Module 2. Product and services plan execution

Developing the Product Management Plan

Every sport organization is uniquely positioned as they are able to offer products and services that the sport consumer has a deep connection with. These products and services have the potential to change the consumers' lives in significant ways and give them lasting memories with the potential to last a lifetime. It is the job of the sport organization and its executives to ensure that their products and services provide long-lasting value and positive experiences. It is because of this potential deep connection that the sport organization has a tremendous opportunity, as well as a responsibility, to ensure that their products and services are provided in a first class manner with such a standard of excellence that they will reside permanently in the sport consumer's mind. The only way to deliver consistent results and have a sustainable growth model for your sport consumer is to have a structured planning and execution process for your products and services. Now that we have established the realms in which each responsibility lies, we will proceed to look at the pre-planning phases needed before a product management plan is created. We will also look at the relationship between the consumer and its value to your sport organization. In the module that follows, after having gone through these techniques and tools, we will then look at the product management plan to see what will work within the sport industry, as well as some tips and guidance from industries known to have had tremendous excellence in execution when it comes to product management. When analyzing these techniques and tools, it is important to realize that every sport organization is different and has different roles, resources and assets to allocate to the product management process. By tailoring these techniques and tools to your individual situation, you will be able to implement proper practices that will greatly benefit your organization and the sport industry as a whole.

2.1.1 Pre-Planning Phase

During the pre-planning phase of the product management process your sport organization will have to answer some important questions in a broad sense regarding certain strategies of your organization. The three questions that every senior sport executive and their sport organization need to ask themselves when heading into the product management phase are the following:

- Where are we now?

- Where do we want to go?
- How do we get there?

By providing an answer to these three questions, your sport organization will be able to determine a number of essential factors that will play a key role in developing the product management plan. Keep in mind that the work done during these phases will not be used for only one individual product or service, but it can be applied to the whole product portfolio. That application to the product portfolio can be thought of as laying the solid foundations upon which a house is to be built.

2.1.2 The SWOT Analysis

Where Are We Now?

The first question any organization has to ask itself when embarking on a new journey is where they are now as an organization, and what the characteristics of the organization are at this current moment in time. We will first look at a few key factors of how to do this from a three-tiered level approach that will be mainly focused on marketing, finance and operations. The marketing approach will be focused on the areas determined by the SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis. This analysis will be done at organizational level instead of doing it at the more common practice of the individual department or product level. When putting together a marketing plan for an individual product, it is necessary to carry out a SWOT analysis pertaining to that individual product. This SWOT analysis will be focused on the broader sense of the organization because, as mentioned before, this pre-planning phase will be something that can be used on multiple products and services. A SWOT analysis of an organization is carried out by looking at the Strengths, Weaknesses, Opportunities, and Threats of the organization as a whole. This is usually a job done by one or more people within the organization, and it involves a substantial amount of time and energy as it analyzes factors both internally and externally. The example below shows a SWOT analysis of Nike, one of the top sport organizations worldwide in terms of offering a multitude of sports products and services. It is important to note when looking at this SWOT analysis, that it is based on the organization as a whole and not on one specific product or service as mentioned before.

2.1.3 Examples and Cases

SWOT Analysis of Nike

Nike's Strengths – Internal Strategic Factors

1. **Strong Brand Awareness** – Nike is one of the most recognizable brands in the world as its name alone is memorable, easy to pronounce, and very unique. Its swoosh symbol is easily recognized by everyone. Nike has **captured approx. 31%** of the global athletic footwear market.
2. **Huge Customer base** – Nike has millions of customers from around the world who loyally follow Nike's trends, participate in Nike events, and even provide customer feedback. Due to its huge customer base, Nike's market cap has grown to **$115.19 billion** as of 2018.
3. **Aimed For Sustainability** – Nike's CEO Mark Parker has addressed that they will continue to acknowledge the environmental issues in the communities. The CEO ensures that Nike will help to contribute in finding a solution against these environmental issues.
4. **Iconic Relationships** – Nike's long-term partnership with Michael Jordan has proved to be beneficial in terms of sales for the company. Their collaboration resulted in "**Air Jordan 1 Shoes**". Additionally, Nike teamed up with the famous basketball player to help design the "Air Jordan 1 Shoes".
5. **Side Brands** – Nike's ability to maintain and enhance its side brands has enabled it to enjoy unparalleled success for decades.
6. **Low Manufacturing Cost** – Most of Nike's footwear is manufactured in foreign countries. In the year 2018, Vietnam produced 47%, China produced 26%, and Indonesia produced 21% of total Nike's footwear. Other operations are in Argentina, Brazil, India, Italy, and Mexico.
7. **In-house Professionals** – Nike has a team of professionals that design its shoes and other athletic accessories. Nike believes that their business has flourished due to the thorough research that is conducted for each product.
8. **Superior Marketing Capabilities** – Nike has excellent marketing campaigns. The brand heavily relies on digital marketing. In the year 2016 and 2017, Nike spent $3.2 and $3.3 billion respectively. The brand has successfully utilized social media and marketing campaigns to target more customers.

