

Example of under amor management case study

[Business](#), [Company](#)



Abstract

In the current global economies, organizations aim at achieving competitive advantage given the intensified competition in the global market. This can be related to the story of Under Armor Inc from 1996, where the founder Kevin Plank aimed at making superior T-shirts. The idea originated from the fact that he was a former student and football player in University of Maryland.

Under Armor Strategic Management

In the current global economies, organizations aim at achieving competitive advantage given the intensified competition in the global market. This can be related to the story of Under Armor Inc from 1996, where the founder Kevin Plank aimed at making superior T-shirts. The idea originated from the fact that he was a former student and football player in University of Maryland. Kevin's idea cropped from the idea that there was need to develop a T-shirt that could not only soak the sweat when under intense training and activity, but also aid in controlling the temperature of the athletes. The firm has grown to be among the leading producers of diverse products for women, men and youth. The mission of the organization is improving athletes' experience through passion and development of modern designs and through the relentless pursuit and adoption of innovation (Brewer, et al., 2008).

Under Armor's objective is to be the leader in the development, marketing and distribution of branded performance products not only in the domestic market but also in the international market. The approach adopted by Under

Armor in the global market has been instrumental in the growth of the firm as it competes with leaders in the market such as Nike since it has become widespread in various top athletes, teams and sport programs. The enormous growth of Under Armor's profitability is evident with its growth in the global market. For example, the firm operating income has risen from \$ 5. 7 million in 2003 to \$52. 7 million in 2007(Brewer, et al., 2008).

The firm's headquarters is located in the United States. However, it operates support offices in various parts of the globe such as Hong Kong and Guangzhou, China. More so, the firm's primary sales are made through licensing distributors, who sell the products of the company on wholesale. In addition the firm has various branches and stores in the global market, as well as advertising and sales made online in their website.

Literature Review: Strategic Management at Under Armor Inc

Strategic management is important in all organizations since it enables them to have competitive advantage over their rivals. This type of management also ensures that there is strategic planning in the operations of a company. The success of Under Amor has been largely attributed to effective strategic management (Oyewore, 2010). Due to this, the brand produced by this organization circulated in the United States of America and other countries at a fast rate.

Modern technology in the production system of Under Amor has enabled this organization to improve its products through effective innovation. This has increased its competitiveness thus leading to increased profitability. During the last decade, Under Amor had outmatched many of its competitors due to

strategic management and efficient production (Brewer, et al., 2008). Some of the competitors of this organization include Nike and Columbian Sportswear.

One strategy of Under Amor was to study the global market in order to come up with effective ways of satisfying the needs of the customers (Carter 2012). This strategic approach explains why the organization was able to meet the increasing demand of shoes from global athletes. The establishment of this organization in various countries enabled it to market its products more effectively. The distribution of products was also included in the strategic plan of the organization. Due to this effective planning, products were distributed to various markets to meet the global demand (Brewer, et al., 2008).

Strategic management in this organization has enabled it to grow from a small organization to a large producer of athlete products. For instance, it started operating in a very small location (Oyewore, 2010). Later on, this organization located in Maryland where it secured a warehouse meant for manufacturing. The leaders of this organization have also contributed a lot to its growth. This is because they have helped in providing effective control and organization in the operations of the company. In order to strengthen the market share, the management of this organization made several agreements with well known global organizations. One of this agreements involved signing a deal with Warner Brothers. Due to these agreements, the company gained better reputation in the global environment. This is the major reason why the company has been recognized internationally since the year 2000 (Bigelow, eta al, 2013).

The management further observed that it was important to improve the quality of products produced. It therefore invested in research and development to enhance improvement of the existing products. This enabled the organization to get the opportunity of supplying apparel to global teams. Some of the organizations that received supplies from Under Armor include National Football League and USA baseball.

There are some strategic decisions that have been made by the management of this organization for the past few years. The organization opened up new stores in various locations in the United States of America. This was meant to prevent any shortage of products in the country (Oyewore, 2010). In 2008, the founder of this organization helped in expanding the outfit produced by the company. In that year, an outfit meant for athletes was made and it consisted of t-shirt, short and shoes. This outfit was a full set of uniform meant for an athlete. This promoted vertical integration in the organization.

