

Apple Inc.

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Description of Apple

History

Apple Inc. was started by Steve Jobs and Steve Wozniak in a garage in Las Altos, California back in 1976. An angel investor by the name of Mike Markkula, a former executive of Intel provided the company with a \$250,000 investment to build the *Apple II* personal computer. Luke Dormehl the author of the video “The Apple Revolution,” explains, “this was Apple’s first breakthrough hit.” Sales grew from 774 thousand to 118 million dollars annually. Steve Wozniak resigned from the company in 1985 and Steve Jobs then became the main leader.

Furthermore, Andy Cunningham, Jobs former publicist, describes Steve Jobs as a person who was not always easy to be around, and who surrounded himself with people who he trusted. For example, his 100-person closed door group of individuals secluded from everyone else in the company (Films Media Group, 2019).

Steve Jobs recruited John Sculley from Pepsi Co to become CEO. The two of them did not work well together and competed against each other until, Sculley was able to convince the Board to get rid of Steve Jobs in 1985. Dormehl describes this move by Apple to be detrimental to the company. Don Strickland, a former VP of Imaging and Publishing at Apple explains, Apple’s market share went down to 10 percent in 1991 (Films Media Group, 2019).

The company gained excitement after Jobs was brought back to the company. After about 7 months Steve was able to fire the current CEO and take the interim title off his name (Films Media Group, 2019). The think different campaign was born, and Steve was at the heart of it. The iMac G3 made Apple profitable again. After losing nearly a billion in 1997, they posted a

\$309 mil. profit 1 year later. Everyone knows the story of how Apple continued world domination with the iPhone roll out, retail stores, and the App store.

Unfortunately, Steve Jobs was diagnosed with pancreatic cancer in 2003. In 2011 he announced he was stepping down from CEO and passed away 6 weeks later (Films Media Group, 2019).

Tim Cook took over as CEO and Apple became the most valuable publicly traded company.

Apple continues to grow in whatever business venture they decide. Their current products include the Mac, personal computers based on its macOS operating system, the multi-purpose tablet iPad, as well as a line of wearables like Apple Watch, home items like Apple TV or HomePod, and other accessories (What Competitors, 2020). There are probably many other opportunities for Apple, however, their decisions are in what they feel still allows other companies to succeed. For example, Apple could easily get involved in TVs, home appliances, and any software technology that is present in the Apple App store.

Mission/Vision

Apple's corporate mission is **“to bring the best personal computing products and support to students, educators, designers, scientists, engineers, businesspersons and consumers in over 140 countries around the world”** (Rowland, 2020). The key word here is “best,” Apple strives to be second to none.

Apple Inc.'s corporate vision is **“to make the best products on earth, and to leave the world better than we found it”** (Rowland, 2020). The vision shows the company is making strides to not just take resources from the environment but to do it in a sustainable way.