Nike's Weaknesses – Internal Strategic Factors

1. **Poor Labor Conditions in Foreign Countries –** In the last 20 years, Nike has been consistently targeted regarding their poor labor conditions. These issues include child labor, low wages, and horrific working conditions that were deemed "unsafe".
2. **Retailers Have a Stronger Hold –** Nike's retail sector makes Nike weak due to its sensitivity against pricing. About 60-70 % of

Nike's stocks are sold directly to retailers. With retailers serving as their core customers, Nike does not put up a fight against their pricing structures whatsoever.

3. **Pending Debts –** Although Nike's income statements prove to be prosperous, a quick glance at their balance sheet could paint a different picture. Nike is still facing financial threats. Currently, they have a total debt of $3.49 billion.
4. **Dependency on US Market –** Even after having established itself globally, Nike still relies on the U.S Market in terms of sales and revenue. In the year 2018, about 42% of Nike's sales came from the U.S, while the rest of 58% came globally. Despite its fame, Nike depends on the U.S for substantial sales and growth.
5. **Lawsuits:** Four former female Nike employees filed a class-action lawsuit against the company in August 2018. According to these women, Nike has a toxic company culture for women. The women filed their case against the sportswear company claiming that the company violated the **Equal Pay Act**. The women said the company engaged in systematic gender pay bias where men were paid more than women for the same amount of work.
6. **Sexual Harassment:** Former female employees also pointed out that sexual harassment and misconduct was very common in the company. The New York Times conducted interviews with 50 former and present Nike employees to investigate the company culture. Through the interviews, it was established that Nike did have a toxic working environment, where sexual misconduct was rampant. Multiple female employees reported that they had complained to the HR but saw no action being taken from their part. The women were left devastated and felt unsafe while working at Nike. Some even left their jobs. The entire **controversy** has significantly affected the company's image.

Nike's Opportunities – External Strategic Factors

1. **Emerging Markets –** Although Nike already has a presence in many foreign countries, there is still plenty of opportunities for Nike. This is because external markets like India, China, and Brazil are gradually flourishing.
2. **Innovative Products –** Although Nike has produced many products, there is still a lot to innovate. Nike has extended its reach in technology in association with fitness and health. Products like **wearable technology** that monitors physical activities, is the first step in building innovative technology products. Combining technology with athletic wear can prove to be beneficial as it is an aspect of the fashion industry that **still hasn't been explored** much.

3. **Efficient Integration –** The supply and production of Nike's products depend on independent manufacturers. The brand can either acquire a few of these or make some of its own for a more efficient and streamlined supply chain.

Nike's Threats – External Strategic Factors

1. **Counterfeit Products –** Counterfeit products can significantly affect the revenue and reputation of Nike. The company deals globally and the risk of counterfeit products has become higher. A number of merchandisers and retailers offer counterfeit Nike products at lower prices. The low-priced products are made from low-quality materials but still have the Nike label. This can **tarnish the image of the brand** as the customers might feel that Nike has started producing products that have low quality.
2. **Increased competitive pressure** – Although, Nike is a dominating the athletic industry, competition, and new emerging brands are still potential threats to the company. With higher competition ratio, Nike has to spend more money on marketing and advertising. Nike spent almost 3.5 Billion dollars specifically on marketing in 2018. To overpower competition, Nike's safest bet is to design innovative products that are tailored according to the needs of athletes.
3. **Marketing Budget Pressure** – Companies like Under Armor and Adidas are spending more on marketing and advertising campaigns, increasing the pressure on Nike.
4. **Currency Foreign Exchange Risks –** Since the brand operates globally, it is affected by fluctuating foreign exchange rates. Nike reports its financial earnings in U.S dollars. This affects its revenue as the U.S dollar is exposed to volatility against other financial currencies.

