

# Unit 3 Strategy

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## The big picture



### Keynotes

Developing a successful **strategy** is a vital part of the **planning process** for all business organisations. Analysing where a business stands in relation to its **markets** and **competition** enables it to identify potential **opportunities for growth** and potential **threats**. It is then possible to set **strategic objectives** and to predict the human and financial **resources** needed to achieve them.

Preview **Choosing a strategy**

Which of the following factors do you think a company considers when it undergoes the strategic planning process? Put them in order of importance.

product development   economic forecasts   competitors   technology  
human and financial resources   fashions and trends   current sales

Listening 1 

**1** David Drexler is a professor of economics. Listen to him explain one approach to the strategic planning process and draw the diagram he describes.

**2** The Quadrant corporation has prepared a SWOT analysis. Some of the different points that appear in the analysis are listed below. Under which heading would you put them?

- 1 Our prices are higher than the competition but our margins are lower.
- 2 Planned EU legislation will force us to invest in new equipment.
- 3 We have a highly-skilled young staff.
- 4 We have a strong internet presence.
- 5 We have discovered a new and potentially cheaper source of supply.
- 6 Our brands are not recognised internationally.
- 7 New companies are entering our industry.
- 8 Analysis shows our products could be successfully introduced in Asia.

Reading **The Nike strategy**

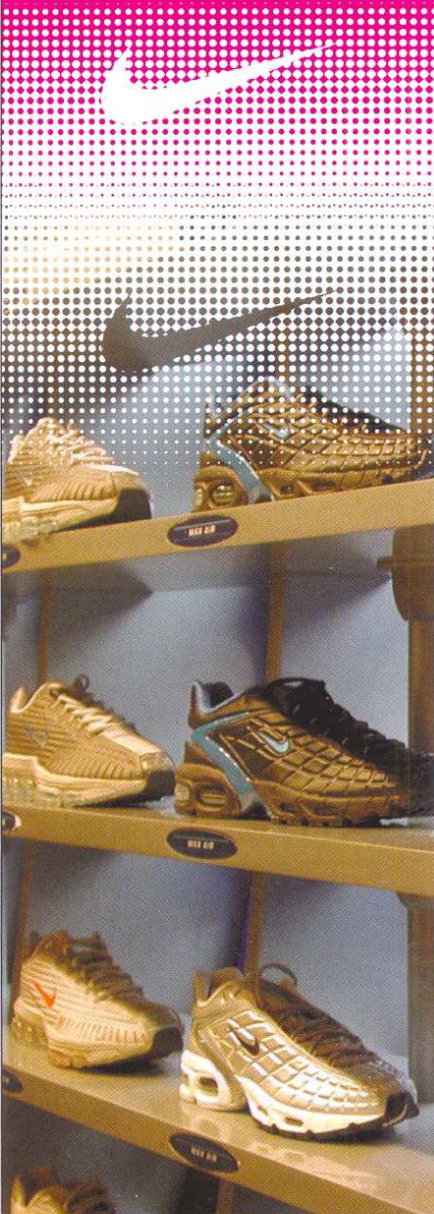
**1** Read the text on the opposite page and complete the SWOT analysis with the different elements of Nike's strategic position.

<b>Strengths</b> <i>leader in sports marketing</i> _____ _____	<b>Weaknesses</b> _____ _____ _____
<b>Opportunities</b> _____ _____ _____	<b>Threats</b> _____ _____ _____

**2** What three changes has Nike had to make in its effort to appeal to a female audience?

# Nike's Goddess

Could a famously masculine company finally click with female customers? That was the challenge behind Nike Goddess, whose goal was to change how the company designed for, sold to and communicated with women.



In its 30-year history, Nike had become the undisputed leader in sports marketing. But beneath the success was an Achilles' heel. Nike is named after a woman — the Greek goddess of victory — but for most of its history, the company had been perceived as being mostly about men.

