

1

A Ding in the Universe

Everything Starts with an Inspiring Vision

I have looked in the mirror every morning and asked myself: “If today were the last day of my life, would I want to do what I am about to do today?” And whenever the answer has been “No” for too many days in a row, I know I need to change something.

—Steve Jobs

If Steve Jobs had been invited to speak to a class of business school students in the days of the first Apple computer and had been able to describe the management style he would eventually invent for Apple Computer, Inc., you can be pretty sure the professor would have thrown him out on his ear and told the students not to pay attention to anything he said. Steve’s management style simply violated just about every rule that company men have lived by since the beginning of the Industrial Revolution.

And yet despite this and despite his flaws and the fact that he could be harshly critical and demanding, Steve’s approach didn’t just work, it made possible the flow of innovative products that have changed the way we live. In the process, Steve’s approach has made Apple arguably the most successful company in the history of business.

2 Leading Apple with Steve Jobs

Was this kind of leadership possible only because of Steve's particular, peculiar charismatic personality? I wrote this book because I don't think that's true.

Creating products so great that they can change society doesn't start with product development; it starts with a vision. Steve used to say that communicating your vision to your people is as important as creating a new product. His vision for how computers should interact with people is what made the original Macintosh so special and what motivated the development team to do the best work of their lives to create it. Steve's vision for how technology in general could be made friendly, human, and appealing eventually lead to the series of products so special that they eventually made Apple the most valuable company in the world.

Many articles and books have been written on the techniques and tactics Steve used as a manager of people. That has been fine as far as they go. But the striking thing is what few people recognize: that Steve, almost from the very beginning, understood and lived by the qualities of true leadership, not textbook leadership.

Rating Steve as a Leader

In light of the widespread criticism of Steve's management style, it's worth asking how the people who worked at Apple rated him as a leader and a boss. We have part of the answer, and a comparison to other leaders, thanks to a website called Glassdoor, where employees post their comments, rankings, and criticisms about the company they work for. Apple's employees have consistently ranked it as one of the best places to work in America; the current ranking as I write this is number 10, out of the thousands of companies the website ranks. The negative comments posted on Glassdoor tend to come not from the Apple troops in Cupertino but from people who work in the retail stores, where the tasks tend to be highly repetitive and the chances for promotion few.

It's interesting to note that Tim Cook, the CEO whom Steve Jobs tapped as his successor, while lacking Steve's magic and charisma, still receives a ranking from employees almost identical to Steve's, a near-perfect 96 versus Steve's 97. For comparison, the CEO of Google, Eric Schmidt, scored 92, while the former CEO of Hewlett-Packard, Meg Whitman, limped along with a pallid 76.

Much of this isn't surprising, but what struck me most about the CEO numbers was this: Steve Jobs was the only person on the list who did not have academic credentials.

The numbers tell us that Steve's leadership is now part of the culture. I will always believe that criticisms of his leadership style may not be based on complaints from within the Apple culture but grumblings that reporters and journalists built up to make their stories juicier. I was recently in an Apple store, and the employees recognized me as the author of *The Steve Jobs Way*. Two of the staff told me they thought the Isaacson authorized biography of Steve portrayed him in much too negative a light, while mine, they felt, much more closely captured their experience of him. I was pleased not just by the compliment but by the affirmation that Apple employees, even those who had perhaps felt his wrath, couldn't help but feel a warm appreciation for him. Steve Wozniak, Apple's cofounder with Steve, went so far as to say that Steve "is probably going to be remembered for the next hundred years as the best business leader of our time."

Soon after I started working at Apple as the vice president of human resources (and also as a member of the original Mac development team), Steve and I began talking about ways to get the whole team on the same page, and he decided to have an off-site meeting. I drew up a list of suggestions, and he settled on the Pajaro Dunes Resort on the Pacific Ocean in Northern California, not far from where I grew up. The resort is right on the beach, a very inspirational setting.

On a Friday a couple of weeks later, Steve rode with me to Pajaro in my Porsche (a car I've loved for its great design since I was 13). During the drive, he told me, "The team is enthusiastic about what they're doing, but that's not enough." He wanted to get them so fired up that they would work beyond what they even thought they were capable of.

