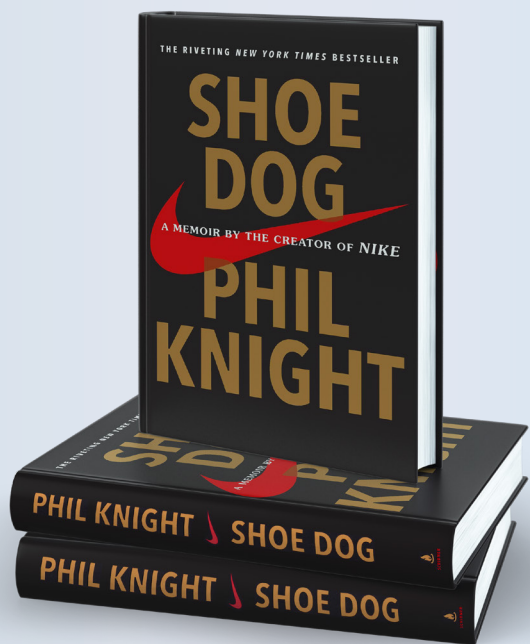


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Shoe Dog By Phil Knight

One of the world's most influential business executives, Phil Knight is the founder of Nike, Inc. He served as CEO of the company from 1964 to 2004, as board chairman through 2016, and he is currently Chairman Emeritus. He lives in Oregon with his wife, Penny.

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A Bold Vision that Created a Brand that Changed Everything

At twenty-four years old, founder of Nike, Phil Knight was certainly an adult but he didn't have a clear idea of where he was going or what he wanted. He had recently graduated college with a master's degree in business and had moved back into his parent's house. Lying awake at night in his childhood bed he'd think, "This is me? Still?"

On a foggy Oregon morning in 1962, he was struck with a "crazy idea." While running steady sixteen-minute miles he pondered his place in this world. He felt an "aching sense that our time is short" and with the limited time he was given to live this life, he wanted his to be "meaningful, purposeful, important, and above all...different." As he ran, his limbs loosening and his lungs expanding, he suddenly landed on it. He filtered all that he wanted his life to be down to one word. Play.

He thought to himself, "that's it. That's the word. The secret of happiness, the essence of beauty or truth, or all we ever needed to know of either, lay somewhere in that" "pulsing half second before winning and losing are decided." Phil Knight decided that he "wanted that, whatever that was, to be [his] life, [his] daily life." He decided that life was a game and he refused to lose at it.

He had written a research paper about importing Japanese running shoes for one of his last classes at Stanford. The idea consumed him and his interest built in intensity and passion. It became his "Crazy Idea." This Crazy Idea showed him that he could feel what athletes feel, playing all the time, instead of working. He would enjoy his work so much that it felt like play. That morning in 1962 he told himself, "Let everyone else call your idea crazy...just keep going. Don't stop. Don't even think about stopping until you get there, and don't give much thought to where "there" is. Whatever comes, just don't stop."

This "precocious, prescient, urgent advice" came to him and he took it. Fifty years later he believes it is "the best advice—maybe the only advice—any of us should ever give." In *Shoe Dog*, Phil Knight shares his full story, from the flash of this founding tenant in 1962 through his acceptance that he'd "won" by 1980.



Wobbly Beginnings but a Steadfast Belief

In 1962, Knight presented an idea to his dad that led to the birth of the company we now know as Nike. Knight wanted to backpack around the globe, making a special stop in Japan to pitch his Crazy Idea to a Japanese shoe manufacturer. He had saved up about \$1500 and was giving his dad the hard sell to contribute \$1000 to make the trip possible. To his surprise, his father agreed.

He landed a meeting with Onitsuka Co. in Kobe and made a case for expansion into the American shoe market. He told the assembled group of Japanese executives that the market was huge and largely untapped. If Onitsuka got its shoes into American stores and undercut Adidas, the brand that was currently the most popular with athletes, they stood to realize huge profits. Onitsuka Co. enthusiastically agreed and with that, Knight made his Crazy Idea a reality.