Final Thoughts

The year 2018 proved to be successful for Nike. Although the brand is still in debt, the next few years look promising. Looking at the growth charts and comparing to 2009, Nike has grown exponentially in the last decade.

From releasing new product lines to building new brands, to outsourcing, and establishing a global presence alone is an extraordinary achievement. Through this SWOT analysis of Nike, you will be able to understand the business model of the brand. ("Nike SWOT 2019 | SWOT Analysis of Nike", 2019, https://bit.ly/2YjgiHe).

When looking at the organization as a whole, it is also a useful tool to use what is referred to as a PESTLE (Political, Economic, Social, Technological, Legal and Environmental) analysis. This considers the Political, Economic, Social, Technological, Legal and Environmental factors facing an organization. Some view this tool as a more thorough and broad analysis when looking at an organization. Whether looking at a SWOT analysis or a PESTLE analysis, an overview of the broad organization must be done to ensure the organization is answering the question of "Where are we now?".

2.1.4 Performance Indicators

Once the SWOT analysis of the organization is in place, the company needs to address some of the financial health issues of the organization. It is common practice and essential to have a strong base of analysis and KPIs (Key Performance Indicators) to determine the financial health of an organization when addressing the current state of the organization. The financial metrics are an essential step in the product management process. This is because every sport organization must be deeply steeped in the KPIs not only of the products and services it offers, but of all the aspects of the organization. The reason these KPIs are so essential is because they will determine the strategic planning processes, the resource allocation and the overall performance of the organization as it moves forward. Below is a lengthy list of KPIs that your organization should use and analyze when looking at its current state, as well as at that of the market. When looking at KPIs for an individual product or service, not all the KPIs are needed. But when you look at the organization as a whole, a much more in-depth and thorough list is essential to determine what is happening now and what is likely to happen in the future.

Cash Flow KPIs

1. **Working Capital**: Measures an organization's financial health by analyzing readily available resources that could be used to meet any short-term obligations.
2. **Operating Cash Flow**: The amount of cash generated by regular business operations.
3. **Cash Flow**: The total amount of money being transferred into and out of an organization.
4. **Cash Conversion Cycle**: Demonstrates the amount of time it takes for money invested in the organization to come back to the organization in the form of increased revenue.

Cost KPIs

1. **Total Expenses**: Consists of the total costs an organization incurs during a reporting period (including marketing, sales, and operations costs).

2. **SG&A**: The costs of operating an organization—including selling, and general and administrative expenses—are collectively referred to as SG&A.
3. **Sales Expense**: Costs incurred by the sales department—including salaries and commissions.
4. **Marketing Expenses**: Encompasses the total costs incurred by the marketing department, including advertising, salaries, research, and surveys.
5. **Customer Acquisition Cost**: The cost to acquire one new customer.

Debt KPIs

1. **Quick Ratio ("Acid Test")**: Shows the ability of an organization to meet any short-term financial liabilities, such as upcoming bills. Formula: ([Current Assets] – [Inventories]) / (Current Liabilities) = (Quick Ratio).
2. **Price-Earnings Ratio (P/E)**: An equity valuation multiple that compares an organization's share price to its per-share earnings. Formula: (Market Value Per Share) / (Earnings Per Share) = (Price-Earnings Ratio).
3. **Debt to Equity Ratio**: Measures how an organization is funding its growth and using shareholder investments. Formula: (Total Liabilities) / (Shareholders' Equity) = (Debt to Equity Ratio).
4. **Debt Level**: The amount of debt that an organization currently has.
5. **Current Ratio**: Measures the ability of an organization to pay all of its debts over a given time period. Formula: (Current Assets) / (Current Liabilities) = (Current Ratio)
6. **Bad Debt**: Debt that is not collectible, and is often written off as an expense.

Investment KPIs

1. **Savings Levels Due to Improvement Efforts**: Many organizations look at investing in improvements, or merging operations (or even companies). This KPI looks at the dollar value of the savings achieved as a result of these investments.
2. **Return on Innovation Investment**: Can be calculated by looking at the revenue from new products, or the number of new products meeting a revenue threshold. This is typically only reviewed by organizations that have created an innovation department or budget.

