

SUSTAINABLE AND INNOVATIVE BUSINESS PRACTICES: A CASE STUDY OF NIKE COMPANY

Dr. Darshana D. Kadwadkar

K. B. College of Arts and Commerce for Women, Thane, India

Abstract:

In this study we examined Hart's three interlinking strategies of pollution prevention, product stewardship and sustainable development, and sought to test whether the resources for their implementation must be accumulated sequentially or whether they can be accumulated in parallel. The case study revealed that Patagonia has made significant progress, and continues to make progress, in each of these three areas. The results also suggested that the company's progress in one area has not necessarily been dependent on progress in another. Since the fashion apparel supply chain is complicated which involves a lot of interrelated steps and decisions, how fashion companies can identify the demand in sustainable fashion and make the right decision in resource allocation throughout the supply chain becomes a critical issue. As a result, this paper examines how a fashion company can develop a successful sustainable planning strategy throughout the sustainable fashion supply chain. The sustainability attributes and the sustainable planning strategy mechanism are also discussed.

Keywords: Strategies, Sustainability, Supply chain, Planning, Innovation

1. Introduction:

Since its founding, Nike's business model has focused on innovation and pushing the boundaries of design and performance. Athletes challenged Nike to design the ultimate fit—a shoe that felt like a sock but provided necessary support for high performance. Because sustainability is embedded in Nike's innovation process, designers had to consider solutions that would meet performance goals of athletes while addressing social and environmental criteria. To address this challenge, Nike had to rethink the entire footwear production process. In response to a threatened brand, Nike developed a corporate responsibility division that mainly focused on improving factory working conditions and reducing the environmental footprint of manufacturing. Since 2009, Nike's strategy has evolved to integrate corporate responsibility throughout all business facets, driven by the "Sustainable Business and Innovation" team.

2. Background of NIKE

NIKE is an American multinational corporation that is engaged in the design, development, manufacturing and worldwide marketing and selling of footwear, apparel, equipment, accessories and services. The company is headquartered near Beaverton, Oregon, in the Portland metropolitan area. It is one of the world's largest suppliers of athletic shoes and apparel and a major manufacturer of sports equipment, with revenue in excess of US\$24.1 billion in its fiscal year 2012. Nike produces a wide range of sports equipment. Their first products were track running shoes. They

currently also make shoes, jerseys, shorts, cleats, etc. for a wide range of sports, including track and field, baseball, ice hockey, tennis, association football (soccer), lacrosse, basketball, and cricket. Nike Air Max is a line of shoes first released by Nike, Inc. in 1987. Additional product lines were introduced later, such as Air Huarache, which debuted in 1992. The most recent additions to their line are the Nike 6.0, Nike NYX, and Nike SB shoes, designed for skateboarding.

3. Objectives of the study:

- To examine the product portfolio of Nike Inc.
- To identify the strategies adopted by Nike Inc.
- To identify the business models of Nike Inc.

4. Research Methodology:

The study is descriptive in nature. It examined the best practices, product strategies and business models adopted by Nike Inc. It is a case study in nature.

- **Secondary Sources:**

Secondary data is collected through the various sources like Books, Journals, Newspapers, Websites, Research studies etc.

5. Discussion and Analysis :

Based on an extensive evaluation of their impacts across the value chain, Nike found that materials and manufacturing have the greatest impact on the environment, workers, and communities they operate in, and therefore make these areas central to their sustainable innovation strategy.

Since it is challenging to influence the behaviour of other players in the value chain, Nike focuses their sustainability efforts in the design phase, as the decisions they make their determine a large part of the product's environmental impacts down the line. Product designers are given scoring tools using the Nike Materials Sustainability Index to help inform decisions about materials based on sustainability and performance, mainly aiming to reduce waste and choosing more sustainable materials. Furthering their efforts to streamline sustainable innovation throughout the company, Nike embedded the Sustainable Business & Innovation division into the company's Innovation group in 2013

The Fly knit running shoe is the physical embodiment of Nike's vision to develop products where "sustainability is synonymous with performance." While Nike has made 1 (Brettman) 2 (Paine, Hsieh and Adamsons) 3 (Nike) (Nike) 5 (Paine, Hsieh and Adamsons, pg. 3) incremental change in materials and manufacturing for many years, the launch of Fly knit in 2012 was a fundamental breakthrough in sustainable innovation. Designers, programmers, engineers, and athletes joined together at Nike's Innovation Kitchen to develop a shoe that would meet runners' demands for a more comfortable, high performing sneaker while simultaneously reducing manufacturing waste.

Nike spent over 10 years produced nearly 200 prototypes of the shoe. The process required not only rethinking the design, but the entire process of manufacturing shoes, which required inventing new machinery and software. While sneakers are traditionally made by gluing and stitching multiple pieces of material together, Nike developed a method to use one continuous thread woven into a lightweight shoe that would allow for more breathability and support and adapt to a foot in motion.

Impact Nike's Fly knit shoe is the most ground breaking sneaker innovation in over 40 years. The revolutionary method of manufacturing enables Nike to create shoes that excel in performance while reducing the amount of materials used and cutting waste by 80%. While conventional shoe production requires cutting and sewing multiple materials together, sometimes flying them around the world to add different pieces and often leaving leftover scraps, the Fly knit process weaves knit strands of yarn together to form one seamless upper. The process allows for engineering down to the millimeter and dramatically decreases waste by using only what is needed. Nike has saved 3.5 million pounds of waste since Fly knit's launch and diverted 182 million plastic bottles from landfills by switching to recycled polyester in all Nike Fly knit shoes.

Beyond reducing waste, Fly knit shoes are perhaps the highest performing shoe that Nike has ever made. Fly knit shoes are 19% lighter than Nike's lightest long distance model, saving runners the equivalent of the weight of a car over the course of a marathon. Nike has since applied the manufacturing method to other shoe lines, including training, soccer, basketball, golf, and lifestyle, producing 28 models and reaching 500 global Fly knit-related patents for technology and design. While they do not release public information about the brand specifically, it is estimated that Fly knit shoe sales are roughly a billion dollars.

6. Conclusion

Lessons learned by integrating sustainability into the innovation process, Nike not only produced one of their highest performing shoes, but developed an entirely new way of manufacturing footwear. Fly knit's disruptive technology demonstrates the importance of integrating sustainability into the innovation process to turn social and environmental risks from challenges to business opportunities.

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