This organization has made an effort in ensuring diversification of products. In order to enhance this, the company has sought the production of complementary products in the sports field. Apart from providing apparel, the company has produced other products that compliment the uniform worn by athletes. According to the concept of demand, as the demand for the complementary of a product increases, then the demand of the product also increases (Brewer, et al., 2008). The company has used this concept to increase the level of sales. This can partly explain why the profits of this organization increased after the production of shoes.

The management of this organization is aware that without an effective

working team, there would be poor provision of services (Oyewore, 2010). This is the reason why the company has employed highly competent staff to carry out its operations. Its entire staff has passed through intense training in order to enhance the provision of high quality service. Many customers have given positive response regarding their treatment by the workforce of this organization. The staff of this organization undergoes frequent training in order to cope with the changing business environment. This flexibility has enabled the organization to avoid risks associated with changes in the global business environment (Bigelow, eta al, 2013).

Analysis of the Organization Strategic Management

SWOT Analysis: Product Development

Strategic management in an organization is based on evaluation of the firm's internal environment, strategic for an organization's achievement of competitive advantage. SWOT analysis facilitates the organizational analysis of the internal environment enabling an organization establish its strengths, weaknesses, opportunities and threats facing the firm. Identification of the strengths of the firm enables the organization to exploit these strengths to the advantage of the firm. Identification and analysis of the firm weaknesses enables the firm to evaluate how to overcome these weaknesses. In addition, SWOT analysis enables identification of the opportunities facing the organization, which the firm can exploit to achieve competitive advantage. The threats facing the firm, identification and analysis, enables the firm's evaluation of the extent of effect of such threats to the organization achievement of competitive advantage.

The organization's growth has been based on strategic management in

terms of the products developed and supplied by the firm, as well as the marketing and selling approaches used by the organization. The firm faced stiff competition from the already established companies in terms of their recognition in the global market and well established distribution networks. However, when Plank started the company in the basement of his grandmother's house, he produced unique T-shirts, which could meet the needs of athletes. The products were based on continuous research and innovations, where the Plank develop a shiny T-shirt made of hi tech fibers, which wicked moisture enabling an athlete to keep cool, dry and feeling light. The T-shirt was able to regulate the temperatures of the athletes, which translated to improved performance of the athletes.

Therefore, product development has been among the strengths in the organization achievement of competitive advantage in the global market. The growth of the organization can largely be attributed to product development where the organization has continuously engaged in various innovative products to improve the experience of their consumers. The firm has also engaged in comprehensive approach to provision of products that meets the needs of the athletes comprehensively (Oyewore, 2010). For example, the introduction of footwear increased product diversity of the firm, as well as increasing the organization profitability.

Sales and Marketing Strategies Adopted by Under Armor

Sales and marketing strategies adopted by an organization are an essential determinant of success in an organization. Marketing strategies adopted enable the firm's segmentation of the market into various sectors, which is essential in identification of the needs in various markets. The majority of

Under Armor sales are based in the United States, as United States constitutes 93 percent of the sales of the organization. The remaining 7 percent is shared between Canada and the global market where the sales in Canada constitute 4 percent and 3 percent is amassed to the international market.

The firm operates and distributes its products to 13 countries, which include in-house distribution in the United Kingdom, France and Germany. The firm's sales in various countries are conducted through partnership with other selling agencies in such countries and third party distributors in these countries. However, this indicates that there is weakness since the firm's over-reliance in the domestic market, whereas the global market is expansive and can lead to achievement of competitive advantage for the organization in terms of brand development and enhancing the sales of the organization in the global market (Bigelow, et al, 2013).

In an effort to increase their global presence, the organization opened a European headquarters in 2006 to facilitate management of the sales and distribution networks in the market. To increase the presence of the brand in the global market the firm also licenses independent manufacturers to use its brand name for various miscellaneous products such as socks, bags, headwear, watches and eyewear. The organization operates the licensing with other licensing partners in evaluating product development and ensuring that the products are in line with quality expectations. The industry experiences seasonality in demand of their products, since there is high demand during the third and fourth quarters of the year in line with football and basketball season. However, to overcome this challenge of seasonality

the organization has diversified into various products and games such as baseball to diversify their production.

Operations, Distributions and Major Competitors

Operations in an organization facilitate the smooth running of organization activities, and the organization has to ensure efficiency of the operations.

