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Case Study Of Nike Inc



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INTRODUCTION

E-business started with electronic data interface in the 1960s. Electronic business (e-business) is aimed at enhancing the competitiveness of an organisation by deploying innovative information and communication technology through out the organisation and beyond, through link to partners and customers. It does not simply involve using technology to automate existing processes but should also achieve process transformation by applying technology to help change this processes. To be successful in e-business management, knowledge is need of all the different business processed and activities across the value chain such as marketing and sales, product development, manufacturing and control, inbound and outbound logistics (Chaffey,2013).

E-business can be described as, when a business has fully integrated information and communication technologies into its operations, potentially redesigning its business processes around ICT or completely reinventing its business model...e-business is understood to be the integration of all these activities of the internal process of a business through ICT (DCI,2000).

An E-business strategy defines the long term plan for putting in place the right digital technology for a company to mänge its electronic communications with all partners-that's internal through the intranet and extranet through to customers, suppliers and other partners Chaffey et al 2013). For this study Nike Inc will be used as the case study. The study will aim to seek how the implementation of e-business solution to manufacturing, production and control in Nike Plc.

NIKE INC

Nike is an American sports footwear and apparels Company with headquarters in Beaverton Oregon. The company was founded in 1964 by Bill Bowerman as Blue ribbon sports. The company was renamed Nike and went public two years later. Nike has a robust IT network. The company has a website, app and membership of NIKE PLUS for premium customers. They serve Nike Plus membership through unique digital apps and unique customer retail experiences that distinguishes their brand in the market place. In the year 2019 the company realized 35% increase on the digital revenue on currency neutral basis and expanded their Nike Plus membership to 170million members. The company has main objective “to bring innovation and inspiration to every athlete in the world, that contributes to the company motto “Just do it”. Nike aims on providing quality sportswear and equipment to people around different parts of the world. In order to archive this Nike has to efficiently and effectively co-ordinate and control the manufacturing and marketing process (Nike, 2019). In the 1980s, Nike learned that manufacturing had become a commodity that could be outsourced for less cost and better quality than Nike could achieve with its internal resources. Nike realized that its core competences were in product development and marketing, and so management grew the company around a strategy of designing innovative products that met evolving customer needs (Crain 2008).

Industry overview.

The sportswear industry is highly competitive. Nike being the leading brand with a market share of 37.2% with major competitor being adidas. With Nike pushing Flyprint and Adidas working with carbon 3D. The industry is greatly technologically driven and innovative to meet the needs of customers. Nike like her competitors use outsourcing for manufacturing (Crain *et al* 2008).

Manufacturing, Planning and Control at Nike Inc

Most of the company's products are produced out of Oregon in the USA the company headquarters. Nike mostly outsources their manufacturing though people the call 'contractors'. The company is supplied by 446 contract factories in over forty-eight countries and over 800,000 workers mostly in Asia. (Nike annual report 2019)

Then this process is done the output is the finished good which is the Nike foot wear, recyclable waste and non recyclable waste. Nike carry's the recyclable waste onto the next production cycle.

Nike's operation planning includes various stages like demand estimation, which requires various task such as;

Planning capacity to meet market demand,

- Planning the arrival of materials at the right time in the right quantity for production.
- Ensuring the appropriate use of capital, equipment and facilities.
- Maintaining the needed quantity of inventory, work in progress and finished goods in all the company's factories.
- Scheduling the production activities and ensuring that the production process is running as planned.
- Tracking materials, employees, customer's orders, equipment and other resources in all the other factories.
- Communicating with customer's on their requirements in dynamic unpredictable environment.
- Providing information to the other functions like the marketing on the physical and final implications of the manufacturing activities (Graves,1999)

Manufacturing and planning and control addresses decisions on the acquisition, utilization and allocation of production resources to satisfy customer requirements in the most effective and efficient way (Graves, 1999). To maximize efficiency in her control activities Nike has implemented a good supply chain management system and an Enterprise Resource Planning System (ERP), (Sridharan *et al* 2005).