3. **Inventory Assets**: The cost of merchandise purchased or manufactured, but not yet sold, may be a good leading indicator of preparedness for growth or even slowing growth.
4. **Innovation Spending**: The amount of money that an organization spends on innovation. Some organizations have this budgeted as research and development, and others have different accounting terms. Ultimately, if you use this measure, you are valuing innovation as a key strategic thrust.
5. **Break Even Time**: The time it takes an organization to break even from its investment in a new product or process. If the costs are big up front, this measure can help you understand how long it will take to recoup these expenses.
6. **Percentage of Investment in…**: Used for measuring investments in different lines of business. You might measure the percentage of your investment in organic products vs. total investment in products overall. Formula: (Amount of Investment) / (Total Capital Spent) = (Percentage of Investment).
7. **Number of Key Capital Investments that Meet or Exceed ROI Expectations**: Can be based on the plan for investments, or on the results of past investments. Useful for organizations that invest in many capital projects.

Profitability KPIs

1. **Sales Growth**: The change in an organization's sales from one reporting period to another. Formula: ([Current Sales] – [Past Sales]) / (Past Sales) = (Sales Growth).
2. **ROI (Return on Investment)**: Shows the efficiency of an investment. Formula: ([Gain from Investment] – [Cost of Investment]) / (Cost of Investment) = (ROI).
3. **ROE (Return on Equity)**: The amount of net income an organization generates compared to the amount of shareholders' equity. Formula: (Net Income) / (Shareholders' Equity) = (ROE).
4. **ROA (Return on Assets)**: Indicates how profitable an organization is relative to its total assets. Formula: (Net Income) / (Total Assets) = (ROA).
5. **Return on Capital Employed**: Measures an organization's profitability and the efficiency with which its capital is employed.
6. **Operating Profit Margin**: Measures income after variable costs of production are considered. Formula: (Operating Income) / (Net Sales) = (Operating Profit Margin).
7. **Net Profit Margin**: The percentage of an organization's revenue that is net profit. Formula: (Net Profit) / (Revenue) = (Net Profit Margin).

8. **Net Profit**: The amount of money an organization makes after taking out all expenses and other costs. Formula: (Income) – (Expenses) = (Net Profit).
9. **Gross Profit Margin**: The percentage of revenue that is profit after the cost of production and sales is considered. Formula: (Gross Margin) / (Revenue) = (Gross Profit Margin).
10. **Gross Profit**: An organization's profit after the cost of production and sales is considered. Formula: (Revenue) – (COGS) = (Gross Profit).
11. **Economic Value Added (EVA)**: An estimate of an organization's economic profit.
12. **Average Capital Employed**: Shows profitability compared to investments made in new capital.
13. **Customer Lifetime Value**: The net profit an organization anticipates gaining from a customer over the entire length of a relationship helps to determine the costs/benefits of acquisition efforts.
14. (**Customer Lifetime Value) / (Customer Acquisition Cost)**: The ratio of customer lifetime value to customer acquisition cost should ideally be greater than one, as a customer is not profitable if the cost to acquire is greater than the profit they will bring to a company. Formula: (Net Expected Lifetime Profit from Customer) / (Cost to Acquire Customer).
15. **Human Capital Value Added (HCVA)**: By taking all non-employee related costs away from the revenue and dividing the result by the number of full-time employees, one can deduce how profitable the average worker in an organization is. Formula: ([Revenue] – [Non-Employee-Related Costs]) / (Number of Full-Time Employees) = (HCVA).

Revenue KPIs

1. **Sales Volume**: The amount of sales in a reporting period, expressed in the number of units sold.
2. **Sales Forecast Accuracy**: The proximity of the forecasted quantity of sales to the actual quantity of sales.
3. **ROI of Research & Development**: The revenue generated by investing money into research and development. Formula: ([Gain from Investment] – [Cost of Investment]) / (Cost of Investment) = (ROI of Research & Development).
4. **Revenue per Full-Time Employee (FTE)**: Demonstrates how expensive an organization is to run. Formula: (Revenue) / (Number of FTE) = (Revenue per FTE).

