Running Head: Nike

The Philip Knight Leadership Style

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Philip Knight started to figure out a way to make his dream a reality while finishing his master’s degree at Stanford University. This dream started out in 1964 as Blue Ribbon Sports, Inc. He then co-founded Nike, Inc. which was started in 1971 (Krentzman). Nike’s climb to the top has not been without issues. They have dealt with overseas labor issues and other controversies. In fact, Nike thrives on controversy. It keeps them in the news (Answers.com Philip Knight: Biography). Krentzman stated, “Nike’s analog isn’t the conservative team owner, but the cocky superstar who sets the agenda and is so wildly popular he knows he can get away with just about anything” (Krentzman).

The textbook defines leadership as the influencing process of leaders and followers to achieve organizational objectives through change. There are five key elements of leadership. The elements include leaders-followers, influence, organizational objectives, change, and people. Each of these elements will be analyzed as to how they apply to Philip Knight, who is the owner of Nike.

First, the leader-follower and the way this applies to Knight. He started out in the follower position. Knight wanted to start his own shoe company as he was about to graduate from college, so he had to follow what shoe makers were already doing and take from it his own approach. In the end, he has built one of the largest shoe companies in the world (Knight: 'GSB was Transformative' Phil Knight, Nike, with Dean Robert Joss , 2009). Second is influence. Knight has shown influence because Nike is always coming out with new types of shoes, which shows that employees support the new ideas (Lussier & Achua, 2010). Third are organizational objectives. Knight had one objective and it was to start a shoe company. The organizational objective is now part of the company’s vision, which is, “To bring inspiration and innovation to every athlete in the world” (Sandy). His employees must know this because of how successful the company is today. The next element is change. Knight is all about change because of the innovative things he has done with the company and how it has grown over the years. Knight started out just selling shoes and is now into almost everything (Krentzman). The last element is people. If Knight were not able to do all these other things, then he most likely would not have started a company, thus showing that when someone enjoys what they do, success is achievable.

The next thing we will look at, in reference to Philip Knight, is his leadership management roles. The one that applies the best is the decisional roles (Lussier & Achua, 2010). The first reason this is chosen, is that he started out as an aspiring entrepreneur who wanted to start a shoe company (Knight: 'GSB was Transformative' Phil Knight, Nike, with Dean Robert Joss , 2009). The disturbance-handler role is exposed as he deals with the employees of Honduras (Greenhouse, 2010). He applied the resource-allocator role as he came up with new products and services through innovation (Krentzman). The last role is the negotiator, which has already been addressed in his disturbance-handler role, as in the article, the information came from talks about union contracts (Greenhouse, 2010).

Now we will talk about Knight’s level of analysis. The textbook talks about three levels and the one that applies to Knight is the organizational level (Lussier & Achua, 2010). The reason is that Philip Knight is Nike. The organization comes from the vision he had about owning his own shoe company and through innovation, creating it into what it is today (Krentzman).

After analyzing the five elements, it would be appropriate to study the Big Five Dimensions of Traits and determine how Philip Knight uses these traits. One of the traits used by Knight is a sense of surgency. In the beginning, he was an eager student with a plan. Knight created a plan to develop a small business designed to make a splash in the running shoe market, since there was only one dominant business at the time. After graduating, he was able to make his plan a reality, by traveling to Japan and visiting a manufacturer of less expensive running shoes. Knight convinced the company to allow him to import their shoes into the United States (Entrepreneur, 2010). At that time, Knight was selling shoes out of his car. Years later, he decided it was time to start his own business after he encountered legal issues with the manufacturing company in Japan (Inc., 2009). Through all of these journeys, Knight had to have a sense of surgency. He was also an extravert and exhibited dominance among his character traits. Over time, after the business was up and running, Knight had lost his sense of surgency. He became known for being very private and even introverted. His office is rarely visited by anyone within or outside the company (Gall, 2005). When analyzing Knight’s career, it is apparent that he knew when a sense of surgency was necessary.

Another trait Knight used was the conscientiousness personality dimension. There were two times when Knight had stepped down from active supervision. Both times the company was doing well and he felt he could leave the company in the hands of others (Roth, 2005). During these times, the company had taken a downward turn. It was not as profitable as it had been when Knight was in charge. When he saw the company was not doing as well, Knight returned, making it as profitable as it was before (Roth, 2005). He had to work hard and make an effort to accomplish his goals by restructuring the company to be successful. Through this, he was responsible and dependable while making the necessary changes to build up his empire once again.

Last of the Big Five Dimensions of Traits used by Knight was openness to experience. He allowed other people to make the decisions, rather than rely on him (Heller, 2008). If people did go to Knight with questions, he would either not answer them or he would give an opinion reserving the right to change his mind the next day if he wished (Heller, 2008). This was one of Knight’s many nonconforming ways of management. On one occasion, the vice president of special projects approached Knight with a new design for a jacket. Knight looked at it and laughed. The vice president of special projects took his laugh in stride and proceeded with the jacket, which turned into a huge success (Roth, 2005). With Knight allowing people to make their own decisions, this gives the business room for imagination and growth.

Subsequently, leadership styles will give additional understanding to Knight’s techniques. The University of Iowa came up with two basic leadership styles. Knight falls under the democratic leadership style. Nike uses a decentralized approach. Roth describes it this way, “Instead Knight did what he does best: find and motivate talented people, then let them do their thing" (Roth, 2005). The employees are empowered to make the day-to-day decisions. His philosophy became, employ people that are excited about the product and then let them handle the details.

