

Case Study

Topic: Nike & Adidas Supply Chain Comparison

Introduction

Supply management is an omnifaceted operation that is essential to business advance. Also it is in charge for the high quality implementation, efficient costs, well-timed delivery and constant innovation all through the supply chains management of a company. The aim of this study is to compare and appraise the ways of performing supply chain practices in Nike and Adidas.

Firms' Profile

Nike Inc. is an internationally proclaimed designer and producer of indigenous athletic equipment, footwear, apparel and accessories for extensive sport-oriented activities. (Hossein, 2010).

Adidas is a leader in a manufacturing of sports equipment and activewear. Headquarters of the Adidas is situated in-group Herzogenaurach, Germany, the number of staff is approximately 27000 people (Edwin and Tsan-Ming, 2010).

Flow Management of Manufacturing

The global manufacturing of sporting goods is represented by extensive vertical function disintegrating and subcontracting activity in the high levels (Rugman, 2005).

Procurement Strategy Related To Outsourcing

Emerging markets are the main targets of production capabilities of both Nike and Adidas. New market opportunities and cut-rate price are identified when the countries prosper. (Sadler, 2007).

Lean Manufacturing Principles & Lead Time Reduction

Orderliness is an essential of successful operation of all elements of supply chain management. Otherwise, the whole manufacturing process feels the draught. (Joris, 2010).

Nike Approach

- Numerous subcontracting activities devil for Nike
- Use of “Demand-Driven Production System”
- Flexible in dynamic and fluid Markets
- Short-term appointments
- Shifting production between factories and countries
- Opening plants

(Magnus, 2005).

Adidas Approach

- Batch-and-queue manufacturing process with storing of goods until the order is proceeded
- Establishment of lean manufacturing principles across its supplier network (Hosseini, 2010).

Centralization & 3rd Party Logistics Specialization

Nike Approach

Transit time is the deciding factor over other conditions in the supply chain strategy.

Current shipment data makes the supply chain more efficient (Magnus, 2005).

Adidas Approach

Separate operating units choose software on their own looking for the most appropriate for internal preferences and geography.

Supplier Relationship Management

Nike Approach

Deployment of Nike expatriate technicians into Nike factories worldwide assures liaison between headquarters and R&D thus ensuring constant product development and maintain quality control. (Joris, 2010).

Adidas Approach

Consolidation is the main approach to supplier relationship management. The main goal now is to reduce the supplier base by 40% (Edwin and Tsan-Ming, 2010).

Demand Management

Order Fulfilment and Forecasting

Nike Approach

“Futures” program binds retailers to order up to 80% of their merchandise in advance. Only after that they get discounts and guaranteed well-timed delivery.

Adidas Approach

Adidas started „World Class Supply Chain“ and switches to a demand-driven supply chain.

Conclusion

Appraising all of the aforesaid, Nike’s supply chain management practices gets the upper hand over Adidas. Now Nike is among top 25 companies with superior kind of such management.