



iCon Steve Jobs

The Greatest Second Act in the History of Business

by Jeffrey S. Young and William L. Simon
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Take-Aways

- Steven Jobs has always had charisma and inspirational talent, but his early career was marked by manipulative, dishonest, boorish behavior.
- Ever since he co-founded Apple Computer, Inc., Jobs has had a flair for attractive, user-friendly industrial design and excellent user interfaces.
- Many of Jobs' blunders came from trusting his own instincts above everything else.
- Jobs' ventures after Apple were marked by product failures and enormous losses.
- Jobs' road back to success began when he let go of his obsession with hardware, and focused instead on software and content.
- As CEO, Jobs stuck with Pixar Animation Studios – pouring in millions of dollars for no return – until he and the studio became major forces in Hollywood.
- Jobs is the only CEO who mastered – and inspired – Apple's renegade culture.
- Combined, the iPod, iTunes and iTunes Music Store transformed the music industry.
- Under Jobs, Apple has positioned itself carefully for an assault on Microsoft's dominance in computers.
- At 50, Jobs has learned from his past, is a better man and is tackling new challenges.

Rating (10 is best)

Overall	Applicability	Innovation	Style
9	7	8	10

Relevance

What You Will Learn

In this Abstract, you will learn: 1) How, as a young man, Steven Jobs was instrumental in launching the personal computer revolution; 2) How his reckless management and difficult personality cost him his post at Apple Computer; and 3) How he overcame a string of failures to become a titan in three major industries: computers, movies and music.

Recommendation

Though unabashedly adulatory, this unauthorized biography of Steven Jobs – co-founder of Apple Computers and head of Pixar Studios – shows how he nearly squandered his career and fortune on ill-conceived and badly managed ventures. The writing is savvy and lively – if not always chronologically linear. The pace is quick and even readers with scant interest in computers, technology or animated movies will find the tale entertaining. Authors Jeffrey S. Young and William L. Simon wisely focus on how Jobs learned from his failures and became a success again by recognizing his own limitations. In that respect, *getAbstract.com* believes Jobs' journey holds important business and life lessons, and recommends it highly to all business readers.

Abstract

“Steve was a fighter, a competitor who believed that he knew better than anyone what was right.”

“What made his abrasive personality acceptable was that more often than not, he was right.”

“Steve Jobs is the master evangelist of the digital age.”

“Flowering and Withering”

Steve Jobs has always had charisma. In his early career as head of Apple Computer, Inc., some said that was all he had. But by the time he took the MacWorld Expo stage in January 2000 to announce that he was returning as Apple's permanent CEO, he was a changed man. Fifteen years of failure had humbled and humanized him. Even long-estranged Apple co-founder Steve Wozniak was moved to tears by the sight of the man Jobs had become.

Born in 1955, Jobs grew up in California, a willful, free-spirited young loner with a penchant for trouble. In his high school years, he already was fascinated with electronics. In 1969, he met Wozniak, known as “Woz,” who was five years older and already an electronics whiz. Jobs attended college but soon dropped out. He embraced the hippie lifestyle, drugs, Zen and Eastern philosophy. After months spent traveling India in rags, he returned to California and started a thriving business with Woz. They built and sold “blue boxes” that let users make long distance calls for free. In 1976, Jobs, then 21, and Wozniak started a new business to build computers for hobbyists. Jobs chose the name Apple Computer.

Fresh Apples

The original Apple I was only a circuit board with no case. Jobs pushed for an Apple II – the first-ever complete home computer. It was fully functional out of the box, and its expansion slots made it flexible. Jobs was ruthless, manipulative, charismatic and utterly determined. He clashed with the firm's other managers from the start. Still a hippie at heart, he had bad hygiene. He was not above lying or cheating anyone in a business deal, including Woz, whose relationship with Jobs soon collapsed. In his messy personal life, Jobs refused to acknowledge his baby daughter, Lisa, and let her grow up in poverty. But he was dedicated to creating revolutionary products, and his fervor inspired his Apple cohorts. Time and time again, he coaxed them to perform miracles of engineering. The company took off and

“As Apple sprang to life as a corporation, two Steve Jobs traits came into focus: his drive for perfection and the twin trait of impatience.”

“Undeterred by reality, Steve was trying to bring the Apple II to life on nothing more than moxie and energy.”

“He had a salesman’s enthusiasm for the product, an evangelist’s Bible-thumping passion, a zealot’s singularity of purpose, and a poor kid’s determination to make his business a success.”

“Steve had always wanted to be seen as a cool hardware impresario but he was striking out badly every time at bat.”

it seemed he could do no wrong. By 24, he was a millionaire, and he was learning to behave and present himself like a polished businessman, at least in public.

But Apple’s president and board avoided giving him full authority. He was digging his own corporate grave. The Apple III, which he supervised, never worked properly. He dreamed of creating a business computer – his creation, not Woz’s. The result was a business-oriented computer that Jobs named Lisa, after his unacknowledged daughter. Meanwhile, he visited Xerox’s Palo Alto Research Center (PARC), where he and his Apple team saw the future: computers on an Ethernet network, each running a graphical user interface, each with a mouse. Jobs and his team instantly recognized the potential of the PARC technology. Jobs convinced Xerox to let them use the technology in exchange for an investment in Apple.