ENTERPRISE RESOURCE PLANNING

Enterprise resource planning (ERP) package has become a useful tool that businesses are turning to in order to build strong capabilities, improve performance, undertake better decision-making and gain competitive advantage. The ERP package aims to integrate all business key activities through improved relationships at all levels to achieve a competitive advantage (Al-Mudimigh *et al.*, Davenport, 2000). (cited by Al-Mashari *et al* 2003)

Enterprise resource planning (ERP) system is a business management system that comprises integrated sets of comprehensive software, which can be used, when successfully implemented, to manage and integrate all the business functions within an organisation. These sets usually include a set of mature business applications and tools for financial and cost accounting, sales and distribution, materials management, human resource, production planning and computer integrated manufacturing, supply chain, and customer information (Boykin, 2001; Chen, 2001; Yen *et al.*, 2002). These packages have the ability to facilitate the flow of information between all supply chain processes (internal and external) in an organisation (Al-Mashari and Zairi, 2000a). Furthermore, an ERP system can be used as a tool to help improve the performance level of a supply chain network by helping to reduce cycle times (Gardiner *et al.*, 2002). (cited by Al-Mashari *et al* 2003)

SUPPLY CHAIN MANAGEMENT (SCM)

A supply chain includes all the activities, functions and facilities involved (either directly or indirectly) in the flow and transformation of goods and services from the material stage to the end-user (Russell and Taylor, 2000, p. 373; Handfield and Nichols, 1999, p. 2). SCM aims to integrate the various structures and processes of the supply chain, facilitating and coordinating the flow of goods and services and the flow of information necessary to provide the value that customers demand. The need for such coordination grows out of several trends in the marketplace. Globalization has led to the availability of a vast set of alternative sources of materials and other inputs as well as a wider array of potential customers. Customers' changing expectations regarding value of goods and services, combined with advances in technology and the availability of information, have driven the formation of "new forms of inter-organizational relationships" (Handfield and Nichols, 1999, p. 5). Such factors have stimulated changes in the nature of organizations' supply chains and have led to an emphasis on coordination and integration of supply chain activities. (Cited by Sridharan *et al* 2005)

Case: Nike's Supply Chain

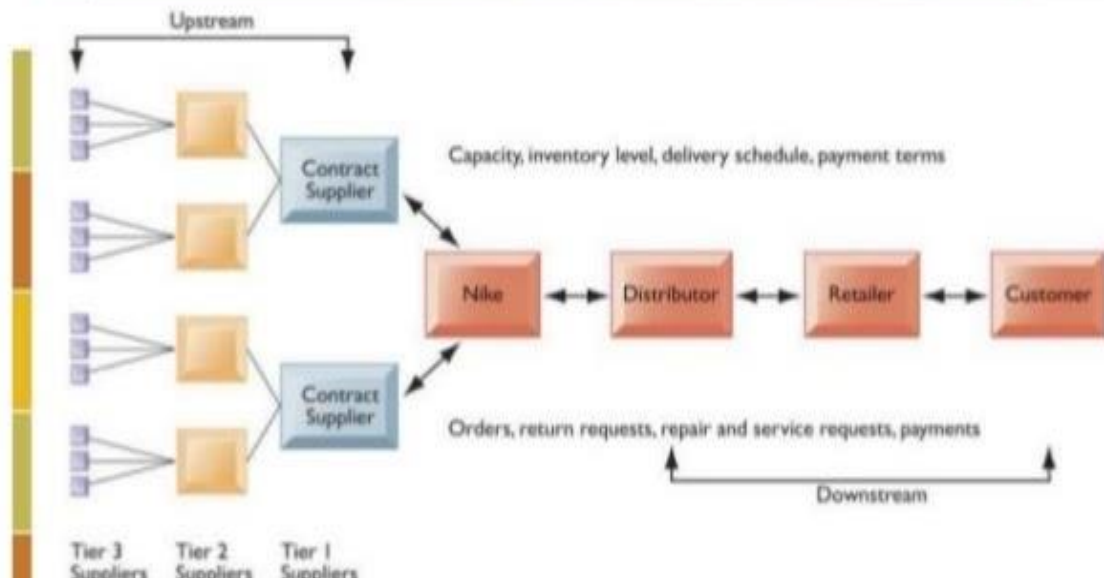


Fig 1: Nike Supply Chain

Source: www.curemeo.com

The production, planning and control process of Nike involves all the aspects of the manufacturing like managing raw material, programming of machines, coordinating with the contracted factories and key customers.