Could Nike do more to realise the full potential of female customers? And how could it afford not to, given the threats to its future with Air Jordan running out of air and brands like Skechers digging into the teen market with shoes inspired by skateboarding, not basketball. That was the huge question at Nike HQ. The launch of Nike Goddess was the makings of an answer.

## Just Doing It Differently

For much of its history, Nike's destiny was controlled by its founders, Phil Knight and his running buddies, who signed up athletes in locker rooms and made the executive decisions. But by throwing together a diverse team of people with different backgrounds and different levels of seniority, Nike has found that it can keep many of its core attributes while adding new sources of inspiration.

Take the combination of star designer John Hoke and newcomer Mindy Grossman, vice president of global apparel. Hoke designed the look and feel of the first Nike Goddess store. Then Grossman, whose career has included helping make Ralph Lauren into a retail icon, pitched the design ideas to Nike's top retailers as stores within stores. Now it looks like Nike has a chance to reach a crucial objective: double its sales to women by the end of the decade.

## How to Sell to Women

Nike Goddess began as a concept for a women-only store, and there's a reason why. Many of the retail settings in which the company's products were found were a turnoff to female customers: dark, loud, and harsh – in a word, male. In sharp contrast, the Nike Goddess stores have the comforting feel of a woman's own home.

## How to Design for Women

Designing a new approach to retail was only one element in Nike's campaign. Another was redesigning the shoes and clothes themselves. Nike's footwear designers worked on 18-month production cycles – which made it hard to stay in step with the new styles and colours for women. The apparel group, which worked around 12-month cycles, was better at keeping up with fashion trends. But that meant that the clothes weren't co-ordinated with the shoes – a big turnoff for women.

## How to Talk to Women

When Jackie Thomas, Nike's US brand marketing director for women, first heard the phrase 'Nike goddess,' she wasn't impressed. 'I don't like talking to women through gender,' she says. Nike Goddess had to mean something to women and it was her job to make that happen. 'Women don't need anybody's permission. We are at our best when we are showing women a place where they didn't think they could be.' For John Hoke, the real power of Nike Goddess is not about traffic at stores. It's about changing minds inside the company. 'I knew that Goddess could galvanise us,' he says, 'It was an opportunity to redefine and re-energise our entire brand around a market that was taking off.'

## Glossary

*pitch* sales argument

*turnoff* demotivating factor

*galvanise* shock into finding a solution

**3** Read the text again. Who was responsible for the following?

- 1 Nike being seen as a male brand
- 2 taking market share away from Nike
- 3 creating a new style of Nike retail outlet
- 4 persuading Nike retailers to accept the Nike Goddess concept
- 5 putting sports celebrities under contract
- 6 communicating more effectively with women

**Vocabulary 1**

**1** Replace the *italicised* words with one that has a similar meaning.

- 1 Nike's destiny was controlled by its *founders* ...  
a designers                      b sponsors                      c creators
- 2 The company had an *Achilles' heel*.  
a strongpoint                      b secret weapon                      c hidden weakness
- 3 ... a collection of people with different levels of *seniority*.  
a knowledge                      b rank                      c performance
- 4 Nike has found that it can keep many of its core *attributes* ...  
a origins                      b qualities                      c aspects
- 5 ... vice president of global *apparel* ...  
a clothing                      b equipment                      c designs
- 6 Footwear designers worked on 18-month production *cycles*.  
a shifts                      b delays                      c periods
- 7 'I knew that Goddess could *galvanise* us.'  
a motivate                      b surprise                      c renew

# Breaking into a new market



Mario Moretti Polegato is the <sup>1</sup> founder of Geox footwear. In the early 1990s he created a new footwear <sup>2</sup> \_\_\_\_\_: a special membrane that could be used in shoes to prevent perspiration. He approached Nike, Adidas, Timberland, the <sup>3</sup> \_\_\_\_\_ of the footwear market.

