AN EXECUTIVE SUMMARY OF

SHOE DOG
A MEMOIR BY THE CREATOR OF NIKE
by Phil Knight

Who is Phil Knight?
Phil Knight, born on February 24th, 1938, is an American philanthropist and business magnate. Originally from Oregon, he founded Nike, Inc. and went on to become the 15th richest individual in the world with an approximate net worth of about $28.1 billion, according to Forbes magazine. Phil also owns a company called Laika, which is into film production. Most importantly, Phil is known for his contributions to philanthropy in education and other charities. Read more about Phil and his wonderful journey in this book: Shoe Dog.

Preston and Stig’s General Thoughts on the Book
It probably comes as no surprise that even very successful entrepreneurs face adversity. After reading Shoe Dog, I think Phil Knight has captured the difficulties and journey better than most writers. The book is a captivating story of insightful life lessons and observations about people and why they behave in the manner that they do. This wasn’t a business book to me. Rather it was a book about how you can be passionate about business and building something great.

Not all of the stories have a happy ending, and it often seemed like success was only 1% of Phil’s long and enduring struggles. What I think stands out most about Phil story is that although it was difficult and painful, the journey was so profound and meaningful that he would definitely do it again!

Chapter 1: 1962
As the title of the chapter suggests, Phil describes how he planned to go on a world tour in the year 1962. The only problem was that he needed some money. He assumed his father would think that the idea was preposterous, but his dad agreed with him to his surprise. Along with his friend, Carter, Phil travelled to Hawaii, but their plans changed as soon as they witnessed the beautiful beaches. Thus, they took up jobs in Hawaii and continued to stay there. At this point, Phil began working in Cornfeld as an accountant. However, Phil left Hawaii and continued with his plan to travel the world.

Chapter 2: 1963
Phil returned back to Oregon after his world trip. During one of his trips, he had asked some Japanese businessmen to send him a few samples. After his father had wired $50 to them, Phil waited for them to send the shoes to him. He also began working in an accounting firm. It wasn’t an eventful year for Phil with nothing much to do and he also wondered whether the best days of his life were over with his trips. Accounting also didn’t really help him forget the wonderful days he had spent in so many countries.
Chapter 3: 1964
Phil decided to show the samples to his coach, Bowerman, who possessed great knowledge about shoes. He was nervous about his reaction, but was greatly relieved when Bowerman not only said that the shoes were good, but also wanted strike a 50/50 partnership with him. Phil agreed to the deal, but thanks to Bowerman’s lawyer, the partnership was altered and Phil agreed to take up only 49% of the company. Phil immediately asked the Japanese if he could be the exclusive distributor of the shoes in western USA. He also ordered for 300 pairs of shoes and so it all began.

Chapter 4: 1965
Phil’s business, Blue Ribbon, took off well and he began selling shoes. Although he was very bad at selling encyclopedias and barely managed to sell funds in his previous jobs, he excelled at selling shoes. He realized that it was simply because he believed in running and in the product he sold. Pretty soon, he was able to generate $8000 in sales in his first year and doubled it to $16,000 the next. Every time he took up a loan, he managed to repay it back and order another shipment of shoes. However, since the company was growing too fast and the future seemed bleak, Phil began working in a firm as an accountant again.

Chapter 5: 1966
In this chapter, Phil describes how his employee, Johnson, promoted Blue Ribbon to everyone he knew. Johnson wrote to Phil constantly and although he ignored him often, Johnson’s enthusiasm only increased. He also began to collect feedback from customers and designed new sketches to make the product more appealing. Business continued and they also opened their very first retail store in Santa Monica. However, Phil had to go back to Japan to convince them that he could handle the workload. Desperate to get their attention, he lied to them and said that he not only had offices in the West Coast, but in the East Coast as well. Finally, they signed a 3-year contract with Phil and he returned back home.

Chapter 6: 1967
Chaos ensued after Johnson realized what Phil had done. Phil expected Johnson to set up an office in the East Coast immediately. After a slight negotiation, his salary was also hiked by $50 and he left to the East Coast. Upon the insistence of Bowerman, Phil hired two more employees to keep the business afloat. At this point of time, Bowerman also communicated with the Japanese to create new shoes that would be the ultimate gift for an athlete. The shoe was named Aztec, but when Adidas threatened to sue them because they had a shoe named Azteca Gold, Phil and Bowerman changed the name to Cortez.

Chapter 7: 1968
Phil continued to work at the Prize Waterhouse as an accountant, but he dissatisfied because he yearned to spend more time at his company – the one thing that mattered to him. However, even though Blue Ribbon was cruising along well, it couldn’t justify a salary for him yet. Therefore, he quit his job in the hopes of finding something that wouldn’t take up much time, but would still pay his bills. It was at this point that he began working as an Assistant Professor at the Portland State University.

Chapter 8: 1969
By 1969, Blue Ribbon had picked up speed. With sales of $150,000 in the year 1968, they were already projecting about $300,000 for 1969. This was proof that the business was making enough money to pay its co-founder, and thus,
Phil quit his job and began working full-time, drawing $18,000 a year. Phil also got married and was left juggling his business and marriage at the same time. Interestingly, he writes that although he had a good relationship with his counterparts in Japan, he was suspicious of their activities that perplexed him to say the least. In Japan, you never know whether an individual is your partner or your competitor working against you.

