

**UCIL24002**

**The Art of Enterprise**  
**Summative Assessment**

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# Apple Inc.

## Introduction

There are countless companies established each day with the aim of achieving success and wealth in the long run. Most of the problems that occur in such an entity are the way it is managed and how its leaders are taking the decisions for the best path. To achieve the best result, management and leadership have to establish a healthy relationship which will lead to value creation. David Rae has introduced the entrepreneurial and management working theory which is also known as entrepreneurial management. In order to reflect the importance of this combination, the Apple company will be taken as an example. Apple has proved over the years that leadership and management can lead to revolutionary product creation and market growth in ways nobody could have predicted. It all started in a garage with two teenagers: Steve Jobs and Steve Wozniak (6). Computers were not accessible to the public, so after Wozniak invented the personal computer from affordable resources, Jobs witness a huge opportunity that would provide every school and university with a computer. The beginning was hard since nobody had any belief in his idea, but the entrepreneurial talent combined with the vision of Steve Jobs made it possible. They received funds and the journey started. The aim is to understand the fact that Jobs was a normal person with high aspirations and hunger for achieving the goal stocked in his head that made it all possible. Trying, again and again, to obtain trust and people who would believe in his vision were the main components that lead them to creating such a company. Besides the fact that products were innovative, they started to take out IBM's monopoly over the computers industry. The early days were rough for Jobs and his high expectations which also lead to his firing in 1985, after 9 years of working on it. The event would give Steve the possibility to improve and get more realistic about the expectations. On the other hand, Apple would be able to understand that a company without a leader is meant to fail, even though the people were smart and skilful. After 12 years of problems Gilbert Amelio, CEO at that time chose to take Jobs back to Apple. From that day forward, the business has not just recovered, but achieved what no other company in history was able to which send us back to the importance of establishing a powerful relationship between entrepreneurship and management. We will take a close look at how Apple approached each of these two elements.



*Figure 1.1 – Steve Jobs (left) and Steve Wozniak (right) (20)*

## **Entrepreneurial Working**

The focus of entrepreneurial working as described by Dr David Rae in his book is about innovation and opportunity and how these talented people are able to achieve the impossible. The business has to be dynamic in the market focusing on solutions, new products and potential opportunities that may arise every day. The concept of being open-minded with the will of always seeking to improve and deliver the best products that you are able to design, and implement is the best description of Steve Job's goal. There are threats in every sector, especially with the diversity of companies and their products, but entrepreneurial working is all about beating the odds and finding a way out of the obstacles that arise in the race. Every company has at least once in its lifetime had big obstacles that would give them two choices: find a solution or fail. The courage of the true leaders made it possible for businesses like Apple, Microsoft, Amazon, etc. to be so iconic and successful. When Steve Jobs came back to Apple in 1997, the company was 90 days away from insolvency (8). Before departing from Apple his anger and will to beat Microsoft represented an element that changed over years would help them succeed. Microsoft invested 150 million \$ into Apple in 1997 which helped them overcome that obstacle. The following years iMac and iBook (the predecessor of MacBook) were released alongside the "1000 songs in your pocket" iPod (5). With the iPod launch, Apple has faced a huge growth in the music industry market since that was one of the most revolutionary products it has created. Not just the fact that was portable, but it also gave the possibility for other companies to grow and create accessories for it. There were endless types of socks, covers, speakers made exclusive for the iPod, WC stands and other strange products. The flagship product for Apple was introduced in 2007 which is the iPhone followed by the iPad in 2010. Those products described above were all launched in the Steve Jobs era which is also the best sellers and the key products that keep Apple on its position.

The leadership style of Steve Jobs can be defined as being autocratic (22) which is linked to absolute decision power in a company, giving the subordinates very few decisions to take or autonomy. Jobs was never defined as being a nice person, but the employees were sticking to the company and his leadership style because of their belief in their work. People felt that together they are changing the world. Most of the companies that have such leadership type are small in a matter of size, with employees that are not keen into following the leader, but Steve was amongst the very rare cases of this type of leadership that would make a company succeed. Apple's main competitor was, and it still remains Microsoft. Bill Gates back then compared to Steve Jobs had a democratic and participative style which made a difference in the employee's perception of them. People were fearing Jobs, describing him as being rude, obnoxious and manipulative during decision-making meetings.

