtedly regard the job simply as a means of livelihood – a job like any other.

Sometimes you and I must share the blame for failing to keep the flame alight, maybe for faltering in our own commitment at times, for simply not having the energy to infuse life and warmth into an apparently monotonous task.

The true IKEA spirit is still built on our enthusiasm, from our constant striving for renewal, from our cost-consciousness, from our readiness to take responsibility and help out, from our humbleness in approaching our task and from the simplicity of our

way of doing things. We must look after each other and inspire each other. Those who cannot or will not join us are to be pitied.

A job must never be just a livelihood. If you are not enthusiastic about your job, a third of your life goes to waste, and a magazine in your desk drawer can never make up for that.

For those of you who bear any kind of leadership responsibility, it is crucially important to motivate and develop your co-workers. A team spirit is a fine thing, but it requires everybody in the team to be dedicated to their tasks. You, as the captain, make the decisions after consulting the team. There is no time for argument afterwards. Take a football team as your model!

Be thankful to those who are the pillars of our society! Those simple, quiet, taken-for-granted people who always are willing to lend a helping hand. They do their duty and shoulder their responsibility without being noticed. To them, a defined area of responsibility is a necessary but distasteful word. To them, the whole is just as self-evident as always helping and always sharing. I call them stalwarts simply because every system needs them. They are to be found everywhere – in our warehouses, in our offices, among our sales force. They are the very embodiment of the IKEA spirit.

Yes, the IKEA spirit still lives, but it too must be cultivated and developed to keep pace with the times. **Development is not always the same thing as progress.** It is often up to you, as the leader and bearer of responsibility, to make development progressive.

3

Profit gives us resources

A better everyday life for the many people! To achieve our aim, we must have resources – especially in the area of finance. We do not believe in waiting for ripe plums to fall into our mouths. We believe in hard, committed work that brings results.

Profit is a wonderful word! Let us start by stripping the word profit of its dramatic overtones. It is a word that politicians often use and abuse. Profit gives us resources. There are two ways to get resources: either through our own profit, or through subsidy. All state subsidies are paid for either out of the state's profit on operations of some kind, or from taxes of some kind that you and I have to pay.

Let us be self-reliant in the matter of building up financial resources too.

The aim of our effort to build up financial resources ***is to reach a good result in the long term.*** You know what it takes to do that: we must offer the lowest prices, and we must combine them with good quality. If we charge too much, we will not be able to offer the lowest prices. If we charge too little, we will not be able to build up resources. A wonderful problem!

It forces us to develop products more economically, to purchase more efficiently and to be constantly stubborn in cost savings of all kinds. That is our secret. That is the foundation of our success.

4

Reaching good results with small means

That is an old IKEA idea that is more relevant than ever. Time after time we have proved that we can get good results with small means or very limited resources.

Wasting resources is a mortal sin at IKEA. It is not all that difficult to reach set targets if you do not have to count the cost. Any designer can design a desk that will cost 5,000 kronor. But only the most highly skilled can design a good, functional desk that will cost 100 kronor.

Expensive solutions to any kind of problem are usually the work of mediocrity.

We have no respect for a solution until we know what it costs. An IKEA product without a price tag is always wrong! It is just as wrong as when a government does not tell the taxpayers what a “free” school lunch costs per portion.

Before you choose a solution, set it in relation to the cost. Only then can you fully determine its worth.

Waste of resources is one of the greatest diseases of mankind. Many modern buildings are more like monuments to human stupidity than rational answers to needs. But waste costs us even more in little everyday things: filing papers that you will never need again; spending time proving that you were right anyway; postponing a decision to the next meeting because you do not want to take the responsibility now; telephoning when you could just as easily write a note or send a fax. The list is endless.

Use your resources the IKEA Way. Then you will achieve good results with small means.

5

Simplicity is a virtue

There have to be rules to enable a lot of people to function together in a community or a company. But the more complicated the rules are, the harder they are to comply with. Complicated rules paralyse!

Historical baggage, fear and unwillingness to take responsibility are the breeding ground for bureaucracy. Indecisiveness generates more statistics, more studies, more committees, more bureaucracy. Bureaucracy complicates and paralyses!

Planning is often synonymous with bureaucracy. Planning is, of course, needed to lay out guidelines for your work and to enable a company to function in the long term. But do not forget that ***exaggerated planning is the most common cause of corporate death.*** Exaggerated planning constrains your freedom of action and leaves you less time to get things done. Complicated planning paralyses. So let simplicity and common sense guide your planning.

Simplicity is a fine tradition among us. Simple routines mean greater impact. Simplicity in our behaviour gives us strength. Simplicity and humbleness characterise us in our relations with each other, with our suppliers and with our customers. It is not just to cut costs that we avoid luxury hotels. We do not need fancy cars, posh titles, tailor-made uniforms or other status symbols. We rely on our own strength and our own will!

