

Strategic planning model case study: apple

[Business](#), [Strategic Management](#)



The computer industry is mainly taken by many companies and among these there are some of the most competitive ones, namely, Microsoft, Apple, Dell amongst others.

Apple Corporation was founded in 1976 in a garage in Santa Clara, California. The two founders of Apple, namely, Steve Wozniak and Steve Jobs who were drop outs of college wanted at that time to provide computer users with something new and user-friendly to the market. The two Steves work together to produce some of the famous computers at times, namely the Apple 1, then after its launch, they came up with the Apple II, then Apple III.

During their computer era, Steve Jobs and Wozniak came up with the computer called Lisa in 1983, Apple continued to its revolution in the computer world during the 1980's . In 1983, Steve Wozniak left the company and John Scully was hired by Steve Jobs as the President of the company.

Apple continued to innovate and brought into the market new products, such as the Macintosh with the Graphic user interface (GUI) in 1984. In 1985, Steve Jobs left the company and John Scully was appointed as the new CEO. By the late 1980's, Apple faced big competitions from Microsoft, Which made Apple's share to decrease drastically and forced John Scully out.

In 1997, Gilbert Amelio was appointed as the new CEO and under his management, Apple, bought NextStep, and with its operating system, Apple made huge improvement and got back on the track.

Steve Jobs was taken back in Apple in 1996, when the deal was officialised to buy NextStep Company. Jobs was reappointed as the current CEO when

shareholders lost confidence in Mr Amelio. Jobs brought back many changes in Apple which has change its future in the company. Some examples are,

In 2000, Apple presented the ibook, iMac and came up with the Ipod 2003 and lately, the iPhone was launched followed by the Mac book in 2009 and in 2010, the iPad was created.

Apple is an American multinational corporation that designs and manufactures consumer electronics, computers software, personal computers. The company's best known hardware products include the Macintosh computers, the ipod, the iphone and the ipad. Apple software includes the Mac OSX operating system, the itunes media browser amongst others.

Apple operates in around 284 retail stores and has an online store where, hardware and software products are sold.

In 2010, Apple was recognised as the most technological company in the world.

MISSION AND VISION STATEMENT

Apple[1]

Apple's motto, " Think Differently," is a concept that the company is doing very well by constantly innovating that continues to define the world of computer design. Other computer manufacturers have attempted for decades to replicate the icon classic appeal of Apple design, but none have succeeded in the manner of Apple.

Apple mission is “ to produce high quality, low cost, easy to use products that incorporate high technology for the individual. We are proving that high technology does not have to be intimidating for the non computer experts”

METHODOLOGY

The authors’ primary research was done by attending a series of Strategic Planning and implementation, which were given by Mr Bruno Alba, lecturer, London School of Management and Science

The secondary research has been undertaken in order to gain extensive knowledge, from range of publications and news papers and by facts available on the internet.

CHAPTER 1

STRATEGIC PLANNING MODEL FOR APPLE-IPAD

The relative importance of a strategic plan for APPLE Corporation.

The general idea of the strategic planning is based on the strategy development processes which are described below:

1. Intended Strategy Development:

The intended strategy development comprises of some tool or frameworks that are being used by the managers of an organisation for the formulation of strategic analysis and evaluation and these factors are being used as well by managers for strategic planning purposes.

2. Strategic Planning Systems

A strategic plan is set out to develop or coordinate the organisation's strategy. According to some studies conducted by Rob Grant, the strategic planning is done in accordance to some process which is as follows:

2. 1 Initial guidelines

The strategic plan will depend upon some guidelines about the external environment.

2. 2 Business level Planning

This is where the business units or divisions draw up strategic plans to present to the corporate centre who will in turn discuss with the business managers and then decisions will be agreed at a certain point in time.

2. 3 Corporate planning level

The corporate plan will be the aggregation of the business plans. This coordination may be undertaken by a corporate planning department and then the corporate board will approve the corporate plan.