After Steve Jobs death in 2011, Tim Cook (14) has taken the lead over Apple, which gave him a hard time since people were expecting the same high standards of perfection (10) in terms of products and service delivery as Jobs. The product launched under Tim Cook's leadership was the Apple Watch in 2015 alongside the Apple Music service (12). The watch has made it to the first place on the smartwatch market with 15 million pieces sold, but the expectations were way higher than that. Apple music on the other side has about 36 million subscribers (21), but its competitor Spotify has over 70 million and the numbers are increasing. When Tim Cook became CEO, most of the people believed that Apple would return to its failing era, in the idea that Steve Jobs was the only person that would keep Apple at its high. Even though he was questioned about the specialists, Apple had sales of 1 billion \$ per week (11), and it started to grow more with every product launched. In 2016 Apple released the MacBook Pro with touch bar, setting its price to 1799\$ and the starting price for the MacBook Pro to 1300\$ compared to the 1000\$ 2015 model. In 2017 the iPhone X was

launched as well with the 999\$ starting price tag. From the MacBook to the latest iPhone analysts and everyday people were pessimistic about Apple future since the prices increased by 20-30%. The laptop hit 80% of combined sales in 2015 of all the MacBooks in just five days (16) from its release to the public and the iPhone X was the first iPhone that would give Apple a hard time to the production line since the average waiting time to buy one was 1.5 months. Basically, the iPhone X sold out in the first two days from public release (7) because of the high demand and the MacBook beat all the bad expectations. These records gave Tim Cook trust from all the persons that were questioning his ability to lead Apple the way Jobs did.



*Figure 2.1 – Apple Ecosystem (19)*

There are four elements related to the entrepreneurial working defined by David Rae: opportunity focus, rapid innovation, creating customer appeal and challenge the orthodox. In a matter of opportunity focus, Apple has been able to create an ecosystem of products and services that would cover most of the needs of a customer. Power computing via MacBooks, smart and easy to use iPhones, sport and activity tracker by having the Apple Watch and the flexibility of the iPad alongside the Apple Music service, the HomePod (smart speaker) and all those linked and synced to each other. They are now focusing on releasing a cheaper iPhone as well since there are companies like Xiaomi, Huawei, Essential that have cheaper smartphones with capabilities and features not far from what the 999\$ iPhone is offering which makes it obvious for Apple that they have to deliver a product affordable for the masses. If we are to analyse the innovation and rapidness since Steve Jobs has passed, we can observe the fact that Apple had some issues at this point for the first years but with the launch of the iPhone X and the HomePod, they are keeping up with all the other companies and start to innovate even more with the launch of the iMac Pro this year, which is having an 18-core Intel processor. By the time they announced it there was no 18-core processor on the market which made everybody question about this product; two months later Intel is launching its 18-core i9 processor which will be used in the iMac Pro. Beside the innovative part, Apple has always paid attention to the details of how the product is delivered to the customer, the unboxing experience, its design and the way it makes the customer feel when he/she is using that product. They are known for having the best designer in the world, Sir Jonathan Paul Ive

which is the Chief Design Officer at Apple for a long time having a continuous mission of taking care of the customer appeal section defined by David Rae. From the store to the unboxing experience and further to the experience with the product is one of the ways Apple has been so successful along all those years. But the most important part of them all is the way they have always risked failure, the last of those type of risks would be the headphone jack removal which would provide the user with additional speakers for the iPhone, making it stereo sounding. Besides that, the design of the user interface from the beginning was something most of the developers were doubting since Jobs put a high priority on the design of it and how it will be perceived by the customers which make Apple not only an innovative company but a company that is keeping on challenging the orthodox.



*Figure 2.2 – Entrepreneurial Working Elements*

## Managerial Working

The managerial working is part of the entrepreneurial management model which is all about the people that belong to a company that is out of the leadership sphere. In our case, they are designers, developers, marketing teams and other people that actually are the company.

Leadership has a big importance but not more than the actual company since if there would not be the people inside it, then it would not be a company anymore. The main idea when it comes to the management is the effectiveness and the way people are structured and organised in such a way that the operations of any nature or kind are going smoothly and as fast as possible which would assure the growth of the business and the continuous delivery of quality and innovative products.

Apple's organisational structure (4) has been established by Steve Jobs a long time ago and it differs from the flat organisational structure which is used by most of the companies. Its CEO is the most important component, being the leader of the structure, the subordinates of the CEO are the CDO (Chief Design Officer) and the COO (Chief Operating Officer) alongside the Vice Presidents and the Senior Vice Presidents. All the other chiefs are subordinates of the VP, Senior VP and the COO. The advantage of this type of structure allows the strict control of the senior vice presidents over all the aspects of the business. There are also problems such as the number of sales decreasing which can be related to this kind of corporate structure. The specialists are saying that it might be changed over time in order to deal with the sales problem. A business is also defined by its culture and the way people stick to it in order to make the whole process better. Apple's motto "Think different" (2) is part of their idea that nothing is impossible, but you really have to test all the perspectives in order to find a solution. They are opened and there is no schedule the company sticks to. For example, the iPad launch is usually held in the period of March-April of every year, but in 2018 Apple has chosen not to hold it officially. There was a cheaper version of the initial iPad launched in a private event held in Chicago that was organised on-the-go with really short notice. Beside the different thinking and flexible schedule, they are focusing on keeping the work very secret and also the attention to details has to be obsessive (1), they do not use focus