But nobody was interested. So he decided to go it alone and set up his company with five employees. Today the company has 2,800 employees and sales of \$350m. Mario thinks the company's next <sup>4</sup> \_\_\_\_\_ will come from the clothing market and he plans to produce a range of clothes incorporating the same patented material. The only <sup>5</sup> \_\_\_\_\_ that Geox faces is the same for all fashion businesses: a sudden shift in consumer

<sup>6</sup> \_\_\_\_\_.

**2** Complete the text with the following words.

leaders   trends   threat   founder   opportunity   concept

## Vocabulary 2 Suffixes

Look at the words from the text on page 25 and how they are formed. How do the suffixes change the form of the word?

- |  |                              |
|--|------------------------------|
| 1 active [adj] – activist <i>noun / person</i> | 4 custom [n] – customer      |
| 2 misery [n] – miserable                       | 5 resident [n] – residential |
| 3 senior [adj] – seniority                     | 6 energy [n] – energise      |

What affixes can you attach to the following words? How do they change the form of the words? Use a dictionary to help you.

diverse inspire opportune design public  
commerce revolution repute comfort retail

### Speaking

**1** Look at the MP3 player that has been specifically designed to appeal to women. What features make it appeal to women?



**2** Choose one of the following. How do you think they could be made more appealing to women?

computers video games MP3 players football

## Language check Future forms

We use different verb forms to talk about the future:

- The marketing department **is launching** the new campaign this spring.
- We **start** the visit with a tour of the Indonesian factory.
- I'll **forward** the report to you by email.
- There is no doubt in my mind. We **will succeed**.
- We're **going to target** a new customer profile.

Which future forms are used to:

- make a prediction
- describe a timetabled event
- talk about a personal intention
- talk about an event arranged for a certain time
- make a spontaneous decision or offer



For more information, see page 158.

Listening 2

1 Bruce Hector is organising an 'Asian Strategy and Leadership' conference in Shanghai. Listen to his conversation with Naomi Wang, the regional conference manager for Asia and make any necessary changes to the programme details below.

'Taming the tiger – Strategy and Risk in the Asian market'

Yangtze Garden Conference Center, Shanghai.  
20 August. Registration fee: \$ 1,650

Time	Speaker	Title
09:00	<b>Dr Alasdair Summerville</b> President, Orient Automation Systems	<b>Downturn to Danger?</b> Market volatility and growth – an assessment
10:00	Coffee break	
10:30	<b>Alasdair Ross</b> Riskwire – Economist Intelligence unit	<b>Risk Radar</b> Mapping and measuring risk in Asia
12:00	Lunch	
13:30	<b>Professor Giulietta Bertoni</b> Milan University	<b>No Brand's Land</b> Building brand identity in the Chinese market
15:00	<b>Jimmy Tan</b> President, Pacific Assets	<b>Eastern Promise?</b> Liberalisation and the single Asian currency bloc
16:00	Coffee break	
16:30	<b>Dr Summerville, Alasdair Ross,</b> Professor Bertoni, Jimmy Tan	<b>Panel discussion and review</b>



2 Complete Bruce and Naomi's conversation with the appropriate future forms. Then listen again and check your answers.

**Naomi** Hi, Bruce. It's Naomi here. I'm calling about the conference in Shanghai. We (1 have to) \_\_\_\_\_ make some changes.

**Bruce** Hi, Naomi. OK, hang on, let me get a pen. Right, fire away.

**Naomi** I don't think the Yangtze Garden (2 be) \_\_\_\_\_ big enough. We (3 need) \_\_\_\_\_ a centre that can seat at least 600.

**Bruce** That many? Any suggestions?

**Naomi** The Mandarin Palace Center (4 be) \_\_\_\_\_ free that day. I've already spoken to them and I (5 meet) \_\_\_\_\_ the conference manager tomorrow. It (6 mean) \_\_\_\_\_ increasing the registration fee by \$50 though.

