



Q:

Can a big company like NIKE still be entrepreneurial?

A:

The spirit of entrepreneurship is key to our success. It certainly defined NIKE when we started the company. And it's what keeps us nimble in this industry today. So, yes, entrepreneurship is alive and kicking at NIKE, and we're going to need it as we move toward our goal of \$23 billion in revenue by fiscal year 2011.

Philip H. Knight

Co-founder and Chairman of the Board, NIKE, Inc.

What is your job?

I'm Chairman of the Board of NIKE. On different days that means different things to me, but essentially I report to the Board of Directors and nobody reports to me. I do a lot of management by wandering around. I stop by Sports Marketing and the Innovation Kitchen. I check on sourcing and morale from time to time. Right now I'd say that's going pretty well as defined by the year we've just had.

What connections do you see between the original NIKE and the company today?

There are a lot of things that haven't changed at NIKE. One is attitude. NIKE has always tried very hard to be the best it could be.

A group of guys who had no reason to be in the shoe business just got together and decided to try to build the best athletic brand in the world. We started out of my mother's laundry room, and I think some of that spirit is still with us. And I think we're in trouble if we ever lose that spirit.

It's amazing what you can do when you are working for a common cause, with no political agenda, no personal agendas, you just want to win.

What does it take to be a great global company?

Greatness is a word that I don't really like. I just think that we always need to be good and

getting better. If you ever say you're great then what is there to achieve?

The key to becoming good and better is always management. We're managing our business pretty well right now. We're going to have to get better to get to the \$23 billion level. That means managing people inside the company better, and it means getting good people from outside the company to join us here over the next three or four years, and I'm quite optimistic that we'll do it.

Mark Parker has been CEO for 18 months. How is he doing?

I've known and worked with Mark Parker for over 25 years, and in some ways we finish each other's sentences. I know what he's thinking a lot, and he knows what I'm thinking a lot. On a scale of one to ten, he's doing a twelve.

I give him the best advice I have, which has to do with what I see going on daily and what I see out ahead. He listens to me when he thinks it's right and sometimes he doesn't listen to me.

How does NIKE manage global change?

Business is clearly becoming more globalized all the time... the athletic footwear industry has been globalized for longer than most of them.

This last year it's gone through big changes. Retail is changing in the United Kingdom, the

United States, and in China. Keeping up with that is a real challenge. Sports Marketing is changing, becoming much more competitive as more companies keep getting into this industry, which keeps growing.

NIKE looked at a market that was saturating to some extent in the United States and has grown through that. And we've grown enormously in China, which is a very fast-moving market, and we've begun inroads in India, and made great growth strides in Russia. I think all of those things reflect the progress of our management team, which has really done a nice job this last year.

Doing business in China is an interesting question. We started there in 1980. It's obviously a different place to do business than a lot of places in the world. I know a businessman that I respect who said he'd never do business in any country that didn't have an English-based judicial system, which certainly meant he wasn't going to do business in China. We've ignored that advice, certainly as far as China's concerned, and that's been clearly to our benefit.

As the industry gets bigger, as NIKE gets bigger, it has to be ever faster. That's an enormous challenge and always has been. We've got a pretty good record of meeting that challenge, but we can never let our guard down.

What is NIKE's cash deployment strategy?

We don't want it to burn a hole in our pocket. We want to use it sensibly. Essentially we'll do what we've been doing, which is increase our share buy back, increase our dividend, and look for opportunities in the acquisition market that we think can increase shareholder value. It's a simple formula, but execution is always a challenge, isn't it?

Are athletes heroes?

There's really no emotion in the world today quite like the emotion off the athletic field. Out of that come heroes. NIKE has made those heroes bigger than they would be just on their own, and I'm proud of our role in doing that.

I don't really think that has changed enormously. I think you've had more publicity for sport, had more publicity for the athletes in the sports. Some of those athletes haven't been heroes, they've been bad guys, and that detracts from the sport and from NIKE as a company and as a business. But for the most part I see the game just getting bigger, the heroes becoming bigger, the emotion becoming bigger, and to the extent that NIKE does its job, it really reaps a benefit from all of that.

What are you looking forward to in sports?


The Olympic Games in China are going to be a huge event, probably the biggest Olympics,

and probably the best Olympics ever. It'll be a big opportunity for us to show what we can do in the world of shoes, and clothes, and equipment.

1972 was the Olympic Games where we came out as a brand for the first time. Obviously that was a significant moment for us. And the US Olympic trials are back in Eugene, Oregon, which is great for us and brings back a lot of memories, and believe me, we're going to try and put on a show.

Who is your boss?

When we went public in December 1980, we had 7,500 shareholders, and in a word it scared me. I can remember getting that first list, 7,500 people long, that had invested in this company. I put that list on a credenza in back of my desk, and it was the last thing I looked at every morning before I sat down at my desk, thinking, *These people have invested their savings in you.*

Today we have 300,000 shareholders, and I've really never lost that feeling. We really have an obligation to do well not only for ourselves but for them. 

Is there a limit to human potential?

The answer is probably not. There is to the extent that you're not going to run a two-minute mile. There isn't to the extent that the mile performances can be improved all the time.

You're not going to see quantum jumps in performance over the next 10 or 15 years, but I think technology will continue to play a role. So improvements will be of a smaller percentage, but they'll continue to improve in my view.