



White Paper:

How to Model the World's Most Valuable Company

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Keep ANY Promise: a blueprint for designing your future

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So, how did Apple do it?

How did Apple overtake Exxon Mobil to become the world's most valuable company in September 2011? Apple was formed in **1976**; Exxon and Mobil were formed in 1999, both being descendants of the John D. Rockefeller corporation, Standard Oil, which was established in **1870**.

Was it simply the genius of Steve Jobs, which the world will sorely miss? Or its über-cool designs? Pivotal as these factors are, they are far from the whole story.

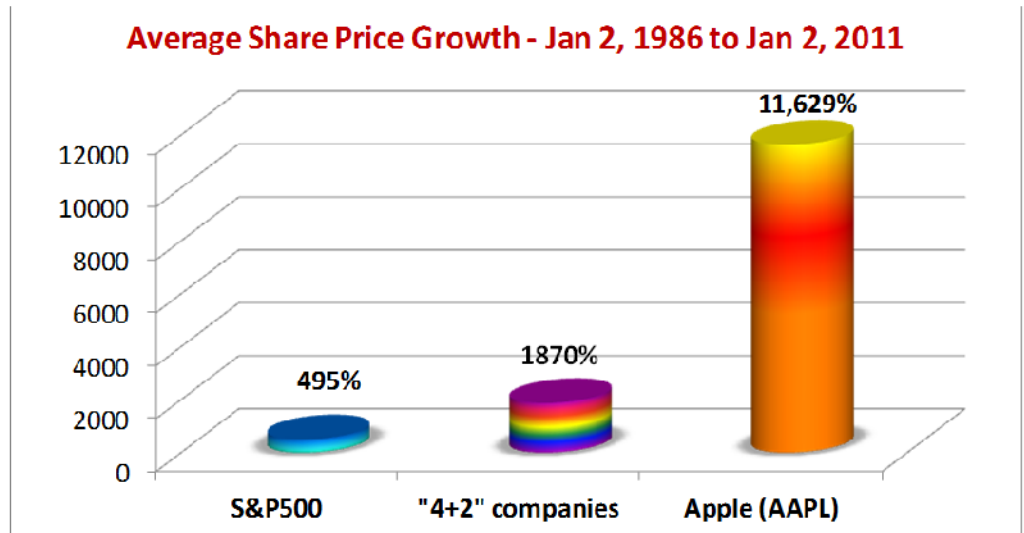
The reality is that Apple has consistently followed a set of fundamental business practices that mirror those in [What Really Works: The 4 + 2 Formula for Sustained Business Success](#).

Apple's success follows that of well-known companies like the ones below, who use the 4+2 model consistently.



Over the last 25 years, such winning companies saw their share price increase by **1,870%** (versus **495%** for the S&P500 index). Their market capitalization increased some 4,040% or **162% per year**. And their annual revenue growth was **110% per year**. **But Apple did even better!**

GROWTH OF 4+2 COMPANIES v/s Apple Inc.



25 years – 1986 to 2011	Share price increase	Market cap growth	Revenue growth
S & P 500	495%	520%	
4+2 companies	1,870%	4,040%	2,742%
Apple Inc.	11,629%	21,671%	3,329%

Below are the results of a 4+2 assessment our team at Avidium conducted of Apple Inc. after deep research:

Primary management practices

Strategy — 97.1%
 Execution — 100.0%
 Culture — 100.0%
 Structure — 100.0%

Secondary management practices

Talent — 100.0%
 Innovation — 100.0%
 Leadership — 100.0%
 Mergers and Partnerships — 52.3%

(A company needs to MASTER the four Primary Management practices listed above, as well as two of the Secondary Practices. Not having core competency in Mergers and Partnerships has been irrelevant to Apple's growth).

So yes, Steve Jobs' leadership has been a key factor, and he will be sorely missed by millions around the world. And yes, innovation and great design have been very important too.