5. **Revenue Growth Rate**: The rate at which an organization's income is increasing. Formula: ([Current Revenue] – [Past Revenue]) / (Past Revenue) = (Revenue Growth Rate).
6. **Revenue**: The total income an organization receives. Formula: (Price of Goods) x (Number of Goods Sold) = (Revenue).
7. **Operating Income**: The profit from operations after removing operating expenses. Formula: (Gross Income) – (Operating Expenses) – (Depreciation & Amortization) = (Operating Income).
8. **Net Income**: The amount of sales after subtracting discounts, returns, and damaged goods. Formula: (Revenue) – (Expenses) = (Net Income).
9. **EBT (Earning Before Taxes)**: Shows how much an organization has made after considering COGS, interest, and SG&A expenses, before taxes are subtracted. Formula: (Revenue) – (COGS) – (Interest) – (SG&A) = (EBT).
10. **EBITDA (Earnings Before Interest, Taxes, Depreciation & Amortization)**: Measures revenue after expenses are considered and interest, taxes, depreciation and amortization are excluded. Formula: (Revenue) – (Expenses Excluding Interest, Tax, Depreciation & Amortization) = (EBITDA).
11. **Average Annual Sales Volume per Customer**: This is the average amount of sales per customer, expressed in currency. Formula: (Total Sales) / (Total Customers) = (Average Annual Sales Volume per Customer).
12. **Asset Utilization**: Total revenue earned for every dollar of assets an organization owns. Formula: (Total Revenue) / (Total Assets) = (Asset Utilization).
13. **Share of Wallet**: Measures the portion of a customer's total spending that goes toward the company's products and services.
14. **Earnings Before Interest and Taxes (EBIT)**: An indicator of a company's profitability with expenses removed and interest and tax excluded. Formula: (Revenue) – (COGS) – (Operating Expenses) = (EBIT). (Miyake, 2015, https://goo.gl/B6zx9s).

When you look at the SWOT analysis and the different KPIs relevant to your organization, the information obtained will tell you a great deal about where you are as an organization. Once you have established a good and clear sense of where you are, you will be able to break these KPIs down and apply them to many different parts of your organization. You will truly achieve a thorough organizational outlook when you consider the KPIs to address certain problems within individual departments, product families, personnel groups, and operational processes. By applying these KPIs on a macro level to your organization, as well as on a micro level to specific situations, the senior level management team will be able to make the decisions regarding what sport product or service you will be offering. Being able to use these tools in conjunction with different internal operational processes will help you determine the next step to take as an organization.

Product Portfolio Review

After the marketing, financial and operational metrics are provided and analyzed, it will be essential for the sport organization and its executives to have a product portfolio review. Although this review will be done using some of the same tools and techniques applied to the organizational level, in this instance, they will be applied to the individual products and services themselves. When looking at the product portfolio, the sport organization and its executives must look at the entire portfolio of its products as if it was a family intertwined together. The reason for this is that any asset or resource that is used for one product or service can significantly impact the performance of another product or service. Some of the key objectives of the product portfolio review process are as follows:

1) To ensure that the products and services being offered by the sport organization meet the needs, and are aligned with the objectives, of the strategic plan for the organizational mission. Although it is good to have these missions and objectives set by the high level executives and stakeholders, there is always a need to have a checks and balances system in effect to ensure that the product portfolio does not veer away from the original mission and plan of the organization. Sometimes organizations will get caught up in the hype and profit of a specific line of products and services that are performing well. Although it is both the product manager's and executives' dream to have highly performing products, a portfolio review process in place ensures that these are completely in sync with what the organization is trying to accomplish in the long term. Short-term profit is good, but not at the expense of the organization's long-term mission and objectives. This is an important aspect to remember for the sport executive, as they must always be disciplined in order to stay true to the core values of the organization, even though this might be hard at times.

2) Every product within your portfolio has different characteristics and qualities that will be present, especially when laying out the product management plan and the marketing plan for each of them. Because of these differences, the product review is meant to show how that specific investment is performing over time. Some products are meant to be regarded as a shorter-term product or service, and in contrast, some others are meant to become longer-term investments. Also, while some products are considered to be high risk to the company, some others are regarded as steady, low risk investments. Along these same lines, products and services will differ in the amount of resources allocated to each of them. In this case, some products and services will be resource heavy, while others might be resource light. The product portfolio review accurately tells you whether or not these specific products are truly being executed in the manner that was set in the original product roadmap and plan. If they are not and have veered off their original course, the product manager and high-level executives need to ask themselves a few questions, such as the following:

- Why has this product veered off course?
- Do we like the direction this product has now?
- If not, how can we change this product's direction?
- Do we want to continue with this product in its current state?
- Have any additional opportunities arisen because of this change of course?

