

Apple Inc. Case Study

---

---

---

---

---

---

---

---

Key Success Factors

- Expertise in particular technology/research
- Proven ability to improve production processes
- Customer-need satisfaction
- Continued innovation

---

---

---

---

---

---

---

---

Recommended Strategy

Spread out consumer confidence in Steve Jobs to the Apple team and stakeholders. Develop and launch the MacBook Air Mini by 2<sup>nd</sup> quarter 2010 to encourage said consumer confidence in Apple.

---

---

---

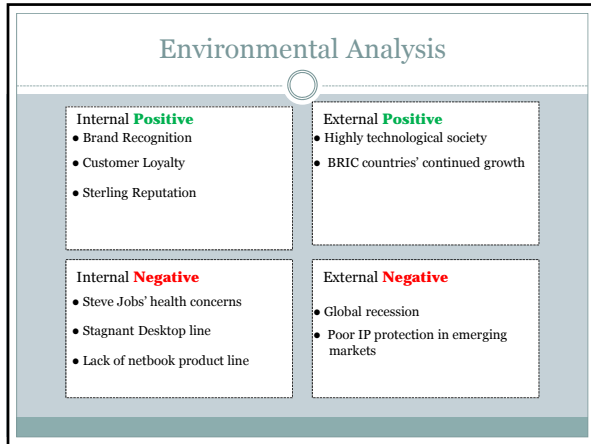
---

---

---

---

---




---

---

---

---

---

---

---

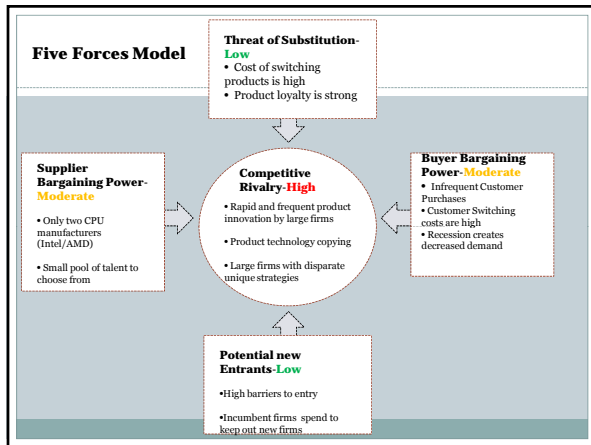
---

---

---

---

---




---

---

---

---

---

---

---

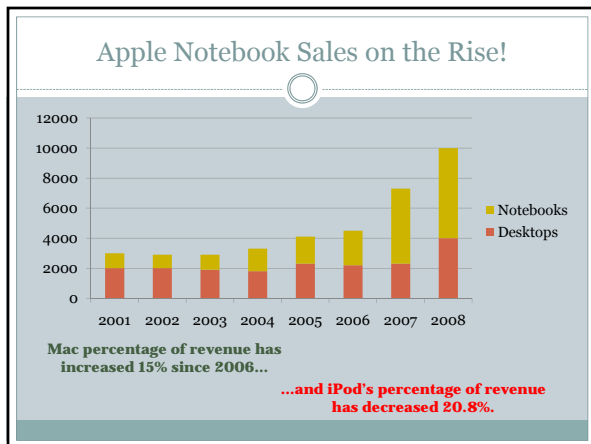
---

---

---

---

---




---

---

---

---

---

---

---

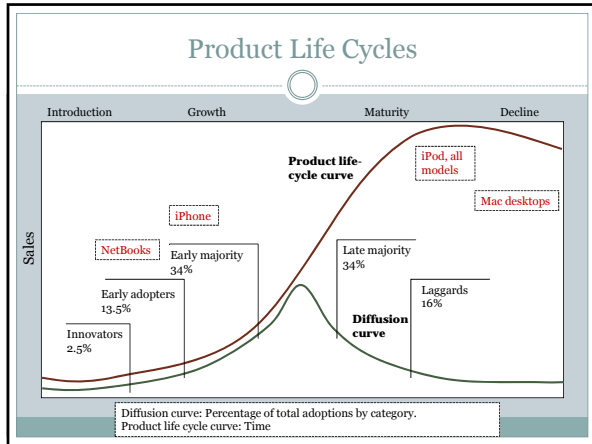
---

---

---

---

---



---

---

---

---

---

---

---

---

- ### Constraints
- Industrial World Economic Slowdown
  - Apple's dependency on Steve Job's health
  - Technological Limitations
  - MP3 Market is shrinking rapidly
  - iPod Market is saturated
  - iPhone Cannibalizes part of iPod Sales

