

4 Reasons for The Financial Success of Ingvar Kamprad

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IKEA – the number one stop for any furniture you like: ~~this is a~~ company ~~that~~ has been around for close to 80 years. ~~Since 2008, it has and has been~~ consistently ranked as the biggest furniture retailer in the world ~~since 2008. Yet However,~~ there ~~was just is~~ one man behind the rise of this conglomerate company. ~~He was, and this is a man, by the name of~~ Ingvar Kamprad, ~~—~~ a Swedish business mogul with an ~~extraordinary incredible~~ mind for business and success.

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~~He turned h~~His incredible vision turned into reality. ~~B~~But what ~~wereis~~ the main reasons ~~s~~ for his incredible success?

Background

~~We'll Before dive into looking at some of~~ the reasons ~~Ingvar Kamprad was able to become so successful for his success. But first, let's it is important to~~ get to know the man himself a little ~~better closer, to understand what he was like.~~

Ingvar Kamprad was born in Pjätteryd, Sweden ~~in 1926~~, to a Swedish mother and a German father. ~~He was fortunate enough to have a pleasant childhood decent upbringing,~~ but his ambition and willingness to engage in business were apparent from an early age.

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You see, Ingvar truly desired ~~success. At the tender age of 5, he may have started selling to become a successful person, which is also why he might have started selling~~ something as simple as matches ~~from the age of 5~~. Since he was living in a small town during the 1930s, he found that there was a need for things from the city. This is when he started buying things like pencils and ballpoint pens in bulk and reselling them back home.

This would later also help him in the pursuit of growing his business. ~~One of the most impressive things about The great thing about~~ Ingvar ~~wasis his unwavering that his ambition, never faltered, and he actually He was just 17 years old when he~~ established the first IKEA in 1943 ~~when he was just 17 years old. B However,~~ back then, the company mostly survived through providing mail-order services, but ~~itthis~~ would ~~becomechange into~~ a furniture company just 5 years later, ~~after the Second World War.~~

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Today, IKEA generates billions of dollars of revenue – around \$44 billion for the year of 2021 alone. ~~So, how, but how~~ did one man, who ~~didn't have a university education or any special training, was neither university trained nor school on this subject,~~ manage to create such an incredible business ~~and magnificent legacy? that will continue his legacy for the foreseeable future, even long after he is gone?~~

1. A Business Structure Like No Other

~~European business owners often have to contend with One of the biggest problems that business owners in Europe often have to deal with high taxes. is the extremely high levels of tax. In some cases, this taxation makes it more challenging for businesses to grow. This taxation is often one of the things that keeps companies from growing and finding ways to minimize tax and improve their business output.~~

~~That's why one of A key strategy employed by~~ Kamprad's key strategies was ~~to finding~~ more ways in which he could get breaks on tax, ~~and this would all be revealed in how the company was set up.~~ You see, Kamprad came up with an incredible idea of having a non-profit organization – in this case, the INGKA Foundation. ~~It, which~~ serves as the parent company for IKEA, ~~but it this~~ isn't the only company with a stake in IKEA.

Another company called the Stitching Ingka Foundation is the owner of IKEA's ~~the~~ trademarks and intellectual property ~~of IKEA~~.

What this means is that each year, IKEA needs to pay billions of dollars in royalties to its parent company. These royalty payments are then tax deductible for IKEA, which means that it saves around \$100 million per year in taxes.

Additionally, IKEA reportedly borrows ~~is also known for borrowing~~ money from the parent company at a low-interest rate. ~~This is Once again, this is another~~ tax deductible for the furniture conglomerate. Overall, In total, this means that IKEA focuses on creating as many tax write-offs as possible, which means ~~makes~~ more and more funds are available to be reinvested in the company.

Thanks to Kamprad, the IKEA business model ~~is one of the most admired and~~ has allowed the company to become the largest furniture retailer in the world. It's also one of the most admired.

The lesson? Well, it's ~~The lesson here is~~ that regardless of how successful you are, you need to maximize your savings whenever and wherever possible. This includes opportunities for taxes deductions. on everything possible, including tax deductibles. Use the money you save to reinvest in your company, so you get an edge over the competition. The money you save can be reinvested, giving you an edge over other companies.

2. Cost-Effective Distribution

When you're selling millions of items each year, it does make sense that logistics could become an issue if not dealt with correctly. Luckily, Ikea is an expert in this area. In fact, in ~~in~~ 2020, IKEA was recognized by Supply Chain Magazine as having one of the most efficient warehouse systems in the world and when you are selling millions of items each year, it does make sense that logistics could become an issue if not dealt with correctly.

When you're selling millions of items each year, logistics can quickly become an issue. Kamprad was ready for these challenges as he followed ~~Once again, Kamprad was ready for this and he chose to follow~~ the trend of automation. In fact, he designed ~~where he would design~~ some of the most efficient automated warehouses the world has ever seen. Plus, he introduced innovations in how he stores his inventory. Another thing that Kamprad also implemented is how he stores his inventory.

IKEA inventory is frequently ~~often~~ stored in low-tax countries, which often reduces the taxes and only costs any tax money once the ~~truly affects him in terms of tax once~~ the products are sold. This becomes another way of saving on operating costs. Also, y ~~ou also~~ don't really find IKEA stores ~~companies~~ set up

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in ~~these~~ high-tax countries, which is why it often charges exorbitant prices for products in ~~those~~ ~~places~~ ~~such countries~~.