I offered some thoughts that didn't get much response, and then I said, "Here's an idea you might want think about. *Vision* is motivational. When you talk about going someplace and you're looking way ahead to the future, that's what people get excited about. When John Kennedy said we were going to put a man on the moon, that was motivational." I told him that what would really get the team fired up was a vision that extended way into the future.

At the off-site, when he got up to make his opening remarks, we all saw a Steve none of us had seen before. He was so inspirational, so moving.

4 Leading Apple with Steve Jobs

He said the Macintosh would be the beginning of an incredible journey, growing out of the technology the team was developing. They weren't just building a groundbreaking computer; they were creating a cornerstone for the world of tomorrow. Some people sit in church and feel that God is talking to them. I had something of that same feeling: Steve was like a god standing on a mountaintop. A glance around the room showed me that the others were as caught up in the moment as I was.

He had taken the kernel of the idea I suggested and, in that distinctive, almost eerily insightful way of his, made it his own.

It was the first time I saw him pulling the team together and building enthusiasm. He felt it so passionately that he almost had tears in his eyes. I could feel a wave of emotion soaking the room. I had never seen more than one or two people in my life who had that kind of impact on others.

During the two days of the off-site, team members talked about the details of what they were doing, how it was going, and what the challenges were. But Steve had shaped the mood and gotten everyone fired up with his opening remarks, not talking about the short-term goals, but about the long-term *vision*. People left there *so* excited.

That's how you get people excited: offer a long-term vision. But it needs to come from true passion. Faking it, just mouthing the words, doesn't fool anyone. It's building an environment that makes everyone feel they are surrounded by equally talented people and that their work collectively is bigger than the contribution of any individual team member.

Vision and Passion Are More Important than Credentials

About five months after joining Apple, I pressed Steve for a conversation about his views on the principles of leadership. He asked me to his house one evening. Throughout his early adult life, Steve lived in homes almost bare of furniture, a result, I believe, of his embracing Buddhism after a trip to India in his early 20s. In one bare room of his house in Los Gatos, near Cupertino, Steve discussed how industry needed to recognize that innovation could come from any place, and how managers, leaders, and entrepreneurs had to change the ways innovation is encouraged and

practiced. This kind of thinking is widely accepted now (even if not widely practiced), but at the time it was exciting and radical.

Steve also offered some reflections that were the opposite of the prevailing management wisdom I had learned. “It’s not my job to pull things together from different parts of the company and clear the ways to get resources for the key projects,” he said. “It’s my job to push the team and make them even better, coming up with more aggressive visions of how it could be.”

We also talked about something he was holding me accountable for: how to communicate to the Macintosh team the way that Steve intended to practice innovation. My suggestion was that his ideas would stick better if he communicated them with powerful metaphors and storytelling.

I left there that night and was struck by a thought: *I’ve been studying leadership for years at college, for 10 years at IBM, and then at Intel, but I’m hearing brilliant concepts I’ve never heard before. How did this 27-year-old come to these insights? Even more, I thought, Wow, this guy is a visionary. But even better, he’s a captivating storyteller. How great is that?!*

What further struck me afterward was how the conversation changed my views of my own leadership capabilities. In my previous positions with IBM, I had always been on the fast track—pegged as someone who might have the potential to become a vice president of the company. But I never really believed that could ever happen. I was a farm boy from California; most of the other fast-trackers were Eastern born and educated at one or another of America’s great universities like Harvard, Yale, Cornell, or MIT. Thinking back later about that evening with Steve, I came for the first time to believe that leadership isn’t about your pedigree but rather about you, the individual. It’s about your beliefs and your personal commitment to your own vision. I took away with me from that conversation something I have believed ever since: that leadership is not something intuitive, not something you’re born with. Rather, if you’re open to it, it’s something you learn from life.

When I was 14 years old, I built a sailboat called a pram from a kit. On the water, I learned to tie knots, to read the wind, and became a very good sailor. Later in life, I sailed in a race to Hawaii with some very seasoned and well-trained sailors, and by the end of the race I had become the second mate, with no formal training. I had become an intuitive sailor. Steve-style leadership is the same way. The most important ingredient is not an MBA but passion and a vision.

Vision Must Be Based on Your Customers

Looking back, it's amazing to me that Steve Jobs, even in the earliest days, understood that every powerful business vision has to focus on the customer experience, not just lowest cost or most impressive technology or other isolated competitive advantages.