---

---

---

---

---

---

---

---

- ### Alternatives
- **Do Nothing**
    - Pro: No increased risk
    - Con: Continue being stagnant
  - **Reposition the iPod**
    - Pro: Increase the profit capability of a Cash Cow
    - Con: Placing advertising money into a lost cause

---

---

---

---

---

---

---

---

### Alternatives

- **Renovate the Mac desktop line**
  - Pro: More competitive with other desktops
  - Con: Repositioning into a Market that is decreasing due to a global economic slowdown
  
- **Create a netbook based on the MacBook Air platform**
  - Pro: Great for the psychology of the company and shareholders, and stakeholders
  - Con: Expensive development in a recession

---

---

---

---

---

---

---

---

### Alternatives Matrix

| Key Success Factors                            | Alternatives |   |      |   |     |   |      |   |             |
|--|--------------|---|------|---|-----|---|------|---|-------------|
|  | 1            |   | 2    |   | 3   |   | 4    |   |             |
| Expertise in particular technology/research    | .4           | 2 | .8   | 2 | .8  | 1 | .4   | 3 | 1.6         |
| Proven ability to improve production processes | .1           | 2 | .2   | 3 | .3  | 2 | .2   | 2 | .4          |
| Customer-need satisfaction                     | .25          | 2 | .5   | 2 | .5  | 2 | .5   | 3 | 1.5         |
| Continued innovation                           | .25          | 1 | .25  | 2 | .5  | 3 | .75  | 3 | .75         |
| <b>Totals</b>                                  | <b>1.0</b>   |   | 1.75 |   | 2.1 |   | 1.85 |   | <b>4.25</b> |

**Alternatives**

- 1) Do nothing
- 2) Reposition iPod
- 3) Renovate Mac desktop
- 4) Create netbook based on MacBook

**Rating scale:**

- 1: Black Hole
- 2: Flickering star
- 3: Shooting Star

---

---

---

---

---

---

---

---

### Steve Jobs = Apple Inc.?

Apple's Success is Related to Steve Jobs' *Standards*, Not Steve Jobs Himself.

- 1) Regular Rules Don't Apply
- 2) Micromanager
- 3) Intense Secrecy
- 4) Concentrated, Hard-Fought Innovation
- 5) Communicated Zeal
- 6) Radical Opacity

---

---

---

---

---

---

---

---

Issue: Bridging the Gap

---

Steve Jobs  
Dependency

?

Steve Jobs'  
Standards

How?

---

---

---

---

---

---

---

---

### Macbook Air Mini

7.5 inch LCD Display

2 gigs DDR Ram

Internal ATT 3G Broadband Antenna for "On-The-Go" Internet Access

16 GB Solid State Hard Drive

2.1 Ghz Intel Budget Dual-Core Processor

- ❖ No Internal Optical Drive
- ❖ Few Moving Parts

• Marketed-to Customers:

- Commuters
- College Students
- Educational Partnerships
  - Obama's desire for more computers in school

---

---

---

---

---

---

---

---

### Cost Structure of MacBook Air Mini

| Component       | Price        |
|-----------------|--------------|
| CPU             | \$80         |
| RAM             | \$75         |
| Case            | \$125        |
| Hard Drive      | \$80         |
| Total Cost      | <b>\$360</b> |
| Price Point     | \$499        |
| Profit per Unit | <b>\$139</b> |

