

# Nike inc and strategic quality management marketing essay



**ASSIGN  
BUSTER**

' Strategic Total Quality Management is a new way of looking at quality. It concerns corporate performance and product quality. According to Kuei and Madu (1995), corporate performance can be measured by the response of the firm to the emerging changes in its business environment. The customers are able to detect such changes, thus the firm's response may influence their purchasing behavior. Therefore, an organization's survival and competitiveness will be endangered if these factors are not sufficiently considered. (Kuei and Madu, 1995)

Strategic Management refers to the ongoing process of planning, implementing and evaluating cross-functional decisions that will allow a firm to achieve its long-term objectives. Through Strategic Management an organization evaluates its competitors and sets strategies and goals to meet all existing or potential competitors; then evaluates these strategies to determine how successfully they have been implemented and whether they need replacement by new strategies, in order to meet new technology, new competitors, and in general, changed environment. (Kuei and Madu, 1995)

Total Quality Management (TQM) can be defined as a management concept. TQM aims to diminish the errors produced during the manufacturing or service process, eliminate waste, increase customer satisfaction, reorganize and simplify supply chain management and guarantee that employees receive high levels of training.

TQM has a plethora of benefits for the organizations that adopt it. For example, it fosters teamwork, it helps the company become a leader instead of a follower, it makes it more sensitive to customers' needs and helps it

adapt faster to changes. It enhances customer satisfaction, improves quality, motivates staff to work, increases productivity, reduces defects, resolves problems faster and reduces costs.' (Nagaprasad and Yogesha, 2009)

The aim of this paper is to write a report that examines some aspect of an organization's quality. The chosen organization for this paper is Nike Inc. and the aspects of Strategic Quality Management that will be investigated are Nike Inc.'s efforts for product quality improvement and quality design.

The paper begins with a brief observation of the background of Nike Inc. Next, the selected quality issues that concern the company, derived from reliable sources, will be discussed. Moreover, an Evaluation and Discussion paragraph is presented, regarding the company's strengths and weaknesses and recommendations for improvement. The paper ends with the conclusion section and the references.

#### NIKE Inc. (Background of the Enterprise)

' Nike Inc. is the world's leading designer, marketer and distributor of authentic athletic footwear, apparel, equipment and accessories, for a wide variety of sports and fitness activities. The company is headquartered in Washington County, Oregon, United States. It was founded on January 25, 1964 as Blue Ribbon Sports (BRS) by the athlete Philip Knight and his coach Bill Bowerman.' (www. nike. com)

' BRS' profits increased quickly and in 1966 it opened its first retail store in Santa Monica, California. The Swoosh logo was used for the first time by BRS in June, 1971, in a soccer shoe named ' Nike'. During 1972, the first line of

Nike shoes was introduced and finally in 1978, BRS became Nike Inc. officially. The name was taken from the Greek Goddess of victory Ἥρα and its pronounced 'naiki'. By 1980, Nike had reached a 50% market share in the US athletic shoe market, and the company went public. Throughout the 1980s, Nike expanded its product line to include many other sports and regions worldwide.' (Choicelevel, 2009)

' Currently, Nike markets its products under its own brand, as well as Nike Pro, Nike+, Air Jordan, Nike Golf, Nike Skateboarding and subsidiaries including Cole Haan, Hurley International, Umbro and Converse. Additionally, it operates retail stores under the Niketown name. As of 2008, it has employed more than 30, 000 people internationally. Its revenue for the FY 2009 was US\$ 19, 2 billion and its net income reached US\$ 1, 49 billion.'

Nike sponsors many high profile athletes and teams worldwide with its highly recognized Swoosh and ' Just Do It' logos.' (Choicelevel, 2009)

## **QUALITY ISSUES**

### **Product Quality Improvement Efforts (Strategic Quality Planning)**

#### **and Quality Design**

" To bring inspiration and innovation to every athlete in the world." (Bill Bowerman)

Nike is dedicated to the production of innovative and high quality products. Its products satisfy the needs and demands of people all around the world. Nike acknowledges that the quality characteristics of products/services can

be defined in terms of their functionality, appearance, reliability, durability, recovery and contact. TQM focuses on the ability to produce and deliver the products and services that the market requires, in both the short and the long-term. Nike therefore, utilizes quality management in every aspect of production. (Shanley, 2004)

‘ Design management is an important element of TQM implementation.

In order to develop an effective system and organization structure for product development, several techniques are important to the design of a product. Some of these are the Robust Design, the Modular Design, the Computer-Aided design (CAD), the Value Analysis and the Environmentally Friendly Designs.

Nike judges the quality of the design process according to the number of errors in the design and to its effectiveness of achieving its market requirements. For the past few years, it has committed to the development of Environmentally Friendly Designs and to the elimination of production waste. The company’s philosophy is based upon the concept that Planet Earth is finite; ‘ that the looming crises of climate change, water scarcity and quality, and other resource constraints are even greater long-term challenges than today’s financial disorder. In a resource-constrained world, innovation must be used to conserve water, increase energy efficiency, reuse and recycle products.’ The concept of ‘ green manufacturing’ can be very profitable for the companies that can afford to adopt it.’ (Shanley, 2004)

‘ Nike’s commitment is to create extraordinary performance products, while managing its business within nature’s limits.’