The organization has to ensure engagement in various diverse operations to increase profitability and expand its brand presence in the global market.

Wide range of products will facilitate the organization to serve wide range of customers with branded products (Carter & Crawford, 2012). Under Armor operates through licensing different manufacturers on various products in production of quality and unique products, which improves their customers' value.

The athletic apparel industry is characterized with stiff competition as various firms operating in the industry employ different strategies to attract customers to their products and brand. The diversity of the industry has led to some smaller organization specializing in various diverse areas and captures a section of the market, while major players have a comprehensive approach to the market. The major competitors of Under Armor are Adidas, Nike and Columbia sportswear, as well as other small players such as Sport Hill with potential of growth. Nike engages in three main products which include footwear, apparel and equipment. However, the organization operates through licensing and contract manufacturers rather than their own plants operating in more than 52 countries and establishing relationships with many manufacturing firms, the majority of which are in China. Adidas is the second largest competitor to Under Armor after its acquisition of Reebok.

It was founded in Germany and the current product line includes shoes and athletic performance apparels for football, basketball, golf and outdoor adventure (Oyewore, 2010). The ability of the firm to remain competitive and successful in the global market is based on the leadership from its founder and other leaders in the organization.

The management adopted in Under Armor is based on teamwork, since Kevin Plank had previously been part of a sports team. The CEO emphasizes that the organization operate as one team, in which everyone is engaged towards working for the organizational objectives of ensuring the organization become the world leader in performance athletic brands.

Management of the organization is based on encouragement of innovation through product development and ensuring teamwork in all areas of the organization operations (Brewer, et al., 2008). The organization also employs competent personnel in management of its operations. For example, the organization employed competent executives to manage the organization international business such as the European headquarters.

The success of Under Armor since its foundation in 1996 is based on a vision of becoming the world leader in production, distribution and selling of performance athletic apparel. The organization has been able to develop these products through differentiation strategies and innovativeness in product development. The organization has been able to attain differentiation, through value chain activities in terms of technological development and procurement. Product diversification has also been an essential strategy adopted by the organization in development of its brand and expansion of the firm's brand. For example, the introduction of footwear

in the firm was a product diversification strategy, which has increased the organization profitability. The firm also aims at international diversification to expand its operations in the global market, rather than the current dependency in the domestic market. To achieve this objective, the organization has adopted regionalization strategies, which has led to increase in sales in the international market.

Strategic Challenges

Irrespective of the organization success in the global market, it has experienced various challenges and issues in its operations and bid to expand in the global market. These challenges and issues originate from both the internal and external environment. The challenges also act as threats for the growth and expansion of the firm in the global market. For example, changing economic conditions and global financial crisis affect the growth of the firm. In addition, the performance apparel industry is characterized with intensified competition, with various major rivals such as Adidas and Nike and the firm has to ensure its competitiveness to maintain positive brand image (Brewer, et al., 2008).

The organization also lacks proprietary product rights in various foreign countries; this can lead to copyright issues, which might result to great losses for the firm. The firm also relies heavily on third party suppliers and manufacturers, which can affect long term sustainability of the organization.

Recommendations and conclusions

Based on analysis of Under Armor strategic management and operations of the organization, there are various recommendations that can be put

forward in ensuring long term growth of the organization in terms of product development and profitability. The following can be considered by the organization in its strategic management.

- The organization should consider entry into the emerging economies in Asia and Africa to expand its sales volume in the global economy. This will facilitate the organization sustainable growth due to potentiality of these markets.

- The firm should also consider acquiring patents and copyrights of their products since they risk being copied in market in their licensing operations strategies.

- The firm should consider strategic market entry into the global market through acquisition and mergers, which will enable the organization achievement of competitive advantage in the global market. It will also facilitate easy entry into the global market, since the organization will have few competitors and resistance in the global market.

In conclusion, strategic management is an essential determinant in achievement of competitive advantage, in the global economy due to increased complexity of the global business environment and intensified competition. Under Armor has been among the most successful organization in the performance apparel industry in the past decade, which can be owed to strategic management adopted by founder Kevin and other leaders.

Product development and marketing strategies adopted by the organization are essential in the growth of the firm. Teamwork in management of the organization enables efficiency in operations of the organization enabling innovations and adoption of modern technology. However, the organization

has to deal with various challenges facing the organization to ensure success.

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