

INGVAR KAMPRAD



Ingvar Kamprad was born in southern Sweden in 1926, the son of a farmer. As a young boy, he made money selling matches. At 17, he used a gift from his father to start his own company and two years later a mail-order business. IKEA first sold various goods, including picture frames and table runners, adding furniture in the late 1940s. It opened its first showroom in 1953 and now has 254 stores in 35 countries and had sales of 17.3 billion euros in fiscal 2006.

What's in a name? Combining his initials with those of his home villages, Kamprad came up with "IKEA," a modern icon. The first IKEA was in Älmhult.



Ingvar Kamprad, shown here in 1970, is the world's fourth-richest person.



# Roots: the IKEA Cult

## From matches to masses

By Rhea Wessel

**With a personal philosophy of hard work, frugality and appreciation of good design, IKEA founder Ingvar Kamprad created a home-furnishings powerhouse that today enjoys cult status, with 254 stores in 35 countries. Kamprad's personal empire is estimated to be worth more than \$33 billion. And at 81, he shows no signs of slowing down. "I don't have time for dying," he says. On his to-do list: expand IKEA in Russia and China.**

### THE EARLY YEARS

As a young boy, Kamprad, a farmer's son, developed a business by selling matches to neighbors. He bought them cheaply in bulk and sold them at a profitable discount. He soon expanded to selling fish, Christmas tree decorations, seeds and, later, ball-point pens and pencils.

In 1943, at the age of 17, Kamprad invested a cash gift from his father and founded IKEA. The acronym was made up of Ingvar Kamprad's initials and the first letters of

1 Elmtaryd, his parents' farm, and Agunnaryd, a nearby village, both in the Småland province in southern Sweden, where Kamprad grew up. The company first sold watches, jewelry, pens and stockings—any product people needed that he could provide at a reduced price.

Two years later, he began advertising in local newspapers and operated a makeshift mail-order catalog. IKEA began selling furniture produced by local manufacturers close to his home. Customers responded positively.

In 1953, the first IKEA store opened in 2 Småland's Älmhult, allowing customers to see and touch the products before ordering. It was so successful that two years later Sweden's furniture dealers pressed suppliers to boycott IKEA. Kamprad responded by designing his own furniture. He created a covert network of suppliers to get the timber and textiles he needed.

This type of business secrecy now permeates the financial dealings of the family-controlled company. It only releases one key figure each year: sales. These totaled 17.3 billion euros in fiscal 2006. The same year, The Economist devoted an entire article to its attempt to obtain an overview of the IKEA web of companies and foundations: "Few tasks are more exasperating than trying to

assemble flat-pack furniture from IKEA. But even that is simple compared with piecing together the accounts of the world's largest home-furnishing retailer."

IKEA discovered the key to its success—assemble-it-yourself furniture—quite by accident. Gillis Lundgren, a young IKEA designer, was helping a colleague pack a table into his car when he realized it would never fit. Frustrated, he said, "Oh God, then let's pull off the legs and put them underneath." The IKEA furniture principle was born. By packing everything compactly, the company saved money on shipping and warehouse space and passed off the time-consuming task of assembling furniture to its customers. The first IKEA store outside Sweden opened 1963 in 3 Asker, Norway, and by 1999, the chain had become an international cult, with more than 150 stores in 29 countries.

### INGVAR'S GOSPEL

IKEA is seeped in Kamprad's personal philosophy. Self-improvement is essential to Kamprad's thinking. In 1976, in "The Testament of a Furniture Dealer," Kamprad gave his employees this advice: "Time is your most important asset. Split your life into 10-minute units and sacrifice as few as possible to meaningless activity." And important as well: It is OK to make errors. "Only those who sleep make no mistakes," he wrote.

Kamprad has made a few mistakes of his own. In 1994, the personal letters of Swedish fascist activist Per Engdahl were published and revealed that Kamprad had joined Engdahl's pro-Nazi group in 1942, remaining active as late as 1945. Kamprad calls this his "greatest mistake," and he apologized for it in a letter to IKEA's Jewish employees.

Kamprad is famous for being frugal. He flies coach class, drives a 15-year-old Volvo and is rumored to replace drinks from hotel minibars with inexpensive supermarket items. "People say I am cheap, and I don't mind if they do," he says. IKEA senior executives emulate the boss by flying on discount airlines and staying in budget hotels.

And it has paid off. Forbes says Kamprad is the world's fourth-richest person, after Bill Gates, Warren Buffett and Mexican telecoms guru Carlos Slim Helú. Not bad for a guy who started out selling matches door to door. ■