6

Doing it a different way

If we from the start had consulted experts about whether a little community like Älmhult could support a company like IKEA, they would have undoubtedly advised against it. Nevertheless, Älmhult is now home to one of the world's biggest operations in the home furnishings business.

By always asking why we are doing this or that, we can find new paths.

By refusing to accept a pattern simply because it is well established, we make progress. We dare to do things differently! Not just in large matters, but in solving small everyday problems too.

It is no coincidence that our buyers go to a window factory for table legs and a shirt factory for cushions. It is quite simply the answer to the question "why".

Our protest against convention is not protest for its own sake: it is a deliberate expression of our constant search for development and improvement.

Maintaining and developing the dynamism of our business is one of our most important tasks. That is why I hope, for example, that we will never have two identical stores. We know that the latest one is bound to have several things wrong with it, but, all things considered, it will still be the best yet. Dynamism and the desire to experiment must continually lead us forward. "Why" will remain an important key word.

7

Concentration – important to our success

The general who divides his resources will invariably be defeated. Even a multitalented athlete has problems.

For us too, it is a matter of concentration – focusing our resources. We can never do everything, everywhere, all at the same time.

Our range cannot be allowed to overflow. We will never be able to satisfy all tastes anyway. We must concentrate on our own profile. We can never promote the whole of our range at once. We must concentrate. We cannot conquer every market at once. We must concentrate for maximum impact, often with small means.

While we are concentrating on important areas, we must learn to do what people in Småland call "lista". "Lista" is common term in Småland; it means "making do", doing what you have to do with an absolute minimum of resources.

When we are building up a new market, we concentrate on marketing.

Concentration means that at certain vital stages we are forced to neglect otherwise important aspects such as security systems.

That is why we have to make extra special demands on the honesty and loyalty of every co-worker.

Concentration – the very word implies strength. Use it in your daily work.

It will give you results.

8

Taking responsibility – a privilege

There are people at all levels in every type of company and community who would rather make their own decisions than hide behind those made by others. People who dare to take responsibility. The fewer such responsibility-takers a company or a community has, the more bureaucratic it is. Constant meetings and group discussions are often the result of unwillingness or inability on the part of the person in charge to make decisions. Democracy or the obligations for consultation are sometimes cited as excuses.

Taking responsibility has nothing to do with education, financial position or rank. Responsibility-takers can be found in the warehouse, among the buyers, sales force and office staff – in short, everywhere. They are necessary in every system.

They are essential for all progress. They are the ones who keep the wheels turning.

In our IKEA family we want to keep the focus on the individual and support each other. We all have our rights, but we also have our duties. Freedom with responsibility. Your initiative and mine are decisive. Our ability to take responsibility and make decisions.

Only while sleeping one makes no mistakes. Making mistakes is the privilege of the active – of those who can correct their mistakes and put them right.

Our objectives require us to constantly practise making decisions and taking responsibility, to constantly overcome our fear of making mistakes. **The fear of making mistakes is the root of bureaucracy and the enemy of development.**

No decision can claim to be the only right one; it is the energy that is put into the decision that determines whether it is right. It must be allowed to make mistakes. It is always the mediocre people who are negative, who spend their time proving that they were not wrong. The strong person is always positive and looks forward.

It is always the positive people who win. They are always a joy to their colleagues and to themselves. But winning does not mean that someone else has to lose. The finest victories are those without losers. If somebody steals a model from us, we do not sue them, because a lawsuit is always negative. We solve the problem instead by developing a new and even better model.

Exercise your privilege – your right and your duty to make decisions and take responsibility.

9

Most things still remain to be done. A glorious future!

The feeling of having finished something is an effective sleeping pill. A person who retires feeling that he has done his bit will quickly wither away. A company which feels that it has reached its goal will quickly stagnate and lose its vitality.

Happiness is not reaching your goal. Happiness is being on the way. It is our wonderful fate to be just at the beginning. In all areas. We will move ahead only by constantly asking ourselves how what we are doing today can be done better tomorrow. The positive joy of discovery must be our inspiration in the future too.

The word impossible has been deleted from our dictionary and must remain so.

Experience is a word to be handled carefully.

Experience is a brake on all development. Many people cite experience as an excuse for not trying anything new. Still, it can be wise to rely on experience at times. But if you do so, you should preferably rely on your own. That is usually more valuable than lengthy investigations.

Our ambition to develop ourselves as human beings and co-workers must remain high. Humbleness is the key word. Being humble means so much to us in our work and in our leisure. It is even decisive for us as human beings. It means not just consideration and respect for our fellow men and women, but also kindness and generosity. Will-power and strength without humbleness often lead to conflict. Together with humbleness, will-power and strength are your secret weapons for development as an individual and fellow human being.

Bear in mind that ***time is your most important resource***. You can do so much in 10 minutes. Ten minutes, once gone, are gone for good. You can never get them back.