

# Nike Company Business Strategy

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## Introduction

Nike, one of the biggest business brands, with \$ 18.6 billion annual revenue, manufactures apparel, athletic shoes, and equipment. (NIKE, Inc., 2020) With vast manufacturing processes, Nike, along with other brands, has social and environmental responsibility. In 1992, the brand issued its 1<sup>st</sup> protocol to reduce environmental impact and sustain its efforts to ensure its corporate social responsibility. With the help of Jones and Sprunk, two vice presidents, Nike sets the sustainability goals for the future. The company reduced absolute carbon emissions to have a sustainable economy while concurrently growing revenues. Nike focuses on emerging technologies, innovative partnerships, and financing in start-ups and influences policies and standards to drive innovation advancement. By redesigning its supply chain, the company sets a minimum standard for every supplier factory to follow Nike's [code of conduct](#). Nike's business model is a lean, green, and reasonable workplace that focuses on core components such as design, growth, and marketing. Nike sends specs to manufacturing centres in low-wage countries for production. The trendy and fashionable waterproof/windproof attire provided by competitors of Nike suggests improving the design and quality of the company's products.

## Discussion

Nike is known as a pioneer in sports fashion brands worldwide, with over \$ 20 billion in revenue for FY 2011. With its first and second global ranking in major product categories, the brand is fiercely competitive in footwear and apparel. The social and moral responsibility that comes with this success is also huge. According to the Harvard business case study, to improve the sustainability and growth at Nike, the company's board's corporate responsibility committee reviewed the preliminary sustainability goals for 2015-2020. Hannah Jones and Eric Sprunk, two members of the company's executive team, focused on removing poisonous releases from the supply chain. To achieve the target-zero discharge of toxic material, the estimated cost would be greater from the last year. It requires necessary resources, i.e., a change in the system, innovation in chemistry, and experts to advance scalable results within the planned time limit. Nike's vice president of sustainable innovation, Jones and vice president of products worldwide, Sprunk, along with their teams, worked closely to design Nike's sustainability goals.

Nike's business model joined low-cost manufacturing with innovative shoe design by sending specs to self-regulating workers in low-wage countries. The company's culture was inspired by the coach, Bowerman's "just do it" formula, who famously invented the waffle sole one day by mixing urethane and preparing it on a waffle maker. Initially, the company outsourced the shoe manufacturing to

Japan, Korea, and Taiwan and invested more budget in research than any other company. In 2012, Over 500,000 Nike products were manufactured in 900 contract factories in 45 countries. The business goal for 2015 was to expand the brand globally and build a strong relationship with customers. The company worked more in categories of sports and geographic regions to seek growth in direct business to customers across all brands. Nike's digital business expansion was globally established when the brand developed Nike+ to allow runners and athletes to track and share their events through Apple devices. However, the core component of growth lies in innovation.

In 1977, shortly after graduating, Parker, a college runner, joined Nike as a product engineer in the R&D centre and designer for footwear. He designed Nike Air Max technology, a most fruitful innovation for the company. Parker, with Charlie Denson as co-president, had seized positions in general management, marketing, engineering, research and design, including five years from 2001 to 2006. The brand's long term business vision was investing profoundly on digital sports, Parker introduced a game changing sustainable growth innovation which contributed to a better world by remodeling the supply chain process.

The origin of Nike's sustainability journey dates back to the 1990s when the company's critics said that the employees were treated inhumanely and utterly underpaid. First, Nike tried to defend its stance by refusing to take responsibility for their suppliers, but in 1988, the company's approach changed. Maria Eitel was appointed by Nike as the first corporate responsibility vice president, and this sets the foundation for a strategic framework to overcome the problems the company is facing. In the late 1990s, Nike initiated programs around recycling, toxic substances in the production process, and water use in the supply chain to cope with environmental challenges. The company also addresses sustainability in operations by looking into the reasons for overtime work and focusing on growing factors such as population growth, energy storage, water scarcity, governance, health issues, climate change, and the Internet. These innovations help Nike foresee the coming threats in the supply chain that can impact the business, such as energy shortages or water disruptions. To take necessary precautions, Nike launched a water program in 2001 to track water usage in the supply chain. Jones, the vice president, continued recruiting people for financial analysis and strategic planning to integrate business decisions and sustainability. Nike took immediate action when one of the contract factories in Malaysia was treating employees inhumanely by demanding redress for the employees, including compensation for withheld salaries.

