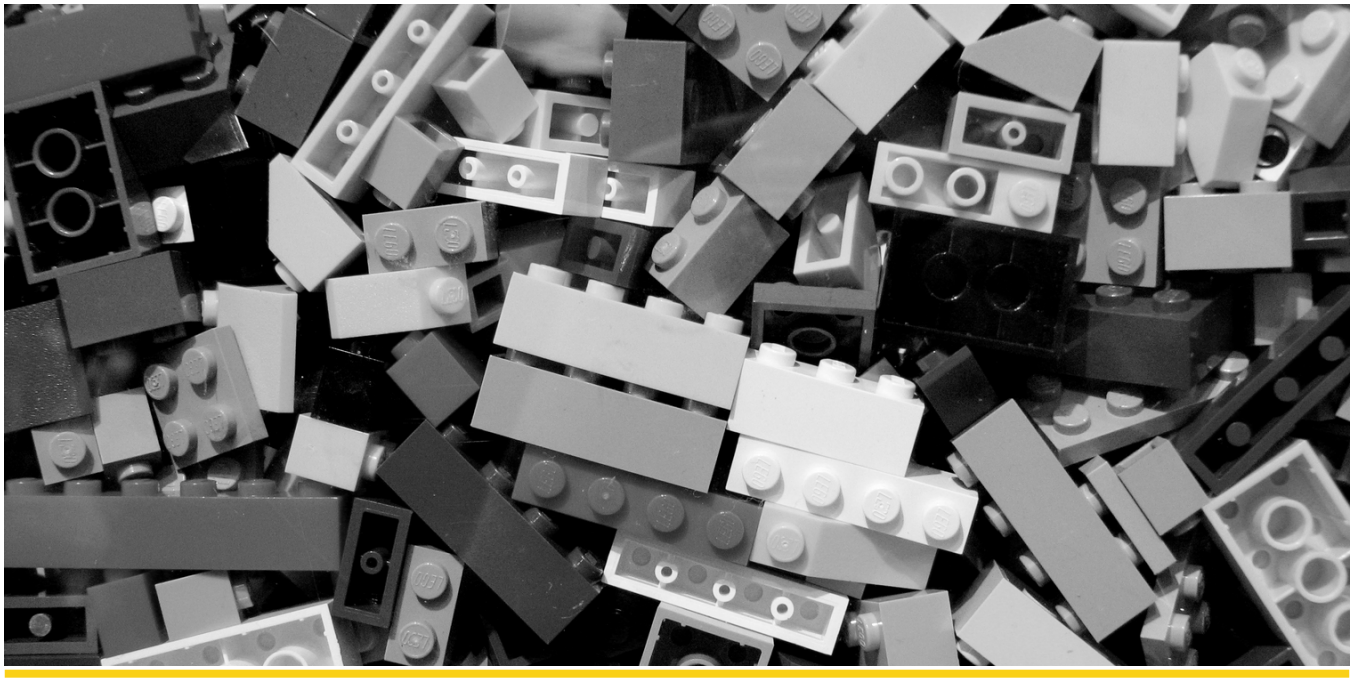
12 / COLLABORATION

LEGO

The rules of fan collaboration

What should a company promise the people who help create its products?



LEGO bricks, 2008. Photograph: Benjamin D. Esham / Wikimedia Commons.
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As a fan-submission experiment becomes LEGO Ideas, leaders must connect participation, commercial judgment and a reward system people can understand.

The LEGO Ideas leadership team | 2014 • reconstructed platform decision

35-45 minutes to prepare / 75 minutes to discuss
Original public-source teaching case • First member edition • 1 November 2026

PRINCIPLED BUSINESS IN PRACTICE

Introduction

About Principled Business

Principled Business (PB) is a nonprofit organization that brings together business leaders to advance capitalism through education, relationships and action. It helps founders, executives and investors understand free enterprise, apply its principles in their organizations, and explain the contribution business makes to people's lives.

