

NIKE

The Unauthorized Story of the
Men Who Played There

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1. The Tiger Years (1964-1971)

The founder of Nike was Philip Hampson Knight.

Knight acquired the nickname "Buck" early in life and it stuck with him. He attended the University of Oregon majoring in accounting, and later went to Stanford School of Business. While at the University of Oregon, he joined the track team and was coached by Bill Bowerman who was legendary for developing successful mile track runners.

Phil was a very good runner, and he raced with a lot of success. As luck would have it, though, his on-track performance was eclipsed by another university team member Jim Grelle who later went on to represent the United States at the Olympics.

While at Stanford, Phil Knight wrote a paper about a small business idea as an assignment. In the paper, he discussed the concept of what would happen if the Japanese did to German running shoes what they had already done to German cameras. Knight concluded his paper by saying that with cheap Japanese labor, an American distributor could sell track shoes that rivaled Adidas in quality but undercut them in price.

Before settling into a career somewhere in corporate America, Knight decided to get some overseas experience. With the financial help of his family, he had enough money to travel to the Far East. In 1962, Knight ended up in Japan, where he immediately fell in love with the country and the people. While there, he noticed some imitation Adidas running shoes in a sporting goods store. The shoes were Tiger brand, manufactured by Onitsuka Co. Ltd of Kobe.

Just before leaving Japan, Phil went and visited Onitsuka Co. He introduced himself as an American shoe importer, and was pleasantly surprised to receive a warm welcome. Knight assured the Japanese company their shoes looked good, and promised to place an order when they sent some samples of a new leather shoe they were developing. When they asked the name of Phil Knight's company, he replied, "Blue Ribbon Sports" - the first name that came to mind.

Unbeknown to Knight, Kihachiro Onitsuka, the founder of Onitsuka Co. Ltd. had just spent a few months studying the American market. Many Japanese companies used the large trading companies to represent them overseas, but Onitsuka had decided instead to appoint American distributors with experience in specific sports. Onitsuka saw Knight as the ideal way to move into the American market for running shoes. At the time, Onitsuka manufactured 66 shoe models and had annual sales of around \$8 million.

When Knight returned from his trip, he approached his old track coach, Bill Bowerman, and asked if he would like to become involved in a company importing Tiger brand running shoes from Japan. Bowerman agreed, seeing it as a way to produce good running shoes for his track team. He also told Knight he expected to be cut in on the financial benefits in some way or another.

Bowerman and Knight decided to form a legal business partnership called Blue Ribbon Sports. They each contributed \$500 to start the company and shook hands. There were no business plans, no contracts, no lawyers - just a handshake and a shared interest in the sports shoe business.

Blue Ribbon placed its first order for 300 pairs of Tiger shoes in February 1964. The order was worth \$1,107 - \$3.69 a pair. They hoped to sell the shoes for \$6.95 a pair, which would undercut Adidas. It took around four months for that first shipment of shoes to be sold out.

There was a hiccup when Blue Ribbon tried to place an order for another 1,000 pairs of shoes. Onitsuka told Knight they already had an American distributor, based in New York, and that Blue Ribbon would have to work through him. Knight jumped on a plane and went back to Japan to see Onitsuka personally, and eventually succeeded in having Blue Ribbon designated as

Onitsuka's exclusive agent for the 13 western states of the United States of America. Onitsuka and Blue Ribbon Sports signed a one page exclusivity agreement.

Adidas, based in Herzogenaurach, Germany, absolutely dominated the U.S. and world markets for athletic shoes in the 1960s. Adidas shoes featured prominently in the Soccer World Cup, the Olympics and other major sporting events.

Adidas was run by Adi Dassler. His brother, Rudi Dassler, had an argument with Adi and started the Puma athletic shoe company on the other side of the same German town. These two companies had been the bitterest of enemies ever since, and competed vigorously against each other. In the early 1960s, this rivalry had reached a stage where both Adidas and Puma were starting to pay athletes to wear their shoes at important competitions.

Blue Ribbon Sports had been started by middle distance runners in Phil Knight and Bill Bowerman. Their first employee, Jeff Johnson, was also a middle distance runner. Middle distance events (like the mile) require speed, endurance and an ability to handle good tactics. These traits would later come to epitomize the Blue Ribbon Sports approach to business.

Jeff Johnson lived for running. When Phil Knight sent him a pair of Tiger running shoes in January 1965, he'd just graduated from university and was looking for a career which would still leave him enough time to do some serious running training.

Jeff decided to sell a few pairs of Tiger running shoes while he was healing from a torn tendon. "I'm not so completely gung-ho, but I just haven't anything better to do at the moment," he wrote to Phil Knight as he ordered 50 pairs of Tiger shoes.

When the shoes arrived, Johnson headed off to a road race with a few pairs of Tiger shoes stuffed in the back of his VW bug. To his surprise, he sold 13 pairs of shoes his first day. Johnson suddenly realized people liked the shoes, and there may be a business opportunity in them after all.

At that time, Blue Ribbon Sports was a small operation. Phil Knight worked full time as an accountant, and ran Blue Ribbon after hours and on evenings. Bill Bowerman was still coaching the University of Oregon track team. Jeff Johnson took on a full time job as a social worker, and sold shoes at evenings and on weekends.

Blue Ribbon Sports sold \$20,000 of Tiger shoes in its first year of operation. By the end of 1965, Jeff Johnson had left his social worker job and was working full time at selling athletic shoes on commission, with a \$400 a month advance. He turned his apartment into a shoe store and forged ahead enthusiastically.

Johnson came up with several innovative ideas for promoting Tiger shoes, including printing T-shirts with a large Tiger logo. This was actually a novel advertising concept in the 1960s. Johnson also talked Knight into planning ahead in more detail. As a result, Knight again went to see Onitsuka in Japan, and signed a three-year exclusive contract to distribute Tiger track shoes throughout the entire United States of America.

In late 1966, Blue Ribbon Sports opened its first retail shop in Santa Monica located between a beauty salon and a termite exterminator. Jeff Johnson became the store manager, in addition to attending track meets, running the mail order business and doing all the promotional work. Johnson would later go on to start Blue Ribbon's first East Coast store in Natick, Massachusetts.

Meanwhile, Bill Bowerman visited Arthur Lydiard in New Zealand to learn more about a technique for lifetime conditioning that Lydiard had developed which he called jogging. Bowerman returned from New Zealand and started a jogging group in Eugene. Before long, jogging became a national craze in the United States.

Bowerman and Knight spent a lot of time feeding ideas back to Onitsuka. At one time, Bowerman cannibalized two Tiger shoes taking the best features from each, pinning the composite

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