

# Case study of apple

[Business](#), [Marketing](#)



Memorandum Tim Cook Re: Suitable strategy for Apple's sustainable innovation and dominance in a competitive environment March 2014

This memo responds to your interest in analysis of Apple's business environment and advice on suitable strategy. Having recognized the company's competitive environment, the analysis recommends implementation of the Resource-Based Model. The Industry Organization Model is an alternative but the intrinsic nature of the Resource-Based Model establishes its suitability.

The Resource-Based Model of above-average returns is one of the strategies that Apple can apply in order to remain dominant and innovative in a competitive environment. The strategy relies on the assumption that a company's approach to competitive advantage emanates from the unique resources that the organization owns and its potentials. An organization then identifies an environment in which its resources and potentials can grant in advantage over other firms and implements the resources and potentials. An understanding of available resources is therefore the first stage in pursuing the model and would include analysis of Apple's human resources and fixed and current assets. Characteristics of employees such as strengths in creativity and innovation, ability to align self-interest with the organization's goals, and ability to integrate ideas into a collective innovation would be important. Explorations of capabilities within the organization would then follow and research and development is a significant factor. Evaluation of availability of financial resources for conducting research and implementing research results would be one of the foci of capabilities analysis.

Competence of human resource for identification of research needs, planning

for proposed research, and implementation of the research is another center of focus for competence analysis. In analyzing its resources and potentials under the Resource-Based Strategy, Apple would consider value, scarcity, cost of duplication, and substitutability of the resources and potentials. The company should ensure that the resources and potentials that it plans to depend upon can empower it outshine its competitors or at least to neutralize the competitors' effectiveness. The resources and potentials should also be within limited reach of competitors in terms of accessibility and involved cost. Considering these features and ensuring their existence in the market environment creates competitive advantage that facilitates success regardless of stiff level of competition.

The strategy offers the organization a basis for organizing a formidable advantage in product quality, product differentiation, and marketing strategies. The following options could be explored independently or collectively in implementing the strategy.

Developing a framework for recruiting entrepreneurial personnel that can ensure creativity and innovation

Developing policies for employee training and development

Developing appropriate reward system for a motivated workforce

Improving quality of human resource management

Ensuring availability of adequate resources

Ensuring a suitable organizational structure for creativity and innovation

Ensuring suitable leadership styles

Ensuring suitable managerial approach

Apple could alternatively use the Industrial Organization Model to ensure

sustainability of its innovation and in a very competitive environment. The strategy involves analysis of an organization's external environment followed by alignment of internal factors to manage possible effects of the external environment. It offers the advantage of anticipated adverse external factors that the company can manage towards sustainable innovation and market control. Below are some of the alternatives that Apple can explore under the strategy.

Innovation towards product diversification

Innovation towards product differentiation

Economies of scale towards lower prices with the aim of restricting new entry

Brand imaging for increasing barriers to entry and development of existing competitors

The Resource-Based Model however offers greater potentials through its intrinsic scope and is therefore recommended for Apple.