The prime example: When Steve first saw the computer mouse, he immediately got it. He immediately understood that all of the computer experience could be controlled by the user by means of the mouse, and that the user interface would provide the most important leverage for giving customers quick and easy access for learning and using the computer.

Another example: The Apple II was completely loved by a passionate group of teachers at every level, but especially through grade 12. It was the first computer they could bring into their classrooms for their students to use. The early Apple product shows, for some reason called Harvest Feasts, were heavily attended by teachers. Steve never forgot the teachers' enthusiasm, and it showed in Apple's later success in the education market.

Vision and Your Vendors

A compelling vision isn't just motivating to employees: It should move your vendors and other partners as well. In some cases, if it doesn't, you're better off without them.

One of my favorite experiences on this topic involved a disk-drive company that wanted to become an Apple vendor. They were invited to come in to demo their drives, and the visitors set up their demo using IBM MS-DOS computers. When Steve arrived, he took two steps in the room, saw the competitor's machines, turned, and walked out without saying a word. His silence was deafening. No more needed to be said.

After I had been at Apple for some time, I was asked to take over the IT organization, in addition to my other functions. On my first tour, I was shocked to see that all the work involving Apple's finances and sales was being done on IBM computers. IBM—Apple's biggest competitor and enemy. I ordered that the IBM machines be replaced with DEC computers. If that vice president didn't have enough loyalty to use Apple's own products, he failed the vision challenge. He had demonstrated that he hadn't understood the Apple values.

Acquiring a Company Can Water Down Your Vision and Culture

One trap that a great many companies fall into lies in acquiring a new company without first making sure that the culture of the company being acquired is a good match for the culture of your own firm. This was another strength of Steve Jobs: He always showed very good judgment about whether to hire people who had the particular technological expertise he was looking for or, instead, to license the technology or acquire the entire company.

He had been on the other end of that equation when he left Apple and was running NeXT. Apple was in need of a new operating system, and the NeXTStep operating system that Steve's software engineers had developed was one of the leading candidates. Apple could have just licensed NeXTStep or purchased the technology outright. But the Apple CEO at the time, Gil Amelio, saw that by buying not just the software but the entire company, Apple would acquire the services of many talented software engineers—people who had created the NeXT operating system and would be the best qualified to rewrite the software to run on the Mac. So that's what Gil did: he offered Steve a deal to buy not just the software but the entire company—acquiring the technology, the entire staff that had been so carefully assembled, and Steve himself.

It was a well-reasoned decision. Steve and Gil both understood that the culture of NeXT was identical to the original culture of Apple—because Steve had created them both. It turned out to be a brilliant decision for Steve, who was soon back in the driver's seat, this time running all of Apple Computer, instead of just one product group. But it was also a brilliant decision for Apple: the company would not have achieved greatness without the guidance and culture of cofounder Steve.

To me, it's a mystery how smart people at the head of major companies, in making an acquisition, so often undervalue the importance of cultural fit.

Communicating the Vision

As Steve put it after his return to Apple, following the dark years when the company seemed to have lost its way, "This is not a one-man show. What's reinvigorating this company is two things: One, there's a lot of really talented people [here] who listened to the world tell them they were losers

8 Leading Apple with Steve Jobs

for a couple of years, and some of them were on the verge of starting to believe it themselves. But they're not losers. What they didn't have was a good set of coaches, a good plan. But they have that now."¹

That was Steve, in the process of putting a strong vision in place and making sure that every Apple employee understood it.

Of course people need frequent reminders and inspiration to live by the team vision. A daily e-mail to the team? Quarterly off-sites?

What other ways can you think of to keep the vision in front of your people?

The Way It's Made Can Be a Part of the Vision

One of Steve's heroes, American car pioneer Henry Ford, not only changed society by making automobiles inexpensive enough for the masses but along the way demonstrated that large-scale mass manufacturing was possible. Ford didn't invent the assembly line (it's said that he picked up the idea from a visit to a slaughterhouse!) but he was the first to use the technique in large factories, where workers were able to turn out a car at the astounding pace of better than one an hour. (A comparison isn't entirely fair since today's cars are vastly more complex but, a century later, the production rate is only twice as fast.)

