



The Steve Jobs Way

iLeadership for a New Generation

by Jay Elliot and William L. Simon

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Take-Aways

- Steve Jobs, a visionary, and Steve Wozniak, an engineer, co-founded Apple Computer.
- Jobs believed Apple should be about products, not profits.
- Jobs conceived of and developed the Mac computer, iPhone, iPod, iPad, and iTunes.
- His high-tech companies made their own hardware and software.
- Jobs's fundamental product design consideration was, "Will this help the purchaser?"
- Jobs loved collaboration and abhorred bureaucracy.
- He ignored product engineers when they claimed something couldn't be done.
- When internal struggles drove Jobs away from Apple, he started NeXT Computer and bought Pixar.
- Without Jobs, Apple's sales slumped and morale plummeted.
- When Jobs returned a decade later, Apple became a consumer-product powerhouse.

Rating (10 is best)

Overall
7

Importance
7

Innovation
6

Style
6

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Relevance

What You Will Learn

In this Abstract, you will learn: 1) How Steve Jobs co-founded Apple Computer, 2) How he carried out his revolutionary product-development philosophy and 3) How he achieved ground-breaking accomplishments that changed the world.

Recommendation

“We’re here to put a dent in the universe,” said Steve Jobs, co-founder of Apple Computer and then chairman and CEO of Apple Inc. Today, all personal computers incorporate a version of the mouse-driven graphical user interface that Jobs perfected and popularized. The guiding spirit behind the Macintosh computer, iPod, iPad, iPhone and iTunes, Jobs is an American corporate legend. Few people worked more closely with him than Jay Elliot, a former senior vice president at Apple. In this business biography, written before Jobs died, Elliot and co-author William L. Simon detail Jobs’s corporate achievements, his attention to product detail and his visionary leadership. *getAbstract* recommends their revealing profile to those compelled by or curious about the genius of Jobs.

Summary

The Steve and Woz Show

In 1971, at age 16, technophile Steve Jobs met computer geek Steve Wozniak. Wozniak and his love of technology impressed Jobs, who sensed that he and “Woz” were soul mates. A few years later, they became partners in a technology start-up, the future Apple Computer Inc. (now Apple Inc.). They made a perfectly complementary team: Wozniak had no business savvy, but Jobs had plenty. When Wozniak built Apple’s first computer, he needed Intel’s expensive DRAM chips. Since Apple could not afford them, Jobs convinced Intel to send him the costly chips for free.

Wozniak loved to tinker with technology and build things. Jobs was a visionary leader who could imagine commercial and product possibilities that no one else could see. “When Steve believes in something, the power of that vision can literally sweep aside any objections, problems or whatever. They just cease to exist,” said Macintosh engineer Trip Hawkins.

Walk in the PARC

Developments at Xerox’s Palo Alto Research Center (PARC) in California sparked Jobs’s imagination. Its researchers were building a new computer to market against IBM’s dominant commercial line. On one visit, PARC’s rudimentary graphical user interface impressed Jobs, who described the device as “insanely great.” Xerox failed to turn its groundbreaking development into a commercially viable product, but Apple developed it into today’s ubiquitous mouse.

At the time that Jobs visited PARC, Apple was focusing on the Lisa computer. Jobs wanted to incorporate some of PARC’s concepts, but his team was already two years into the Lisa. Jobs attempted to get the Lisa engineers to alter their development plans. Loyal to Wozniak, the engineers tried to ignore Jobs. They got away with this bypass because, back then, Apple was a remarkably loose organization with no true command center.

“Apple ascended to the hallowed ranks of the Fortune 500 in shorter time than any other company in history.”

“Steve is the Michelangelo of product creation: He’ll keep adding brushstrokes to the canvas until he is certain he has it right.”

"The new-age company has to be product-centric and operate every day as if it were a start-up."

"Steve is the world's greatest consumer...He breathed life into the Macintosh as 'the computer for the rest of us'."

"A lot of companies 'message' by using the word innovation without really doing it or being it. It's nothing but marketing spin or a halfhearted, transparent attempt to motivate the troops."

"Steve Jobs believes that you cannot design a product with focus groups, not when you're trying to be truly original."