Supply and demand issues can be particularly difficult for firms like Nike because companies in the retail industry have to deal with many variations of individual products - colors and sizes for example. Nike worked with several software vendors including Manugistics, Siebel, SAP and 12 Technologies to run its supply chain management software. Footwear companies had a few difficult years in the late 1990s but were poised for a recovery and expected to do well in the year 2001. In a research report for Motley fool, analyst Robert Fredeen wrote: (cited by Sridharan *et al* 2005)

The implementation of 12 technology software to manage the companies operations and supply chain was a complete failure. Nike cited sluggish domestic footwear sales and difficulties in implementing new supply planning software. Nike reported that the software left it with more inventory in slower-selling shoes and shortages in its high demand kicks (Bousquin, 2001.) Nike attributed the earnings shortfall, in part, to the failed installation of an 12 Technologies demand forecast system, which is designed to reduce production delays. CEO Phil Knight said the supply problems had created significant inventory shortages and excesses. In certain cases, Nike had to slash prices to get rid of excess inventory which would put pressure on their profit margins. The company used about \$500 million to install the i2 technology software (Sridharan *et al* 2005).

The system did not work for a number of reasons cited by the CEO of 12 Technologies; Nike's problems were not tied to the software but to the way the software was installed. Nike did not use 12 Technologies' standard apparel template when it implemented the software at its footwear division. The stated reason for this was that 12 Technologies wanted to try and tackle Nike's complex problem of trying to map and track every shoe model it manufactures (Bousquin, 2001, cited Sridharan *et al* 2005)

Other reasons for the failure of the software system was also due lack of expertise on the part of Nike to manage such complex technologies and the changing market conditions which was influenced by the economic crisis in the USA. (Sridharan *et al* 2005).

This led to Nike reengineering their information system and adopting the ERP system, and the SAP AFS specifically. The SAP Apparel and Footwear Solution (ERP) manages the financial control, sales and distribution, material management and production planning and control. The new ERP system adopted by Nike is a complete and integrated system that deals with the specific needs of the company. It also assist in CRM, helps Nike to achieve full control over their supply chain, from the purchasing of raw material to the delivery of the final good to the consumer. This helps Nike to achieve its global strategy because it integrates global sources, in house manufacturing, off shore manufacturing, outsourcing and shipment process to direct customers (Arora *et al* 2012).

Nike decided to implement the SAP AFS a variant of the SAP R/3 software developed specifically for the apparel and footwear industry. Nike used the SAP AFS application across its various divisions in compliances with its single instance strategy (SIS), and also to implement other SAP applications including supply chain management and business information warehouse. Nike also considered the testing of the SAP Net Weaver platform. Nike believed that SIS will result in better work combination and provide a competitive edge by providing a holistic view of its business (Arora *et al* 2012)

With SAP ERP Nike was fully aware that improper integration, insufficient training, inadequate testing can dislocate a project. In adjusting this problem Nike specialist staff trained its users for 180 hours compulsory training so that they are to use it as per requirement. Nike also stopped using the i2 demand planner for its sneaker model and moved it to SAP ERP which was based on orders and invoices and not forecast.

KEY Benefits Of ERP System

By 2004 the SAP project was 80% complete and the company reaped several benefits from the project.

- Nike's inventory witnessed a declining trend.
- The designing and manufacturing became much more easier and faster.
- Gross margin moved up to 42.9% in 2004 from 39.9% five years ago.

- Nike saw highest cash flows from its business operations in eight years.
- Nike also saw a fall from 30% to just 3% of shoes made without firm order. –
- Lead time in production fell from nine months to six months.
- Nike claimed that better visibility of customer orders transactions lead to saving of \$5 million annually.