The marketing plays a major role in Apple's growth and market valuation since they have the best teams on the planet for the commercials and the public image of the company. Their target is people's emotions and how you can create a connection between a simple ad and a person's desire for the features and functionalities of that product. In the ads, they present people that are very happy with their iPads and iPods which is making the subconscious have a desire for that product since it provides happiness to the user. Other strategies used by Apple is also the leverage reviews which refers to the tech reviewers that are famous and have videos on trending. They are getting free products from Apple before launching in order for them to promote and review them. By using such strategy, people will be keen on getting to their retail store and try it so that those new features will be tested. Another part of the marketing is about the prices (15). Apple is always sticking to its pricing instead of competing with other manufacturers. The iPhone and MacBooks prices have increased in the past two years by 20% and the sales are not slowing down which points to the fact that is a company delivers a very high-quality product, then the price is not that a big problem for the everyday customer. People are also using the Apple products as a status symbol which is something that started with the iPod headphones. Everybody knew back in 2001-2004 that a person is having an iPod with the white headphones like everybody knows about the iPhone, MacBooks and other Apple devices that are used in order to show how great a person is.

David Rae has defined in his book that the managerial working is all about the focus on strategy, the way organisations are using their energy and how they use the resources and relationships to create value. The most important thing about Apple is the fact that they are paying attention to details not only on products but on their operations and assets as well and how to manage their resources in such a way that the company and its employees will improve over the years and gain value regardless of the competition.



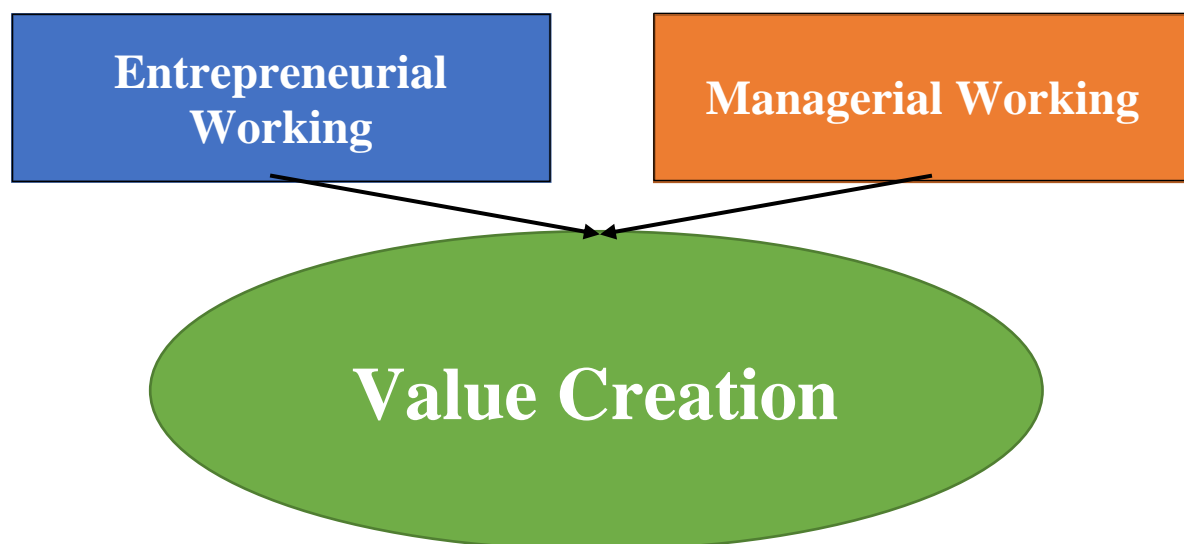
*Figure 3.2 – Managerial Working Elements*

A factor that has to be considered when analysing Apple is also the people that invest in such a company. Warren Buffet has always stated that the most important thing about investing in the value that business has to provide. In May 2018 Berkshire Hathaway bought 75 million shares of Apple (9) which can be considered a sign of trust which lead to a market capitalization of 946 billion \$ and by the end of the year it can be the first company to reach a market capitalization of 1 trillion \$. Warren Buffet is the third largest shareholder of Apple stocks.



## Conclusion

In conclusion, the term of entrepreneurial management is all about creating value in a business by combining the entrepreneurial part of it with the management in such a way that a company would have leaders over bosses and a high-quality management instead of a mediocre interest in the operations. Leaders have to be able to decide the best path or strategy their business will take in any situation otherwise they will fail. Management has to pay attention to details in such a way that everything from software development to sales and marketing to be as optimised as possible. Assets and resources have to be used wisely so that the operations and the key priorities will be accomplished. Apple has proved over the years, from the Steve Jobs period to the presence of Tim Cook that the leaders are making their decisions wisely and the employees are very prepared which gives them the management quality David Rae is talking about. Personally, I have always been an Apple since I was a kid when I got my iPod Touch. The quality and smoothness their devices run is just brilliant, and they never disappoint like other products such as the Windows and Android are. The most important part, after all, is to be able for them to keep on pushing the boundaries and use their assets in such a way that it will survive whatever obstacle that might occur in their way. The cash and the talents are one of the best resources Apple has which can help them to be more flexible no matter what trend might appear in technology.



*Figure 4.1 – Entrepreneurial Management diagram*

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