• Component costs are based on current market costs with supplier bulk discount

---

---

---

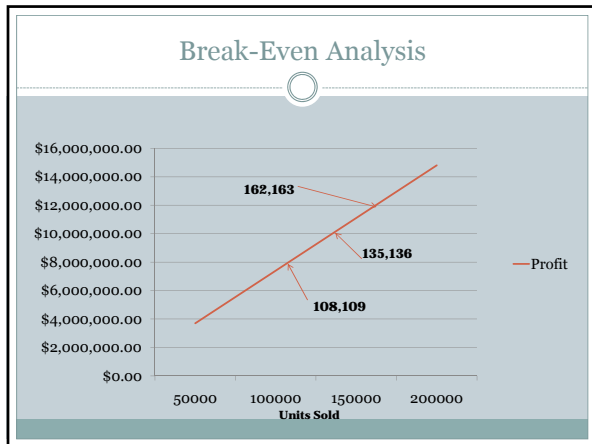
---

---

---

---

---




---

---

---

---

---

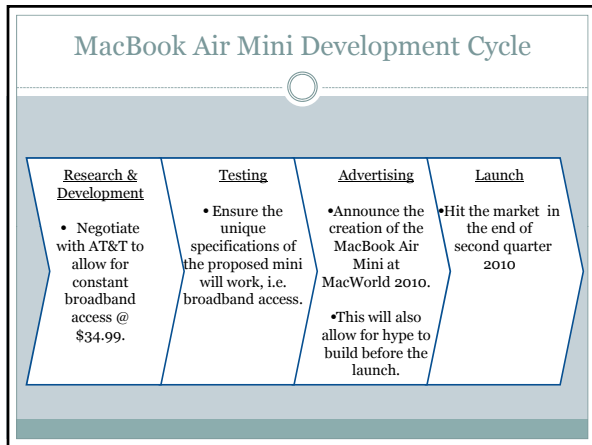
---

---

---

---

---




---

---

---

---

---

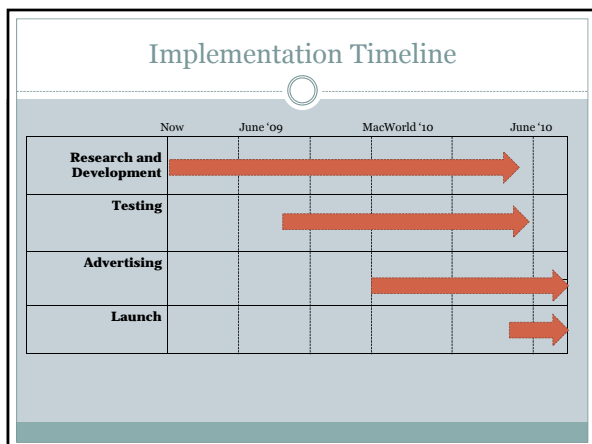
---

---

---

---

---




---

---

---

---

---

---

---

---

---

---

### Spread out the Confidence

Steve Jobs

**Apple Image:  
Consumer  
Confidence**

**Before MacWorld 2010:**

- Move from “fallen hero” image to fellow team member.
- Publish a letter to employees and consumers commending comprehensive Apple team.
  - Post letter in Apple stores, Apple Web site, and the e-mail newsletter.

**At MacWorld 2010:**

- Have Tim Cook or other appropriate corporate leader reveal MacBook Air Mini... not Steve Jobs.

---

---

---

---

---

---

---

---

### Questions?

---

---

---

---

---

---

---

---

### References

- Brigham, E.F., Daves, P.R. (2007). Intermediate financial management. Mason, Ohio: Thompson South-Western.
- Chase, R.B., Jacobs, R.F., Aquilano, N.J. (2006). Operations management for competitive advantage. New York: McGraw-Hill Irwin.
- Lamb, C.W. Jr., Hair, J.F., McDaniel, C. (2006). Essentials of marketing. Mason, Ohio: Thompson South-Western.
- Thompson, A.A. Jr., Strickland, A.J. III, Gamble, J.E. (2008). Crafting and executing strategy: The quest for competitive advantage. New York: McGraw-Hill Irwin.

---

---

---

---

---

---

---

---