

LESSONS IN ENTREPRENEURSHIP

Cube route to riches

Stuart Read and Nick Dew look at the lessons to be learned from Erno Rubik's global bestseller

It's hard to believe that the blockbuster toy that frustrated so many of our childhoods and sold almost 100 million units between 1980 and 1983 is already an antique. What were the secrets of success of the product invented by the first self-made millionaire from the Communist Bloc?

BIRTH OF THE CUBE

Father of the cube Erno Rubik was a sculptor, an architect and a teacher of interior design. Spatial relationship problems were his business, and realising them in three dimensions his speciality. In class, he was likely to build a physical design in order to make a point – as he did with the cube. Rubik's cube was not originally intended to be a blockbuster, or even a toy. It was the presentation of a solution to a structural design problem of surfaces in three dimensions that could be manipulated in any direction.

INVENTOR TURNS MARKETER

Technical creations come along all the time. Making a market for them is the entrepreneur's job. Without such explicit intentions, Rubik started the process by sharing his puzzle with his students and friends. Their attraction to it indicated opportunity. So when Rubik met Tibor Laczi, a salesman from an Austrian computer company, Rubik was open to what

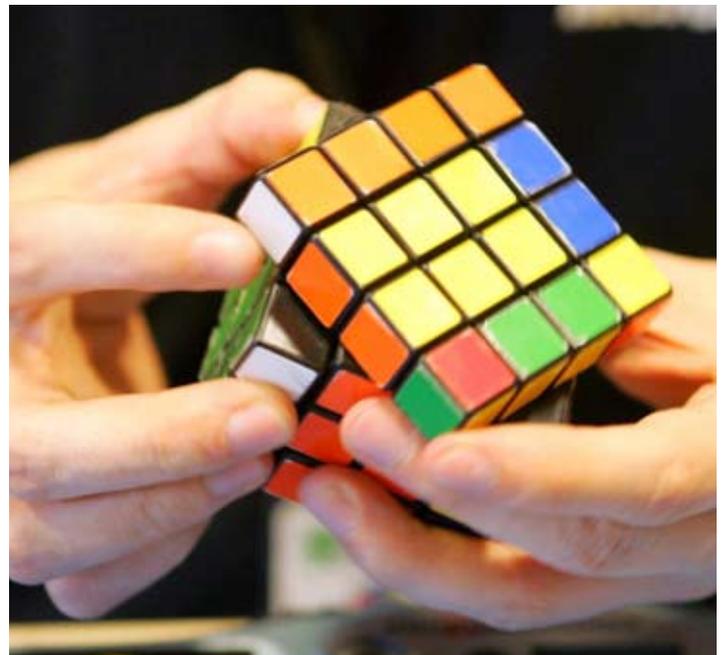
happened next. "When Rubik first walked into the room I felt like giving him some money," says Laczi. "He looked like a beggar. He was terribly dressed, and he had a cheap Hungarian cigarette hanging out of his mouth. But I knew I had a genius on my hands. I told him we could sell millions."

RIISING TO THE CHALLENGE

Laczi took Rubik's cube to the Nuremberg Toy Fair and there met British toy specialist Tom Kremer. He shared Laczi's attraction to the cube, and the pair negotiated an order for a million cubes with the Ideal Toy Company in New York. Rubik set up production in his native Hungary to feed the escalating demand for his toy. But manufacturing high-quality consumer products behind the Iron Curtain in the early 1980s proved an insurmountable challenge. Ironically, the wild success of the cube, compounded with the expense of returned defective ones, ultimately led to the collapse of Ideal Toy Company.

A BLOCK OF BENEFITS

The interesting thing about entrepreneurship is that value created in the process finds many homes. Rubik himself came away with about \$3m. Laczi did well. The Chinese factories that picked up manufacturing the Hungarians could not handle did well. The event organisers



A teaching aid devised by Erno Rubik (below) became one of the best-selling toys of the 1980s

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who held Rubik's cube solution competitions did well. Retailers selling the product did well. So, although Rubik himself is the obvious entrepreneur, the other players in the story also contributed to the process, many benefited from it, and they are all entrepreneurs.

SOLVING YOUR OWN PUZZLE

Fortunately, entrepreneurship is not a Rubik's cube puzzle. There is only one correct answer and 43 quintillion wrong ones for Rubik's cube. Perhaps quite the reverse is true for an entrepreneur. Starting with what you know and using the partnerships you build may offer 43 quintillion possible paths to success. The question is how to align your own particular pieces for the solution that's right for you. ●

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