Case Study
Nike's Boys-Club Culture

The sudden departure of a group of high-level executives signaled that all was not well at Nike, the world's largest sportswear company. Those retiring or resigning included Trevor Edwards, president of the Nike brand and the company's second in command; the vice president and general manager of global brands; and vice presidents and directors of North American operations, diversity, running, and sports marketing.

The executives were forced out after a group of female employees submitted the results of an informal survey to CEO and Board Chair Mark Parker. The women reported being marginalized in meetings and denied advancement in favor of less qualified men. In interviews with *The New Times* and *The Wall Street Journal*, female employees described a number of instances of sexual harassment. In one case, a male supervisor called a woman a "stupid bitch" and threw his car keys at her. Another executive cornered a female in a bathroom and tried to kiss her. Another bragged about carrying condoms in his backpack. Still another referred to a female employee's breasts in his e-mails to her. Off-site meetings were sometimes followed by visits to strip clubs. A top executive signed off on an ad that featured a stripper and male athletes dressed in sports bras. (Company founder Phil Knight nixed the commercial.)

Officials at Nike's human resources department frequently ignored complaints, communicating that the women were the problem. At other times, they treated their concerns causally, as in the case of a woman who was asked to meet an HR representative at the company's café, a public open space. Offenders kept their positions and one, who was reported to human resources for berating women in meetings, was promoted. (The head of HR was let go after being accused of creating a hostile work environment.)

The boys-club atmosphere wasn't the only problem with Nike's corporate culture. Workers complained that it wasn't *what* you knew (your expertise) but *whom* you knew that was the key to success at the company. Mid-level officials bragged about being "Friends of Trevor" (FOT), the ousted exec who was slated to become the next CEO. Males inside this group saw themselves as rising stars; females and males outside the clique could expect to be passed over for promotion. Older employees complained of ageism, noting that senior workers were most likely to be laid off. Others spoke of being "fired by PowerPoint." When Nike stopped making golf equipment, employees came to a meeting where their names appeared on a big screen telling them to go to different rooms where many were let go.

The executive purge was part of CEO Parker's efforts to address Nike's broken culture. In a memo to staff, he noted that complaints had identified behaviors that "do not reflect our core values of inclusivity, respect and empowerment."[1] He went on to declare that he was committed "to making a Nike a place where everyone can thrive in an environment of respect, empathy, and equal opportunity for all."[2] In a company-wide meeting the CEO apologized to employees for allowing a culture that excluded some workers while failing to take their complaints seriously. He pledged to foster an atmosphere of collaboration, where "every voice is heard, not just the loudest."[3] Two women were named to succeed departing male executives and the diversity and inclusion office was elevated to a C-level position. The company revised its grievance reporting systems and

pledged to be more transparent about its diversity results. Ten thousand managers must now undergo diversity and unconscious bias training. An initiative has been launched to improve diversity in hiring. Mentorship programs for women will be developed. (Currently, while nearly half of all staff are women, they make up just 29% of company vice-presidents. Only 16% of those serving as vice-presidents are non-white.)

Eliminating the boys-club culture will be critical for the company's future. Nike set an ambitious goal of increasing revenue from $36 to $50 billion by 2022. Meeting this objective depends in large part on selling more products to women. Yet, sales to women have faltered. Some employees believe that the company's male-dominated culture and lack of female leadership have hindered its outreach to female consumers.

Notes

1. Abrams, R. (2018, March 8). Second top Nike executive departs amid complaints of workplace behavior. *The New York Times*.

2. Germano, S. (2018, May 3). Nike CEO apologizes for corporate culture that excluded some staff. *The Wall Street Journal*.

3. Low, E. (2018, May 9). Here's what Nike execs were getting away with as bullying culture ran deep. *Investor's Business Daily*.

Sources

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Creswell, J., & Draper, K. (2018, May 9). Nike exodus of managers grows to 11 after inquiry. *The New York Times*, p. B1.

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