Supply chain now became adaptive with dynamic planning, faster response action, real time analysis, distributed control, open standards, automated management and a dynamic information system (Arora & Aggarwal 2012)

Other Benefits of ERP Systems

- Eliminates waste time in the production chain. Through features like just in time deliveries, with finely calibrated stock levels. This makes it more easier for Nike to suite market needs, rather than just blindly producing whether or not there is a demand.
- Waste is also reduced on the shop floor. ERP allows manufacturers to maintain constant contact with shop floor managers and to collect data about things like raw material input, staff absence or product defects. This ensures that high quality products are produces as cost-effective as possible.
- ERP is an effective way to structure the companies processes so that every employee has clearly defined role and can carryout duties effectively. It also allows the department o communicate efficiently reducing friction between the other departments of the company like sales, finance and the duplication of task done by people.
- Efficient management of resources: The ERP coordinates all the data available and takes a great amount of guess work out of the manufacturing process. Ordering the resources needed to build a product can be done accurately and in a timely manner leading to reduced financial cost.
- Planning and Scheduling: To improve efficiency, mangers need adequate knowledge on supply and demand, this data can be provided by the EPR system. This enables the manager to plan for any demand fluctuations more accurately.
- Capacity planning can have a huge impact at reducing any production bottlenecks in the production process. ERP system can alert the manager to stock, unusual high demand from customers or a slow production process.
- Sales and profit. With Nike's products being carefully tracked through out the whole cycle f production, highly accurate data on sales and profits are available when the company needs them. (Whitehouse,S. 2020)

-Better management of Customer Relationship Management. With better management of e-business platforms like websites, emails, apps and social media, Nike reaches its customers in any part of the world and offers them the same experience like an actual retail store. This increases customer satisfaction and loyalty (Nike, 2019)

NIKE'S E-Business Platforms

Lean strategy

Nike uses a lean strategy that is aimed at continuous improvement philosophy that aims to deliver the highest quality products while eliminating waste including lost time and material.

Nike says they are not just out to transform the products they create; they are also reshaping the consumer experience the enable-led by digital.

To power our Nike Direct strategy, they are maximizing their digital advantages opening even greater connections to the Nike brand, all directed to the part of our consumers. The company intends to bring the best of Nike to life through a more engaging and responsive business model for their members.

Through the SNKRS and Nike app, the most comprehensive platform for Nike products is expanding quickly. Through this app at retail, which links features of the Nike app to our physical retail experience- they are discovering completely new ways to engage with members. The customer interaction and feedbacks and ratings on these internet links help Nike to produce what customers want and when the need it.

The company aims at meeting the demand for customer cravings for distinctive experiences. (Nike 2019 report.)

Why Integration of SCM and ERP

The traditional material requirements planning (MRP) and manufacturing resource planning (MRPII) systems may not be up to the challenge presented by manufacturers seeking to capitalise on the competitive advantage offered by an integrated SC (Chen, 2001). ERP system, therefore, has evolved from its predecessors to play an integrated supporting role in the creation of a value chain (Koh et al 2005)

SAP (systems, applications, and products in data processing) is an integrated business system, which evolved from a concept first developed by five former IBM systems engineers in 1972. It is a software package designed to enable businesses to effectively and efficiently run a variety of business processes within a single integrated system. SAP software is deployed at more than 22,000 business installations in more than 100 countries (SAP AG Corporate Overview, 2000). Today, many large companies have standardised their businesses on ERP systems. For instance, Price Waterhouse Cooper, Dow Chemical, Du Pont, Eastman, Monsanto, and Hoechst are all SAP users (Rick, 1997). The SAP information systems, reduces information cost, and enhances its value (Osterle et al., 2000 (cited by Koh et al 2005)

The global environment has become a crucial issue. Inside a dispersed company, it requires building integrated information systems, which allow data transmission across the border of one geographic area to another. Even within one area, companies want to build

corporate applications through which different departments can cooperate more efficiently with each other (Tarn et al., 2002). To achieve this goal, functional integration is required, which is the process of integrating all business functions to work together, e.g. a firm's logistics or distribution functions must integrate with supply-management, manufacturing, and information technology before the functional integration can be extended to other companies in the SC (Ferguson, 2000 cited by Koh et al 2006).

