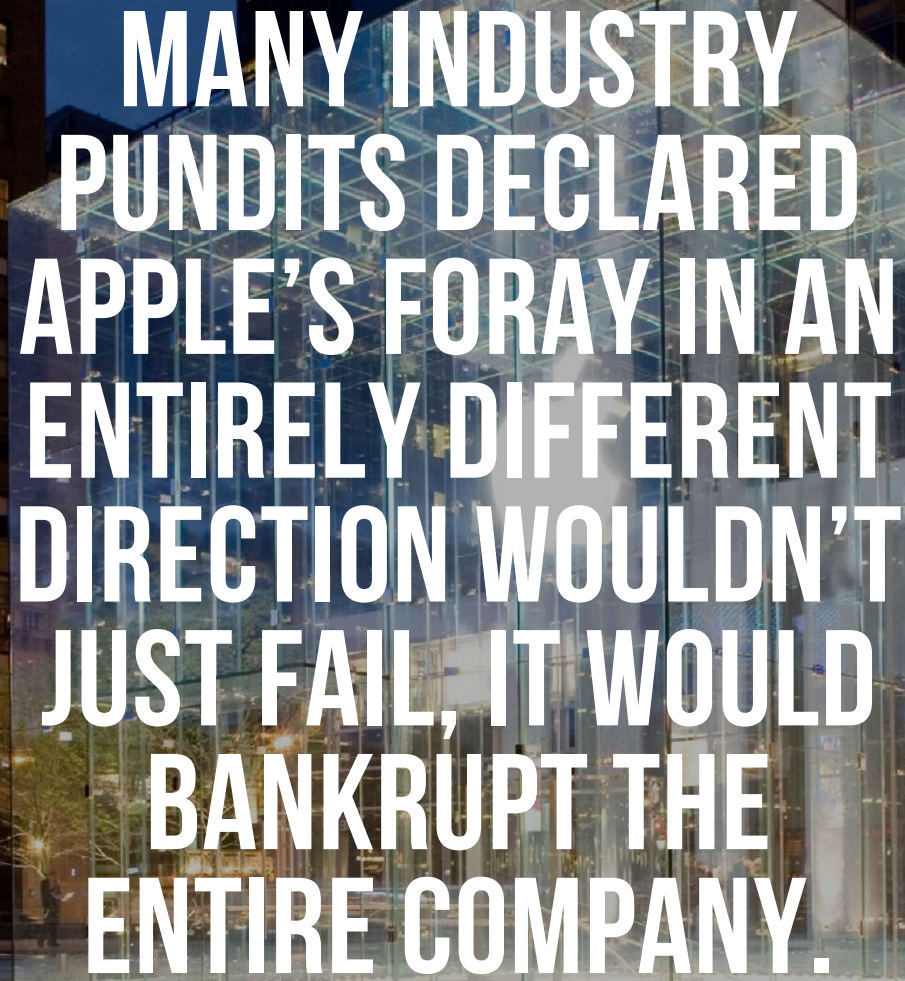


# HOW APPLE APPLIES DESIGN

To Its Experience — And To Itself



## SETTING THE STAGE



**MANY INDUSTRY  
PUNDITS DECLARED  
APPLE'S FORAY IN AN  
ENTIRELY DIFFERENT  
DIRECTION WOULDN'T  
JUST FAIL, IT WOULD  
BANKRUPT THE  
ENTIRE COMPANY.**

### **APPLE REDEFINED MUSIC, COMPUTING, ENTERTAINMENT, AND MOBILITY.**

Its most important non-technical contribution may be the reinvention of retail in 2001 when it introduced the Apple Store. That year, many industry pundits declared Apple's foray in an entirely different direction wouldn't just fail, it would bankrupt the entire company.

That was about 500 stores and \$5,000,000,000 in annual sales ago. With a sales/squarefoot figure of nearly \$5,000, the highest among all retailers, and average annual store sales at \$50,000,000, Apple couldn't have proved the retail experts more wrong!



# ORGANIZATIONAL AGILITY IS PROBABLY THE MOST VALUABLE STRATEGY IN THE 2010'S.

Apple has done many things right. Here, we'll put the focus on two superpowers (capabilities) Apple developed for itself: **Organizational Agility** and **Experience Design**.

These ideas were almost unknown in 2001, but today we recognize them as the significant contributors to Apple's popularity and for their ability to **create value** for both customers and shareholders.



# SUPERPOWER #1: ORGANIZATIONAL AGILITY

If your organization is agile, it can fulfill its ongoing commitments and do first-of-a-kind work at the same time. Being organizationally agile is probably the most valuable strategy in the 2010's. When things don't turn out as you expect, it's a valuable insurance policy.

Organizational Agility allowed Apple to make a series of game-changing and better promises. Promises that delivered more value to customers. Organizational Agility also let Apple keep their promises. Every. Single. Time.

The Products	The Game - Changing Promises
iPhone	Be empowered. Everywhere.
App Store	Find what makes (working) life simpler.
Self - checkout	Feel trusted.
99 - Cent Song	Listen to what you want. Whenever. Wherever.
Genius Bar	Get smarter. Fast.