After entering into a legally binding partnership with his former college track coach, Bill Bowerman, and securing another loan from his dad, Knight was officially up and running as the sole distributor for Onitsuka in the western United States. He tried to establish relationships with area sporting goods stores, but he was dismissed and rejected outright. But he landed on a far more successful strategy.

He got in his car and drove to track meets “all over the Pacific Northwest.” He chatted up “coaches, runners and fans” showing them his Tiger shoes. The response was overwhelmingly positive and he “couldn’t write orders fast enough.”

He realized that it wasn’t the shoe itself that he was selling. He “believed that if people got out and ran a few miles every day, the world would be a better place, and [he] believed that these shoes were better to run in.” Knight communicated his belief and his customers “wanted some of that belief for themselves.” The business took off, with phone and mail orders coming in out of the blue and customers randomly showing up at his parent’s house to get fitted for a new pair of Tiger shoes.

By the summer of 1964, he had sold out of his first shipment. He placed an order for nine hundred more and his dad told him “The Bank of Dad” was closed. His dad “grudgingly agreed to give him a letter of guarantee” which helped Knight secure a loan from the First National Bank of Oregon. He had “a partner, a legitimate bank, and a product that was selling fast.” He was “on a roll” and started expanding.

Demand Rich but Cash Poor

Over the course of the next several years, Knight’s company, then called Blue Ribbon, continued an upward trajectory. Sales doubled year over year without fail. However, so did expenses and the fledgling company was strapped for cash. There was never enough equity built up to satisfy the bankers. Despite the fact that sales had climbed from zero to \$1.3 million in less than ten years, at the end of 1971, the company “was on life support.”

The local bank refused to loan Knight any more money. Worse still, Onitsuka was threatening to drop Blue Ribbon for another distributor, telling Knight and his team that they were not performing well enough. Onitsuka proposed a solution that shocked Knight. They wanted to buy a controlling interest of 51% of Blue Ribbon. If Knight and company refused to sell, Onitsuka would “have no choice but to set up superior distributors.”

Knight turned to a Japanese investment bank, Nissho, who made a suggestion. Why stay with Onitsuka when there were many other shoe manufacturers in Japan? Knight was contractually tied to Onitsuka so he knew he couldn’t cut ties and leave immediately but he also knew that “Blue Ribbon and Onitsuka were going to break up.” Knight just needed them “to stay together as long as possible” while he “developed other supply sources.”

Knight “flashed on a factory he had heard about in Guadalajara.” He set up a meeting and was impressed with everything he saw. He placed an order for soccer shoes that he intended to sell as football shoes. This, he figured, would avoid a breach in his contract with Onitsuka, which only technically specified “track and field shoes.” When asked by the factory owners what brand name should be placed on the shoes, Knight said that “he’d have to get back to them on that.”

The Swoosh, Name, and Waffle Sole are Born

Knight needed a logo and a brand name for his new line of football shoes being manufactured in Mexico. He contacted an artist who had done some graphic design work for Blue Ribbon periodically. He told her that he needed a logo. When she asked what kind, he gave a very confusing response. He said, “Something that evokes a sense of motion.” That was the only direction he provided.

A couple weeks later she came back with “a portfolio of rough sketches” that were all “variations on a single theme.” The “theme seemed to be fat lightning bolts, chubby check marks, or morbidly obese squiggles.” However, they did evoke motion so he asked her to further develop the ones that he liked the best. The artist came back with another round and Knight and his team settled on a design.

Knight writes, “It looks like a wing, one of us said. It looks like a woosh of air, another said. It looks like something a runner might leave in his or her wake. We all agreed it looked new, fresh, and yet somehow—ancient. Timeless.” For her hours and hours of work, the artist Carloyn received the team’s “deepest thanks and a check for thirty-five dollars.” They sent the design to the manufacturer in Mexico. The swoosh was born. Now, they needed to come up with a name to go with the logo. Countless options were tossed around and thrown out. Knight enlisted the help of his entire staff, numbering about 50 people. With a deadline to deliver the name quickly approaching, the team spent “hour after hour arguing, yelling, and debating the virtue of this name or that.” Time was up. They had to pick a name from a slew of disappointing options.



No matter the obstacle, Knight and his inner circle found a way to circumvent near tragedy and keep the company propelling forward.