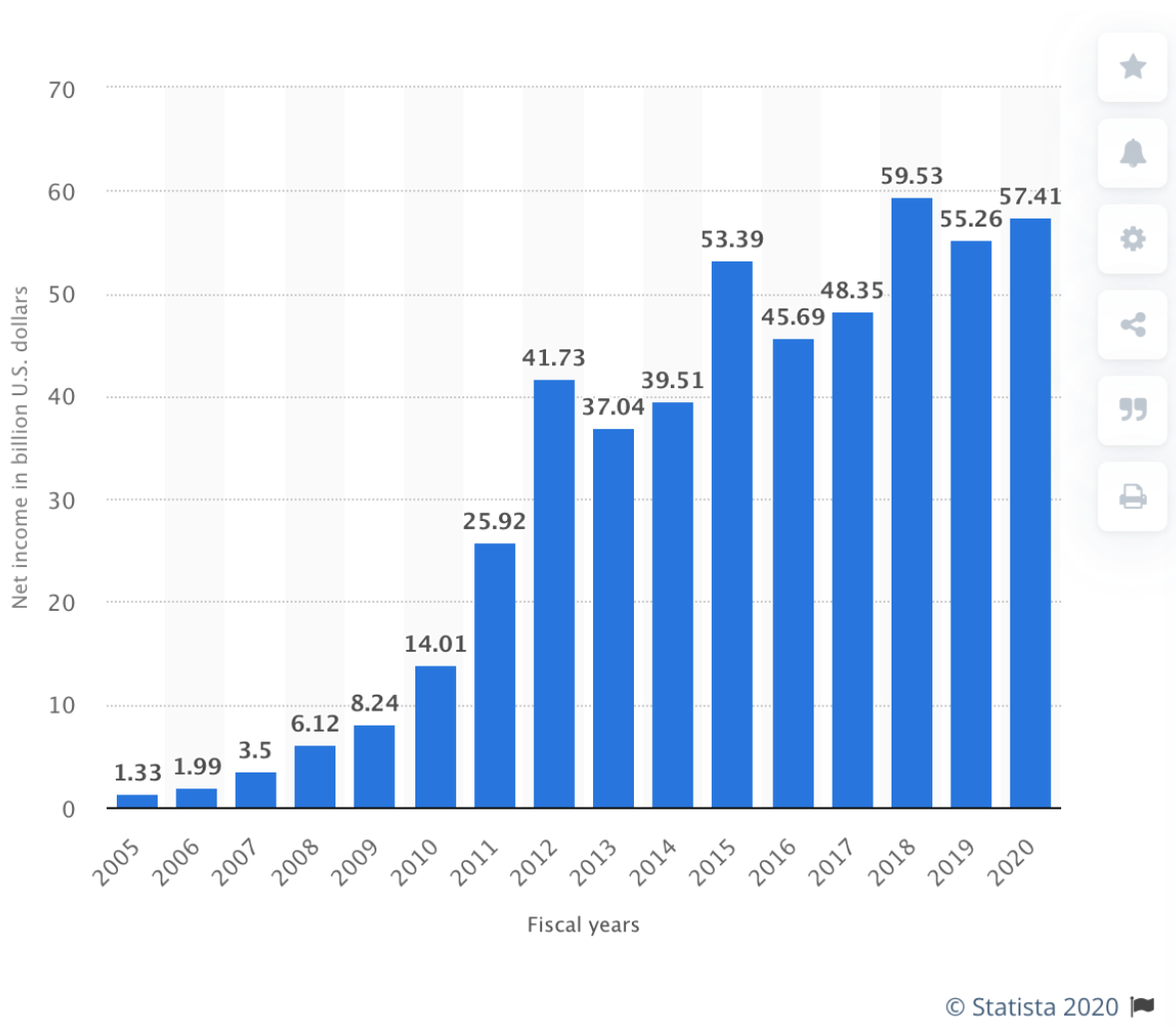
Competitors

Apple competes with numerous companies across the world. According to the website *What Competitors*, Apple's top ten competitors are: Samsung, Microsoft, Dell, Lenovo, HP, Sony,

Asus, Xiaomi, Huawei, and Oppo (What Competitors, 2020). The smart phone is the largest revenue generator for Apple, and some of these companies do not even have smart phones.

Instead, they compete in other business-like hardware and software.

Profitable/not profitable



SWOT Analysis

Strengths

The Apple brand and products are luxurious. After all, when a person uses a product like a phone or a computer every day, why would the device not be nice. It's not just their products, it's their packaging, stores and services that all resemble the same luxurious branding.

Apple is located all over the world. When working in a global environment in the multi-billions of dollars, this strengthens relationships across the board. At a minimum it's a topic of conversation for the leaders of our world today.

Apple does what they can to take care of the environment. Their products can be brought back to any Apple retail store and be recycled for free or a discount is applied towards the purchase of a new product. The Apple website states, "our products will be made entirely with clean energy by 2030. That means transitioning hundreds of our manufacturing suppliers to 100% renewable sources of electricity" [Apple.com 2020]. To give an example of how serious Apple is about "environmental stewardship", google images of their headquarters.