To gain control of Lisa's development, Jobs tried to get himself appointed as vice president of new product development. Instead, Mike Markkula, Apple's interim CEO, and Michael Scott, Apple's president, appointed Jobs chairman of the company. John Couch, who headed the Lisa project, told Jobs to leave him and his engineers alone. Jobs quickly focused on and took over another Apple development project, the Macintosh. Jobs told project head Jef Raskin to develop a cursor control device like PARC's model. Jobs's team eventually developed many computer control techniques that today's users take for granted, including using a mouse to move the cursor, clicking the mouse to select files or text, and dragging icons and files to relocate them.

Jobs lacked technical expertise, but he proved to be a quick learner. He studied every technical aspect of the Macintosh. Before long, he could intelligently discuss the Mac's most picayune details with its engineers. Jobs directed and oversaw every aspect of Macintosh development.

Jobs set the pattern he would follow in product development for the rest of his career. He concentrated on a single aspect of the Macintosh at a time. "I'm the product," Jobs would say. "What's happening to me when the buyer tries to take me out of the box and start me up?" Jobs would discover some minor problem and direct Apple's engineers to fix it immediately. Then he'd focus on another design issue.

The Elegant Experience

The user experience drove Jobs and every production decision he made. He wanted the Macintosh to do more than work simply and intuitively: He demanded that it provide users with an elegant experience. That's why he insisted engineers remove the cooling fan, which made a humming noise he found distracting. The first Macintosh computers shipped without fans. That was a mistake, but Jobs learned from it.

Teamwork

Jobs believed in the power and synergy of teams. To develop team rapport, Jobs treated the Mac engineers under his direction as special employees. Each received a T-shirt imprinted with "Pirates! Not the Navy." The pirates were the "outlaw" Mac workers, while the navy was made up of Apple engineers who worked on other, boring projects. Jobs preferred small, self-contained product groups. Working 16-hour days and dealing only with other Mac personnel, the team developed a strong bond. "Pirate-in-chief" Jobs moved the group into its own building. Around this time – 1980 – Apple went public. In the first hour, Apple sold 4.6 million shares in the "most successful public stock offering in history." Suddenly, Jobs was worth more than \$200 million. He was a very rich pirate.

Jobs gave his people tangible and intangible rewards. For example, he gave medals to the Mac team's engineers and made arrangements to have the signatures of the original engineering personnel inscribed on the inside of the first edition Mac cases. "Artists sign their work," Jobs explained. He secured all the signatures during a special "signing party." (Even Wozniak added his familiar "Woz.") If Apple awarded a bonus to a Mac team member, Jobs delivered it personally. His enlightened policies led to Apple's industry-leading turnover rate – only 3%.

The Super Bowl Commercial

While Jobs was developing the Mac computer, he recruited John Sculley, the president of PepsiCo, to become Apple's CEO. Initially, Sculley and Jobs worked well together.

"Pixar is unique among Hollywood studios: It is the only major studio that has never lost money on any production."

"Jobs had become a far better leader, less of a go-to-hell aesthete who cared only about making beautiful objects. Now he was a go-to-hell aesthete who cared about making beautiful objects that made money."

"I'm as proud of what we don't do as I am of what we do." (Steve Jobs)

"Apple Stores reached the billion-dollar-a-year sales figure in their third year of operation, which was faster than any other retail operation in history."

Sculley was as enthusiastic as Jobs about the Mac. In 1984, Jobs introduced the finished Mac to the marketplace. During that year's Super Bowl, Apple ran a memorable 60-second commercial produced by Chiat/Day, Apple's brilliant advertising agency. The ad showed an auditorium in which worker drones mindlessly stare at a huge screen depicting an Orwellian leader who lectures them in a stern way. All of a sudden, a young woman in athletic clothes bursts into the room and throws a sledgehammer through the screen, snapping the brainwashed workers out of their hypnotic trance, as a voiceover intones, "On January 24th, Apple Computer will introduce Macintosh. And you'll see why 1984 won't be like 1984."

The commercial became a huge hit. So did the Macintosh, at least initially. Apple sold more than 70,000 Macs within 100 days. But after that first surge, sales slumped. Retailers did little to push the Macintosh because Apple did not offer profitable peripherals for dealers to sell. Also, the Mac was so easy to use that retailers could not make money selling training.

Strategic Tension

At about the same time, Sculley hired 2,500 salespeople to sell Macs to corporations. Jobs thought that this was a big mistake and that Apple's target market was the personal user. Jobs disliked Sculley's strategies and believed Apple should focus on its products and sell directly to the consumer. Given his background knowledge about distributing Pepsi, Sculley disagreed.