2. 4 Financial and strategic targets

These are aspects about the basis for performance monitoring of businesses key strategic priorities based on the plan. (Gerry Johnson et al., 2009)

Apple has come up with many new products during its existence and is continuing to innovate within the computer and technology industry. The ipad is the latest product that Apple has launched and it has done this to sustain growth and keep pace with the innovation world. Therefore, we can

<https://assignbuster.com/strategic-planning-model-case-study-apple/>

deduce, that the Ipad is part of the technology push, i. e, Apple, launching the product and partly, market pull whereby, launching a product according to market demand.

The strategy for Apple was firstly, to be able to bring a new product, which was the new version of the product iPhone in order to attain customers needs specifically the businessmen and journalists. However, there is an open demand, for the students and retired workers. Apple's main competitor such as Amazon. com has brought into the market, the Kindle, with which now users can buy and access online books for reading instead of buying them physically.

On the other hand, the strategy of Apple was to adapt the same concept of Amazon and use it in a different way to create another version which was the iBooks and which led Apple to create as well its online bookstore.

THE IPAD

hero_20100430[1]

The iPad is regarded as a high value product that Apple is offering to their users. Apple vision was to win over the market of Smartphone's users and laptops. The iPad, is a tablet computer, designed and made by Apple for internet browsing, media consumption, gaming and light content creation amongst many others. The iPad was launched in April 2010 and has the option of using the WIFI system or 3G data connection to browse the internet, load and stream media amongst many others.

Apple developed the iPad with an improved functionality of the iPhone. It also comes with several applications such as Safari, Mail, Photos, Video, YouTube, iPods and iTunes amongst many others. (<http://apple-listing.com>, <http://en.wikipedia.org/wiki/iPad>)

Below are some pictures of the latest iPads:

220px-Steve_Jobs_with_the_Apple_iPad_no_logo[1] 220px-Apple_iPad_Event02[1]

CHAPTER 2

CRITICAL SUCCESS FACTORS OF APPLE

APPLE SUCCESSFUL FACTOR

The critical success factors are those factors which determine the success or failure of a company.

According to Steve Jobs the CEO of Apple Inc, the company needs nine success factors out of which six are already in place as felt by the company that is what they already mastered and the other three as what they are still working on.

Mastered Factors

Concept. Apple's is selling billions of dollars of product and they're extending into the digital hub.

New Product Pipeline. Apple is an innovative company. They have over 2,000 employees in their engineering groups who work towards developing high quality new products such as the iPods, iPhone and now the iPad.

<https://assignbuster.com/strategic-planning-model-case-study-apple/>

Financing. Apple has the necessary financing with over \$4 billion in the bank to carry out their operations.

Marketing/Brand Names. Apple spends hundred million a year on advertising and has one of the most recognizable name brands in the world.

Supply Chain Management. Apple is one of the best companies in the world at supply chain management and logistics, and they know how to extend into retail. Their retail stores are viewed as extra warehouses in the current system, so there is one supply chain group for the whole company.

Information Systems. Apple has already built an IS system for its stores on top of its global ISP system.

([www. apple. com](http://www.apple.com))

Less Experience factors

However, there were three “ success factors” at which Apple had no or less previous experience: real estate, store design, and store operation.

Regarding real estate, Apple knew that the old adage of “ location, location, location” was on target and the company realized that “ destination” locations such as Best Buy and Office Depot won’t work for the 95% of non-Mac computer users.

They’ve got to ‘ ambush’ that 95% by being where they’re already at, by locating in high-traffic gathering places, such as malls, hip streets, and the new lifestyle centres, such as coffee shops,” Jobs said. “ We’re going to put our Apple stores in top tier locations.”

<https://assignbuster.com/strategic-planning-model-case-study-apple/>

As for Store Design, Apple wanted a concept that would fit the needs of its customers and would showcase its products, but which would also be flexible enough for change and growth. To come up with the best concept, Apple actually built a prototype in a

Warehouse. The result, according to Jobs is a solutions-focused store.

