Name:

Subject:

Tutor:

Topic:   
Financial analysis

Growth

The company experienced significant growth in the first years in the market. There was a marked increase in the number of people who were willing to buy Apple 2 since the company was the first one to create an affordable alternative to the computers that were being sold at the time. Innovations and streamline supply chain led to the attainment of better growth and development in the years following the reentry of Steve Jobs in the company. Therefore, using the data from early 2000s to date, the company finally managed to recover and avoid the precipice of bankruptcy.

Using the sales as the measure of financial growth, the company can be seen to have attained sustainable growth over the years. The company has maintained double-digit growth in sales since 2002 with most of the sale increases being attributed to product line extension and inclusion of new way products. Major launches such as the IPad and the IPhone led to the development of a new market, which can be termed as a growth element. Increased profitability was founded on massive increases in the product lines with the company gaining the most from revolutionary products such as the iPhone, which took the market, by storm.

Profitability

The company was able to post high profitability in the first years in operation mainly because it had been the revolutionary in the portable computers manufacturing. The first computer that was able to meet the needs of all the people can be traced to the company, which was founded for the common people. The introduction of Apple 2 computer led to more sales in the region leading to over one billion sales in the years that it was founded. However, with the introduction of other alternatives offering the same product and service offer, the company had to deal with more failures in the time. For the company, the majority of the products that it had developed did not meet the quality of the alternatives. For the IBM, the products were more effective and affordable. The use of Intel processors was a major determinant of the success level of the products. Therefore, the company could not compete effectively even after the botched up attempts to revamp the production and design. Lack of investment in design led to the worsening of the condition with the company losing out more to the external players.

The turn in profitability came with the entrance of Steve Jobs back into the company after the board had engineered a coup and ousted him ten years before. The period came when the company had been under the risk of failure with the majority of the investments failing. Extensive product lines coupled with operational inefficiencies led to the development of difficulties for the company with the entire company failing to live up to the expectations. The profitability during the year had been negative with the net income being -816 million dollars. For some of the people, they expected that the company had reached its hiatus and it could just die alongside the rest of the innovation technology based organizations.

However, with the reentrance of Steve Jobs into the industry, the company had hopes of reviving its goal of continued growth. The company quickly recovered from the market. The introduction of the new products such as the iPod led to the realization of new levels of success that the system had not realized. The dedication of the new head of the company towards design and simplicity may have saved the company from the imminent failure.

In 2002, the company posted lower profits of only 65 million dollars. The income may have been caused by the decision of the company to change the operating system and revamp it entirely. Slow uptake of the new operating system led to the reduction in sales. At the time, the company also had invested in research and development with some of the projects failing to live up to the expectations. However, as the new product was adopted and Intel processors became the new norm, the company witnessed increased profitability again leading to the realization of the more gains for the company. Since the introduction of Intel based iMacs, the company was able to produce faster and lighter computers. The new computers were effective in meeting the demand while appealing to the special relationship that the company had with the consumers. The only instance when the company witnessed a dip in the profitability was in 2014 when the company had a 2 billion dip in the net income.

Sustainability

The main source of success for apple after the entry of Steve Jobs was the extreme changing of the supply chain. The supply chain had been inefficient before the entry of the founder. The company found itself sustaining different product lines even though most of the lines were bleeding more cash from it. Therefore, there was no possibility of the company becoming more efficient. With the above assessment in mind, the then operations manager Tim Cook reduced the inefficiencies in the production line. The company also had to cut the product lines and remain with only two. With the above changes, there was a marked increase in the sales and operational efficiency.

The company also invested in different products. Some of the products such as the iPod became the industrial leaders in the first years of introduction. However, some of them did not have the same success rates. For instance, Mac Mini was a large failure given that the small computer was being sold at a comparatively higher price compared to the other Widows based computers. The computer was also hindered by low processing power. The company also had to cut Apple TV, which was introduced as a way of reaching more markets. The challenge in the market and its sustainability can also be traced to the other producers of phones and the portable computers. The company has to contend with the Windows producers. The android-based phones have also gained more popularity more so in the emerging markets since they are affordable and compatible with most of the operating systems.

