

After five years under Apple CEO Tim Cook's leadership, Apple's revenue has tripled, it has doubled the number employees working for the company to over 115,000, and its cash reserves have grown to a record \$246 billion. Cook says, "Our reason for being is the same as it's always been. To make the world's best products that really enrich people's lives." Apple's functional structure has helped that product development to be wildly successful through collaboration, beating out a number of competitors like Sony whose multi-divisional structures keep them from sharing information, expertise, and technology in the most effective way. However, it causes problems for them as well. Apple desktop users are frustrated with a lack of updates (over three years running) and iPhone/iPad users get frustrated that Apple waits to provide major updates to its software systems until it has a new product on the market. Apple shareholders are upset that Apple isn't making more money off of their services (iTunes and other apps). These kinds of issues arise partly because nobody is "in charge" of those products or services.

One of the reasons companies eschew functional (expertise) structures is that it makes it more difficult to hold managers accountable for things when they go wrong. In a multi-divisional structure, if a product fails or a region or unit doesn't make a certain amount of profit—there is someone to point to. When an issue arises with Windows or Office or Microsoft Cloud, Microsoft knows where to go and whom to hold responsible because someone is in charge of those products. Apple's philosophy is different. Apple CEO Tim Cook said, "They're not things where we run separate [profits and losses] on, because we don't do that—we don't believe in that. We manage the company at the top and just have one [profit and loss] and don't worry about the iCloud team making money and the Siri team making money. We want to have a great *customer experience*, and we think measuring all these things at that level would never achieve such a thing."

As Apple becomes even larger though, their structure is going to be harder to maintain. The fact is that they could be making updates much more frequently to a wide range of products, upgrading software, and providing services that could allow them to be much more profitable if they were to adopt a different structure. They have also been blessed with great leadership given their very centralized approach to decision making. The question is where do they go from here?