Tension developed between Jobs and Sculley, who removed Jobs from the leadership of the Mac team. As a result, Jobs left Apple for 10 years. During that decade, Apple lost its way. The company no longer focused on product development. Sculley, versed in selling the same Pepsi products year after year, never understood the necessity of developing and marketing the next great product. During Sculley's tenure, Apple's sales plummeted and employee layoffs followed. Morale was low. Apple was in big trouble.

NeXT and Pixar

Jobs sold his Apple stock, keeping only one share for himself. It didn't take him long to figure out what to do with his money. He started a new company, NeXT Computer, Inc., to build a line of cutting-edge machines for the university market. Jobs made NeXT into his ideal company. NeXT flattened hierarchies. Employees – whom Jobs called "members" – received excellent benefits and were charged with producing state-of-the-art computers.

Jobs also bought Pixar, the digital graphics operation of Lucasfilm. NeXT and Pixar offered top-notch products but were not profitable. Jobs subsidized them monthly from his personal bank account. Pixar's fortunes changed when it produced the animated movie *Toy Story*, a \$300-million hit for Disney. Meanwhile, NeXT, which had stopped manufacturing its own computers, developed a sophisticated new operating system, which Jobs named NeXTStep.

Jobs Returns

In the wake of his various failures, Sculley was no longer at Apple. The new CEO was Gil Amelio, a "PhD technologist." In early 1997, Jobs staged one of his masterful product pitches, and NeXT won the opportunity to develop a new, badly needed Apple operating system. To facilitate the process, Apple purchased NeXT. Amelio intended for Jobs to function as a consultant, but the Apple board dumped Amelio and named Jobs to serve

"One of Steve's core principles is always to hire the best – 'A-people,' as he calls them. One of his mottoes was: 'As soon as you hire a B, they start bringing in Bs and Cs'."

"Nothing stays the same in business, and the only way to meet innovation is with more innovation."

"We're going to make some history today!" (Steve Jobs introducing the iPhone)

as interim CEO. After 10 years, Jobs was finally back in charge of Apple. To many, this transition was one in which "NeXT had really bought Apple."

Jobs quickly cut back on the hundreds of products under development. He focused his energy and his company on the iMac. Jobs also trimmed the board, getting rid of most of the directors. He envisioned that Apple would continue to manufacture computers but would also offer exciting high-tech, noncomputer products. He espoused holistic development: Apple would produce its own hardware and software.

Jobs believed in collaboration. The Apple product teams routinely met to ensure that everyone was up to speed on all aspects of product development. Yet Jobs abhorred committees and bureaucracies. "We're structured like a start-up," said Jobs. "What I do all day is meet with teams of people and work on ideas and new problems to come up with new products."

iPod, iTunes, iPhone, iPad

Jobs and his innovative Apple engineers, designers, and product developers produced revolutionary, elegant, and superbly functional new products. People lined up to buy Apple's iPod music player, iPad computer tablet and iPhone – "the coolest, most iconic product ever created by man." Under Jobs's visionary leadership, Apple created the iTunes music downloading service. Jobs would never release any new product unless he and his designers and engineers had successfully answered his favorite question, "Will this help the purchaser?"

Such devotion to consumers paid off handsomely for Apple and for Jobs – the public face of the company. Jobs set up Apple's own direct-to-consumer product distribution service, first with the online Apple Store, which handled \$12 million in sales in its first month of operation, and then with Apple retail stores in high-end, prized locations. Jobs brought his famous attention to detail to every design aspect of Apple's stores, including the shelving, flooring and lighting.

The "Stevian" Way

Steve Jobs operated according to a few notable principles: If you don't take no for an answer from your engineers, you can get the technology product you want. See opportunities and develop products to seize them. Find and recruit the most talented people to transform your product vision into commercial reality. Make your products as intuitive and user-friendly as possible.

Jobs believed in a few other primary concepts: Content rules. Be honest about your commercial offerings, especially with yourself. Your products should correlate with your personality. Routinely celebrate your team's accomplishments. Never stop innovating. Tune out those who tell you that something cannot be done. Love your products, and use them enthusiastically. Learn from your mistakes. And, like Steve Jobs always did himself, aim for the stars.

About the Authors

Jay Elliot is a former senior vice president of Apple Computer. William L. Simon co-wrote *The Art of Deception* and *Ghost in the Wires*.