ORGANIZATIONAL AGILITY ALLOWS APPLE TO MOVE FASTER THAN ITS COMPETITORS WHILE DELIVERING THEIR PRODUCTS AND SERVICES AT MUCH HIGHER PROFIT LEVELS THAN THEIR CLOSEST COMPETITORS.



## THINK ABOUT IT.

Every one of these we-can't-remember-life-before-it innovations was not just a simple improvement on a service or technology that was already in place. Each required a new way of working at Apple for their business partners. For example, it wasn't easy getting hundreds of record labels to agree to let their artists' work be sold at the same price and on a one-song-at-a-time basis. Neither was it easy getting the telecom giants and phone fabricators to keep quiet about new features while thousands of their employees were reprogramming, rewiring, and reinventing the tech to support maps, apps, web browsing, and so on.

When you remember what Apple faced at the outset, delivering on those promises with complex combinations of new technologies, processes, code, and partners just sounds impossible. But, it wasn't for them. And it doesn't have to be for you and your organization either!

# HOW CAN YOUR BUSINESS, COMPANY, OR INSTITUTION BECOME **AGILE**?

## FOCUS YOUR TEAMS ON THE OUTCOMES CUSTOMERS VALUE MOST

Rivet their attention on creating more value for customers using the resources you have. Putting customer value creation ahead of profit taking creates a natural alignment between the different departments and teams in your organization.

## UPDATE YOUR ORG CHART

Include the most important capabilities needed to deliver value for customers. More than just the roles, capabilities include the people, process, tools, and business rules to get the customer's work done. (Note: the fewer capabilities you introduce and the less each one is designed to do—the better the design.)

## SELECT INDIVIDUALS AS CAPABILITY LEADERS

Let them define the commitments they must make with other capability leaders to get things done. (Remember, the 'job' of a capability leader is to set-up and maintain the capability, not do all of the work.)



# HOW CAN YOUR BUSINESS, COMPANY, OR INSTITUTION BECOME **AGILE**?

## **RESIST THE TEMPTATION TO MICRO-MANAGE HOW CAPABILITY LEADERS GET THEIR WORK DONE**

Instead, focus on the outcomes. Why? Because that's the most important behavior to practice. Demonstrating leadership this way is essential to becoming—and remaining—agile as an organization.

## **FINALLY, SHIFT THE FOCUS TO EFFICIENCY AND PROFIT**

There's no reason not to work smart and make money.



# HOW CAN YOUR BUSINESS, COMPANY, OR INSTITUTION BECOME **AGILE**?

Every growing-in-value, agile organization follows this pattern somewhat differently. Apple, Disney, Lyft, Warby Parker, SilverCar, and others offer game-changing value with this approach.

First, they design a way to deliver the new kind(s) of value customers want most – then they make it efficient. Applying a profit-first approach to adapt to your business only works for a short while.

Companies that don't focus on creating value for their customers become dinosaurs and lose their ability to adapt. Think department stores, packaged software, printing, and wired telecom.





**NO MATTER HOW HARD YOU TRY  
OR HOW MUCH YOU SPEND, YOUR  
BRAND CAN'T BE ANY BETTER  
THAN WHAT YOUR CUSTOMERS  
EXPERIENCE.**

## **SUPERPOWER #2: EXPERIENCE DESIGN**

Your customer's experience includes everything your brand does for them and everything your processes do to them; it's all about how they feel.

Apple's success at retail is nothing short of phenomenal. Whether you like their products, closed architecture, interfaces, stores, and policies or not, Apple's #1 Cap Rank shows that their focus on organizational agility and experience design work.

### **REVEALING THE SECRETS BEHIND APPLE'S EXPERIENCE DESIGN**

Apple marries each positive effect customers perceive front-of-house (FOH) with solid back-of-house (BOH) operations. It's just like a restaurant where the maître d' handles the dining room, wait staff, and experience delivery while the head chef takes care of food preparation, kitchen staff, purchasing, etc.

The value of FOH/BOH design is that it won't let you offer what you can't deliver. Let's review a few examples from inside the Apple Store.

# REVEALING THE **SECRETS** BEHIND APPLE'S **EXPERIENCE DESIGN**

- **FOH** CROSS AN APPLE STORE'S THRESHOLD, AND YOU'LL GET A WARM AND AUTHENTIC GREETING FROM A CARING EXPERT. IT JUST TAKES A MINUTE OR TWO FOR THIS WELL TRAINED, SMART, FRIENDLY PERSON TO LEARN YOUR INTENT, TAKE ACCOUNTABILITY FOR YOUR EXPERIENCE, AND SURROUND YOU WITH THE RIGHT RESOURCES.

At an Apple store, you don't have to hunt for stuff. They bring it to you.