When it comes to Store Operations, Apple realized it had to deliver a “fantastic experience,” the CEO said. That meant the “right stores at the right place with great merchandise, incredible employees, and operational excellence,” according to Ron Johnson, Apple’s new senior vice president of retailing. (www. apple. com)

CHAPTER 3

ANALYSIS OF THE ORGANISATION AND ITS EXTERNAL ENVIRONMENT

Strategic planning is an important factor in determining success and many methods can be used, such as the SWOT analysis, the PESTEL analysis, and the STEER analysis amongst many others. Some of the external factors will be discussed this chapter, Our analysis is based on the Porters Five forces and SWOT analysis.

The SWOT analysis will determine the strength, weaknesses, opportunities and threats of APPLE.

Firstly, some of the strengths of Apple are:

Apple is one of the oldest hardware manufacturers and this give Apple a competitive edge over its competitors.

It has control over the product it is making and their quality is optimum.

It has products such as the iphones, ipods, laptops, which are easy to carry.

It has a loyalty brand, i. e., users are still loyal to its products.

Finally, Apple has a very strong R&D department, which spend time and resources in the development of new and existing products.

Secondly, some of the weaknesses of Apple are:

Apple market share is far behind competitor Microsoft.

The products are quite expensive

Apple has also complaints from customers. Therefore, causing the company's reputation and image to be spoiled.

Thirdly, we can look at the different opportunities of Apple which are:

Apple is looking to get into new and less expensive products lines and produce quality products.

It has a flexibility to its users

Apple's ipods products are now being used in new designed car models , therefore increasing the demand of the ipod

Finally, the online sales are increasing and Apple are targeting new segments of the market.

Lastly, we can look at the different threats of Apple which are:

<https://assignbuster.com/strategic-planning-model-case-study-apple/>

There is the pressure from competitors and the users are going for other products from other manufacturers.

Technology is changing at a rapid rate thus Apple has to create products that will keep pace with the technology growth, such as the ipads.

Competitors launching products such as Microsoft with vista and windows 7, all this making Apple to bring new products to sustain growth.

Porter Five Forces Analysis on Apple i-pad

Bargaining power of Buyers

Apple is well known as an innovative company and there is a high demand for their products. Though buyers find many substitutes in the market for Apple products, they still attract to it because of the brand name and the uniqueness of its products which makes Apple a very profitable company.

However regarding i-pad the buyers are somewhat more powerful. Somehow there will be alternatives for the i-pad in near future. Because of the relatively high price of the i-pad, it is a question whether the buyers will pay a premium for the brand reputation of Apple and its technology when their needs may be equally met by cheaper alternatives.

Bargaining power of Suppliers

Apple is mainly concentrated on design and marketing and they outsource the manufacturing of most of their products. Therefore it can be affected by the pricing of suppliers and costs because of the availability of raw materials. And also changes in minimum wage for labours can have effects on Apple.

But due to the strong demand for apple products it has more power over its suppliers.

Regarding i-pad even Apple outsource the parts which use to manufacture the i-pad, the software is the unique factor that brings all those parts together. Therefore the parts themselves are not that important as they are readily available from many sources. Therefore in that case also Apple has more power over its suppliers.

Threat of New Entrants

Apple had many barriers to entry in the development of the i-pad but at the same time they must worry about the potential competitors like Google and Microsoft who are conquering as well.

Economies of scale- As Apple already had experience in manufacturing mass market consumer electronic devices which also share components of the i-pad; Apple is not badly affected by this barrier.

Product Differentiation- As the i-pad is significantly different than its competitors; overall this characteristic has positive effects on Apple. And also Apple has a certain amount of protection through the strength of its brand identity. But this product differentiation can be imitated to a certain amount by its competitors.

Capital Requirement- regarding capital requirement, Apple enjoys a slight advantage. To compete with the i-pad effectively, competitors will have to invest immensely in certain areas.

Cost disadvantages- Apple is able to reduce the impact of this threat as it has a number of manufacturing resources and channels available. But the new entrants may find these barriers as they have not got these resources. And also apple has invested a lot in knowledge and experience which will take time for its competitors to reach.

