

Innovation of apple

Technology, Innovation



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This article contains four main sections; in the first section, the characteristics of innovation Company are defined, mainly the ideas which follow Barry, John and Richard, 2011 and the overview of Apple Inc innovation would be evaluated based on the factors found. In the second section, the affecting factors in management (Amabile, 1998) and climate (Ekvall, 1996) based on Apple Inc would be discussed.

Hence, two innovative companies such as HP and 3M performance would also be brought out . These three companies would be identified according to the three strategies suggested by Barry, John and Richard, 2011. Moreover, four actions framework from Kim and Mauborgne, 2005 would be analyzed with respect to one application from Apple --- “ Siri”. Finally, recommendation would be made for future development and challenge especially since the key man [Steve Jobs] passed away in 2011. 2. Content 1. Executive summary2 2. Content2 3. Introduction3 4.

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3. Introduction Among the enterprises pursue innovation, Apple Inc is recognized as the most successful case. In 2011, Barry, John and Richard, 2011 conducted the survey and concluded that Apple Inc is the most innovative companies worldwide and the Exxon Mobil Corporation has been replaced by Apple as the most valuable company in the U.

S by market capitalization. Always there is a misconception for most people, as heavy investment is the fundamental requirement to be the most innovative company. However it was found that Apple spend only around 2.7% of revenue annually on R&D, comparing with Microsoft whom spend 14% of revenue, there is a big gap. It implies that the findings from Barry, John and Richard, 2011- spending more on R&D does not necessary drive results, the most crucial factors are strategic alignment and cultural influences that support innovation.

Therefore, this article mainly focuses on managerial practices, such as organizational and environmental support, rather than how the investment was allocated. In the article of Barry, John and Richard, 2011, the innovative organization should focus on innovative strategy, effective overall business strategy, deep customer insight, great talent and the right set of capabilities to achieve successful execution, all of these factors are critical when identify the way of Apple Inc in performing innovation.

Simultaneously, creativity is the inspiration of organization and it is easily affected by management and cultures. Two more innovative companies would be analyzed based on Amabile, 1998 and Ekvall, 1996, Apple would be defined as need seekers and technology drives based on Barry, John and Richard, 2011. Innovation would be resulted as strong identification with customer experiences and passion for products; this would drive the products with superior performance and quality.

After the management and culture of Apple Inc is analyzed, one product – Siri would be taken into account to show the result of innovation based on the four actions framework suggested by Kim and Mauborgne, 2005. Although

Apple Inc stands for the top innovative company, it is essential to review the strategy and make change especially when top management is altered. 4. Five elements of innovative company – Apple Inc In the article of Barry, John and Richard, 2011, it is clear that innovation is not determined by the amount on R&D spending, the most vital factors are strategic alignment and cultures which support innovation.

In this section, five elements issued by Barry, John and Richard, 2011 would be studied. Focused innovation strategy of Apple would be started from the key element in Apple's approach to innovation (Walter, 2011), focus on where you think you can make a significant contribution recognized and it was further confirmed by Steve Jobs when he returned to Apple in 1997, Steve cut the unnecessary product line, minimized the number of developing products from 15 to 4.

At that moment, only one or two new products were limited to launch into the market annually, it attempted to obtain the team power to concentrate on specific products development. Besides Apple Inc which only heavenly focuses on design and development, all the component and product assembly are outsourced, where it needs to share the profit with the supplier and the vendor, but Apple inevitably takes the largest portion.

Effective overall business strategy is the combination of effective resources allocation and business model, Apple Inc, not like other electronic device companies, it is the pioneer to perform value chain integration. In the figure of Apple, 2011, it showed that only 40% of revenue is generated from the consumer electronic products like iphone and ipad, the large portion are generated from the Apps store and advertising agent. This means that the

business model is no longer relied on buy-off product; it keeps the financial stability by ongoing sales from Apps store and advertising agent platform.

The crucial point for Apple is that they do not need to invest tremendously on platform development as they are run by users and new apps are not developed by Apple itself but it shares the profit. This overall strategy is effective and sustainable to the whole group. Deep customer insight is defined as customer relationship quality, in other words, it is determined by products and services where customer orientated. One of the innovation strategies from Apple was customer eccentric; end users can not realize the needs until the products of Apple launched.

The structure of the products chain is constructed by end users plus application, users get the electronic hardware from Apple which allows them to share and personalize their software of products through the Apps store and iTunes, and this also helps the group to diversify the income base. Moreover through the breakthrough of mp3 and Discman player, it is easy to observe that Apple products like ipod and iphone, the feature is user friendly, such as users are easily to find the particular song within a minute among 1, 000 stored file.