So, when Steve began dreaming of creating a new, automated factory to build the Macintosh, there was a lot of Henry Ford embedded in the dream. Steve was driven in part by a concern about the ability of the existing Apple manufacturing system to be competitive in building Macs. But beyond that, it was a cultural issue, a matter of national pride: He was very concerned about the fact that the Japanese were becoming the manufacturing kings of the world. In fact, when the Mac factory became a topic of buzz in 1982, even Apple Computer was having over 60 percent of its products manufactured outside the United States. Besides Steve's drive to be personally in charge of every aspect of bringing the Macintosh to life that he could, his dream of having a *Made in the USA* label on the Macs was a powerful part of his vision for the Macintosh. (In fact, the claim was a stretch: The components would actually be manufactured in a number of different countries and shipped to the Apple factory. *Assembled in the USA* would have been a more valid claim.)

Steve knew that based on labor costs, the only way to compete with Japan for manufacturing was through an automated system. And he intended for the factory to be run by Macintoshes, as well—an idea that hardly anyone who understood automated factories thought would be possible. So the Mac factory faced a lot of challenges. But Steve never hid from challenges.

The design called for a fully automated factory, from the receiving dock to the shipping dock, and for having a staff of no more than 100 people. When the first Macs began rolling off the assembly line every 24 seconds, with the entire process controlled by Macs, I was very happy and proud for Steve.

Giving Your Team a Special Identity

Some months after I had joined Apple, Steve and I were discussing the final steps in readying a building for the Mac team to move into—a building of their own. (Among my other duties, I was also responsible for the facilities group at Apple—convenient for Steve so he could readily give me his architectural inputs; yes, of course, he held strong opinions and had well-developed taste about architecture, as well.) He told me about his recent dinner with the incredibly talented advertising man who had become Steve's esteemed friend, Jay Chiat of Chiat/Day Advertising. He and Chiat, Steve said, had come up with the answer regarding how to re-energize the culture of the Macintosh development team. He gave me the concept in a single word: Pirates.

And then he gave me the rest of it: "Pirates! Not The Navy."

He wasn't looking for my approval on this one, but I chimed in anyway: "Wow—brilliant!" It reflected all the attributes we wanted to convey. This turned out to be a remarkably suitable time for announcing a shift in culture. The early Mac team members had begun to complain that the organization was getting too big and that it was starting to feel bureaucratic. The Mac team had begun as rebellious, and now we were seeing it grow more like The Navy every day.

Steve didn't mention the Pirates idea to anyone else, holding onto it until another off-site, this one at the La Playa Hotel in Carmel—once again near a sandy beach on the Pacific Ocean.

At the first meeting, each team member entering the room was greeted by a staffer handing out a sweatshirt emblazoned with the logo

PIRATES! NOT THE NAVY

For Steve, this meeting came at a time of special urgency. Apple had just introduced the Lisa personal computer, positioned as the company's first breakaway product, the first one that was totally different from the company's breadwinner, the Apple II. Steve wanted to save the Macintosh from what he perceived as the Lisa's mistakes. In his view, the Lisa group had become very political and very bureaucratic, and had lost the ability to create a paradigm-changing product. They had become The Navy.

Worse, he was convinced that the whole company was going in the same direction. Apple had started to slip into a standard corporate structure. The start-up mentality that had made Apple so successful seemed to be fading. The only path to save the company was developing a truly innovative product. And the only way to create a truly innovative product was by turning the Macintosh team into a true Pirate organization.

On the first day of the Carmel session, Steve explained that Mac was now a Pirate organization and what that meant. The tone and direction of the Mac group was set.

The Mac group had grown to more than 40 people by this time and solidifying the team was critical. Particularly since at the meeting we established the first ship date for the Mac: May 1983, only slightly more than a year away. This was the first meeting of the whole team where the complete product was discussed—from prototypes, to software, to marketing, to sales. The goal had been set, so making sure we were all onboard was critical.

When the crew left Carmel at the end of the meeting to return to Cupertino, no one had any doubt that we were Pirates, and Steve Jobs was the Pirate captain.