Chapter 9: 1970
Phil flew to Japan once again to meet the executives at Onitsuka. He was nervous, but was deeply relieved when it was announced that his contract with them was going to be extended for another 3 years. The sales at Onitsuka were touching a grand $22 million and it was also concluded that a hefty portion came through the sales in US. Therefore, Phil wanted an extension for at least 5 years, but he was denied. Added to his unsettling feeling was the fact that the Japanese always took care of their local customers first while their foreign counterparts were hung out to dry. It was unfair, but Phil and his company were simply at their mercy.

Chapter 10: 1971
In this chapter, Phil describes his experiences – some harrowing and some hilarious – with his Japanese counterpart, Mr. Kitami. During one of his meetings, Phil managed to steal a folder from Kitami, and realized that he was in touch with 18 other athletic distributors in the US, essentially putting Blue Ribbon’s business in jeopardy. Kitami also suggested that Onitsuka take over Blue Ribbon and if Phil didn’t fail to comply, he quietly threatened that they would terminate the agreement. Things got worse when the banks refused to give more credit to Blue Ribbon. Basically, it was a point where it seemed that they would have to shut down the company. In order to save the company, Phil managed to get into an agreement with another company and named the brand ‘Nike’, aka the Goddess of Victory.

Chapter 11: 1972
Phil and his colleagues geared up for their show in Chicago. Everything depended on how they fared. They waited eagerly for the Nike shoes, but when they did, they were thoroughly disappointed. The shoes were definitely different from the samples they had seen, but since there was no time, they went ahead and convinced the salesmen that the shoes were good. Eventually, they managed to stay afloat but trouble loomed when Onitsuka found out that Phil had lied to them and thereby cut them off.

Chapter 12: 1973
By this time, Blue Ribbon had realized that they needed to spend money on celebrities to advertise Nike. They had many brands to compete against and not only were the prices steep, but they also had to convince the athletes that their shoes were good. However, sportspersons, including Tennis players, were already wearing Nike and it only spelt success for the company. They also signed Prefontaine, aka Pre – a national superstar – to endorse them. However, despite all that, even with a stunning $3.2M in sales, Blue Ribbon had lost money for the first time.

Chapter 13: 1974
This chapter describes the law suit slapped by Onitsuka on Blue Ribbon. As a counteractive strike, Blue Ribbon had also sued Onitsuka in the US. Phil offered truce and requested them to pay $800,000 as damages; however, it was rejected. The trial went on with lawyers questioning both the sides. Phil took his place on the witness stand, but although he was prepared, he buckled under the pressure. Bowerman, Woodell and Johnson were also questioned,
but what helped the most was Iwano’s (Mr. Kitami’s assistant) testimony. Ultimately, Blue Ribbon won the case, much to the relief of Phil and the others.

Chapter 14: 1975
Phil describes how he managed the company’s finances to the best of his abilities. With a credit line of $1 million from the bank and Nissho, it was imperative to pay Nissho first to avoid any problems. Additionally, Phil refused to slow down and would literally empty their cash reserves when it was payday; however, although this seemed like reckless thinking, he truly believed that his products were in high demand. The year 1975 was a big blow to Big Ribbon, both mentally and financially because of Pre’s death. Pre – the man who was fit as a fiddle at the age of 24 – was dead in an accident.

Chapter 15: 1976
At this point, Phil began to wonder if it made sense to go public. He loathed answering stockholders and was stuck in a dilemma whenever he and his colleagues discussed about going public. On the other hand, Bowerman bowed out because of Pre’s death. Phil argued that he had to stay, but Bowerman was deeply affected. Therefore, he retained a small percentage and sold his shares to Phil at a discounted rate. 1976 was a great year for Nike since they expanded as much as they could. They also had three Olympians sporting Nike shoes and word was that they were even better than Adidas!

Chapter 16: 1977
Blue Ribbon had a lot going for it in terms of development in 1977. They also had Mr. Rudy – an eccentric man showing them how air soles were the next big thing in the shoe industry. It was an exciting time for them and they also began signing basketball players to increase their sales. Added to this were the endorsements coming in from Hollywood. Nikes were seen in many movies including the Incredible Hulk and the sales just got bigger.

Chapter 17: 1978
Although Blue Ribbon was engaged in a war with the Feds that amounted to a whopping $25 million, the company was doing pretty good. The sales were summing up to $140 million and the future seemed brighter. The company also changed their location to cater to their increasing demands. However, Phil still felt that there was something lacking. For instance, Adidas was not just a shoe company. They had an edge because of their apparel, gear and many other sporting goods whereas Nike just had shoes. So, they decided to up the game if they ever wanted to go public.

Chapter 18: 1979
Phil describes his meeting with a bureaucrat from the treasury department. Although Phil tried to convince him, the man didn’t budge an inch. And so began a long journey for Phil where he mostly flew to Washington every other day to try and straighten things out. However, at the same time, the company expanded further to keep up with all the demands of the customers. But, due to fluctuating currencies and high labor costs, it was finally time to think about China.

Chapter 19: 1980
To fight back against the Feds, Phil and his colleagues devised a plan. They released a new shoe called the “One Line”, but it was much cheaper than the others, which meant that its price would be used as a reference point to decide the import duty. Additionally, they released a TV ad that spoke about the atrocities of the government that was trying to
put a little company from Oregon out of business. To hit the final nail in the coffin, they also filed a $25 million suit and alleged that their competitors were conspiring to take them out. Finally, things started turning in Phil’s favor and he was offered a settlement. The matter was settled after Phil wrote them a check of $9 million. On December 2, 1980, the company finally went public.