Furthermore, looking at the environment Apple store, it successfully created a fairly comfortable atmosphere for customers, where a number of well trained staff would solve whatever problems from the products and always equipped with well manners and technical support. Great talent in Apple Inc could be said to be influenced by the company key man – Steve Jobs, it is the dedicated person who make Apple as an icon of innovation. According to

Purkayastha and Syeda Qumer, 2011, most of the decisions of product development came from Steve.

Also he inspired every staff in Apple to design and develop the products by thinking differently and create an environment in which the people working in Apple would believe that they are better than the rest (Purkayastha and Syeda Qumer, 2011). In recruiting staff, Steve put a large effort and resources on selecting the most outstanding talent on hardware, software, design and management. In the mind set of Steve Jobs, he believed that hire people who want to make the best things in the world and innovation comes from passionate, dedicated people.

Indeed, there is no specific R&D team in Apple Inc, all the development is based on objective orientation, featuring the right person and forming the team. The right set of capabilities to achieve successful execution, although there is no variety product from Apple, but it provides a total package to the customer. Apple has all self owned necessities in the execution which is included but not limited to electronic device, operation system development (iOS) and itunes platform with alliance with media company and apps developer, Apple does not need to rely on another company on the operations. . Creativity The presence of both individual and organizational creativity mechanisms led to the highest level of innovation performance (Sundar and Anil, 2000), it is essential to investigate the creativity in Apple, there are three components of creativity suggested by Amabile, 1998, they are expertise, creativity thinking skills and motivation. (i) Expertise means every professional knowledge that people acquired and perform in the duties.

Information technologies is the main core of Apple, hire people who want to make the best things in the world is one of the key elements in Apple approach mentioned at Walter, 2011, it implied that there are many experts in Apple. Apart from I. T and design area, Apple also provides corporate service to different industries; the team of consultant is required to have a variety of industries knowledge in order to offer the total consultative solution in different area to different types of customer. ii) Creativity thinking skills are defined as the flexibility and imagination of people to solve the problems, many Apple products are originated from another companies, like ipod, the idea was come from Tony Fadell (Ping and Yuan-hong, 2012), after the modification of design with creativity thinking skills, the outcomes equipped the pocket size devices would be store 1, 000 songs and quick search function that is far advance than other type mp3 players. (iii) Motivation drives people to behave actively toward a desired goal and initiates, controls, and sustains certain goal.

Apple attracts and retains employees in part owing to the benefits, or expected and non-performance related incentives, it offers, such as product discounts or insurances, executives are rewarded by giving them a recognition bonus of 3 to 5 percent of their base salary. 6. Managerial practices and organization climate for creativity In Barry, John and Richard, 2011 findings - spending more on R&D won't drive results; the most crucial factors are strategic alignment and a culture.

Inevitably, managerial practices affect creativity of whole organization, per Amabile, 1998 suggested that six general categories are challenge, freedom, resources, work-group features, supervisory encouragement and

organization support. Apple Inc would be analyzed together with two more innovative companies in order to obtain a better understanding on the way management of Apple encourage and develop innovation within the organization comparing with another innovative companies. | Apple Inc| HP| 3M|

Challenge| Apple followed 10: 3: 1 approach, 10 entirely different mock up of the new design is required to provide by designer, only three designs would be selected, then engineer would work on the designs before the final stage. Although the process is harsh and consuming, Steve Jobs would drop all the finished concepts at very last minutes. | Researchers are not limited to work in R&D area; they can work across the different team and department on variety of projects like engineering and marketing team. Under the performance rating system, the salaries of individuals are determined by comparing with their peers performance. Salaries and promotions are tied to the product's progress, for any new product, when the sales grow to USD5M, the product's originator becomes a project manager, at USD20-30, a department manager, in USD75M range, division manager. 25% rules introduced: A quarter of division's sales come from the products introduced within the past five years. | Freedom| There is no restriction in the brain storm meeting, team member of development team is free to express their creativity then pass the proposal for further investigate on the feasibility and effectiveness. The management philosophy of HP is mutual trust and respect for individuals, everyone can make decisions on almost everything idea which related to their research work. Staffs in HP lab have flexible working hours. | Staffs in 3M tend to be self-policing. There is no restriction for the

staff moving from one business to another. | Resources| | Diversity network associations offer employees an opportunity to engage in professional support and networking activities. | HP invest a lot on its R&D section and put R&D as the centre of business.

The resources are come from HP Labs Bristol and their big partner like UK government. It provides advanced office building and world class facilities for research staff to perform their technological work. The researcher would grant special research funds to set up new projects | USD 50, 000 would be granted for the project pass the idea stage, a panel of technical experts and scientists awards as many as 90 grants each year. | Work-group features| Apple worked on the concept of informal corporate culture flat organizational structure is established.

No matter the job post is high or low, they share the same open spaces for creativity. | HP lab consists of many small units, individuals take responsibilities and work together as a team. The lab operates a flat organizational hierarchy, only three layers of management, scientist, manager and director. | Every division are kept small, on average about USD200M in sales| Supervisory encouragement| Management in Apple especially Steve Jobs created an environment in which employees were encouraged to believe that they are better than the others.

