

Apple inc. strategic issues

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The problems of Apple stemmed in the period 1985-1997 when Steve Jobs was not part of the company. Apple had a small market share of PCs; its gross profits were decreasing; the Company's CEO turnover was high; its share price was low (around USD 3); it was making losses and was on the verge of bankruptcy (Linzmayr 2004). Moreover, its work environment had become increasingly relaxed and it was losing its values of creativity and innovation. Moreover, its competitors were receiving great response for their products such as the Windows 95 and the IBM compatible PCs.

Hence the company had become from one of the high flying companies of the eighties to a lackluster performer on the verge of bankruptcy in the 90s (Clarton 1998). What were the Strategic Issues? The strategic issues were mainly those of a lack of leadership and an innovative culture. Moreover, some decisions taken by the management were not in the best interest of the company. For example, the company's reliance on PDA's was a drain on the company's resources. Moreover, there was inconsistency in the company's policy.

For example, during the tenure of one CEO, Apple tried to move into the low priced market and during the time of a later one, the same policy was reversed (Grady 2008). Moreover, the management seemed to be too relaxed in its endeavors. For example, the launch of the Apple OS, which was supposed to be a competitor to Windows 95 was greatly behind schedule. All in all, there was a lack of leadership from the top which was the source of all the problems (Apple 1998).

There was also a lack of direction with regards the products the company would offer. For example, the company experimented with various items

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such as digital cameras, portable CD audio players, speakers, video consoles, and TV appliances. None of these items was a success and we hardly find them on store shelves today. Finally, enormous resources were spent on the product known as the Newton which was going to be Apple's foray into the PDA market (Brewster 2009). Read also Challenges Facing By Ikea

Also, there seemed to be less consumer focus as Performa line was sold in configurations that confused customers. The company obviously lacked marketing leadership. Thus we find that the issues faced by the company were mainly related to lax management attitudes, lack of top leadership, and an unfocused product line with little link with the market (Grady 2009). Alternative solutions to Apple's problems: A number of strategic solutions to Apple's problems could be proposed. The company was of course facing great troubles financially.

Its stock price was low and it was making losses on the income statement. What it could do was sell itself to another company. That way, it could tap on to the resources of that company which could then be used to fuel development of Apple's products. However, a merger with another company would mean that any of the innovative culture that might have been left at Apple would be diffused into the other company. Also, the brand name of Apple might get lost or just become a side-brand in the new company.

Hence due to the risk a merger would pose to the valuable brand of the company, this option can be sidelined. Apple continually faced problems with its product lines. The Newton brand consumed heavy resources and was no great success in the market. Also the company did not know what to do with

its existing product lines. At one time, it tried to unbundle its products while reversing the decision sometime later. Also, the company experimented with various other products such as television sets, digital cameras and speaker sets. Read about Apple internal growth

All this makes it seem that Apple did not have good product development personnel who were innovative enough or could develop products that would be accepted by the market. Hence replacing the team could be a good option and bringing in new people would be viable. However it seems that this was only part of the problem and replacing the team would not solve Apple's problems which were far more pervasive. There were problems with management which was lax and top leadership was also lacking. Hence simply changing the product development team could not work (Dalal). Also read Apple corporate governance issues