In July, Greenpeace propelled a high-profile movement charging Nike and other well-known companies for not putting much effort into the prevention of hazardous substances from being released into the water supply by their suppliers. After the report, Nike issued a statement outlining the existing work and offering to work with Greenpeace and other NGOs to endorse better water management. This report speeds up the process of treating the toxic chemicals and reaching the goal of zero toxic discharge. Nike's new innovation agenda proposed research in material, design, water, waste, climate change, energy, and labour. The main target to achieve by 2020 involved the dropping of 10%-25% per unit in water usage.

Nike's business social accountability plan contributes top importance to consumers as a stakeholder group. Clients are important because they mark the company's revenues from the equipment market, such as sports shoes and apparel. (Porter, 1985) In the example of Nike Inc., these stakeholders' benefits contain high-value merchandise and rational rates. The business addresses these benefits through substantial R&D investments. For instance, Nike continues to deliver products with extraordinary excellence and innovative technology. Communities are an essential part of Nike's standings in social responsibility. Customers are inclined to purchase additional merchandise that has an optimistic influence on communities. The welfare of these stakeholders consists of providing for the growth of communities. Nike Inc. serves these benefits through the Nike Foundation, which aids as the brand's main way of assisting public expansion enterprises. For instance, the Nike Foundation started its community development plans in evolving countries in 2005, with an emphasis on backing the authorization of girls. The brand also has a range of "Civic Influence" business social responsibility courses, such as the *Active Schools & Youth Sports* platform, which gives money and athletic shoes, equipment and apparel to encourage physical activity among apprentices.

Nike Inc. knows the worth of personnel as a shareholder group that affects structural efficiency. For example, workers' presentations directly interpret business recitals. The benefits of these stakeholders comprise reasonable recompense, professional growth chances, and a sense of perseverance. Nike gives these benefits through company social responsibility strategies and agendas that emphasise core management progress, aptitude management by training and coaching, and group structure. These company social responsibilities struggles are predicted to increase Nike's capability to yield more standard and innovative equipment, apparel, and athletic footwear.

As a fragment of its community social responsibility policy, Nike Inc. classifies governments as a shareholder part. These investors are significant because they mark how Nike functions in terms of its licenses, bounds and lawful movements in assured marketplaces for its apparel, equipment and shoes. Governments are involved in lawful and controlling obedience, as well as commercial aids to tax incomes and public growth. Reasonably, public expansion attention is being directed toward Nike's corporate social responsibility series for public growth. In addressing the additional welfare of this sponsored group, Nike Inc. upholds an amount of rules and values to safeguard obedience in all of its professional parts. Thus, the company's social responsibility approach contains the benefits of governments as shareholders.

Nike's corporate social responsibility rules also benefit the welfare of some interest groups. These investors have important outcomes for Nike in terms of possible administration interference and in terms of customer insight concerning the firm and its apparel, sports shoes, and equipment. The welfare of these shareholders is diverse, with reasonable work observes, trade sustainability, and ecological preservation. Nike Inc. entertains these benefits through the Nike Foundation's enterprises, as well as supports a range of connected plans. The corporation also has company social responsibility strategies for refining labour organization and environmental influence. These opinions designate that Nike Inc. pleases the anxieties of concerned groups as investors. General, Nike Inc. is operative in guaranteeing that its corporate social responsibility agendas provide the commercial goal

of enhancing incomes from the trade of equipment, sports shoes, and apparel worldwide. The challenge Nike is currently facing is the design of trendy and fashionable footwear compared to its competitors. The brand needs to keep up with the style and comfort levels of the customers by providing better and more innovative designs at reasonable prices. Nike is also struggling in the apparel industry. Supplies that retail Nike produces have been undecided, too, for example, Sports Authority, which marched for insolvency this year. Macy's retails Nike, and though the Nike segment rests on one of Macy's Herald Square's only unspoiled units, Macy's is still stressed to drive traffic flow to its stocks. There are the chief contestants like Under Armour and Lululemon, and then there are additional function trademarks, like the ultra-luxe Sweaty Betty and Bandier, and Outdoor Voices, imagined above, which vanities itself on marking that emphasises amusing, rather than being modest and the finest. In other words, it's the anti-Nike, and that could be attractive to misses who require a substitute for Nike's "just do it" attitude. Another major concern is that most popular merchandise might be going out of fashion. This is particularly a worry since basketball attire books for 12-14% of Nike's trade.

## References

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