The employee also would gain the benefits in the coaching and mentoring arrangement. | With the trust and respect philosophy, the staffs do not have much interference from management and only simple regulations in the HP lab. Senior researcher would be assigned as a mentor for the new comers. Supervisor is easily be found in HP lab as they would participate in the

regular coffee meeting and spending leisure time with researcher to get more idea on the on going activities. Tolerance of mistakes and all technical staff at corporate labs dedicate about 15% of their efforts toward learning and training programs in areas outside their responsibilities. | Organization support| Developmental program in Apple Inc is included 16structured on-the-job training. | Workshops and training program is opened for everyone. Renowned experts would be invited in regular public lecture and give talks to the staff. Recognized award in form of financial rewards would be encouraged to the staff that make particular contributions to the innovation, even the output is not suitable for commercialization would still be patented. 15% rule allows anyone in 3M to spend up to 15% of work week on anything they wants, as long as it is product related. Small meeting rooms allows a small group of staff from different divisions even customer to exchange ideas. | These six elements are similar to what Ekvall, 1996 suggested organization climate for creativity and innovation, and it plays an impact variable which interferes the results of organization operations.

Based on the three strategies suggested by Barry, John and Richard, 2011, need seekers, market readers and technology drivers and then comparing with three innovative companies analyzed, it is induced that Apple Inc strategy is belonged to need seekers, with respect to the pioneer concept and ideas like itunes, apps store and siri, it satisfy the characteristic of shaping new products/services and being a leader to the market. At the same time, the technological capabilities allows them to have the whole product integration, range from operating system iOS to hardware, it would be also defined as technology driver.

In reviewing 3M innovation and new concept is come from customer and market needs with incremental change to the products and being the fast followers in the market place, so 3M takes the market readers strategy. Finally with the advanced laboratory support and customer orientated, HP would be recognized as market readers and technology drivers. 7. “ Siri” Four Actions Framework Creativity is easily found on every Apple’s product, the innovation involvement on one of the latest products “ Siri” would be investigated based on the Kim and Mauborgne, 2005.

Four actions framework suggested by Kim and Mauborgne, 2005 included (i) reducing factors which below the industry’s standard; by applying voice recognized analysis technology in Siri, it simplifies the end user key in process and reduce the hardware and software application. (ii) Creating the products that the industry has never offered; Siri offers accurate result through “ Voice to result” to end users which is the pioneer to the market. (iii) Raising the factors above the industry’s standard; Siri allows users do not have any knowledge on computing which enhance the number of users from any background. iv) Eliminating the items that industry takes for granted, by applying “ Siri”, keyboard, mouse and even touch screen would be eliminated. 8. Conclusion and recommendation According to the analytical result of the five elements on innovative company, managerial practices and four action framework on both Apple Inc and its product, it is identified that strategies of Apple Inc are need seekers and technology drivers, the products including but not limited to “ Siri” totally reflect the result from individual and organizational creativity.

There are many people worried about Apple future as the matter of fact that the key person [Steve Jobs] has resigned and pass away in 2010, although there is no immediately impact as innovation plan is normally lasted for 5-10 years, it is difficult to replace [Steve] who acted as spiritual leader and final decision makers in short period of time. It would be a golden chance for the company to readjust the policy especially on the decision making; the decision power would be distributed to different project leader by absorbing more idea from the staff and redefining the standpoint.

It would enhance the freedom in the whole organization and it is easily recognized the importance of freedom to the effect of creativity from the analysis of HP and 3M. No doubt, [Steve] is a symbol of Apple Inc, he was not only CEO, and he was also a new product pitchman. Now when Steve was passed away, people included investor and consumer would unilaterally associate the innovation and advanced technologies are all gone simultaneously, the confidential level of Apple's products would be dropped.

To put a stop, it would be grateful that the message of team spirit and performance be demonstrated to the public by putting focus on how individual and team affecting the result. The new product presentation should be introduced in form of team which allows the public forget the past image of Apple but it is important that keeping the spirit of [Steve] eternally in form of brand image in order to consolidate the cohesion internally and externally.

It is truly believed that Apple Inc is the most successful innovation company throughout the investigation base on theories suggested by Barry, John and Richard, 2011, Amabile, 1998, Ekvall, 1996, Kim and Mauborgne, 2005 and <https://assignbuster.com/innovation-of-apple/>

Sundar and Anil, 2000. Inevitably Apple Inc would face a great challenge as the change is necessary with the top management movement, with the best wishes on smooth passing the transitional period and sustaining the long established innovative image. 9. Reference 1. Barry, John and Richard, 2011: Barry, J, John, L and Richard, H. 2011, The global innovation 1000 why culture is key.

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