ERP aims to improve internal efficiency by integrating different parts in the organisation, while SCM focuses on external relationships with trading partners in the SC. Indeed, the proliferation of ERP systems forces companies to provide communication and information flow between supply-chain agents, overcoming natural boundaries. Therefore, integration of ERP and SCM is a natural and necessary process in strategic and managerial consideration. This proposition is reinforced by Tarn et al. (2002). Technologically, ERP is said to be the backbone of SCM. As they both rely on a very similar framework, such as intranet, extranet and electronic data interchange, it is very possible and feasible for their integration. Most ERP system providers have been enhancing their products to include sales-force automation, data warehousing, document management, and after-sales service and support, and the most important trend today is the integration with SCM. From the technology perspective, there is the advancement of the use of radio frequency identification technique, whilst from the management perspective, there is the soft issue dealing with ways to integrate SCM and ERP (Koh et al 2006)

ERP packages touch many aspects of a company's internal and external operations. Consequently, successful deployment and use of ERP systems are critical to organizational performance and survival (Markus et al., 2000b). Potential benefits include drastic declines in inventory, breakthrough reductions in working capital, abundant information about customer wants and needs, along with the ability to view and manage the extended enterprise of suppliers, alliances and customers as an integrated whole (Chen, 2001). In the manufacturing sector, ERP implementation has reduced inventories anywhere from 15 to 35 per cent (Gupta, 2000 cited by Al-Mashari & Al-Mudimigh 2003).

Key factors for Success

Business Model

Nike uses outsourcing in the manufacture and assembly of their athletic footwear. Nike realized that they could outsource their manufacturing for a lesser cost and with better quality than they could achieve with their internal resources. The company mainly focuses on product development and marketing. The company grown around a strategy of designing innovative products that meet the evolving customer needs (Crain 2008).

IT Operations and E-Business Menu of Services.

Nike is a highly innovative and IT driven company. The company has one of the most advanced and best web portals in the athlete footwear and apparel industry. Nike continues to innovate its products and also its process of production. The company attracts and maintains its customers through their innovations on their online platforms for example Nike customers are able to customize their trainers on the company website and also purchase products from their online stores and still get the same experience like in the actual retail outlet. Nike's great success for IT operations was greatly registered after reengineering a failed system in the early 2000. The reengineered ERP system adopted help the company manage its affairs smoothly and made a significant increase in the company's profit margin and value chain.

Resources and Capabilities Analysis Of Nike

Tangibles

- Quality of Nike Products
- Location of Nike headquarters in Beaverton, Oregon.
- Retail stores

Intangibles

- Very Robust IT infrastructure
- Excellent pre-sales and aftersales service
- Use of IT to improve customer service and experience
- Focus on Customer satisfaction
- Customization
- High brand recognition and reputation
- Enhancement of Brand
- Rapid product development cycle and enabled faster response to market needs.

SITUATIONAL ANALYSIS

INTERNAL ANALYSIS

Value chain

Micheal Porter's value chain is a well established concept for considering key activities than an organisation can perform with the intention of adding value for the customer as products and services move from conception to delivery (Porter 1880 cited by Chaffey, 2013).

Value chain analysis breaks down the organization into individual activities and determines value added to each stage. Information systems can increase the efficiency of resource usage for each element in the value chain and even between activities (Chaffey, 2013)