Patents are applied for in multiple countries to steer people away from infringing on their intellectual property. Apple Inc. leads the number of patents assigned in Silicon Valley between July 1, 2019 and June 1, 2020 at 1,996 (Downey, 2020). Apple understands the patent process and protects itself, in every shape or form available.

The supply chain of Apple relies heavily on third party companies and manufacturing in Asia. Supplier relations are based on strict control of product information, instant responses to new parts or product failures and a mandated two weeks of parts inventory within a mile of assembly plants in China (Montgomerie & Roscoe). This is a favorable business climate for Apple with the presence of similar-sized businesses, and the presence of companies in the same industry, and, in this case of an international location, the presence of other foreign companies (Jacobs & Chase, 2020 pg.459) After completion, products are shipped to a distribution centers in America and Europe for retailers to order (Montgomerie & Roscoe). These manufacturing, distribution and logistics channels are what Apple sees as the most effective way to run their operations—operations effectiveness (Jacobs & Chase, 2020 pg.29).

Another strength of Apple is their proprietary operating system, and programs such as the iTunes music/movie/TV store included with their hardware. More importantly, Apple was able to protect its integrated platform by refusing to open up the digital rights management (DRM) system, thereby enabling it to protect corporate knowledge on industrial design and user interfaces (Montgomerie & Roscoe). This allows Apple to keep more of its profits instead of having to pay licensing fees, like all of their competitors pay to Microsoft. By controlling the interface between its hardware and content, Apple was able to gain complete control of the multi-channel platform and realize the first opportunity to truly ‘own the customer’ (Montgomerie & Roscoe). This may be seen as a weakness, however, Apple does their part in the protection of third-party developers, musicians, actors and actresses, in the countering of piracy.

Weaknesses

Apple products are expensive and not everyone can afford to buy their stuff. The article *Apple SWOT 2020/ SWOT Analysis of Apple*, states, “The products are priced for middle and high-income consumers” (Business Strategy Hub, 2020). The strategy of Apple is to build a luxury brand and with that comes higher prices and this does not appeal to everyone.

Inside of schools across the nation and most likely the world, Apple, is not as prevalent as the other computer manufacturers. At the University of Colorado Colorado Springs (UCCS), the majority of the computers are Dell. The information systems classes are based on Microsoft programs as well. This may in fact be one of Microsoft’s greatest strengths because students learn Microsoft all throughout school. A school without Apple or Apple programming would also be a problem for a learning institution though.

Microsoft Office is far superior to any of the Apple programs offered, for example, excel. Apple users end up paying Microsoft for the use of their programs on Apple computers. However, this may still be an advantage, because users can use Microsoft products on Apple computers.

Opportunities

Privacy is something that Apple has marketed through their marketing efforts. Seems like a way to handle this situation would be to offer a product that connected to the incoming internet that would allow users through or deny them at the entrance. An alert or doorbell type sound could be sent to devices when people try to gain access. This type of enhancement would be extremely beneficial to anyone who wants to know who is accessing their network.

Artificial Intelligence (AI) is something Apple could focus more attention towards. In the year 2017, Apple acquired **Regaind**, a French AI startup and **DeskConnect**, an AI tool (Business Strategy Hub, 2020). This technology can help Apple users get more out of their products and continue Apple's appeal to customers. Further, this adds to the prevention of people wanting switch away from Apple. Maybe devices in the future can tell when a user is struggling at something and Siri can step in and show the user how to what she is thinking they want done.