Another style, the University of Michigan Leadership Model, makes a determination between job-centered and employee-centered behavior. Knight uses the employee-centered leadership style. He hired the type of person he would enjoy hanging around with. Roth mentions, “He liked to see the passion” (Roth, 2005). When his son passed away, he encouraged his management team to spend more time with their families. He made the plea because you cannot make up for the time lost as a parent. Balancing your life between work and home is difficult. This example reflects employee-centered behavior.

Next, the Ohio State University Leadership Model has four leadership styles. High consideration and low structure would fit Knight’s style. He focuses more on the people rather than getting the task done. He is a good communicator and shares the decision-making responsibility with the management team. It is widely communicated that most of the managers at Nike do not know what Knight really does. He kind of sits back and lets everyone else run the company. When employees run an idea by him, it is common for him to say nothing. The managers have learned to take that as a “yes” and move forward (Roth, 2005).

Furthermore, the Leadership Grid theory looks at the concern between production and people. Which one of the five best fits Knight? The country-club leader would be the best fit. Roth mentions that the company practically runs on autopilot. He is more of an inspirational leader. Managers handle the day-to-day operations. Knight wants to employ the best people, motivate them, and he constantly reorganizes staff. He rotates people into different positions. By doing this, everyone has a chance to be in multiple roles and is capable of commenting on other parts of the business. To be successful at Nike, you need to develop relationships and come up with ideas (Roth, 2005).

What does Knight do to motivate employees? Motivation of employees is a key component to the success of any business. He puts his faith in the employees. They are the key to getting things accomplished. Since he started the company from scratch, he has many stories to tell. He uses the stories about how they made it through the good times and the bad as motivation. Most of the people on staff have been athletes who have performed at high levels. Knight uses their passion and desire. Nike has a great tradition and now they (current employees) are at the center of it. (Roth, 2005))

When Knight and Bowerman decided to expand their operations from Blue Ribbon Sports to the next level, of what would be now known as Nike, they could not do it alone. They definitely needed to do some networking to locate certain individuals who were experts in their field. When talking about experts, Knight wanted to connect with the best athletes in their perspective sport. Why did he do this? He figured that if people would see their favorite athlete wearing their products they would then go buy their product. Knight explains,

We just tried to get our shoes on the feet of runners. And we were able to get a lot of great ones under contract – people like Steve Prefontaine and Alberto Salazar – because we spent a lot of time at track events and had relationships with the runners, but mostly because we were doing interesting things with our shoes (Willigan, 1992).

There is no doubt that Knight had something working for him at Nike as they started to use sports figures for their marketing/networking campaigns. This creative path of networking with high profile athletes was just the beginning for them. Knight elaborates,

In the early days, when we just had a running shoe company and almost all of our employees were runners, we understood the consumer very well. When we started making shoes for basketball, tennis, and football, we did essentially the same thing we had done in running. We got to know the players at the top of the game and did everything we could to understand what they needed (Willigan, 1992).

Knight’s ability to maintain his network of high profile athletes is what elevated Nike to the top of the shoe making game.

While developing your network, it is important to be able to sell yourself in what is called the “One-Minute Self-Sell” and no one can do it better than Nike and their ads. When Knight was asked in an interview about why they use famous athletes he explained, “You can’t explain much in 60 seconds, but when you show Michael Jordan, you don’t have to. People already know a lot about him. It’s that simple” (Willigan, 1992). Knight has continued to use this philosophy throughout the company and now they can endorse, pretty much, any athlete who is at the top of their game.

Innovation is a trait of great leaders and of great companies. Philip Knight’s innovation has led Nike to being one of the most successful, cutting edge companies in the world. The Contingency Leadership Model is used to determine if a person’s leadership style is task-oriented or relationship-oriented. These models can be used to match the leader’s style to maximize performance. Philip Knight’s leadership style leans a little more towards the relationship-oriented side of the Contingency Leadership Model. According to nikebiz.com, Nike has a Global Diversity & Inclusion Department whose mission is to harness diversity and inclusion to inspire ideas and ignite innovation. This phrase emphasizes how Nike and Philip Knight created a relationship oriented approach with the employees and how they value their ideas and promote creativity. The website also has a phrase, “We value every voice around the globe and strive to hear these voices firsthand.” Employees love working for leaders that feel like they are valuable assets to the company.

In chapter 5 of the textbook, they talk a lot about leadership styles. Phil Knight encompasses a few of these styles including supportive, participative, and achievement-oriented. When analyzing Knight, the supportive leadership style can be argued either way. He is supportive in the fact that he puts a lot of stock into his employees for creative ideas. Also, he doesn’t fully support the American employees because of all of the outsourcing that Nike does overseas. Knight is a participative leader in the fact that he still lets his employees be involved and makes them feel like their ability is high. This creates a high level of satisfaction with the employees. Phil Knight is achievement-oriented because he provides both structure and consideration for the employees to get optimum results with the products that they are producing.

Phil Knight is a leader who has accomplished great things throughout his life. He started out by selling shoes from of the trunk of his car, to creating the most popular, thriving company. We were able to get a better understanding of Knight and his success by going through the five key elements of leadership, the Big Five Dimensions of Traits, the different leadership models, leadership grid theory, how he motivates employees, networking, innovation, and the different leadership styles. After reviewing all of these different characteristics, it is apparent why Philip Knight has been successful throughout his career.

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