<https://assignbuster.com/nike-inc-and-strategic-quality-management-marketing-essay/>

‘ Therefore, innovative design is being used to design out waste, chemicals and energy, and design in new materials through new approaches. Nike calls this concept ‘ Considered Design’. When it integrates this elevated consciousness into the design process, it maximizes the value of its products and minimizes the impact of their production. It reduces waste and CO2 emissions across the whole supply chain.’

‘ Nike defines waste as: ‘ Any product or material purchased anywhere in the supply chain that does not ultimately end up in the consumer’s closet.’ Its definition includes product, non-product, and manufacturing waste. Waste is created at every step of Nike’s supply chain. By reducing it, Nike can both achieve significant cost savings and decrease its impact on the environment.’ (www. nike. com)

‘ Incorporating the need to reduce waste was one of Nike’s principles, ever since its foundation. Bowerman B. understood that in order to improve the runners’ performance, he had to reduce waste. His vision was for the runners’ shoes to only contain the necessary items to complete the race; everything else was a waste.

Considered Design is at its core about reducing toxics and waste, while increasing the use of Environmentally Preferred Materials (EPMs) and using Nike’s innovation to create more sustainable products.’

Nike defines EPMs as: ‘ Materials that have significantly lower impact on the environment in one or more categories of chemistry, energy, water or waste.’

Nike seeks ways to reduce consumption of materials and handle them responsibly throughout the manufacturing process. By constantly appraising and lessening the total number of materials used in its products, it manages cost and complexities in the design phase and in the supply chain. (www. nike. com)

‘ Furthermore, Considered Design improves how the product performs for athletes, and consequently, the customers’ satisfaction. A shoe that weights less means less wasted’

‘ material when it is made and less wasted energy when it is used.

A quality product can be defined as the best that can be achieved with regard to the existing knowledge and technology. Professional designers and engineers find this approach very appealing. As a result, their productivity and motivation are also enhanced.’ ‘

Nike promotes teamwork and the use of product teams in the manufacturing process. Its designers work together to make smart, sustainable design choices at the start of their creative process, achieving breakthroughs and solving problems. Designing a product right the first time means avoiding re-work later. It results to cutting the amount of defective work.

After quality has been defined and measured, processes will need to check that their quality conforms to whatever quality standards are held as appropriate. Nike, to make its vision achievable, has set Considered Design Standards that every product has to meet. (www. nike. com)

(www. nike. com)

<https://assignbuster.com/nike-inc-and-strategic-quality-management-marketing-essay/>

## **EVALUATION AND DISCUSSION**

Nike is at the moment the world leader in the athletic footwear and apparel industry. It utilizes innovation to produce top quality products. Its huge success, in capturing the largest market share in the market, results mainly from its Research and Development and Marketing efforts. Nike is an extremely competitive organization. Phil Knight (founder and CEO of Nike) once stated:

“ Business is war without bullets.”

Nike puts a great deal of effort in topping its competitors and remaining at the top ever since it was founded. (Bruner, 2008)

It has been argued that product differentiation can provide a basis for achieving competitive advantage and, thus, quality can be brought into a central position in strategic plans. Nike has a much diversified range of sports products. It is because of its product differentiation that the company achieved such growth and expansion.

‘ Nike is a global brand and it takes advantage of it. Instead of owning factories in one place and tying up cash in buildings and workers, it manufactures its products wherever the cost of production is the lowest possible. At present, Nike’s facilities are located throughout Asia and South America, because of the cheap labor sources and the fact that the facilities are placed close to raw materials.’ (Bruner, 2008)

‘ In addition, Nike’s top management consists of a committed group of executives, all bringing together vast experience and knowledge. It is

<https://assignbuster.com/nike-inc-and-strategic-quality-management-marketing-essay/>



characterized by team work but each member is also capable of working individually. This style of leadership leads to relationships of trust and respect.'

' On the other hand, the company's income depends heavily on its share of the footwear market. If for some reason the market share erodes, the company will be left vulnerable. Also, the retail sector is very price sensitive. Most of Nike's income is coming from selling to retailers. Margins tend to ' get squeezed' as retailers try to pass some of the low-price competition to Nike.'

Moreover, Nike is exposed to the international nature of trade. ' It buys and sells in different currencies, so costs and margins are not stable over long periods of time. All global brands face this issue; they might come to a point where they manufacture and sale at a loss.'

Nike has also been criticized about not complying with its ethical responsibilities. It has been accused of being involved in issues of child and human rights violations. (Bruner, 2008)

Businesses can always improve; there are no barriers to improvement. Nike can keep trying to improve every single process. For example, in design it can find ways to use materials more efficiently. In packaging it can further reduce waste. It can discover even more nature-friendly ways of doing business. And of course, it can try to conform to its ethical responsibilities and regain a good reputation.

## **CONCLUSION**

To conclude, a brief observation of the background of Nike Inc. has been given. The selected quality issues that concern the company have been examined. Finally, a discussion of the company's strengths and weaknesses and recommendations for improvement has been presented in the Evaluation and Discussion paragraph.

Last of all,