



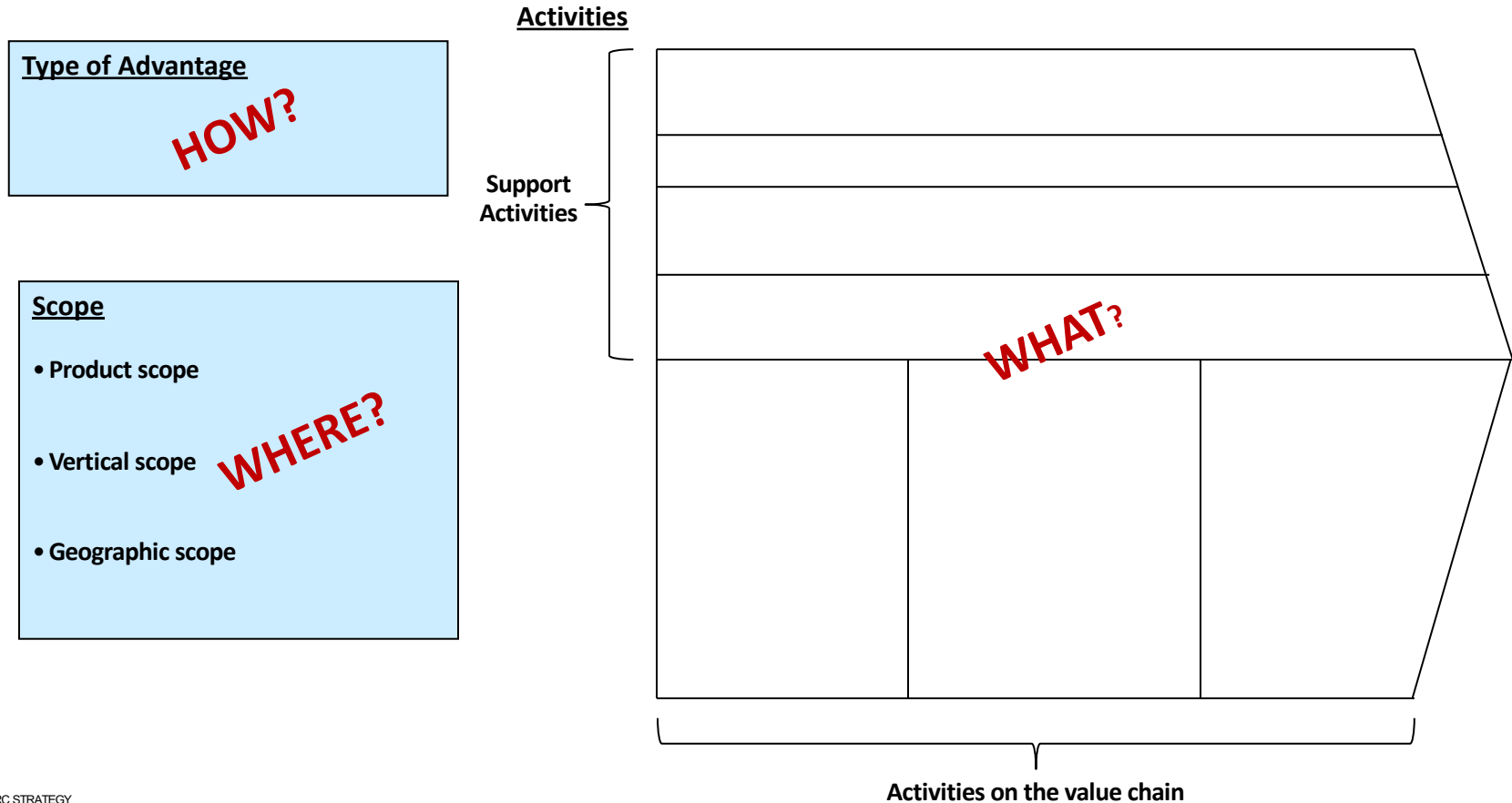
ON's STRATEGY

RC STRATEGY

ASHISH NANDA

FALL 2025

Strategy



On's Strategy

Type of Advantage

Premium price for a technologically superior product with a minimalistic design

Scope

- **Product scope:** Initial focus on high-performance running shoes; later expansion into athleisure
- **Vertical scope:** Swiss R&D; outsourced manufacturing; omnichannel distribution
- **Geographic scope:** Global - sold in more than 50 countries