The PB manifesto grounds capitalism in individual agency, private ownership and voluntary production and trade. These commitments take practical form in everyday business decisions.

Collaboration

PB treats voluntary collaboration and mutually beneficial exchange as central to capitalism. Cooperation becomes practical when responsibilities, rewards and decision rights are clear.

LEGO's fan platform makes collaboration a matter of explicit rules. Fans contribute ideas and attention; the company contributes design, production and distribution. Students must decide how selection, ownership, rewards and feedback can make that relationship mutually worthwhile even when most ideas are not produced.

PB presents this case to make the principle usable in a real business decision. Your recommendation should connect the principle to a workable policy, account for the people affected, and identify evidence that could change your mind.

What you will learn

01 Separate community support from commercial demand and production approval.

02 Compare fixed and sales-linked rewards under different outcomes.

03 Design transparent selection and feedback rules that preserve trust.

> **Apply it to your own business**
> Where does your organization invite ideas from customers or partners? What do contributors understand about selection, ownership, recognition and the use of their work?

Source: About Principled Business; Capitalists for Capitalism Manifesto, Section 2: Collaboration.

NOTES FOR STUDENTS AND TEACHERS

Using this case study

This packet includes the case, exhibits, worksheet, sources, answers and teaching notes. Allow 35-45 minutes to prepare and 75 minutes for discussion. Have a calculator or spreadsheet available.

Pages	What to use and when
4-8	Decision, evidence, exercise and alternatives. Read before discussion.
9	Decision worksheet. Complete before reading the answers.
10	Sources and reading notes. Check the evidence and its limits.
11-12	Worked answers, outcome and teaching plan. Read after deciding.

For students

Read once to identify the decision, then work through the exhibits. Separate historical facts from the invented classroom exercise. Use the case's decision boundary; write down assumptions when evidence is missing. Complete the calculation and worksheet on page 9. Be ready to defend your recommendation and the strongest objection to it.

For individual study, decide before turning to pages 11-12. Compare your reasoning with the worked analysis and write a short reflection on what you would change. Choose one action to try in your own organization.

For teachers and discussion leaders

Read the full packet and timed plan before teaching. Assign pages 1-10 first and reveal the final two pages after students commit to a choice. Record the alternatives, evidence and disagreements on the board.

Press students to distinguish a vote from an order and a review threshold from a production promise. Ask how rejected contributors can still experience the process as fair.

> **How to assess the work**
> Look for a clear choice, accurate analysis, stated assumptions, attention to affected people, a fair objection, and an implementation plan with an owner and review point. Assess reasoning rather than agreement with the historical decision.

2014 • FROM EXPERIMENT TO PLATFORM

The decision

LEGO’s fan-submission program began with CUUSOO in Japan in 2008 and expanded globally in 2011. A support threshold led to company review, rather than automatic production. In 2014, the program became LEGO Ideas. [L1]

Put yourself in the platform team’s position during that transition. More participation creates a larger pool of ideas and supporters. It also raises expectations about what the company owes contributors. A fan may spend substantial time creating, explaining and promoting a model that never becomes a product.

Write the collaboration contract

Recommend rules for submission, review, creator reward and communication. The company needs room to assess design, demand, production feasibility and rights. Contributors need a clear account of what reaching a threshold means, what work may be used and what recognition or payment follows selection.

The central decision is how to make the exchange worth choosing for both sides. A platform that attracts ideas through an ambiguous promise may grow initially while undermining the trust that sustains participation.

> **Decision boundary**
> The classroom reward plans are invented. Your task is to design defensible rules, not to reconstruct a confidential discussion or assume that every popular idea can become a viable product.

THE BUSINESS LOGIC

Participation is an exchange

Different contributions, different risks

Fans contribute creativity, knowledge and advocacy. The company supplies engineering, testing, manufacturing, distribution and reputation. Neither contribution should disappear from the analysis simply because it is difficult to price. A workable agreement explains how each side benefits and who bears uncertainty.