Government policies- Apple was granted the ownership of patent for the i-phone and i-pad, which will give them, short term monopoly rights on some of its technology. It will stop their competitors imitating the product too closely.

Threat of Substitutes

Apple has been granted patent to the i-pad and its technology. However it is still likely that competitors in the market will soon deliver similar products. Most of the threats are going to come from the established players in the technology industry like HP and Sony and from potential competitors like Google and Microsoft.

Competitive Rivalry

Apple is mainly concentrated on design and marketing and is fairly vertically integrated towards customers. They do most of their business in their retail locations and on line stores. Because of this concentration on the customers and also as it is better equipped, Apple is able to compete with horizontal players like HP or Sony who are not as vertically integrated towards the consumers. It gives Apple an opportunity to create customer focused products which many of none vertically integrated players are not so good at.

(<http://www.csribd.com/doc/16788046/appleporters-five-force>)

CHAPTER 4

STRATEGIC OBJECTIVES AND OPTIONS OF APPLE

STRATEGIC OBJECTIVES:

Apple has a particular status; it doesn't have a listed set of objectives. All through our research, our group acknowledges that Apple always struggle to launch a new product in the market. Based on the executive overview of Apple's report 2010 we can come out with a strategic objectives for their product named I pad.

-To be the king of high-tech of Wall-Street

-Increase their market value (get on over Microsoft), have over £151 billion of market value.

- I pad is designed as a new generation of technology which to take over e-book and personal computer.

That is to dethrone Microsoft at the king of high-tech

By innovating in hardware which come obviously with its software, Apple compete with Microsoft who have a urge dominance on personal computer software, the launch of the Ipad announce the decline of the lap top computer.

(www.apple.com)

Strategic options

For an organization to have good success there is a need of having good strategic options. Strategic options are creative action-oriented responses to the external situation that an organization faces. Strategic options take advantage of facts and actors, trends, opportunities and threat of the outside world. It helps to identify and make a preliminary screening of alternative strategic options or perspectives.

Strategic options for Apple – iPad is to provide their clients with thorough and reliable information that may help enhance even the knowledge and skills. By doing so customers are able to page through websites, write emails, and flick through photos or watch movie, all on a big beautifully multi-touch screen. Another strategy is to have a continuous leap in technological advancements and a new or upgraded offering on average every six months.

In order to have good strategies the apple company thought of what might give a continued competitive advantage and what markets should they enter and how. Which strategic options optimally fit the needs of the target group, the institutional options and aspiration of the stake holders, what supportive interventions are required to succeed in that option and threats?

Apple on its product iPad focused on customer experience, they made a product which has no need of mouse, a keyboard configuration screens, and other advanced options such as touch screen. Strategic options help to make the vision into reality. SWOT analysis helps to get a better understanding of the strategic choices that company need. Strategy is the art of determining how one will win in business and life. It helps to make the most of company's

strength circumvent their weaknesses, Capitalize on your opportunities and manage their threats.

CONCLUSION

Though Apple's strategic model cannot be said, to be distinct, they are poised on taking Amazon and Microsoft head on. Their new products for example, ipad, suggests to be a real one in all product for the consumers. Apple success factors suggest that they have the ability and capability to become the market leaders. The major success factor being innovation.

Behind their ability to innovate its strong research and development department.

The latest product of Apple, the Ipad, however targeted on, the retired people and journalists, has received acceptance from the youth, students and the rest of the population giving Apple, a grab of the market.

REFERENCES & BIBLIOGRAGHY

Exploring corporate strategy, 8th edition, Gerry Johnson et al..

<http://www.csribd.com/doc/16788046/appleporters-five-force>

<http://www.samples-help-org.uk/mission-statements/apple.computer-mission-statement>

<http://apple-listing.com>

<http://dudye.com/sneaking-intro-ipad>

<http://en.wikipedia.org/wiki/ipad>

<https://assignbuster.com/strategic-planning-model-case-study-apple/>

<http://www.apple.com>