~~The company plans distribution so that when it is taxed, it's~~ The main goal of the distribution is ~~once~~ again to make sure that when taxed, it is at the lowest possible rate. ~~This means that there's~~ ~~and to~~ ensure there is more money to be reinvested.

Kamprad always understood ~~the~~ ~~that you~~ need to find more and more ways in which to save money that ~~can~~ ~~could~~ be returned to your business investment.

~~You can learn from~~ Kamprad ~~teaches us~~ that ~~it's not enough to simply set up a company.~~ ~~setting up a~~ ~~company is not the only important thing.~~ If you ~~re~~ ~~are~~ selling products, you need to ensure that you don't run into logistical and distribution issues. And if you can do this at the most affordable price, you ~~ensure you have more money to~~ ~~once again end up with more money~~ to be reinvested.

But why does IKEA have such low prices? ~~D~~ ~~and~~ do they skimp on quality?

3. Frugality And Cost Control

Kamprad ~~by nature~~ was always seen as ~~somewhat of~~ a frugal person. ~~He rarely flaunted his wealth, and~~ ~~his frugality~~ ~~He rarely loved to flaunt and give away his money and this would directly~~ transferred ~~ever~~ ~~directly~~ into his business acumen. You see, Kamprad ~~looked for~~ ~~would seek~~ any and every loophole to ensure that he ~~saved~~ ~~can save~~ on costs. But this didn't mean that he would create massive profit margins.

You see, Kamprad understood that people desired an ~~affordable~~ mega store where they could buy all of their furniture ~~at affordable prices~~, and the only way to provide this ~~was~~ ~~would be~~ to keep the costs as low as possible. For this reason, Kamprad rarely spent tons of money on things like store designs and layouts, choosing to keep things as simple as possible.

His manufacturing setups were also in countries like Poland, which at the time, had ~~some~~ low tax rates. ~~He saved~~ ~~that would save him money in product storage costs as well.~~ ~~in the storage of products as well.~~ He was notorious for having a keen eye on the books and controlling the costs to a level that even employees might become frustrated with how he did business. This didn't bother him as he had a goal in mind.

But even in his personal life, he embodied ~~a frugal~~ ~~this~~ mindset, driving a 1993 Volvo 240 GL. ~~He~~ ~~The~~ ~~incredible thing is that he drove~~ ~~would drive~~ this car for the better part of two decades. Adding to this cost-effective mindset is the fact that he only flew economy class. ~~He even~~ ~~and stayed~~ ~~would stay~~ in budget hotels.

~~What's the lesson here? Well, it's that~~ The key lesson here is that when you start making money, ~~you~~ ~~shouldn't change your lifestyle.~~ ~~this doesn't mean that your lifestyle should change or become more~~ ~~expensive.~~ This is often a big issue that people deal with when they start earning more money. Kamprad understood that you need to keep your expenses way lower than your income.

Once you adopt this frugal mentality, you'll ~~will notice that you~~ have more available funds for additional things, ~~such as that could help you improve things like marketing or even other aspects of the company.~~

~~For all these admirable qualities, it was Ingvar Kamprad's visionary leadership that truly set him apart from the rest of the world. But there is only one thing that sets him apart from the rest of the world;~~

4. His Visionary Leadership

~~Ingvar Kamprad was One thing that is often used to describe Kamprad is that he is definitely~~ a forward-thinking visionary who always seemed ~~to be~~ one step ahead of those around him. Kamprad vigorously studied his competition to ~~discover ways he could change or improve his operations.~~ ~~find if there was any way in which he could change or improve the costs of his products.~~

Since he had a vision of creating cheap ~~yet but~~ reliable furniture, he was dedicated to finding more and more unique ways in which he could ultimately save some money. His products would also echo this, and that ~~is~~ would later translate to ~~how his brand was perceived what his brand had become.~~ Ask any person what ~~o~~ IKEA is. ~~T~~ they'll ~~will~~ tell you that it's ~~s is~~ synonymous with affordable quality furniture.

~~Ingvar and his business acumen had in fact, he has had~~ such an impact on the world ~~through his business acumen~~ that IKEA is often mentioned in pop culture. ~~Ikea has been mentioned on TV shows when people talk about furniture. Plus, sYou can see numerous television shows where IKEA is often referenced when people talk about furniture.~~ Social media is full of memes that ~~mention depict~~ IKEA. ~~This pop culture relevance truly sets the brand and its founder apart from the competition. as well and this is what truly sets it and its owner, Ingvar Kamprad apart from the rest of the world.~~

~~It's incredible to think it all started when Ingvar saw The incredible thing is that it all started with observing~~ an employee remove the legs from a table, ~~so it would fit in the trunk of a car. in order to put it in the trunk of a car. This gave him the idea This would set off the idea~~ of creating furniture that can be self-assembled, ~~removing and remove~~ a large chunk of transport fees.

Outro

~~Without question, Ingvar Kamprad was definitely~~ a revolutionary. ~~Incredibly and someone~~ ahead of his time, ~~Ingvar truly changed willing to change~~ the world. While achieving enormous success, he often ~~endured had to endure some~~ turmoil and frustration. ~~Yet nothing he faced was as complicated or difficult as, but none as complicated and rough as the life of~~ legendary author, J.K. Rowling. So, if you like this video, ~~make sure to check out our video revealing the reasons why~~ J.K. Rowling managed to become a billionaire author.

Also, make sure to like and subscribe to this channel. ~~Yyour support means we can continue making these life-changing videos. We appreciate you! means a lot to us and makes it possible to continue creating these life-changing videos.~~

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