Activities

Firm infrastructure

Human resources

R&D and Design

Procurement

<ul style="list-style-type: none"> • Athlete/engineer co-founder (Bernhard) • Cofounders: Trusted friends, industry outsiders • 2013 mgt. team additions: Hofmann & Maurer 		<ul style="list-style-type: none"> • 2021 IPO: to fuel innovation & growth • Zürich HQ: Swiss quality, precision identity • Culture of performance and innovation
<ul style="list-style-type: none"> • Lean organization (Rev/emp. ~\$0.5-0.7m) • Local managers in international markets 		<ul style="list-style-type: none"> • Collaboration between distribution, production planning, and supply chain management
<ul style="list-style-type: none"> • Innovations targeted at performance runners • Proprietary tech; patents • "Technology you can feel" • Recycled materials, sustainable processes 		<ul style="list-style-type: none"> • Innovation lab in Switzerland • "Form follows function" • Minimalist design • Modular product architecture for reuse across models
<ul style="list-style-type: none"> • Complex mix of materials and shoe finishing requirements • Contracts with suppliers for exclusive production 		<ul style="list-style-type: none"> • Nullify incumbents' cost advantage by scaling up • Fully owned manufacturing-specialized office near handful of suppliers
<ul style="list-style-type: none"> • Small product range • Long product-in-market cycles (24 months v. 12 mths. for competitors) • Quick reaction (4-5 weeks) to market signals 	<ul style="list-style-type: none"> • Mix of DTC & wholesale via specialty retailers • Influential retailers: <ul style="list-style-type: none"> ○ Demos (lunch runs, etc.) ○ Attractive shopping installations ○ Post-sales invoicing ○ Sales volumes not model-specific ○ Just-in-time shelf filling • DTC: <ul style="list-style-type: none"> ○ Direct demand fulfillment ○ Quick customer feedback • Flagship stores in key cities 	<ul style="list-style-type: none"> • Grassroots marketing • Emphasize Swiss quality: engineering, design, innovation • Athletes as brand ambassadors • Social media marketing • Pricing as premium, not luxury • No-discounts

Operations

Distribution / Sales

Marketing & Post-Sales Service

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Distribution / Sales

Marketing & Post-Sales Service

Which Parts of On's Strategy Don't Align with What Cyclon Needs to Succeed?

Type of Advantage

Premium price for a technologically superior product with a minimalistic design (*Sustainability as an additional benefit*)

Scope

- **Product scope:** Initial focus on high-performance running shoes; later expansion into athleisure (**recyclable**)
- **Vertical scope:** Swiss R&D; outsourced manufacturing; omnichannel distribution
- **Geographic scope:** Global - sold in more than 50 countries (**limit recycling to countries that can accommodate reverse logistics**)

Activities

Firm infrastructure

Human resources

R&D and Design

Procurement

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| <ul style="list-style-type: none"> • Athlete/engineer co-founder (Bernhard) • Co-founders: Trusted friends, industry outsiders • 2013 mgt. team additions: Hofmann & Maurer | <ul style="list-style-type: none"> • 2021 IPO: to fuel innovation & growth • Zürich HQ: Swiss quality, precision identity • Culture of performance, innovation, and sustainability |
| <ul style="list-style-type: none"> • Lean organization (Rev/emp. ~\$0.5-0.7m) • Local managers in international markets | <ul style="list-style-type: none"> • Collaboration between distribution, production planning, supply chain mgt., & reverse logistics |
| <ul style="list-style-type: none"> • Innovations targeted at performance runners (and environmentally conscious customers) • Proprietary tech; patents; "Tech you can feel" • Recycled shoes | <ul style="list-style-type: none"> • Innovation lab in Switzerland • "Form follows function" • Minimalist design • Modular product architecture for reuse across models |
| <ul style="list-style-type: none"> • Complex mix of materials and shoe finishing requirements • Contracts with suppliers for exclusive production | <ul style="list-style-type: none"> • Mfg.-specialized office near handful of suppliers |

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| <ul style="list-style-type: none"> • Small product range • Long product-in-market cycles (24 months v. 12 mths. for competitors) • Quick reaction (4-5 weeks) to market signals • Nullify incumbents' cost advantage by scaling up (scale up slowly to accommodate reverse logistics) • Close coordination with Arkema for PA11 | <ul style="list-style-type: none"> • Mix of DTC & wholesale via specialty retailers • Only DTC for Cloudneo • Influential retailers: <ul style="list-style-type: none"> ○ Demos ○ Shopping installations ○ Post-sales invoicing ○ Sales not model-specific ○ Just-in-time shelf filling • DTC: <ul style="list-style-type: none"> ○ Direct demand fulfillment ○ Quick customer feedback • Flagship stores in key cities • Reverse inventory management | <ul style="list-style-type: none"> • Grassroots marketing • Emphasize Swiss quality: engineering, design, innovation • Athletes as brand ambassadors • Social media marketing • Pricing as premium, not luxury • No-discounts • Subscription marketing • Subscription accounting |
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Operations

Distribution / Sales

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- **New capabilities that Cyclon requires On to develop**
- **Challenges to existing capabilities posed by Cyclon**