- **BOH** APPLE CAPTURES ITS CUSTOMER'S INTENT EARLY (WITH A REAL PERSON DOING THE WORK) TO QUEUE UP THE RIGHT RESOURCES. HERE ARE SOME POSITIVE OUTCOMES YOU CAN EXPECT FROM LISTENING TO YOUR CUSTOMERS EARLY AND INTENTLY:
  - Resolving issues at first contact, saves time, reduces staff resources expended per visit, and impresses customers.
  - Having a 'smart' person greet your customers doesn't add to hourly labor costs, it helps contain them; it also improves your first impression. An experienced team member at the front of the store directs customers appropriately and sets service delivery expectations accurately. Customers appreciate knowing what's going to happen next, so they are easier to handle once it's their turn.
  - This talent-at-the-front-of-the-store strategy also shortens lines. For example, a customer with two needs are encouraged to head to the shorter line first as it reduces perceived wait time.



# REVEALING THE **SECRETS** BEHIND APPLE'S **EXPERIENCE** DESIGN

- **FOH** TRY TO SPEND \$2,500 ON A TOP END MACBOOK PRO LAPTOP OR \$49 ON AN ENTRY-LEVEL IPOD SHUFFLE, AND YOU'LL GET THOUGHT-PROVOKING AND ASSUMPTION-TESTING-YET-FRIENDLY QUESTIONS FROM YOUR VERY OWN CONSULTANT. DON'T BE SURPRISED IF THEY TRY TO 'UNSELL' YOU ON WHAT YOU THINK YOU WANT TO BUY.

If you discover now that a lower-priced or simpler product will be perfect, the risk of buyer's remorse, negative reviews, and returns drops dramatically. Leaving the store knowing that the product you selected is the right one for you, based on your needs, style of use, budget, and appetite for learning is an experience bound to turn into positive stories.



- **BOH** MAKE SURE A CUSTOMER'S FIRST PURCHASE IS THE RIGHT PURCHASE. LEAVE CUSTOMERS IN CHARGE. MAKE FRIENDS. THESE THREE RULES SEEM TO BE THE KEYS TO HAPPINESS AND PROFITABILITY AT APPLE. APPLE EARNS THESE HARD-TO-OBTAIN RETAIL OPERATING RETURNS BY PUTTING CUSTOMERS FIRST.

- Product returns for the usual 'didn't like it', 'didn't understand it', and 'it's not for me' reasons don't seem to happen as much because team members have the time to make sure the product is right for the customer during their first store visit.
- Add-on services (training, support, warranty, web services) are bundled more successfully on the initial sale because team members can tie these options to what their customers want and how they want it during the selection process – not at the time of the transaction.
- Unpaid support and service around product compatibility issues occur less frequently because Apple's salespeople uncover each customer's particular situation and their technical environment before making product recommendations.
- Employee attrition is extremely low because team members love what they do– and how they do it– it simply makes them happy. They are empowered to serve and proud to do so.

# REVEALING THE SECRETS BEHIND APPLE'S EXPERIENCE DESIGN

- **FOH WHEN IT'S TIME TO CHECK OUT, THE CASH REGISTER COMES TO YOU.**

Wherever you are in the store, team members use an internet-enabled handheld device to ring up your sale, register your warranties, collect payment, and send you an e-mail receipt. The only time they may need to leave your side is to fetch a shopping bag for you.

The result is that you feel well attended to, get more minutes back in your day, and you get bragging rights from the cool experience to share with your friends.



- **BOH APPLE LOSES THE LINES WITHOUT CREATING MORE WORK FOR ITS CUSTOMERS. HERE'S WHAT MAKES THAT IDEA WORK:**

- Transactions are faster because they are part of a seamless service experience; not a bolt-on afterthought.
- Sales-per-square-foot increases because valuable retail and interaction space isn't lost to cash wrap areas and queues.
- Cash control is easier (in part because Apple's demographic prefers digital or plastic).
- Theft is minimal because every team member is on the floor, side-by-side with customers.
- Lost sales decrease dramatically because there is no self-service (for inventoried items) in an Apple store. The service experience is designed so that each customer gets to talk with at least two team members
- Follow-on marketing and communications opportunities are usually on-point because the Apple customer database is frequently refreshed. Real-time updates keep the merchandising and research works happy with the kind of information they can use to serve, not only to sell.
- Suggestive selling works because the suggestions are well-founded; they are based on a more intimate knowledge of each customer's needs.





# NOTE TO **LEADERS** ABOUT ORGANIZATIONAL AGILITY AND EXPERIENCE DESIGN

Deliberately improving your organizational agility and your customer experience might not transform you into Apple. In fact, it won't.

That's because 'borrowing' strategy from others doesn't work—unless your only desire is to be an undifferentiated follower.

What does work is paying careful attention to what your customers want—then making your business the best at delivering just that.

# NOTE TO **PRACTITIONERS** ABOUT ORGANIZATIONAL AGILITY AND EXPERIENCE DESIGN

Agility should be your top strategic priority if you work in a quickly evolving industry or marketplace. Building capabilities that adapt to customers' changing needs is the key to affordable operations, and to differentiation and success.

Design your experiences to both elate customers' emotions and to deliver operational excellence. Think from the outside-in. Then, change from the inside-out. Start with your employees. They should know what's expected of them before customers do. Make their jobs easier and more enjoyable. They, in turn, will deliver a better customer experience.

Together, organization agility and experience create story-worthy businesses. When customers have a great experience, they tell their friends. That ignites a word-of-mouth chain reaction and your business grows.







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