

Business analysis of apple inc essay

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This paper is an in-depth business analysis of Apple Inc (AAPL). In this analysis, many areas of AAPL's business will be discussed to determine the risk level associated with investing a portion of a mutual fund in this company. It will begin by discussing the strengths, weaknesses, opportunities, and threats (SWOT) of AAPL. Based on the information gained in the SWOT analysis, I will determine what information is most relevant in my decision to invest in AAPL.

I will identify AAPL's stakeholders, internal and external, and describe their wants and needs. I will discuss how AAPL is fulfilling these stakeholder's needs; if they are coming up short on fulfilling these needs, I will discuss what the company needs to do to ensure that they are indeed fulfilling these needs. AAPL: A Business Analysis SWOT Strengths Concerning strengths, AAPL has an abundance of them. AAPL is one of the most powerful companies in the world, if not the most powerful.

AAPL has amassed a cash reserve of \$76. 2 billion dollars, which is roughly \$2. 5 billion more than the United States Government's coffers (Phillips, 2011). This cash reserve is mainly attributed to AAPL possessing some of the most loyal follows of any company on the planet. AAPL does not make products that are in high demand, but rather Apple products are in high demand because Apple makes them. Even with all of this mentioned, there is still plenty of room for AAPL to grow.

According to International Business Times (2011), the company has only a 4% - 5% market share on mobile phone, a similar market share on computer, and " has opportunity to double or potentially even triple its market share in

these end markets over the next few years, particularly with Greater China and international as underpenetrated opportunities. " Weaknesses As for weaknesses, there are very few; two appear to be most glaring, AAPL is not very shareholder friendly and Steve Jobs is no longer the Chief-Executive-Officer (CEO).

Despite that AAPL is possibly the most cash rich company in the world, they have not paid out a dividend since November 21, 1995 (" Apple Inc. : Nasdaq: aapl Quotes & News -GoogleFinance", 2011). For a mutual fund, dividends are a source of growth; without dividends, the only source of growth for a stock to increase in its index price. The other major weakness as mentioned before involves Steve Jobs stepping down as CEO on August 25, 2011 because of health reasons and Tim cook replacing him (Kane, 2011). With Jobs out and Cook in, there is some level of uncertainty with the future of AAPL and its ability to continue its dominating growth.

Opportunity Going back to the discussion in strengths, AAPL has a massive group of loyal followers and the size of this group is growing rapidly. AAPL has developed a reputation of producing high-quality products, so when a new product is released it tends to receive a very warm welcome from the buying public. Threats AAPL has two major threats, their products are very high priced and their products are copied easily. First, virtually every AAPL product currently on the market has a competing product which has similar functionality for a fraction of the price.

For instance at verizonwireless.com, the 32GB iPad2 with WiFi+3G sales for \$729, where as, the 32GB Motorola Xoom with Wifi+3G (upgradable to 4G)

sales for \$599. The other major threat is that AAPL's products are easily copied and has led them to sue and be sued for copyright infringement. Stakeholders AAPL, as any organization, has many stakeholders; in fact because of the size of AAPL, they more stakeholders than most organizations. As with any organization, AAPL has both internal and external stakeholders.

AAPL's internal stakeholders include the employees, management, and the investors, while their external stakeholders include suppliers, lenders, and customers. Because of the financial health of the organization, AAPL is meeting the needs of all their stakeholders with possibly one exception. The exception could be the investors are not as taken care of as they could be; for the investor, it would probably be more advantageous for them to receive some dividends. With Steve Jobs leaving the organization, this may be a good opportunity for AAPL to change that trend and start rewarding their investors with a quarterly dividend.