
Lessons from the Founder of Nike

In the 1970's a group of eccentrics created one of the most powerful companies and recognisable brands of our times - Nike. How did they do it? Co-founder Phil Knights highlights several factors behind Nike's success in his book titled [Shoe Dog](#). Below are three of the book's key lessons. Perhaps unsurprisingly these apply not only to keen entrepreneurs but also to aspiring investors.

Lose Fast but Small

Phil and his crew were never afraid of failure. They wanted to fail fast and learn as quickly as they could from their mistakes becoming better at what they were doing.

Most people fear failure not recognising that it's an essential component of personal improvement – when we fail we learn. Importantly, though, as Nike's founder points out, it's crucial to fail early, when the stakes are low and there is not much to lose.

This reminds me of when I was a university student reading about value investing while buying my first stocks. In an industry where being right only [six out of ten times is considered good](#), mistakes are inevitable. And I made plenty of them.

Notably though at the time I was only investing a few thousand dollars. And while back then this was a large part of my savings, the value of what I learned from those early mistakes far outweighs that of the losses.

So, if you are interested in investing on your own, the lesson here is to do it as early as possible and by starting small. This would give you plenty of opportunities to learn from mistakes without jeopardising your future financial situation.

Leverage What You Already Know

During college Phil was a track runner competing for the University of Oregon. His coach was the legendary [Bill Bowerman](#), a pioneer of athletic footwear design. Phil went on to graduate from Stanford's business school writing his thesis on the future of sport shoes manufacturing. He lived and breathed shoes. So it's not surprising that his entrepreneurial efforts turned to this industry.

While ultimately there are many other factors, including luck, that contributed to Phil's success, his intimate knowledge of the product supported Nike against early competitors. Similarly to going into business, investing is a competitive endeavour. To earn better than average returns investors need an edge over the others.

Starting out, this might sound daunting. But you probably already know more than you give

yourself credit for. While eventually only hard work will allow you to understand multiple industries and companies, at first, it's important to leverage the skill set that you already possess. What I am referring to is that knowledge accumulated over the years as a result of your studies, travels and interests that is unique to you.

For example, when I joined Forager about four years ago I was hardly a seasoned investor, but my Italian background combined with my family history in manufacturing proved useful when analysing small European industrial stocks for the [Forager International Shares Fund](#).

Ask for Help

Phil recognised early that he couldn't build his dream company alone – he needed help. When he didn't know something, like how to do business in Japan, he would always seek help. If neither Bowerman, his father, his wife or crew could help, he would then hunt down the right person. This willingness to ask for help played a crucial role in fast tracking Nike's growth.

Phil also turned to books for help. And this, at least in the early years, is something that permeated throughout his company. Jeff Johnson, the first employee and a long term executive at Nike, was famous for reading even during animated team discussions. Importantly Phil read broadly, not just about his industry, often finding solutions to problems drawing on the words of classical authors and war heroes.

In the investment world learning from others is essential to speed up one's ability to develop sound investment cases. And books are probably the cheapest form of help available to anyone. It's not by chance that Warren Buffett credits many of his great decisions to his voracious reading habits.