The Magical World of the Pirate Life ———

The Pirates of the Macintosh team lived with a similar range of emotions. The day-to-day work was grueling because of the unbelievably tight deadlines and because Steve, the Pirate captain, was often not satisfied, demanding the work just accomplished be done over and done better or even differently because he had come up with a new idea he liked even more. As the launch

date neared, some of the software engineers took to grabbing a bit of sleep under their desks, then rousing themselves and getting back to work—never going home for a full night's sleep.

And yet, despite the pressures and demands, there was a feeling of being privileged to be part of the team, a joyous sense that you were doing something you would always look back on as an experience never to be duplicated. People couldn't wait to get to work. There was a unique, nearly magical sense of exhilaration.

That's the kind of Pirate work environment that good managers try to create—the kind where people do the best work they have ever done.

Flying a Flag

When you give a team a distinctive identity, magic can happen. Steve had created a special aura that made every individual on the Macintosh team feel they were contributing to something unique.

One aspect of what the Mac team was achieving that we didn't recognize at the time had to do with the term *heroes*. Probably coined by some long-forgotten journalist, the most brilliant innovators of Silicon Valley had come to be crowned by having this word attached to them. But the term had been applied almost exclusively to innovators on the hardware side. One of the most overlooked aspects about what made the Macintosh so unique was its many *software* innovations. Over time, several of the team's greatest contributors on the software side would start being referred to as software heroes.

One day, one of those future software heroes, Steve Capps, had a flash of inspiration: If the Mac team was a band of Pirates, their building should fly a Pirate flag. He bought some black cloth, sewed it into a flag, and asked Mac graphics designer Susan Kare to paint a big skull and crossbones in white at the center.

The timing was perfect. That decision by Steve several months earlier that the Mac team should have their own building, to make them even more clearly separated from The Navy bureaucracy of the rest of Apple, had just come to fruition: The building conversion had just been completed and everything was ready for the troops to arrive. (Though Steve Jobs' day-to-day work involved running one small development team within a \$150

12 Leading Apple with Steve Jobs

million company, by this time he also wore a second hat as Apple's board chairman, and so had the clout to decide what building the Macintosh team would occupy.)

Steve Capps had his flag ready the weekend before the team was to take possession of their new quarters. On Sunday night, while a few supporters watched from the street, Capps climbed onto the roof with the flag. He found a few long rusty nails, which he used to secure a makeshift rod as a flagpole with the Pirate flag at the top, ready to greet the Mac team members as they arrived for work the next morning.

The flag caused a sensation. The Mac team took it as a symbol and an inspiration (although many in The Navy parts of Apple took it as something of an insult).

For me personally, the flag was both an inspiration and a challenge. Most weekday mornings as I drove down Bandle Drive toward my office, the sight of that flag waving in the morning breeze would bring a proud little smile. Yet at the same time, as VP of human resources, I kept asking myself, *How do I get the rest of Apple into the Pirate mentality?*

It wasn't to happen until Steve left the company and then returned.

Vision for Innovation

From the early Macintosh days, one of Steve's favorite lines about innovation was, "The system is that there is no system." We had processes, of course, but he was fierce about not permitting processes that got in the way of innovation.

Steve expanded on this in a brilliant 2004 conversation with *BusinessWeek* computer editor Peter Burrows. He told Burrows, "[I]nnovation comes from people meeting up in the hallways or calling each other at 10:30 at night with a new idea, or because they realized something that shoots holes in how we've been thinking about a problem. It's ad hoc meetings of six people called by someone who thinks he has figured out the coolest new thing ever and who wants to know what other people think of his idea."²

Over the years, many journalists and writers have emphasized the negatives of Steve Jobs' management style, strong personality, and ways of handling people. Despite his many successes, or perhaps because of them, Steve was widely seen as a controversial leader. One blogger on the Harvard

Business School website, Bill Taylor, captured the sentiment: “In terms of his approach to leadership, Jobs represents . . . well, if not the worst, then certainly not something worth emulating.”³

My perspective, having worked with him on a daily basis, is different. Yes, he was often difficult, certainly controversial, but when you have the privilege of working for a visionary genius, you don’t let hurt feelings get in the way.

Besides, this was the man who was honored as the “CEO of the Decade” by America’s leading business magazine, *Fortune*. And obviously the performance of Apple reflects his amazing leadership.

I would have worked for Steve Jobs any time, any place, and I believe that’s true for most of the people who have worked closely with him.