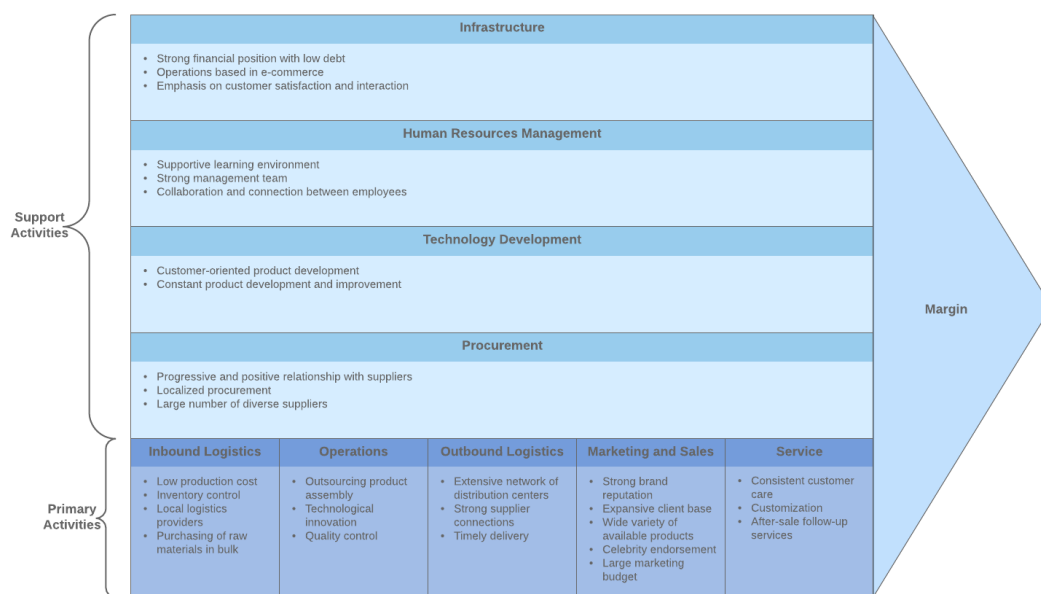


Fig 2:Value Chain Analysis

Source: Adapted from Chaffey(2013)

Primary Activities

Outbound logistics

Just in time delivery helps Nike to meet and satisfy customer needs efficiently.

Strong control over global distribution channel

Uses a chain of regional distribution centers

Operations

Nike operates from their headquarters in Beaverton Oregon. This is possible through the implementation of e-business solution.

Nike uses outsourcing for production that is using suppliers who meet their standards and makes cost of production low. The use contract factories for the manufacturing and assembling of their products.

Design (R&D) high investment

Technological innovation

Effective supply chain management

Quality control

Inbound logistics

- All of Nike's factories are located in Asia where there is available raw material at a low cost and cheap labour as well. This greatly lowers the cost of production for the company.
- Locally purchase most raw materials. Nike suppliers are committed to providing high quality raw materials of Nike standards that are also sustainable.
- Inventory control with the use of ERP has greatly reduced the amount of inventory being kept by the company and hence reduced inventory risk.

Marketing and sales

- Nike is a highly recognized brand and with a high reputation. The uses celebrity endorsement, sponsorship and promotes sporting events a reason for their massive fan base with their iconic "swoosh" logo and "just do it."
- Price leadership and value based on pricing in the sports footwear industry, the company has also gained competitive advantage through its economic of scale and its first mover advantage due to their continuous effort of innovating their products. Nike allocates a very high budget on marketing.

Secondary Activities

Human resource

Nike uses a global management team to manage the company because they operate on a global scale.

High ethical values towards staff and environment.

Minimum hierarchy concept

Excellent employee relationship

Global learning and staff training

Infrastructure

IT system across supply chain

Heavy e-commerce market

Great financial discipline with low debt
 Effective compliance process through strategic knowledge and verification.

Technology and development

Research and product development; learning edge in technology development
 Focus on product improvement and innovation
 Air-sole technology experts
 Product technology example motion analysis, metabolic rate tracker

EXTERNAL ANALYSIS

SWOT ANALYSIS

SWOT analysis is a powerful tool that helps organisations analyse their internal resources in terms of strength and weaknesses and match them against the external environment in terms of opportunities and threats (Chaffey 2013)