Asking themselves these questions, and having the data necessary to answer them, will be the key in determining whether these products and possibly your organization's product portfolio will move forward. Without an in-depth and thorough product review process these questions will never be asked. Never asking these questions could result in failure because the product solutions that could arise out of asking them could never be implemented.

3) The third objective of a product portfolio review process is to come up with a direct solution regarding where the organization's resources are heading and where you might want them to go in the future. As you have a certain amount of resources and assets to invest in your organization, the product portfolio review process will provide you with the operational efficiency and fiscal responsibility needed for successful product management.

4) The fourth objective that we will consider during the product portfolio review process will be unity among the products and services you are offering. Although this may seem like the process of determining whether or not the products are fulfilling and achieving the vision and goals established in the strategic planning process, it is slightly different because of the different outcomes that can be reached with the objective. This objective can determine whether or not your portfolio makes sense together. It can also provide changes and process improvements which can be realized when a common sense and organic view is adopted. During this process, you can look at different operational aspects to see if there is a way to combine cost-sharing and manufacturing for physical products. Another benefit of this objective is that, when you look at products, you may discover that two products having a similar demographic response can be marketed and sold together. This could reduce costs in many different ways when it comes to your external side of the organization. If you consider this within sport, you can see the different segments of sport coming together and the different professional services being offered by sport organizations. This is especially true when these decisions are to be made regarding brand expansion and what your organization wants the brand to truly be about. An example of these can be found in the brand expansion of apparel companies into high performance training centers, or the expansion of products by spectator sport organizations into different areas of professional services, education and media. With this globalization and maximization among the top sport organizations, there must be high level decisions to be made when it comes to what kind of company you are now, what kind of products you are offering, and where you want to go in the future.

Where do We Want to Go?

Having an idea of where you want to go as a sport organization is basically like having a roadmap of where the organization wants to be at certain periods of time. This is already established in the strategic plan as mentioned before in the previous module. Having this strategic planning process in place is essential because it will provide you with a general outlook about where your organization is going. With this strategic planning process in mind, and the research already done regarding where your organization is as a whole, the sport executive will examine the current product portfolio review mentioned in the previous part of the planning process. While looking at this current product portfolio, a good amount of research must be done of what is to be projected into the future. By determining the performance of these products, you will be able to look at existing products to lead you into a direction and determine where you want to go with new products. Both of these processes are essential to decide where you want to go forward as a sport organization. In order to have an accurate idea of where you want to go in relation to products and services, a series of projections should be made within the sales forecasting process.

Sales Forecasting

When considering the sales forecasting process, we will look at two wider realms of sales forecasting and the specific forecasting methods within them. The two forecasting realms we will look at will be Qualitative and Quantitative realms. Once again, both of these realms will be used for current products going forward, as well as for new products being introduced.

Qualitative – The qualitative method of sales forecasts uses the thoughts, feelings, and emotions connected to your products and services both internally and externally. Although it is very important to be essentially steeped in data and analytics with hard numbers and the quantitative forecasting methods –which we will discuss in a minute– it is just as essential to be in touch with the qualitative side. The reason for this is because sometimes the answer to your product and services solutions lies within the minds of others, and not necessarily in the numbers. The four methods of qualitative forecasting that we will look at will be:

- Executive Opinions,
- Consumer Surveys,
- Internal Personnel Surveys, and
- The Delphi Method.

Executive Opinions – Executive opinions are simply made up of the thoughts and feelings of the executives within your organization regarding how the past performance of the product and services will lead to its future performance. Although a quantitative part of this method is used by these executives and experts, it is often their opinion and experience what will be the key determining factor to go forward. A good example of this from outside the sport industry is the financial market and the performance of certain sectors and/organizations within that market. Even though the quantitative data may say that the past performance has been good, the future outlook for a sector, or an organization within that sector, may be negative. This can be based on data, but it can also be based on consumer feelings and perceptions of the market. This is also referred to as trend forecasting and it is made under the assumption that there is no guarantee of future results, but this is rather a predictor of what will happen based on the experience and knowledge of the executives and experts involved in the process.

