04 / RESPECT FOR INDIVIDUAL AGENCY

Apple

The locked iPhone

How should a business defend customer agency when public duties conflict?



Apple Fifth Avenue, 2016. Photograph: Kanesue.
Wikimedia Commons · CC BY 2.0. Cropped and reproduced in black and white.

A court order, an investigation and a disputed demand for technical assistance put the boundaries of customer trust before Apple’s leaders.

Tim Cook and Apple’s leadership team | 17 February 2016

35-45 minutes to prepare / 75 minutes to discuss
Original public-source teaching case • First member edition • 1 November 2026

PRINCIPLED BUSINESS IN PRACTICE

Introduction

About Principled Business

Principled Business (PB) is a nonprofit organization that brings together business leaders to advance capitalism through education, relationships and action. It helps founders, executives and investors understand free enterprise, apply its principles in their organizations, and explain the contribution business makes to people's lives.

The PB manifesto grounds capitalism in individual agency, private ownership and voluntary production and trade. These commitments take practical form in everyday business decisions.

Respect for individual agency

PB grounds capitalism in people's capacity to choose, act and take responsibility. Voluntary relationships require meaningful information, consent and room to disagree.

Apple's response to an order concerning a seized iPhone makes agency a demanding management problem. Customers rely on security they cannot individually inspect. Investigators seek evidence for a serious crime. The case asks which commitments a company should defend, how it should explain them, and what assistance it can responsibly offer.

PB presents this case to make the principle usable in a real business decision. Your recommendation should connect the principle to a workable policy, account for the people affected, and identify evidence that could change your mind.

What you will learn

01 Distinguish customer consent, lawful process and a company's technical responsibilities.

02 Separate a resource calculation from the rights and risks it cannot resolve.

03 Develop a response with clear boundaries, oversight and a public explanation.

> **Apply it to your own business**
> Where does your business hold information or capabilities that customers cannot directly control? Who may authorize their use, and how would you challenge an overbroad request?

Source: About Principled Business; Capitalists for Capitalism Manifesto, Section 2: Respect for Individual Agency.

NOTES FOR STUDENTS AND TEACHERS

Using this case study

This packet includes the case, exhibits, worksheet, sources, answers and teaching notes. Allow 35-45 minutes to prepare and 75 minutes for discussion. Have a calculator or spreadsheet available.

Pages	What to use and when
4-8	Decision, evidence, exercise and alternatives. Read before discussion.
9	Decision worksheet. Complete before reading the answers.
10	Sources and reading notes. Check the evidence and its limits.
11-12	Worked answers, outcome and teaching plan. Read after deciding.

For students

Read once to identify the decision, then work through the exhibits. Separate historical facts from the invented classroom exercise. Use the case's decision boundary; write down assumptions when evidence is missing. Complete the calculation and worksheet on page 9. Be ready to defend your recommendation and the strongest objection to it.

For individual study, decide before turning to pages 11-12. Compare your reasoning with the worked analysis and write a short reflection on what you would change. Choose one action to try in your own organization.

For teachers and discussion leaders

Read the full packet and timed plan before teaching. Assign pages 1-10 first and reveal the final two pages after students commit to a choice. Record the alternatives, evidence and disagreements on the board.

Require a fair statement of both the investigative interest and Apple's security argument. Do not let a cost estimate substitute for the disputed legal and ethical questions.

> **How to assess the work**
> Look for a clear choice, accurate analysis, stated assumptions, attention to affected people, a fair objection, and an implementation plan with an owner and review point. Assess reasoning rather than agreement with the historical decision.

17 FEBRUARY 2016 • A PUBLIC DISPUTE

The decision

A federal magistrate judge had ordered Apple to provide assistance with an iPhone recovered during the investigation of the December 2015 San Bernardino attack. The government said the device had been lawfully seized and that access could advance the investigation. Apple had already provided information it possessed and other assistance, according to Cook's public letter. [A1-A3]

Apple opposed the additional demand. Its concern was that creating a new capability could undermine the security on which customers depended. The government treated the request as assistance concerning a particular device. The disagreement therefore involved both the immediate investigation and the consequences of the capability being requested. [A1-A3]

A response that can withstand scrutiny

Assume the role of Apple's leadership team on 17 February. Decide whether to comply with the order, seek relief, or propose a narrower approach through the legal process. State what assistance should continue while the dispute is considered. Your recommendation must be operational enough for legal, security and communications teams to carry out.

The case supplies no invented internal vote or private conversation. It asks you to reconstruct a defensible decision from the public record. The eventual resolution is deliberately reserved for page 12.