	Strengths	Weakness
INTERNAL	Efficient supply chain management -Robust IT infrastructure Availability of capital -Location of Nike headquarters in USA where its easy for them to exploit the IT options with little or no restrictions -Cheap labour due to outsourcing leading to low cost of production -Good customer relationship management especially online -Produces differentiated sports apparels -Strong and global brand name	-Nike has invested most in their footwear which already has a very congested market. -Spend a lot on advertisement to promote brand
	OPPURTUNITIES	THREATS
EXTERNAL	-Mergers and acquisition of major sports brands like Jordan -Cooperate social responsibility and initiatives towards better environment -Has gained a large market share also due to it robust IT infrastructure.	-Price war with major competitors like adidas -High tax on importation tariffs -Competitors can copy E-business strategy and take away their competitive advantage -Fluctuating international markets and different currencies

PESTLE ANALYSIS

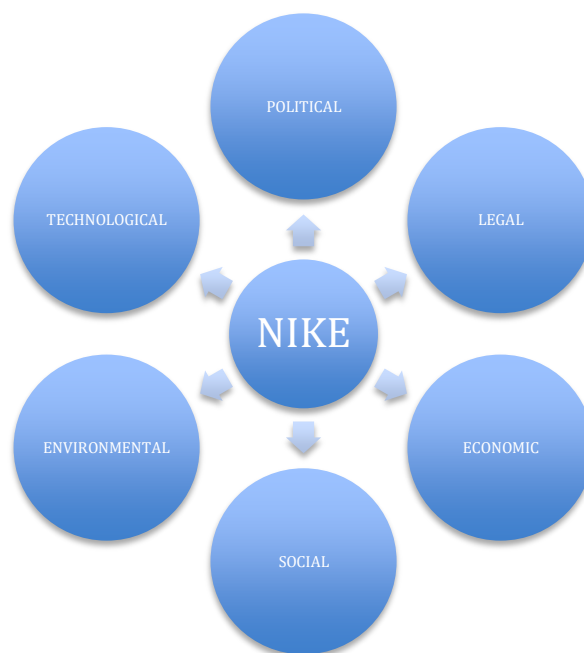


Fig 3:Nike Pestle Analysis

Source: Adapted from Chaffey(2013)

Political

The US has been noted to provide favourable laws that encourage the growth of their multinational co-operations. Until recently, the US presidential parliament has proposed changes in trade policies that include negotiation or termination of trade agreement with some countries, the imposition of higher taxes into the US, Economic sanctions on individuals, cooperations or countries and government regulations affecting trade between the US and other countries. This can alter the operations of Nike and consequently lead to a fall in profits.

Nike is also subject to tax laws in the US and other foreign countries where they operate. Nike is also greatly affected by the stability of the host countries of their overseas factories.

Economic

Nike is a multi- national company that operates across foreign borders. This means the company is involved in the use of different currencies as well as different interest and exchange rates. This fluctuating exchange rates to the US dollar always impacts the company's profits. Nike's main market is the USA in the 2019 sales in the US

accounted for 41% of the company's total revenue and 59% internationally. Nike holds the largest market share in the sports wear and apparel industry. Nike has acquired a good number of major sports brands and apparel over the years that have aided in the large market share and established the brand examples are Jordan, Hurley, converse and SPARQ.

Social

Nike's robust IT system has created platforms and mediums through which they can directly be in contact and serve their customers via internet. Nike's online e-business websites have become interacting communities for customer as brand awareness increases among consumers. The Nike brand is most often associated with quality along side their swoosh logo and "Just do it slogan" which is highly recognized around the world. Also, recent years have witnesses an increase in health and body consciousness. Many people now exercise at home or visit gyms to take care of their body shape and be in good health. This indirectly increases sales for Nike as they have to purchase sport wears and apparels for this function. Nike also works in advancing workers wellbeing in abroad factories. (About.nike 2020)

Technology

Nike believes their effort in research and development are key factors to their company's success. Technical innovation in the design and manufacturing process of footwear, apparel and athletic equipment receives continuous emphasis as e strive to produce products that help to enhance athletics performance, reduce injury and maximise comfort while reducing waste.

Nike continues to develop new technologies that simultaneously focus on the design of innovative products encorporating these technologies through all their product categories. These technologies redefine the companies production process and added competitive advantage (Nike annual report 2019).