Consumer Surveys – Consumer surveys are tools that can be executed through different methods which are a relevant indicator of what the true market feeling is toward a product or service when it is about to be released. These surveys will not only lead to different results about a certain product or service, but they can also be a good indicator of branding within your organization and the positioning of the organization and its products within the mind of the consumer. Although you may have differing, and widely varied results based on the different consumer types who are surveyed, you will be able to gain valuable insight and forecast what the product or service may need, and sometimes more importantly what it may not need, when it comes to new product development. This is also an effective way of learning what changes are needed to already existing products after they have been out on the market. For instance, when you see the quantitative numbers of product's performance, you may not completely understand the reasons why the product is performing in this manner. Having these consumer surveys will often lead to an important insight on the part of the sport executives and the organizations they represent.

Internal Personnel Surveys – Your external side of the company, and the sport marketer sphere which was referred to in the previous text, are also the ones who will know what products are actually working. These personnel will have their own reasons to explain why the products are, or conversely are not, working as well as they should be. By having the input of the internal personnel, you not only gain valuable insight into the consumer's feelings as the members of your staff are the ones dealing with the consumer the most, but you also may be able to gain process and operational improvements. This can be especially true when an organization is quite large, and the external sales force and the internal production side do not meet and/or communicate as much as they should. Many times, the ability to improve on your products and the product portfolio can lie within an organization. This demonstrates the essential need for the organization to have the ability to give the voice to the ones who are actually out there selling them. This is something more and more organizations are adapting to within the sport industry as well as many other industries around the world.

The Delphi Method – This method involves obtaining ideas and opinions of the industry and market experts outside of your organization, on an individual basis, to determine the output of products and services for the future. This method is akin to the saying "being too far in the forest to see the trees", which means you need to step back in order to gain a little perspective. As you are relying on two qualitative ways from the personnel within your organization, and though they have experience and expertise with your products, they may be letting certain factors about the organization itself, or their position within the organization, impact their true outlook. By having experts from outside the organization step in, you gain valuable knowledge that might not be obtained when the situation is observed from the internal side. Another aspect of the Delphi method has to do with gathering these expert opinions and thoughts on an individual basis, and not in a group setting. In group setting, there often seems to be a need and desire to reach a consensus. Often that group consensus is one that is determined by factors other than substantial evidence. By doing this individually, you may get multiple different outlooks based on different reasoning which will provide your organization with different aspects to consider and think about when going forward with your forecasting.

Quantitative – Quantitative sales forecasting is based on using hard numbers and historical figures to produce a result, or an output, for a prediction of what is in stock for the future of the product. Within the sport industry, some may argue that quantitative forecasting methods should be used for already existing products and that qualitative ones should be used for future products, but both methods can be used in different ways for each of these groups of products if used correctly. The two different types of sales forecasting to be considered within the quantitative sphere will be the time series method and the casual method.

Time Series Forecasting – Time series forecasting is done by using historical data and formulating it in such a way so as to produce the result of past performance and configure it to future results based on a set of standards regarding periods of time.

This is effective, but not everything depends on figures now that raw data cannot account for different swings within sales. These different swings can be such things as those due to a winning season, a certain controversy within the organization or seasonal swings of certain market factors. Even though this way of forecasting is used mainly for existing products, it still can be used for new products if your organization is willing to observe and analyze raw data from other similar products out in the market. When using the process of forecasting, the sport organization must keep in mind that it can be applied in various ways and also interpreted in different ways by the executives within different departments. Although having quality data is essential and necessary, there will always be a sense of looking at this as only one of the methods and not the only method to be used. The significant aspects that will be observed within this time series data and forecasting method will be any trends that may have developed over the time of the product, any swings related to those trends and variations in the market compared to those trends, and the individual products growth model within the portfolio.

Casual Sales Forecasting – When you look at the Time Series data way of forecasting, you are looking at the points along the historical data in themselves. The main characteristic of casual sales forecasting is that the sport executive and their organization look at the correlation of two variables, but in the way in which they relate to each other. The historical points are plotted alongside the data from the sales data of the dependent variables and the independent variables. At this point, a correlation is drawn to see what, if any, relationship exists and how such relationship can be examined to draw conclusions for future performance. This is often used by many organizations due to the fact that the organizational portfolios of products and services have many varying parts. The reason for this is because many times different dependent and independent variables are used to draw that into the equation of the products and services. Both time series forecasting, and casual forecasting can be used during the growth and maturity phases of the product for the sport organization.