> **Decision boundary**
> You may challenge or seek to modify an order through lawful procedures. Do not assume either that the demand has already been invalidated or that a proposed technical compromise will be accepted.

THE BUSINESS LOGIC

Trust, authority and responsibility

Security is part of the product

A customer buys a device partly on the expectation that access to personal information will remain controlled. That expectation reaches beyond any one transaction: customers, employers and software developers organize their behavior around a platform’s security promises. A change to those promises can affect people who are absent from the immediate dispute.

Public interests are concrete

An investigation into a deadly attack also concerns individual rights and safety. A credible business response should acknowledge the victims and the government’s evidence-seeking responsibility. Treating that interest as merely inconvenient would weaken the reasoning and the explanation.

Separate three questions

First, what assistance does the legal process require, and what review is available? Second, what would the requested work actually create, who could control it, and what uncertainties remain? Third, what can leadership promise customers without claiming certainty it does not possess? Technical feasibility, legal obligation and commercial trust inform one another, but they are different questions.

A narrower proposal is useful only if it changes the disputed risk. Labeling a capability “one time” does not by itself show that its knowledge, precedent or use can be contained. Equally, asserting a possible wider risk does not quantify it. Ask each side to specify the mechanism and evidence behind its claim.

> **Management test**
> A principled response states the boundary, the reason for it, the assistance still available, and the process by which disputed facts will be examined.

EXHIBIT 1 • HISTORICAL EVIDENCE

What the record establishes

Evidence	What it supports	What remains disputed
Government application [A3]	The investigative rationale and claimed authority to seek assistance.	How much useful evidence access would yield.
Court order [A2]	An operative demand for assistance, with an avenue to seek relief.	The final resolution of objections and burdens.
Apple letter [A1]	The company's stated security and precedent concerns.	The likelihood and scale of the predicted wider effects.
Existing assistance [A1]	Apple said it had supplied information in its possession.	Whether that assistance could meet the remaining investigative need.

Prepare two fair statements

Write the strongest version of the government's argument in two sentences. Then write the strongest version of Apple's argument. Each statement should identify whose interests are at stake and avoid attributing motives that the evidence does not establish.

Questions for an independent review

Identify what an appropriately authorized technical reviewer would need to know: the scope of the capability, custody and use controls, exposure to reuse, and realistic alternatives. Identify what must remain confidential and what conclusions could be explained publicly without exposing sensitive details.

> **Keep the boundary visible**
> The quantitative exercise on page 7 is a staffing model. It supplies no estimate of the probability of a security breach and no valuation of victims' or customers' rights.

EXHIBIT 2 • INVENTED CLASSROOM EXERCISE

A constrained assistance plan

Assume an eight-week planning period with 80 engineer-weeks available. Already committed security work requires 20 engineer-weeks, and undisputed assistance requires 18. Leadership has ruled out delaying either commitment. One engineer-week has a planning cost of $10,000. All figures are invented; none describes Apple's actual staffing or costs.

Response option	Additional work	Condition
A. Implement the demanded assistance	48 engineer-weeks	Subject to legal and technical review.
B. Seek relief; support technical review	12 engineer-weeks	Existing assistance continues; litigation costs excluded.
C. Develop a narrower proposal	30 engineer-weeks	Acceptance and technical adequacy are uncertain.

Calculate before choosing

01 Calculate total engineer-weeks and planning cost for each option. Which options fit the stated capacity?

02 If option C requires 50% more engineering work than estimated, does it still fit?

03 What does the calculation help you decide, and what would it be improper to infer from it?

Assume the work can be scheduled within the period if total capacity is sufficient. This simplification omits specialist bottlenecks, legal fees, timing dependencies and investigative consequences. Identify which omission could invalidate your operational plan.

> **A hard constraint**
> Do not balance away the committed security work to make a favored option fit. Explain how you would revise the plan if its resource needs exceed the limit.

ALTERNATIVES • IMPLEMENTATION • ASSIGNMENT

Choose and explain the boundary

Alternative	Strongest case for it	Main objection
Comply	Respond promptly to an operative demand and investigative need.	May create a capability or precedent leadership cannot responsibly contain.
Seek relief	Obtain review of disputed authority, burden and security consequences.	May delay evidence gathering and intensify public conflict.
Propose a narrower approach	Test whether both immediate assistance and a defensible boundary are possible.	Could consume time without materially changing the disputed risk.

