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“EVERYTHING MUST STAY IN PLACE” – PRESIDENT BUSINESS, THE LEGO MOVIE

By Tamara Belinfanti

A little more than six weeks ago The Lego Movie hit theaters. Without getting into too much detail for those of you who have not yet seen the movie or who will never get around to seeing the movie, in essence it's about an ordinary guy who's mistakenly identified as an extraordinary "MasterBuilder". He is recruited to fight against a Lego villain (President Business-we can call him P.B.) who is intent on gluing everything together. The anti-PB crusaders like having the freedom to dismantle, break, and re-make their Lego creations and shudder at the thought of having everything permanently fixed in place. PB, on the other hand, is intent on perma-gluing the Lego bricks together because he likes the certainty and control of knowing where everything is, and he is wary of innovation or change. Hence, his admonition- "*EVERYTHING MUST STAY IN PLACE.*"

Now as I watched this battle unfold between President Business' pro-gluing supporters on one hand, and the pro-change supporters on the other, I could not help but see some similarities between the Lego people's contested views on the purpose of Legos and our society's contested views on the purpose of corporations. In The Lego Movie it is a contest between staying in place and the freedom to innovate and create, while in the corporate purpose debate it is a contest between profit maximization/shareholder primacy and *ANYTHING ELSE THAT DARES TO SAY ANYTHING OTHER THAN SHAREHOLDER PRIMACY* (e.g., creating shared value; stakeholder theory; team production).

While shareholder primacy has both normative and pragmatic appeal, one cannot help but wonder whether this traditional conceptualization of corporations is open to being re-made, or must it be immovable and "stay in place". In other words, if we accept that our world today is markedly different from the one that existed when shareholder primacy came into vogue, are we selling ourselves short by clinging to a mantra that may no longer be ideal or that may need to be revamped?

Consider a new report by ~~McKinsey~~ [Dr. Maximilian Martin of Impact Economy], titled "*Impact Economy, Driving Innovation through Corporate Impact Venturing – A Primer on Business Transformation*". In essence, the report finds that pursuing a profit-as-usual model with "CSR" as a tangential activity is "fast coming to an end." According to the report, this is because "[a] new paradigm is emerging in its place that is responding to structural changes in the operating environments of business." The ~~McKinsey~~ [Impact Economy] report points to four "megatrends" that are nudging corporations towards a more transformative and holistic view of their role and purpose – what ~~McKinsey~~ [Impact Economy] terms "sustainable value creation." These four trends are: (i) significant opportunities at the Base of the Pyramid (BoP); (ii) a \$540 billion market for "Lifestyles of Health and Sustainability Consumption"; (iii) the growth in markets "resulting from green growth and the circular economy"; and (iv) the "modernization of the welfare state." The conclusion reached by the report is that "companies are well advised to grasp the changing tectonics of value creation and tackle markets accordingly if they want to remain competitive in the long run."

This new ~~McKinsey~~ [Impact Economy] report is of course not alone in making the case for a more expansive view of corporate purpose (for example, the Aspen Business & Society Program's report on long-term value creation, or Michael Porter's work on creating shared value). But what does it take to move the needle? In the Lego Movie, it took President Business and the head of the pro-change supporters realizing that their views were really not that far apart. Maybe that too is the winning answer for the corporate purpose debate – those corporations who are successful in responding to the aforementioned mega trends and other societal needs stand to be the ones who provide the most value creation for society and their shareholders.

UPDATE 4/15/14: The original version of this post improperly identified McKinsey as the source of the "Impact Economy, Driving Innovation through Corporate Impact Venturing – A Primer on Business Transformation" report. The post has been corrected to reflect the fact that the report was written by Dr. Maximilian Martin of Impact Economy.

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