Threats

Since Apple is a global company and even if they were not, they are at the mercy of what the government allows or does not. The company is subject to complex and changing laws and regulations worldwide, which exposes the Company to potential liabilities, increased costs and other adverse effects on the Company's business (Apple Inc., 2019). Any changes in these laws and agreements can significantly affect the price of doing business. Conversely, this can also decrease the amount of taxes the company pays out to the government. In a global economy, a company operating in a foreign country is at risk. Tariffs, and other regulations can have a

significant impact on the bottom line. The intelligent thing Apple did though was to manufacture in other countries while designing their products in California.

The Office Suite of Microsoft is amazing. If, Microsoft one day decided not to allow their Office Suite to run on Apple operating systems, sales would more than likely drop considerably, it could also be the other way around and Microsoft would lose out on Apple customers.

The main threats come from competing companies within the technology sector. Innovations of other companies can deter customers away from Apple. Much of this is done through lower price points for similar products. The answer to this threat is to keep improving the product line through research and development and do whatever the competition does better.

Operations/ Supply Chain Issue Impacted by COVID

Issue/background/length

COVID has led to shutdowns and quarantines experienced by Apple suppliers however things are starting to look promising. But Apple's supply chain is still far from functioning normally, as other countries around the globe where Apple's suppliers are located — like those in other parts of Asia, Europe, and the United States — struggle to contain the virus (Eadicicco, 2020). The article *Apple's supply chain still struggling to return to normal even as China recovers from the pandemic, report says*, shows that China reported no new domestic cases of the virus since the outbreak (Eadicicco, 2020). This report was published back in March of 2020, which shows China's approach to the virus is to remain functional, especially for a multi-billion-dollar empire — Apple Inc. However, with other country regulations, the supply chain is not operating the way it once was.

Here at home in the US, Apple retail stores have gone through complete shutdown, to allowing some customers followed by currently looking like a bank. Customers are received by

appointment only, the stores have been re-organized to waiting lines outside, with social distancing and glass barriers set up between three company representatives and three customers at a time, all six feet apart.

This issue of COVID has taken place since March when the US first received a cruise ship on TV, carrying infected patients, that docked in California. Aside from this cruise ship, people are constantly traveling back and forth from San Francisco to China.

Critique of Apple's Approach

What Apple has done well at is, they have followed all government regulations, and ensured the safety of their customers. The company was innovative in the way they designed their queuing system. They **segmented** their customers by *genius bar and pick up*. Security is outside and directs incoming walk -ins on the process of being taken care of. Customer service over the phone is **friendly** and ordering online has the addition of time slots (**what to expect & slack periods**) to pick up or options for direct shipment. The customer's **attention** is diverted to the comfort of their own home (Jacobs & Chase, 2020, pg.212). This is exactly what banks do.

What did not go well, is not everyone wants to shop online and the attractiveness of their retail stores and their face-to-face interaction with the customer was minimized. One would have to assume, Apple lost out on a lot of customers that were unwilling to follow the rules or go the extra mile.

Apple has done and will do a tremendous job of following the rules and innovating the process.

One thing that they could have done better is set up their stores online to allow customers to walk around the store by the click of a button, much like how Google Maps works. They may have been able to even come up with a virtual reality program or *Face Time* interaction system where the customer interacted with store representatives, they are familiar with seeing, all while in the

safety of their own homes. Then they could probably of sold this technology to the mass retailers across the globe. Who knows, this might still be an option or an additional option for future sales going forward.

Lastly, I am sure Apple is doing this but offer as much support to the leaders of our world in the opening of our nation, even if that means working with Bill Gates and the Vaccine companies.

In sum, Apple is a tremendously wealthy company with luxury products and checks all the boxes when conducting business. Doing a SWOT analysis on Apple, shows how dedicated the company is to build their brand. Just when someone thinks there is an opportunity, a weakness or even a threat, it is apparent Apple has done their homework and “thought of it” and taken care of it, or one of the third-party developers has “thought of it” and taken care of it. Their App store enables people to dream up whatever they desire and make it work on Apple devices. COVID is something the entire world is dealing with and Apple is following the rules and making sure safety comes first. COVID is on its way out with the vaccines arriving.

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