Through Nike's e-business platforms, interaction with customers enable the company to know what the customers want and produce it in time. Nike has also increased their presence worldwide and an increase in sales. Technological advancement makes it possible and cost effective for Nike to manage its overseas production more efficiently and effectively (Nike annual report 2017, 2019).

Environment

Nike aims to manufacture sustainably, to carry out manufacturing processes that protect the environment and respect the people who wok in the factories. Nike has established the "Nike Environmental Minimum Program" design to help their suppliers understand the impact areas, develop and implement important sustainability practices and providing training for employees to better manage the environment (about Nike 2020).

Nike uses recycled waste product from previous production cycle in the next called the Nike grind. Nike aims to reduce the company's carbon footprint and help reduce climate change let the company to the Nike Move to Zero, Nike aims o reduce their carbon footprint through science based targets (Purpose.Nike 2020)

Legal

Nike carries out international operations which means operating within different boundaries that are govern by different legal frame works that affect operations such as potential changes in in foreign and domestic trade policies, increase import duties, anti dumping measures, quotas, sefaguard measures, trade restrictions on the transfer of funds in certain parts of the world, political instability and terrorism. Trade protectionist measures have resulted to increase the cost of production and consequent increase in price of goods (Nike annual report 2019).

Nike believe that the intellectual property right of the company are important to the brand, success and competitive position. Nike uses available protection for this rights and vigorously protects them against third party theft and infringement (Nike annual report 2019).

Porters Five Forces Analysis

A powerful of the five main competitive forces that affect a company by Porter is still relevant in reviewing treats that rise in the e-business era (Porter 1980 cited by Chaffey 2013)



Fig 4:Porters Five Forces
Source: Adapted from Chaffey(2013)

1 .Bargaining Power of Suppliers- Low

The suppliers here are the factory contractors. The manufacturers work inline with Nike inc to reduce cost of production. Their outsourcing technique enables them to reduce cost of raw material and cost of production. This has successfully been managed through the implementation of efficient information systems that provide seamless flow of information between the contractors and Nike.

2. Bargaining power of buyers- Medium

The bargaining power of buyers is medium due to high level of brand awareness and the increase health and fitness consciousness of buyers these days. Even though some customers are so price sensitive, the quality of Nike sport apparels still attracts them and as such makes them willing to pay for Nike products rather than the cheaper brands.

3. The treat of potential new entrants- medium

There are no restrictions of new entrants in this market. With the improvement of IT especially the market place will become increasingly populated with online stores. Nevertheless the sports footwear and apparel industry is a very capital intensive one with already existing well established brands like Nike and Adidas. The impact of new entrants will not significantly affect Nike's market share as the biggest brand in the industry.

4. *The threat of substitutes - high*

There are many sports footwear and apparels brands in the market place that produce good quality products and also offer competitive prices and adapting and innovating with information management systems. Nike has maintained its position as the leader in the market due to its high levels of innovation of their products and well developed IT infrastructures where customers can easily access their services.

5. *The extent of competitive rivalry – high*

There is an intense competition amongst company in the sports footwear and apparel industries. Nike faces competition from major players like Adidas, under armour and Puma. These are the few top players produce very similar quality products to Nike making the competition more intense. This explains why Nike Inc spends high amounts on innovation and research.

Recommendation

- Companies intending to purchase information system should first of all access their company specific needs to make sure that the adopt and implement an information system that suits their needs.
- Companies should be able to train their staff adequately and use good specialist to install and monitor the implantation and use of information systems.
- Organisations should also note that the installation of an Information system does not mean the business will automatically be successful. Information systems do fail like in the case of Nike.

Conclusion

The successful implementation of an information systems in operational management increases competitiveness by increasing quality, reducing redundancy, speeding up processes reducing lead times and inventory levels and increasing customer satisfaction (Coffey et al.,2000; Gupta, 2000). It has become increasingly clear that implementing an ERP system requires extensive effort to transform the organisation's Processes. ERP systems are supposedly based on best practice generic business processes. An E strategy can ensure higher product quality reduce waste, keep operating cost low and vastly improve decision making if proper installed and used correctly (Al-Majed et al 2003).

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