The Lisa project got out of control, as too many features were added to the computer. Eventually, Jobs was forced off the project, but as consolation the company gave him the title of chairman of the board, though *de facto* he had little power. Nonetheless, Jobs made more than \$200 million overnight with Apple’s IPO in 1980. He set his sights on a machine being launched by Jef Raskin: a small, inexpensive “appliance computer.” Jobs seized control of the project, called Macintosh, and put most of Apple’s best minds to work on it. About this time, IBM entered the personal computer business, legitimizing the industry. The lower price on its PC’s made the \$10,000 Lisa a clear flop. Since Jobs was not allowed to run Apple, he recruited Pepsi exec John Sculley, thinking (rightly) that he could push Sculley around.

In 1984, the first Macintosh made its debut. It was cheaper than the Lisa, but Jobs had blundered: the closed box had no expansion slots and its limited memory made it impractical. The business world rejected it. His Mac team learned they’d been paid badly compared to the Lisa team and turned their backs on him. Only the old Apple II kept the company afloat. Woz publicly quit Apple and denounced its management. The board took the Macintosh division away from Jobs and turned to Sculley, who insisted on full authority and got it. Jobs tried to launch a coup, but was caught and demoted. In 1985, he resigned from the company altogether. He was 30. The next 15 years would be very humbling.

NeXT and Pixar: Starting Up Again

Determined to create great new hardware products, Jobs founded NeXT Computer. The company made a splash with announcement after announcement, but it had a difficult time getting products to the marketplace. IBM approached Jobs about licensing the NeXT operating system, but Jobs dragged out the talks and, by doing so, missed a chance to head off Windows and create the dominant PC operating system. Though it didn’t find a market, like all Jobs’ products, the NeXT “cube” PC had great industrial design.

The seeds of Jobs’ eventual triumph were planted almost by accident. A small group of computer graphics experts, led by Alvy Ray Smith and Ed Catmull, had gone to work for *Star Wars* filmmaker George Lucas. They eventually convinced Lucas that computer generated imagery (CGI) was viable for movie special effects. Lucas put them to work designing dedicated graphics computers. John Lasseter, a terrific young animator who’d been a rising star at Disney, joined them and they hoped to make CGI animated films for Lucas. But Lucas, who was divorcing, needed cash for a settlement. He decided to sell the CGI unit, dubbed Pixar, for \$30 million. When a friend told Jobs that Lucas’ computer graphics unit was for sale, he visited the group and saw huge potential in what it was doing, just as he had at Xerox PARC. But Jobs was bleeding cash and decided to

“If you are part of Steve Jobs’ world, you will be loyal to Steve in all things. In some cases, that has meant being sentenced to a Jobsian Siberia for life.”

“Steve has a power of vision that is almost frightening. When Steve believes in something, the power of that vision can literally sweep aside any objections, problems or whatever. They just cease to exist.”

“The clash between Steve Jobs and Michael Eisner seemed almost destined, fated in the Shakespearean sense.”

“In every project Steve had been connected with, he pounded on the themes of elegance, ease of use and artistry of design. iTunes was no exception.”

play a waiting game with Lucas. Eventually, in 1986, he bought Pixar from Lucas for \$10 million, which gave him 92% of its stock.

Still eager to sell hardware, Jobs focused Pixar on building dedicated graphics computers, which didn’t sell. Lasseter made a short film, *Luxo Jr.*, which garnered an Academy Award nomination and displayed the potential of CGI animation. Jobs poured some \$50 to \$60 million of his personal fortune into Pixar, but it still lost money. Layoffs loomed. In the midst of a cash crunch, the Pixar team asked him to fund another short film, *Tin Toy*. Impressed by Lasseter’s storyboards, Jobs gave the go-ahead. The film won the animated short film Oscar and proved to be the prototype for Pixar’s first feature, *Toy Story*.

Pixar finally began to build cash flow by selling RenderMan, a still popular software package that became a big moneymaker and won a Sci-Tech Oscar. But the cash drain remained so severe that Jobs considered closing Pixar and NeXT. He laid off a third of Pixar’s staff, sparing only the animation division. He had a bitter split with Alvy Ray Smith. But Disney studio chief Jeffrey Katzenberg, a fan of Lasseter’s work, contacted Lasseter and offered to fund, promote and distribute a full-length animated feature. The offer saved Pixar. Jobs wrangled a three-picture deal, but Disney kept all the merchandising revenue.

Meanwhile, NeXT progressed on the software front. Jobs decided to build an operating system around a “kernel” called “Mach” from Carnegie-Mellon University. But the company was struggling, even with a \$100 million investment from Canon. Jobs had to shutter NeXT’s hardware business. He was in trouble. His fortune was dwindling, NeXT was a shambles and Pixar was on the brink. To add to Jobs’ troubles, Katzenberg had halted production on *Toy Story*. However, he started it up again when Pixar’s writers wrote new scenes to cure his objections. Then Katzenberg left Disney, which had descended into management turmoil under CEO Michael Eisner. Jobs realized that Disney would make far more money from *Toy Story* than Pixar would, unless the film was a \$100 million smash. He considered selling the studio. Then Eisner announced that *Toy Story*, which he called, “both a spectacular movie and a loveable movie,” would be Disney’s holiday 1995 release. Success seemed assured.

