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Final Paper- Tim Cook

Background

Apple Inc. was founded in 1976 by Steve Jobs and Steve Wozniak. The company specializes in mobile devices, computer hardware and computer software. Tim Cook graduated from Auburn University with a bachelor’s degree in industrial engineering and earned an MBA from Duke University’s school of business. Following a twelve-year career at IBM, he joined Apple in 1998, where he served as Senior Vice President of Worldwide Operations. He took over as Chief Executive Officer in 2011 when Steve Jobs resigned due to complications with cancer, for which he eventually passed away from in October 2011. Apple has become one of the most powerful and profitable companies during Cook’s tenure. Tim Cook has a democratic leadership style, which has been effective at Apple, as displayed by the company’s profitability, popularity, and his use of soft power.

 Cook’s leadership style is described as uniquely democratic, in contrast to Steve Jobs, who had an autocratic leadership style. Employees describe Cook as charismatic and thoughtful and he has focused a lot of his time as CEO on fostering employee relationships. It is no secret that Apple has some of the most advanced and extraordinary talent in terms of product development, software programming, engineering, and business. Cook has emphasized the importance of cooperation amongst all divisions of employees, but especially among high-level employees. His involvement in new product development processes has been significantly less than the contribution of Steve Jobs. For example, when the Apple Watch was introduced, Cook was not nearly as involved in the product development, and instead delegated those duties to other executives. Although Cook’s democratic leadership style has increased employee relations within the company, some believe it has consequently led to slower decision-making and a decrease in innovative drive, but that does not deter Cook. Cook changed Apple’s structure in ways that Steve Jobs did not. Cook puts a great deal of trust in other high-level executives and gives them more freedom and responsibility. He trusts his software engineers and design engineers to make decisions without constant supervision. Cook has also been described by employees as a quiet leader, “Not a screamer, not a yeller ... He's just very calm, steady, but will slice you up with questions. You better know your stuff,” Apple’s Vice President of Marketing, Greg Joswiak, said (Investopedia). In Cook’s case, this leadership style has proven effective, as he has been able to increase collaboration amongst employees while Apple has remained atop the tech world. Since the beginning of his tenure, Cook has developed a philosophy at Apple, and has maintained the same philosophy. As a gay man himself, Cook clearly understands discrimination and mistreatment based on a person’s ideals. When asked to describe his personal values, Cook said, "Treating people with dignity. Treating people the same. That everyone deserves a basic level of human rights regardless of their color, regardless of their religion, regardless of their sexual orientation, regardless of their gender. That everyone deserves respect. I'll fight for it until my toes point up.” (Fiegerman) While those values apply to Cook’s life, it extends to the company. At Apple, Cook has emphasized the idea that inclusion inspires innovation. In his office at Apple, he has pictures of Martin Luther King Junior and Robert F. Kennedy (Fiegerman). These pictures tie into his notions of the civil rights movement. In 2014, 5000 Apple employees attended the Pride parade. While controversial topics such as gay rights can be detrimental to a company’s success, Apple has embraced Cook’s ideals of inclusion, and implores employees to buy in. Cook’s development of Apple’s corporate policy has emphasized Cook’s sentiment that Apple "wants to leave the world better than we found it." Under Cook’s lead, Apple has started matching all employee charitable contributions, has installed renewable energy sources at data centers and begun to improve supply chain conditions. Developing a corporate policy such as Apple’s goes a long way to develop trust with employees and inspires collaboration. Cook’s effectiveness as a leader is derived from his passion for a cause that is greater than himself.

 Apple has been one of the most profitable and successful companies since Cook took over CEO duties in 2011. In 2011, Apple sold 72.29 million iPhones. In 2012, Cook’s first full year, they nearly doubled that number, making 125.05 million iPhone sales. In 2018, Apple sold 217.72 million iPhones worldwide (Statista). While these numbers are impressive and an indication of the vast success by Apple, they also prove the effectiveness of Tim Cook’s leadership. Since 2011, Apple has consistently grown and consistently been highly profitable. To maintain a company at such a high level of performance, in an industry where you constantly have to adapt and improve, is difficult, and Tim Cook has successfully done so. In 2018, Samsung held 27% of the smartphone market share, while Apple held 24% (Mourdoukatos). Although Apple has not necessarily dominated the smartphone market, they have stayed true to their goal. Contrary to Samsung, who has a wide variety of smartphone options, including low-price and budget phones, Apple produced high quality and high-priced phones. While Apple could easily mimic Samsung and produce more phones in order to gain a higher market share, they maintain a focus on their smaller array of products but making sure they are the highest quality possible and are constantly innovating. In the 2019 fiscal year, Apple generated $260.2 billion in sales, with $55.3 billion in net income (Statista). Since 2011, Apple’s profits have steadily increased. Apple is known for expensive products, but Tim Cook has established Apple as dedicated to providing a high-quality product that is reliable and performs at a high-level, and customers are willing to pay top-dollar for high end products. Apple is arguably the most popular brand in the world, valued at $234.2 million. They have a market cap of $1 trillion, and the brand has grown 9% in the last year (Business Insider). Much of Apple’s recent success can be contributed to Cook’s commitment on innovation and developing brand loyalty. Each year, when the new iPhone is released, it is often criticized, either for a lack of change or too much change. However, each new iPhone becomes annually one of the best-selling smart phones. Cook has used engagement and differentiation to develop brand loyalty, an effective strategy that has largely contributed to Apple’s success.