But keep in mind in the examples below that Apple did not invent these products or services: its genius (which you can learn to do for your company too!) comes from how it saw a trend or innovation, and then leapfrogged its competition to implement, executing brilliantly along the way.

1. **Apple I, II and III** – preceded by the Intel 8080 and Motorola 6800, and then the Atari
2. Apple's **mouse, keyboard and desktop** – invented at Xerox
3. **iPod** – preceded by the mp3 player (remember Sony Walkman?)
4. **iTunes** – flat 99c pricing, with the agreement of the five major music studios, to replace Napster and other illegal popular file sharing services
5. **iPhone** – preceded by the Blackberry and other smart phones – but Apple's was smarter!
6. **iMac** – remember the long lead that Dell and others have had with PCs, often clunky. Then along comes the iMac – super cool, super sleek, super sexy – and with an easy to use operating system to boot!
7. **Apple Store** – a whole new retail experience, and the #1 grossing retail chain in the world
8. **iPad** – remember the Window's tablet that was a dud, first released in 2001?
9. **iCloud** – which has been around in poorly developed, un-integrated fashion for years
10. **iTV** – to soon replace the many converters littering living rooms.

Most Valuable and Most Inspiring Company too!

It is hardly surprising that Apple made the Most Inspiring Companies™ lists two years in a row for 2010 and 2011. As reported by the [Global Institute for Inspiration](#) (an Avidium team member), who produces the list, and [Forbes](#), who published the study in a recent article, Apple came in at #3 in 2010 and topped at #1 in 2011 on the U.S. list. 2011 was the first year a list was produced for the UK – Apple came in at the #1 spot. Most notably, survey respondents reported they were most inspired by the company's ability to innovate, its compelling vision and commitment to being the best it can be.

The BrandZ Top 100 Most Valuable Global Brands 2011, conducted by Millward Brown Optimor, ranked Apple as the #1 brand worldwide, worth US\$153.3 billion, a 859 percent increase in value since 2006.

Some additional readings about Apple

Read more about Apple in this excellent behind-the-scenes article (downloadable for your Kindle on desktop or free if you subscribe to Fortune) - <http://www.amazon.com/dp/B004ZNFYFK>

Inside Apple -- From Steve Jobs down to the janitor: How America's most successful-and most secretive-big company really works

Article summary:

To Apple's legion of admirers, the company is like a tech version of Wonka's factory, an enigmatic but enchanted place that produces wonderful items they can't get enough of. That characterization is true, but Apple also is a brutal and unforgiving place, where accountability is strictly enforced, decisions are swift, and communication is articulated clearly from the top. Fortune takes you around 1 Infinite Loop, inside Apple's management structure, and into a world where ex-CEO Steve Jobs didn't tolerate duds.

You might also wish to read this recent article in the Sept 26, 2011 issue of Fortune magazine, <http://tech.fortune.cnn.com/2011/09/08/steve-jobs-real-legacy-apple-inc/>.

And a brilliant biography, [Steve Jobs: A biography](#) by Walter Isaacson.



A rendering of Apple's proposed headquarters, dubbed iSpaceship, by Foster & Partners

Plus [Steve Jobs presenting this incredible building](#) to Cupertino City Council.

Ask yourself these important questions

1. How can I use the 25 year, solid track record established by the 4+2 companies (and Apple Inc.) to spur my organization's growth and competitiveness?
2. What is the status quo costing me in terms of lost growth, and unnecessary expenses?

Conclusion

In addition to the genius of Steve Jobs and its very cool designs, Apple has consistently followed a set of core principles outlined in the 4+2 model to propel its growth.

No matter the size of your firm or division, its complexity, or your industry, our experience shows that the 4+2 model can have you achieving far greater growth, a rate that over time can mirror the growth of some of the world's most successful companies.

If you'd like to model the performance of the world's most successful companies, please contact me for access to a FREE, online 4+2 assessment, licensed from Harvard Business Review. You'll gain an immediate, invaluable scorecard for your organization.