Your assignment

01 Choose an initial response and state the assumptions on which it depends.

02 Specify who can approve technical work, who independently reviews it, and when leadership revisits the decision.

03 Write a 100-word public explanation that recognizes the investigation and explains the company’s boundary.

04 Identify one fact that would justify changing your recommendation.

Attach a short implementation note. Distinguish work that can proceed immediately from work requiring further authority. Make sure communications do not promise an outcome that the technical or legal teams cannot establish.

> **Prepare to defend**
> The best objection to your proposal should appear in your own recommendation, together with a reasoned response or a clear unresolved question.

WORKSHEET • COMPLETE BEFORE READING THE TEACHING NOTES

Your decision

Write as the decision-maker. Use the historical evidence and the classroom model for their stated purposes. A recommendation needs a boundary, an owner and a test.

My recommendation and the principle it puts into practice

The calculation or evidence that matters most; its main limitation

Who bears the risk, and how their choice or voice is protected

The strongest objection and my response

First action, accountable owner, review date and stop/change trigger

EVIDENCE • METHOD • LIMITS

Sources and reading notes

A reconstructed public decision as of 17 February 2016. The court record and Apple's letter establish opposing positions. No private deliberations are reported. The resource exercise is wholly invented.

A1 Apple, A Message to Our Customers, 16 February 2016

Tim Cook's public argument; a party's position, not an independent security assessment.

Open source document →

A2 U.S. District Court, assistance order, 16 February 2016

The requested assistance, cost provisions and opportunity to seek relief.

Open source document →

A3 U.S. government, application for assistance, 16 February 2016

Investigative rationale and the government's account of authority over the seized device.

Open source document →

A4 U.S. Attorney's Office, statement, 28 March 2016

Later request to vacate the order; used only in the outcome on page 12.

Open source document →

How to read the evidence

The public dispute does not establish either side's technical predictions as settled fact. Read the application, order and company response together. This case teaches business judgment, not legal advice or methods for accessing a device.

All quantities in the classroom exercise are invented unless explicitly identified as historical. The models omit factors deliberately for discussion; they are not company forecasts. Photographs are documentary context, with dates and licenses on the cover.

Original Principled Business teaching material. No company approval or affiliation with Harvard Business School is implied. No private interviews or unpublished company records were used. Public sources checked 1 November 2026.

TEACHING NOTES • READ AFTER COMPLETING THE DECISION

Worked analysis

Capacity and cost

Option	Total weeks	Planning cost	Capacity
A	20 + 18 + 48 = 86	$860,000	6 weeks over
B	20 + 18 + 12 = 50	$500,000	30 weeks spare
C	20 + 18 + 30 = 68	$680,000	12 weeks spare

If C’s additional work rises by 50%, it requires 45 weeks. Total demand becomes 83 weeks, exceeding capacity by 3. Its maximum additional-work allowance is 80 − 38 = 42 weeks, or 40% above the original 30-week estimate.

What the numbers do not answer

B is cheapest in this deliberately narrow staffing model. That does not establish that seeking relief best serves every legitimate interest. The model excludes legal costs and says nothing about the value of evidence, the authority of the order or the security consequences of compliance. It can expose a resource conflict without resolving the underlying dispute.

A defensible recommendation

One reasoned approach is to seek review, continue undisputed assistance and assign a bounded team to examine alternatives. It requires a clear explanation of the disputed capability, respectful treatment of the investigative interest and a willingness to revise the position if evidence changes. A compliance recommendation must meet the same burden of explaining authority, safeguards and wider effects.

> **Watch for these errors**
> Do not treat a company statement as an independent technical finding, a resource estimate as a rights calculation, or the eventual outcome as proof that the original uncertainty was trivial.

TEACHING NOTES • READ AFTER COMPLETING THE DECISION

Outcome and teaching plan

What happened next

On 28 March 2016, the government said it had accessed the phone with third-party assistance and asked the court to vacate the order. This resolved the immediate need for Apple's help in that matter; it did not settle every broader issue in the public debate. [A4]

A 75-minute discussion

Minutes	Facilitation plan
0-10	Vote on the response; require a one-sentence boundary.
10-25	Build the strongest arguments for the government and Apple.
25-40	Calculate capacity and test option C's overrun.
40-55	Design authority, review and communication arrangements.
55-65	Reveal the outcome; distinguish resolution from precedent.
65-75	Transfer the discussion to a data or access request in another business.

> **Closing question**
> What must a business be willing to explain, challenge or refuse when it holds capabilities that affect people who cannot oversee their use?

Assess the decision at its stated boundary. Later success cannot prove the original choice was sound; later failure cannot, by itself, prove it was unreasonable.