

# Blackberry – An Analysis of failure in Organizational Design

## Executive Summary

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BlackBerry's fall from prominence has been one of the most dramatic organizational failures in recent memory. When it first entered the market its product redefined what phones were capable of and led to incredible success. However, after the introduction of Apples iPhone in 2007 the pace of the market rapidly increased and BlackBerry failed to keep pace. This report attempts to determine the causes of this fall by analyzing a variety of factors.

BlackBerry provides BlackBerry wireless solution including BlackBerry devices and software as electronics and computing company focused on wireless communication. Since 2008, BlackBerry R&D focuses exclusively on mobile computing and similar area. BlackBerry had highly spending wireless development group before turmoil but it reduced by 40% as result of losing market share. BlackBerry now relies upon government and corporate partnership for funding.

BlackBerry undoubtedly faced many challenges which eventually led to its failure. A study of the company's external environment showed that the main threats came from the industry and market sectors of its environment domain. These corresponded with the sudden appearance of Apple and Google into the smartphone market and the resulting evolution of consumer demands from 2007 to 2009. Since then, BlackBerry experienced increasing instability and complexity in its environment which both contributed to the uncertainty that hampered management's ability to make decisions.

There were lots of issues with BB's OD having two co-CEOs, and they were not prepared for such rapid growth of the organization. Not enough investments were made to shift strategic directions that is tailored to an organization that became significantly larger in size and influence.

BlackBerry has divided its focus on Market into two parts. First part is wireless devices and operating system such as BlackBerry 10 and Z10. Second part of the focused market is wireless solutions for corporates and governments including enterprise server and licenses. As market shift from 2G cellular phones to smartphones, BlackBerry had not seen the shift and had not have a proper strategy to create competitive products which lead to losing market share.

The culture of BlackBerry was perhaps the most significant cause of their inability to respond effectively to the changing environment. Its quick growth and a catastrophic

lawsuit resulted in a culture filled with a high value placed on bureaucracy and a widespread fear the unconventional. The speed of its growth also led a pervasive overconfidence and this combined with the cultures generally high insularity resulted in poor design decisions and inability to understand their situation. These different aspects fed off of each other and together created a culture opposed to change. The result was a company stuck in the status quo of 2005 and unwilling to adapt or innovate.

The findings of this report have many implications for other organizations. The clearest lesson is the precariousness of a company no matter its success. It is also clear that companies should not distance themselves from their exterior environment and have departments with boundary spanning roles. Structurally, organizations should avoid a split between two heads and with regard to marketing it is essential to differentiate a product. Finally, organizations should strive for a culture that is open to new ideas, values innovation and enables change.

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