

# Apple synergies essay



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Yesterday, the CEO of Apple, Steve Jobs, unveiled the most anticipated and rumored-about product in 2008, the new iPhone. Providing faster connections and more features such as GPS than the first iPhone, Mr. Jobs believes this is “ the phone that has changed phones forever. ” With this addition to Apple’s products, it is yet another piece of Apple’s corporate level strategy to create value through related diversification.

From solely manufacturing computers, Apple in the past ten years has added a music device in the iPod and now a cell phone in the iPhone, not to mention a plethora of software for all of its products. Because of such high growth and rapid change, Apple must adopt the optimal corporate structure moving forward to maintain its competitive advantage. Due to the variety of features of the iPhone and other products, Apple can find synergy in similar features between different products and thus a matrix structure should be optimal. First, it is easy to see that a functional structure would not be efficient for Apple. The functional structure is designed for a firm with one or closely related products, where different functions can group together. With so many products and services Apple offers, it would be impossible to separate the firm into distinct functions.

Next, while a divisional structure can manage separate products, it lacks the ability to maximize the synergy between products. For example, with the mentioned calendar and map functions of the iPhone, these same functions also exist on Apple’s computers. Having a divisional structure where the personnel and expertise would overlap in both divisions would be inefficient. However, if these personnel could work together in a multi-product setting, it would maximize their productivity in the best interest of the firm. Having a

project based structure where talent can be extracted from all functional areas of the company will enable Apple to continually provide innovative features in all of its products.

An excellent example illustrated in the article is the new MobileMe service, which provides synchronization services across different platforms of computing. Such a project, one of probably many in Apple, must have required the expertise of multiple functional groups. This is the essence of a matrix structure. If Apple wants to continue the “ halo effect” where sales of one product can dramatically drive the sale of other products, it must utilize the matrix structure to find and develop synergies between its multiple platforms of electronics.