

Cracking Apple's Success

Executive Summary

In this report the goal is to analyse Apple and determine which factors have contributed to its success today. This includes its organizational structure, management processes, business strategy, corporate culture and its product design process. The report demonstrates an analysis of the external environment and also discusses the future of Apple in the coming years.

In attempt to analyze the company's external environment we present Porter's 5 Forces Analysis. From looking into Apple's business strategy we conclude that continuous innovation is its key competitive advantage.

Apple has a unique culture which ensures the company's leading position in the market. Characteristics include top-notch excellence, creativity, innovation and secrecy. In the design process the teams are like 'start-ups' in a large organization and have a different reporting structure. The design process includes: idea generation, prototyping, creating mockups, creating Apple's New Product Process (ANPP) document, meetings, product testing, packaging and lastly creating Rules of the Road document. Apple has expanded its global reach by reaching suppliers globally to reduce trade barriers and take advantage of cheaper labour and resources. Apple's global outsource of labour and resources increased its total income 40% and declined external costs by 18% within a decade [17]. By expanding its reach to global market, Apple was able to access new markets and new customers. Apple also expanded its global reach by introducing online Apple store which ships internationally and physical retail stores worldwide [18]. Apple's international strategy is categorized as Global strategy of standardization which benefits Apple by cost reduction, improved quality of products, enhance customer preference, and increase competitive leverage [23]. The drawbacks to global strategy are increased administrative cost due to increased coordination and management which Apple has overcome by establishing subsidiaries in Ireland and Singapore to oversee operations in Europe and Asia and take advantage of lower tax rates [27]. Another drawback of Global strategy of standardization is failing to meet customers needs in different markets due to standardization of products [23].

The future of Apple seems to be full of innovation and secrecy. Apple surprised its customers with customized Apple Watch that connects users to their phones and measures their activities and workouts. Moreover, it has been rumored that Apple is possibly investing in the automobile industry (iCar) and that it has set 2019 as the target completion date. Apple and IBM partnership will revolutionize the workplace and change consumer experience globally.