Resources and capability

The company has always boasted of a highly innovative team of workers. With the company’s culture of innovation, the individuals involved in the design of new formula are the main source of success for the company. However, the main resources for the company are the patents and rights that it has managed to create. For instance, with the introduction of the touch screen technology, the company boasted of being the forerunner leading to the realization of more success levels. The patents are part of the intangible resources for the organization.

Most of the innovations that the company has been developing are distinctive and protected. However, the culture of secrecy may have been an impediment in the uptake. Compared to a Google, the company has few free products. Most of the innovations that it has made in the recent past are so protected such that there is a low uptake. Success attained by google in the sales of the new products and the development of Android phones can be traced back to the open source nature of the technology. Consequently, the customers do not have to bear with the costs of the operating system used on the phones.

Weighted competitive strength

Innovation

The company has always been a leader in the innovation. The Jobs legacy was the creation of simple but effective machines. Innovations such as the touch screen, which led to the development of the iPhone and iTunes, have been the main push for the new frontier in the company. The development of iCloud for the organization as well as the iWatch has also been a major contributor towards the success in the organization. Innovation has more weight since it is what has made the company retain its relevance.

Leadership

The second strength was the leadership and management that the company has had over the years. Alternatively, the company, there have been different people who have been able to make an impact. Most notably was Steve Jobs who managed to create and save the company when it was on a brink of failure. The other leaders that came before him also had an impact on the market only that the market specific issues affected them. Tim Cook has also been effective in creating a successful company more so after being left to fill seemingly larger shoes. Under his term, the company has been able to post improvement in terms of sales. He is left to lead the company to greater success in the future with the new market conditions of increased innovation and cheap computer productions being the main determinants of his success.

Current strategy

The company has been mindful of Moore’s Law. With the above law in mind, the company has reduced the level of investment in the hardware production with new product line being developed. The company has been focusing on innovation in terms of the other accessories. The invention of the iCloud has been a major move towards the new frontier in computing. For the iPhone, the company has been following the market trend of creating improved devices. These devices have been effective given the high uptake. The company has also been working on the differentiation strategy, which is meant to appeal to the specific lovers of the phone.

Life cycle analysis

The company has been able to attain the precedent level of maturity. Given that the company was in the front during the production of computers, it can be perceived as a leader in the innovation. Most of the consumers of the products have a history with it since it is more popular. Therefore, the company is not in the growth stages even though some of its products may be perceived to be at the growth stages. With the persistent reinvention, the company promises to hit new levels of growth.

Growth analysis

The company promises to post growth in the software related fields. The introduction of the iTunes led to the realization of a new frontier. However, the growth in the cloud-based services may be hindered by the pricing strategy. However, since the cloud is meant to increase the level of support and success, the company may witness more growth. As long as the company is innovative, there is chance of attaining more growth in the future.

SWOT

Strengths

The company’s main strength has been the innovative practices adopted by the management. During the period of recovery, the company witnessed high innovation rate. Most of the innovations changed the market and how people viewed their products. The company has also been able to attain more success in different product lines due to innovation. Proper leadership has provided the company with a sense of direction too.

Weaknesses

The main weakness of the company comes from the secretive ways. Most of the products are inaccessible to the majority of the people. The second weakness for the organization is the high pricing strategy adopted. Most of the products are inaccessible to the majority of the people.

Opportunities

The company has focused more on the domestic markets. However, with the emerging markets coming in the picture, the company can invest in them. Given that the majority of personal computer users are in the developed world, there is untapped market that the company can use.

Threats

The company faces the main threat of competition. Larger producers such as Lenovo have captured the market. Their ability to produce effective and more affordable computers appeals to the people in the emerging market more than the highly priced Apple computers.