**Bruce** That (7 not / be) \_\_\_\_\_ a problem. Anything else?

**Naomi** Alasdair Ross can't do the morning session as his plane (8 not / land) \_\_\_\_\_ until 9:30, so I've arranged things with Jimmy Tan and they (9 switch) \_\_\_\_\_ slots. Also, Milan University say they (10 send) \_\_\_\_\_ Carla Marisco because Professor Bertoni can't make it. But the talk (11 be) \_\_\_\_\_ the same.

**Bruce** Fine. Make those changes and I (12 inform) \_\_\_\_\_ everyone at my end.

Speaking

Work as a class. Prepare a diary for the weekend and write in any arrangements you have. Then try to make more arrangements with as many other people in the class as possible.

## Short presentations

The ability to make a short presentation of your ideas is a key business skill that enables you to communicate statistical information, present ideas and persuade people of the strengths of your argument. To do this effectively you need to prepare.

**1** Make a plan of your talk. This should include at least three sections:

- introduction
- development
- conclusion

**2** Write detailed notes of what you will say, showing

- key points and keywords
- transitions between the different sections
- visual aids you will refer to
- the action points you will stress

**3** Practise your presentation to make sure that

- you use simple and clear language
- your talk does not go over the time available
- you will not need to read from your notes

### Practice

**1** Look at these expressions. In which part of a presentation would you expect them to be used?

- 1 Finally I'd like to remind you that we ...
- 2 If you have any questions I'll be happy to answer them at the end.
- 3 On this next slide you can see how our results have improved ...
- 4 Before I start my talk I'd just like to thank ...
- 5 This brings me to the next point ...
- 6 I'll discuss each point briefly and then give you my recommendations.
- 7 I hope you have found my comments useful and ...
- 8 This chart gives a comparison of potential returns on investment ...

**2** Work in groups. Group A turn to page 145. Group B turn to page 137. Use the information to prepare a three-minute presentation on each company. Practise your presentation. Then make your presentation to the other group.

## Attitudes to timing

Some cultures place a lot of importance on events starting and finishing on time. Others believe things should take as long as they need and are flexible with itineraries and schedules. What effect could this have on meetings, presentations and appointments? What is normal in your country?

# Dilemma & Decision

## Dilemma: Harley's Angels

### Brief

Jeffrey Bleustein, CEO of Harley Davidson, was thinking about the future. He had already pulled the motorcycle manufacturer back from the brink of bankruptcy, but now he was thinking of the serious problems that lay ahead. And top of the list was the fact that Harley Davidson customers were definitely ageing. The black leather Angels were getting greyer every day. From an average age of 36 ten years ago the customer was now edging closer to 46. But what to do? Bleustein decided that he would put the question to his team of advisors at the next meeting of the strategic leadership council. In fact, maybe he'd better tell them what he wanted them to do right now – that way at the meeting they could present their ideas directly. Bleustein reached for the phone.

### Task 1

Work in groups. Prepare a proposal for the leadership council. Decide whether your approach should be marketing, product, acquisition or distribution based. Turn to page 143 for some suggested ideas.

#### Company and market information on Harley Davidson/Buell

Market share	US	25%
	Europe	7%
Income sources	Motorcycles	80%
	Accessories, parts, clothing	20%
Demographics	91% of purchasers are male	
Average age	46 years old	
Average income	\$79,000	

### Task 2

Prepare a three-minute presentation to the council. Write a structure for your presentation and make notes under key headings. Then write an introduction and conclusion. Remember to include any helpful visual aids and stress your action points.

### Task 3

Practise your presentation until it sounds natural and lasts three minutes. Make any necessary changes. Then present your proposal to the rest of the class.

### Write it up

Write a formal memo to Jeffrey Bleustein outlining your proposal and its recommendations. (See Style guide, page 22.)

#### Useful phrases

- I'd like to start by ...
- I'll discuss ...
- This brings me to the next point ...
- This chart gives a ...
- Finally, I'd like to ...

## Decision:

- Listen to Laurence Bayerling, professor of management, explaining how Harley Davidson approached this dilemma.