Support is informative but incomplete

A supporter may admire an idea without buying it at the eventual price. A product may also require changes that alter its appeal. Treat voting as one source of evidence, then test the assumptions about cost, demand and feasibility that voting cannot resolve.

Rejection is part of the system

Most submissions cannot become products. The company should therefore design the experience of rejection as carefully as the celebration of selection. Predictable review stages, understandable criteria and useful explanations can preserve trust without promising a full consulting service to every contributor.

Reward design affects participation. A fixed payment offers certainty but limits upside. A sales-linked payment shares commercial results but depends on definitions, reporting and confidence that the calculation is fair. Recognition may matter too, but it should not be assumed to substitute for agreed compensation.

> **A practical test**
> Could a reasonable contributor explain the rules before investing substantial effort? Could the company explain a rejection without changing the rules after the work is submitted?

EXHIBIT 1 • HISTORICAL CONTEXT

What the platform promises

Historical feature [L1]	Implication for rule design
CUUSOO began as a Japan experiment in 2008.	A bounded experiment can reveal how contributors respond.
The platform expanded globally in 2011.	Rules must be understandable across a larger community.
Support thresholds trigger review.	A threshold should not be mistaken for a purchase order or production guarantee.
LEGO Ideas launched in 2014.	Growth is an opportunity to clarify commitments and review processes.

The governance questions

Specify who may submit, what rights they must hold, what the company may do with an idea, and when a binding agreement is made. Define the review criteria and the authority to reject an idea despite strong support. Provide an avenue for procedural concerns.

A contributor’s perspective

Draft the explanation a fan should receive before submitting. It should distinguish recognition, payment and production approval. Avoid a promise that implies every contribution will receive extensive individual feedback if the team cannot deliver it.

> **Historical and hypothetical rules**
> Use the sources to understand the platform’s development. Use the next exhibit to compare two fictional reward designs; it does not state LEGO’s actual royalty base or contract.

EXHIBIT 2 • INVENTED CLASSROOM EXERCISE

Sharing the commercial result

A hypothetical selected product earns net receipts of $20 per unit after retailer discounts and returns. Variable production and distribution cost is $12 per unit. Fixed development cost is $400,000. All figures are invented U.S. dollars.

Creator contract	Payment rule
A. Fixed award	$20,000 once, regardless of unit sales.
B. Sales-linked award	1% of net receipts; no fixed award.

Sales scenario	Units
Low	50,000
Base	200,000
High	500,000

Ignore taxes, financing and other overhead. Net receipts are the defined payment base; do not apply the percentage to profit or retail shelf price. Assume the creator understands and accepts the agreement before the company uses the selected work.

01 Calculate creator payment and company product contribution after all stated costs for each scenario and contract.

02 At what unit volume do the creator payments equal one another?

03 Which contract would you offer, and what reporting or explanation would make it credible?

ALTERNATIVES • IMPLEMENTATION • ASSIGNMENT

Make the rules worth accepting

Design choice	Potential benefit	Question to resolve
Fixed reward	Certainty and a simple calculation.	Does the contributor accept limited upside?
Sales-linked reward	Shares results as the product succeeds.	Can the contributor understand and verify the payment base?
Hybrid or staged reward	Can combine certainty and participation.	Do complexity and administration outweigh the benefit?

Your assignment

01 Choose a reward structure and explain why both sides could voluntarily accept it.

02 Write the selection rule, including the meaning of a support threshold.

03 Specify how changes to the fan’s design are reviewed and credited.

04 Design a rejection message and a route for challenging a procedural error.

Include an operating plan for review capacity. If submissions grow faster than the team can evaluate them, decide whether to narrow eligibility, lengthen the timetable or add resources. State the change clearly before asking contributors for more work.

> **The hard case**
> An idea has enthusiastic supporters but weak commercial prospects. Explain how you would decline it while respecting the contributor and the community.