Using these different forecasting methods constitutes an invaluable tool for your sports organization, and for all sport organizations, when it comes to product development, and product and service management. It is also something that can greatly impact the value of your organization in the eyes of the market in general, and also the share value of your company. Along with the internal sales forecasting numbers and outlooks projected by your organization, there will also be analysts outside of your organization looking at these numbers if you are a publicly traded company. Having posted public shareholder reports can influence the public's attitude towards a sport organization and also the insider's perspective. Below is a real-world example of how historical data sales and future forecasting impacted two of the biggest sport organizations worldwide when they had to use certain forecasting methods.

Nike sales, forecast disappoint as Adidas gains ground

Nike Inc's quarterly revenue growth and its forecast for future orders missed analysts' estimates, underscoring the sportswear maker's struggle to fend off competition from Adidas and others, especially in its home turf of North America.

Nike's shares, already the third worst performer on the Dow Jones Industrial Average with a 15 percent drop this year through Tuesday, fell another 4.2 percent to $50.85 in extended trading.

While Nike still dominates in North America, its biggest market, analysts have said it is losing ground to Germany's Adidas, and smaller domestic rivals such as Under Armour Inc are also making inroads.

"You are seeing more people moving towards Adidas," Edward Jones analyst Brian Yarbrough said. He said Adidas was "making a comeback" and some U.S. retailers were giving more shelf space to Nike's competition.

Nike's revenue in the fourth quarter ended May 31 was hurt by a strong dollar that ate into overseas sales. Clearing excess inventory in North America also hurt sales and margins, and is expected to dent the current quarter as well, Nike said.

While Nike noted the volatility in the currency markets after Britain's shock vote to leave the European Union, it maintained its full-year sales growth forecast.

Nike expects revenue to grow in the high single digits for the year ending May 2017. Adidas, by contrast, expects its full-year currency-adjusted sales to grow 10-12 percent, thanks in part to a busy sporting calendar that includes the Rio Olympics and the European soccer championship.

FUTURES ORDERS

Nike's orders for delivery from June through November in North America, a demand gauge it calls "futures orders", missed expectations, signaling slowing growth.

> Its futures orders in the region were up 6 percent at the end of the fourth quarter, while analysts were expecting growth of 9 percent, according to Consensus Metrix.
>
> Slipping demand for its basketball shoes hurt Nike's "futures orders", Yarbrough said. The success of Under Armour's basketball shoes endorsed by NBA star Stephen Curry have eaten into demand for Nike's, endorsed by Michael Jordan and LeBron James among others.
>
> Celebrity and team-endorsed products are big sales drivers for sportswear companies. Adidas has hiked marketing spending, particularly in North America, while Under Armour has benefited from deals with Steph Curry and golfer Jordan Spieth.
>
> Nike could benefit from higher demand for basketball shoes after LeBron James powered the Cleveland Cavaliers to their first NBA championship earlier this month.
>
> Nike's fourth-quarter revenue rose nearly 6 percent to $8.24 billion, while analysts on average had expected revenue of $8.28 billion, according to Thomson Reuters I/B/E/S.
>
> Sales in North America were flat, weighed down by a fall in apparel and equipment sales. Footwear sales inched up 2 percent.
>
> Net income fell 2.2 percent to $846 million. On a per share basis, profit was flat at 49 cents and a penny higher than analysts' estimates.
>
> Nike's gross margins dropped 30 basis points to 45.9 percent as higher average selling prices were more than offset by higher product costs, the inventory clearance and currency rates. (Patnaik, 2016, https://goo.gl/RFBdNY).

Depending upon the different needs, resources, and wants of your organization, you may choose to rely heavily on one way of sales forecasting over another. With that being said, it is essential to have the ability and means available to resort to all the possible resources when doing sales forecasting. The reason for this is because it is an essential part of the product and service management process within sport. The usual techniques used by an organization, and the necessary discipline to adhere to those techniques, will be the determining factors to define how successful an organization is when they are engaged in proper practice. Although leadership and senior level executives within your organization will have the final say regarding which methods are used for the organization as a whole, it is a value added benefit for you as a senior sport executive to be able not only to be familiar with all of the sales forecasting techniques but also to apply them in various models in your individual product portfolios. After evaluating the products with different forecasting methods, the organization and its trajectory will be decided by the organization's plan and the executives' decisions. It is by having this wealth of knowledge, as well as the organizational mission in mind, that the executives and leaders will determine where you are going. Once that is decided, you will need to know the answer to the question of "How do we get there" and who will help you get there. In the next module, we will discuss the development of the product management plan objectives and strategies as well as the qualities to be applied by the personnel that are going to take you there.

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