

LESSONS IN ENTREPRENEURSHIP

All dolled up

Stuart Read and Saras Sarasvathy learn from a toymaker who moves with the times

Isaac Larian likes to keep busy. Since his emigration from Iran to the United States 38 years ago, he has washed dishes, studied engineering, imported brass goods from Korea and sold refrigerators and microwave ovens. Building on his Asian connections, he was the first to bring Nintendo handheld LCD games to the US, and from there he expanded into the toy business by licensing popular brands such as Mighty Morphin Power Rangers, Hello Kitty and The Hulk.

PLAYING WITH TOYS

All that got Larian started, but the reason you may already know of him is due to Bratz. In 2001, tired of making profits for his licensors, Larian decided to create his own toy brand and launched a line of fashion dolls. A runaway success, Bratz dolls successfully challenged Barbie's supremacy on toy store shelves and created more than \$2bn a year in revenue for Larian's firm – MGA Entertainment – within just three years.

"Bratz are everything Barbie is not," he said. "Who in Britain can identify with a six-foot-two blonde? The Bratz exist in a changing world – children today are exposed to change at a very fast pace, so the Bratz change too... In ten years they will be something completely different."

TAKING CONTROL

Two elements in the story so far help us to understand Larian's



Isaac Larian with some of the creations that have made him such an entrepreneurial success

remarkable achievement. The first is his willingness to control his own environment and create opportunity for himself, while creating uncertainty for existing players such as Mattel in the process. And the second is his openness to change. While it would be tempting to try and cling to the Bratz fortune, Larian anticipates the changing nature of opportunity, and is clearly prepared to shape Bratz in order that change benefits him.

SURVIVING FAILURE

And he is a man recognised for creating opportunity. In 2007, Larian was Ernst & Young's Entrepreneur of The Year overall national winner. It was bittersweet,

though, as 2007 proved a hard year for Bratz. Unlike its very successful predecessor, *Bratz: The Movie*, the *Bratz Fashion Pixiez* film generated less than \$3m in revenue. And, adding insult to injury, 4Kids.TV cancelled the Bratz animated television series.

A closer look at these disappointments offers a third insight into Larian's entrepreneurial expertise. In neither case did he put MGA Entertainment at grave risk. His investment in the experiments was sufficiently low that failure of the project did not translate into catastrophe for the firm. Instead, and in both cases, he shared both the risk and the potential reward with partners. In Larian's words, "You should not be afraid of failure. In order to succeed, you need to fail."

PIECING IT ALL TOGETHER

Looking back at Larian's career offers a fourth insight. Entrepreneurship is less about vision and more about the journey of creation. From his start, it would have been impossible to predict that he would become the head of the third largest toy company in the world, yet in retrospect the pieces come together and make sense. The question for you is what puzzle pieces you have and how you will put them together next. ●

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