

EXPERIENCING ORGANIZATIONAL BEHAVIOR

Creating Innovation: Leading and Managing the Human Capital at Apple

BusinessWeek ranked Apple as the most innovative company for several years in a row (e.g., 2007–2009). And, largely because of Apple's successful innovations, Steve Jobs was chosen by *Fortune* as the CEO of the decade (2000–2009). Apple's former CEO, Steve Jobs, explained, "Innovation has nothing to do with how many R&D dollars you have. When Apple came up with the Mac, IBM was spending at least 100 times more on R&D. It's not about money. It's about the people you have, how they're led, and how much you get it."

A former manager at Apple suggested that Apple's success was based on empowering its associates, delegating authority and responsibility down in the organization, and allowing the people a lot of freedom.

Apple has been very careful in the hiring process by recruiting people who share its values and are passionate about what they do. In addition, they provide substantial training to build their skills and to emphasize the importance of working as a team. Yet, associates are valued as individuals; for example, staff associates in the Apple retail stores have personal business cards. This



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approach also suggests caring and quality to customers, not typical of most retail organizations.

Steve Jobs was a critical component of Apple's success. His vision and ability to see opportunities in future markets where others saw only challenges helped Apple rise above competitors and perform better than most rivals. Yet, others play a major role as well. Warren Bennis states it this way, "The real test of exemplary leadership . . . [is in] developing a deep, talented bench who . . . can unite a company and unleash creativity in their own way."

Apple's performance in the first decade of the twenty-first century was exceptional. The iPod, iPhone, and iPad set the standard in each of their markets and each achieved substantial sales. Thus, Apple's passion for innovation and the power of its human capital portended a very bright future for the company.

However, with the loss of Jobs, Apple has had a new CEO, Tim Cook (since 2011). Cook was Apple's COO prior to taking the CEO job and he has a strong resume. He received his MBA from Duke University and held managerial positions

at IBM and Compaq, prior to his work at Apple. Since he became CEO, Apple's innovations have not been on a grand scale as before. And, Apple's ranking as an innovative company has fallen since that time as well. For example, *Fast Company* ranked Apple as the 13th most innovative company in 2013. But in other rankings Apple placed as low as 79 in innovation. Undoubtedly, it is difficult to produce market-leading innovations each year and other firms have learned to imitate Apple's approach (compete for the top R&D talent and empower them), so Cook has a major challenge to keep Apple at the forefront of the industries in which it competes. Recently, Cook hired Angela Ahrendts, former CEO of Burberry, to serve as senior vice president and head of the Apple retail operations. She has been described as "wicked smart." Her challenge will be to help Apple create more market-leading products.



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Sources: P.E. DeWitt, "Apple's Angela Ahrendts: 'Wicked Smart' and Empathetic too", *CNNMoney*, (Jan. 7, 2014), <http://tech.fortune.cnn.com>; Tim Cook, *Crunch Base*, <http://www.crunchbase.com/person/tim-cook>, accessed on Jan. 11, 2014.; L. Kratochwill, "The World's Most innovative Companies 2013," *Fast Company*, <http://www.fastcompany.com>, accessed on Jan. 18, 2014; J. Dyer and H. Gregersen, "The Secret to Unleashing Genius," *Forbes* (Sept. 2, 2013) <http://www.forbes.com>; A. Lashinsky, "The Decade of Steve: How Apple's Imperious, Brilliant CEO Transformed American Business," *Fortune* (Nov. 23, 2009), pp. 93–100; "The 50 Most Innovative Companies," *BusinessWeek* (Nov. 16, 2009), http://bwnt.businessweek.com/interactive_reports/innovative_50_2009; S. Lohr, "One Day You're Indispensable, the Next Day . . .," *New York Times* (Jan. 18, 2009), <http://www.nytimes.com>; A. Frankel, "Magic Shop," *Fast Company* (Dec. 19, 2009), <http://www.fastcompany.com>.