 Tim Cook applies soft power to his company which has led to his success as an effective leader. He has the ability to apply different strategies for different scenarios in order to get support, whether from investors, customers, or employees. He uses this soft power to reach goals. He employs his soft power in the sense that he is a fantastic listener and very engaging in conversations. He’s quiet and reserved, and is not a yeller, but he is successful in getting support from those around him and persuading them to buy in to Apple’s mission. “An effective leader uses soft power to bring others to share his or her vision of where we should go,” said Joseph Nye, a university professor and author of the book, “The Powers to Lead.” (Gavel, Doug, et al.) Tim Cook displays the qualities of an effective leader that uses soft power to bring employees of Apple to his vision. He is humble and will admit when he’s wrong, develops a sense of trust with employees, and his transparency. “Not allowing yourself to become insular is very important–maybe the most important thing, I think, as a CEO,” Cook said (Morello). This displays Cook’s discipline and humility, even as CEO of one of the biggest companies worldwide. As a CEO, it’s easy to become narrow-minded and get overwhelmed. But Cook, through his eight years and counting as CEO has remain grounded, and it has paid off in grand fashion. Cook frequently visits Apple stores around the country to interact with the customers firsthand, which is a truly unique quality about him. Few CEOs of corporations the size of Apple would take time out of their day to interact with customers, and because Cook does things like that, it improves his effectiveness as a leader. Alongside Cook’s humility comes his ability to admit his missteps, something he learned from former CEO and founder, Steve Jobs. “Maybe the most under-appreciated thing about Steve was that he had the courage to change his mind. And you know–it’s a talent. It’s a talent,” Cook said (Feiner). Having the courage to admit you were wrong allowing you to avoid making similar mistakes in the future, and better sets you up for success. During his tenure at Apple, Cook has established a great sense of transparency inside the company. Not long ago, Apple was under fire for standard’s for global employees. Instead of denying these allegations or lying, Cook decided to take the transparent route. He opened the doors to the public to allow them to see how the operations really work, and he set new standards for manufacturing. This response to the allegations instilled confidence in customers and investors. "Our transparency in supplier responsibility is an example of recognizing that the more transparent we are, the bigger difference we would make," Cook said, which displays his commitment to transparency (Markowitz). That commitment develops trust amongst employees and gives them the feel that they’re working for a company with higher ethical standards. When faced with adversity, Cook responds honestly, even if negative. When Cook took over the CEO role, many were concerned he lacked the visionary ability that Jobs used to propel Apple to the top of the technological world. Cook recognized that general concern, and instead focused his attention on the development and innovation of current products. Cook separates himself from other leaders because he rarely speaks out in the media, and instead lets the numbers and success of products speak for themselves. He is not overly concerned about critics and naysayers. When the iPhone XR released, people called it a flop. Cook simply said it’s the best-selling phones, so how can it be a flop? He lets facts speak for themselves, and he just delivers the facts. His poise and humility are what make him effective.

 In today’s business world, being a CEO is challenging. Being a CEO of a company the size of Apple is even more challenging. Consumers have become difficult to predict; society is changing and it’s becoming difficult to navigate society smoothly. Tim Cook has taken those challenges, used his philosophy and personal ideals, and not only transformed Apple, but taken them to the top of the technology world, and kept them there. His use of soft power is admired by businesspeople worldwide. He is a unique leader who has been effective due to his humility, transparency, honesty and inclusion. The business environment is especially hostile, and to remain the CEO of the most popular corporation for eight years and counting is incredibly challenging. Cook has developed his leadership skills and homed in on what he is great at and has used his strengths to his advantage.

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