WORKSHEET • COMPLETE BEFORE READING THE TEACHING NOTES

Your decision

Write as the decision-maker. Use the historical evidence and the classroom model for their stated purposes. A recommendation needs a boundary, an owner and a test.

My recommendation and the principle it puts into practice

The calculation or evidence that matters most; its main limitation

Who bears the risk, and how their choice or voice is protected

The strongest objection and my response

First action, accountable owner, review date and stop/change trigger

EVIDENCE • METHOD • LIMITS

Sources and reading notes

A reconstructed governance decision around the 2014 transition to LEGO Ideas. Historical platform milestones come from LEGO's account. The compensation alternatives and financial model are invented, not the program's legal terms.

L1 LEGO, LEGO Ideas: company history

CUUSOO origins, global expansion, review thresholds and the 2014 transition.

Open source document →

L2 LEGO, CUUSOO product booklet 21102

Contemporaneous example of the fan-submission program as presented to customers.

Open source document →

L3 Principled Business, Capitalists for Capitalism Manifesto

Voluntary collaboration and mutually beneficial exchange frame the analysis.

Open source document →

How to read the evidence

Historical eligibility and review thresholds changed over time. This case uses the 2014 transition as its boundary and does not import current platform rules. The exercise's two reward contracts are illustrative and should not be read as actual LEGO compensation terms.

All quantities in the classroom exercise are invented unless explicitly identified as historical. The models omit factors deliberately for discussion; they are not company forecasts. Photographs are documentary context, with dates and licenses on the cover.

Original Principled Business teaching material. No company approval or affiliation with Harvard Business School is implied. No private interviews or unpublished company records were used. Public sources checked 1 November 2026.

TEACHING NOTES • READ AFTER COMPLETING THE DECISION

Worked analysis

Creator reward and company contribution

Units	Creator A	Creator B	Company A	Company B
50,000	$20,000	$10,000	−$20,000	−$10,000
200,000	$20,000	$40,000	$1.18m	$1.16m
500,000	$20,000	$100,000	$3.58m	$3.50m

Before creator payment, product contribution is $8 per unit minus $400,000. Contract B pays $0.20 per unit. The creator receives the same payment under both contracts at $20,000 ÷ $0.20 = 100,000 units.

The numbers expose different risk sharing

A protects the creator’s payment in the low-sales case and limits it in the high case. B shares upside and downside, while still paying a royalty when the product fails to cover fixed cost. Neither is inherently unfair if the terms are understood, voluntary and supported by truthful information.

A workable collaboration policy

A defensible policy separates community support, commercial review and a final production agreement. It defines the payment base, reporting frequency, design changes and recognition. Rejected submissions receive a clear explanation of the decision stage and any available procedural review. The company retains judgment without implying that it can disregard its own promises.

> **Common errors**
> Do not apply the royalty to retail price or profit. Do not treat votes as guaranteed purchases, or collaboration as permission to use a contributor’s work under undisclosed terms.

TEACHING NOTES • READ AFTER COMPLETING THE DECISION

Outcome and teaching plan

What happened next

LEGO Ideas launched in 2014 after the CUUSOO experiments and global expansion. LEGO's history identifies the Research Institute set among products from that period. The continuing platform demonstrates a form of fan collaboration; it does not make every selection or compensation rule automatically optimal. [L1]

A 75-minute discussion

Minutes	Facilitation plan
0-10	Choose a reward rule and state the exchange each side accepts.
10-25	Map contributions, risks and selection authority.
25-40	Calculate payments and product contribution across scenarios.
40-55	Draft the support threshold, review rule and rejection message.
55-65	Reveal the platform transition and examine the limits of voting.
65-75	Apply the rules to a customer or partner idea program.

> **Closing question**
> What must your organization make explicit before asking other people to invest their creativity in your success?

Assess the decision at its stated boundary. Later success cannot prove the original choice was sound; later failure cannot, by itself, prove it was unreasonable.