Johnson, one of the first employees of the company, had one more suggestion for the team to consider. He relayed that “he sat bolt upright in the middle of the night and saw the name before him” Bracingly, Knight asked what it was. “Nike.” “The Greek goddess of victory. The Acropolis. The Parthenon. The Temple.” Knight thought about these highlights from his early travels. He doesn’t really know what led him to the final decision, which he was forced to make quickly, but everyone knows the brand name he chose: Nike. He hoped it would “grow on him.”

Nike was poised for greatness. They were releasing several different types of tennis, running, and basketball shoes. Meanwhile, Knight’s partner Bowerman was having difficulty getting a pair of running shoes to mesh well with the new “spongy surface” of tracks. He pondered the problem until he hit on an idea.

One morning during breakfast at home with his wife, his “gaze drifted to her waffle iron.” He noted the waffle iron’s gridded pattern. It conformed with a certain pattern in his mind’s eye, a pattern he’d been seeing, or seeking, for months, if not years.” He got right to work, attempting to make a mold to attach to running shoes for trial. He eventually succeeded, sewing two foot-sized square molds of hard rubber nubs onto a pair of running shoes. When he gave them to one of his runners, he “ran like a rabbit.” Thinking of this innovation still gives Knight goosebumps. Bowerman’s design “remade an industry, transforming the way athletes would run and stop and jump for generations.” The waffle sole was up and running into the history books.

Liberation

Until 1972, Blue Ribbon was still contractually obligated to Onitsuka. With the birth of the Nike brand, it was time for the company to fly solo. Onitsuka came to visit. After a heated meeting where lawsuits were threatened from both sides, Knight and his growing team seized the opportunity to do just that.

Knight assembled the entire staff and shared the news that the relationship with Onitsuka was officially over. Team members seemed despondent, certain that the game was over and this would spell the end for the company. Not so. Knight told his team, “This is—the moment. This is the moment we’ve been waiting for. Our moment. No more selling someone else’s brand. No more working for someone else. Onitsuka has been holding us down for years.” “If we’re going to succeed or fail, we should do so on our own terms, with our own ideas—our own brand.” Relief rolled over the staff as they came to see it just as Knight did. They were free, they were focused, they were unstoppable.

Nike’s first endorsement deal was with Romanian tennis champ, Ilie “Nasty” Nastase, for a gut-rumbling sum of \$10,000. It was “a fortune” to the cash-poor company, but necessary and worth it. This was followed by a rash of college and professional teams and athletes donning Nikes at major events worldwide. Despite their rising popularity and ever-increasing sales, Blue Ribbon was plagued by cash flow problems, always requiring bold pivots and leaps of faith, constantly convincing their lenders that they were good for the money, they just didn’t have any right now.

Necessity breeds invention and that definitely applied to those early years at Nike. Unable to make a payment to the Japanese investment firm keeping them afloat, they attempted to cover the costs by moving money around from various accounts. Even payroll checks came flying back, enraging employees far and wide. This was the final straw for the bank, who told Knight unequivocally that they wanted nothing to do with Blue Ribbon henceforth. But Blue Ribbon found a way to carry on, always.

Knight knew the transformative power of sports. He writes, “When sports are at their best, the spirit of the fan merges with the spirit of the athlete, and in that convergence, in that transference, is the oneness that mystics talk about.” He wanted to infuse his company with this value. He wanted everyone on his team to “compete as if their lives depended on it.” And they did. Not only did Nike change the way shoes were designed and used, they changed the way shoes and all athletic apparel were marketed and sold.

Knight surrounded himself with people who held firm to the belief that Blue Ribbon would be bigger and better than any shoe company before them. No matter the obstacle, Knight and his inner circle found a way to circumvent near tragedy and keep the company propelling forward. And everyone in the world knows that it worked, and continues to work, more than fifty years later. Knight defines “shoe dog” as “people who devote themselves wholly in the making, selling, buying, or designing of shoes.” Blue Ribbon, and later Nike, was composed entirely of shoe dogs and it showed!

Any reader who enjoys a good tale of perseverance, grit, and glory will enjoy Knight’s well-written, honest, and open memoir of Nike’s race to the top of the athletic industry.