Jobs’ personal life also improved. He married, started a family and reconciled with Lisa, now a teenager. Meanwhile, Apple struggled under a series of CEOs who couldn’t inspire the company’s renegade engineers. It was losing money and becoming irrelevant. The last of these CEOs, Gil Amelio, reduced inventories and put the company on a solid financial footing, but its computers needed a new operating system. Jobs’ “NeXTSTEP” proved to be exactly what Apple had to have. Apple purchased NeXT for \$378 million and 1.5 million shares of Apple stock. Jobs soon regained control of Apple and became interim CEO. To stabilize the company, he made an essential but unpopular alliance with Microsoft. Soon the company returned to profitability, though much of the credit for that really lay with Amelio.

Toy Story opened to glowing reviews and huge returns. Apple became profitable and Jobs became an icon. After Pixar’s 1995 IPO, he was also a billionaire. He demanded a new Disney contract and got it, since Eisner feared Pixar would ally with Katzenberg, his former right-hand man who had now helped start DreamWorks, a rival studio. Pixar became an equal partner with Disney. Pixar had been making *Toy Story 2* as a direct-to-videotape picture, but decided midstream that it didn’t want to make an inferior product. It revamped *Toy Story 2* into a full-fledged theatrical feature. Over the next three years, Pixar’s next three films, *A Bug’s Life*, *Toy Story 2* and *Monsters Inc.* were huge hits. Jobs was now a movie mogul.

“Whether by extraordinary good luck, the sheer love of music or astounding foresight, Steve Jobs had found a gold mine.”

“Steve had always lived on determination and audacity.”

“Steve Jobs, at age 50, had made himself into an icon of three different industries.”

At Apple, Jobs conceived the colorful, self-contained iMac, a return to the original “appliance computer” concept of the first Macintosh. This started a steady stream of successful Apple products that often defied conventional wisdom and succeeded despite dubious reviews. Jobs was still a tough negotiator, especially in his dealings with Hollywood, but he was now a more reflective person, more willing to share credit. Family life had mellowed him. He was also more willing to see the world as it is, not as he wanted it to be, and that made him more open to working with others on new ventures. He had learned that his success had not come from hardware, or even software, but from content.

The Tuneful Future

Jobs turned his attention to music. A lifelong fan of the Beatles and Bob Dylan, he saw an opportunity to enter the digital sale and distribution of music. Apple acquired a software package called SoundJam from developer Casady & Greene, and turned it into iTunes, which immediately became the premiere music software package. Jobs saw the potential in MP3 players. Again looking to an existing product, he formed an alliance with PortalPlayer to create a new music player: the iPod. When it was introduced in late 2001, critics said it was overpriced, but consumers ate it up. Finally Apple completed its music coup with the iTunes Music Store, which made music downloads legal, economical and simple. Apple soon had more than 70% of the legal download market. In two years, Steve Jobs had reshaped the music industry.

Jobs angled for an even more favorable Pixar deal from Disney. Eisner told the Disney board that Pixar’s next film, *Finding Nemo*, would fail. This infuriated Jobs. Then *Nemo* became a hit, strengthening Pixar’s hand. Eisner was already facing a shareholder revolt at Disney and Jobs let it be known that he would never re-sign with Disney while Eisner was CEO. Negotiations broke off in January 2004 and Jobs announced Pixar would align with a different distributor. Pixar’s next project, *The Incredibles*, was another monster hit and won an Oscar. Pixar now had so much cash that it could self-finance its films. Coincidentally, Eisner announced that he would step down. The new CEO, Robert Iger, resumed talks with Pixar. Amid all this, Jobs – a vegetarian and health nut who once gave Halloween trick-or-treaters small bottles of carrot juice – was hospitalized with a rare but curable pancreatic cancer. He kept working.

Looking Ahead

For now, his strategy seems clear. He has positioned Apple carefully for an assault on Microsoft’s dominance in the computer software market. NeXSTEP-based Mac OS X is more secure and stable than Windows. Apple servers compete in the business market. iPod and iTunes brought a new generation of consumers to Apple. Most of its office suite is in place with iWorks. In January 2005, Apple announced its best quarter ever.

At 50, with a family at home, Steve Jobs is a warmer, less vindictive man, but not exactly more patient. He is far from done conquering new worlds.

About The Authors

Jeffrey S. Young is a founding editor of *MacWorld* magazine, a former reporter for *The Hollywood Reporter* and *Forbes*, founder of Forbes.com and the author of the unauthorized biography, *Steve Jobs: The Journey is the Reward*. William L. Simon is the award-winning author of more than 20 books. He co-authored *The Art of Deception* and *The Art of Intrusion*.