Nike CEO John Donahoe Suddenly Retires Amid Declining Sales

John Donahoe, the CEO of Nike abruptly resigns amid the declining sales. Elliott Hill, who left the company after Donahoe was appointed will return as the CEO.

Beaverton, Oregon Sep 20, 2024 (Issuewire.com) - On Thursday, Nike's board announced that its chief executive John Donahoe will be retiring. This retirement news came abruptly amid merchandising struggles and a falling stock price. Elliott Hill will be taking Donahoe's place. Hill was an executive who retired from the company in 2020 after Donahoe took charge. Now Hill will be returning to Nike as the chief executive officer next month. According to analysts, this shake-up in leadership could help the company return to what makes it special: an absolute marketing prowess, and product innovation.

Donahoe has been the chief executive officer of Nike since 2020. He has helped navigate the company through the disruption of the 2020 COVID-19 pandemic, supply chain bottlenecks, and the growth of e-commerce. However, he still wasn't seen as an innovator or a marketer, which are among the key qualities for a company like Nike, a combination of performance of style. On the other hand, Hill has spent more than 32 years with Nike, one of the most recognized show brands in the world. He started working at the company as an intern in 1988. He worked across departments during his tenure, both in Europe and North America. Before he retired in 2020, Hill oversaw marketing and commercial operations for the Nike and Jordan brands.

Analysts say that over the past few years, the show brand has become more concerned about building direct selling channels rather than developing new products. A retail analyst at BMO Capital Markets, Simeon Siegel said Nike's “magic” was the fact that it was the largest player in the category of sneaker shoes, where there was a huge marketing budget. “Nike is known for its storytelling. When the primary focus becomes ongoing direct as opposed to telling these stories, some of that magic falls behind” Siegel said.

The executive chairman of Nike, Mark Parker who served as chief executive before Mr. Donahoe said the board had conducted a “thoughtful succession process.” he called Hill the “right person to lead Nike’s next stage of growth,” in a statement. Following the announcement of Danohoe’s retirement and Hill’s return as a CEO, the shares of Nike jumped about 10 percent in aftermarket trading. The company’s stock has fallen 24% so far this year to about $81 a share at the close of Thursday’s session. It is well off its high of $177 that it hit in November 2021. A big part of these recent losses in the stock market occurred in one day in late June when the stock suddenly dropped 20% after the company surprised Wall Street analysts and investors.

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