

case 1-428-674  
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## Expanding the Playing Field: Nike's World Shoe Project (B)

To bring inspiration and innovation to every athlete in the world.

### Company Mission Statement

"The mission seems hollow to me." As Tom Hartge reflected back over the past year's efforts in developing the World Shoe concept, he could not help but express his disappointment in the lack of progress on the project. In fact, while CEO Phil Knight remained a supporter of the concept, the World Shoe project was now "only alive in spirit".

By March, 2002, Nike had ended its support for the World Shoe in China as well as the other markets where it had been introduced. Across Nike, the feeling was that the project was "ahead of its time". Yet this seemed paradoxical to Hartge, as Nike still faced sluggish growth prospects and was actively searching for new market opportunities. Even so, the company was no longer willing to commit the resources needed to explore the huge untapped potential of the Tier 3 markets in countries such as China and other emerging economies. To Hartge, this failure was more a reflection of internal constraints as opposed to external challenges, and he could highlight three reasons why the project had been shelved.

### Internal Politics

While Phil Knight remained a big fan of the World Shoe, other senior level managers were not as convinced. While no one explicitly opposed the project, Hartge felt that there was considerable passive resistance. In particular, senior managers were concerned about using the Nike swoosh and brand name on lower priced shoes. They were worried that selling low priced shoes would damage the company's carefully built reputation. Additionally, while Nike's stated goal was to measure performance by the number of shoes sold, Wall Street's emphasis on gross margins had permeated through out the company. While managers explicitly emphasized the importance of increasing the number of pairs sold, the internal measurement systems heavily favored high margins.

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