

Steve Jobs: Leadership Analysis

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Introduction

Steve Jobs is a difficult man to be indifferent about. People love him or hate him, and often that depends on the kind of relationship one has with him. As Apple's spokesman, he is a superstar; adored by his constituents, they hang on every word during his flawless and dynamic keynotes, and they analyze every letter published looking for hidden meaning. As a boss, he is critical, demanding, driving, and surprisingly inspirational. As a businessman, he is cold and cunning. His tactics are merciless and his business sense is impeccable. In all areas, he is never hesitant to speak what is on his mind.

In spite of his polarizing effect, or maybe because of it, Steve Jobs' leadership ability is unequivocal. What is it that makes him such a dynamic and charismatic leader? How has his leadership style remained consistent and changed since the 70s when he incorporated Apple? This analysis of Steve Jobs' leadership style will cover his personality type and reflective leadership characteristics. It will also cover how Steve Jobs led Apple during its formative years and how they caused him to be ousted from his own company. Finally, it will cover how Steve Jobs has changed since he came back to Apple and has led the world in the development of personal technology.

Leadership Style

Steve Jobs is a strong charismatic leader. As a charismatic leader, he is exceedingly inspirational, likes using stories to motivate, and his passion for perfection is inspiring (Roche, 2007). When relying on behaviors that emphasize the directive style, Steve does not hold back his thoughts about the direction of a project or someone's ideas on how to resolve a problem (Young, 2005).

Kippenberger (2002, p. 20) states charismatic leaders,

“are seen to have a powerful vision, a great deal of self-confidence, a strong conviction that they are right, and an assertive, even dominant, personality. This makes them highly effective in crisis situations or periods of significant change. But it can also make them potentially dangerous—especially if they choose the wrong vision.”

Steve’s charismatic personality has pulled Apple through crises, periods of change, and even compelled employees to work 90-hour weeks (joyfully) in order to meet seemingly impossible deadlines. His charisma, conviction, and dominating influence also caused him to be fired from Apple when he adamantly refused to change the course he believed Apple needed to go. Young (2005) states,

“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. In that stew of characteristics lay [sic] both the seeds that would make Apple a success and the poison that would turn so many people into Steve Jobs’ enemies.

In the typical manner of a charismatic personality, Steve did have difficulties to overcome as a youth. He was an adopted child and struggled with identity issues in his early years. This quest for his personal identity was tied in with his devotion to Eastern philosophies, a quest for

truth. Dan Kotke, a close friend of Steve Jobs in the 70s, said Steve Jobs “felt some kind of unresolved pain over being adopted. That was the period he hired a private investigator to try to track down his mother. He was obsessed with it for a while.” (Young, 2005)

Another example of Steve Jobs’ charisma at work is his historical tendency to use stories to inspire and motivate people. Roche declares stories are “powerful tools for the leader in a technological environment to be able to build a culture and promote his vision and mission for his company.” He used stories that made Apple employees feel they were making a difference in the world. Steve said he wanted to make a dent in the universe with this company (Young, 2005). This is the mission he instilled in his employees and gave them a sense of purpose and devotion that continues to this day.

Steve’s Leadership and a Shiny, New Apple

Steve Jobs and Steve Wozniak founded Apple in 1976. The first computer they made was the Apple I that sold for \$666.66. Over 600 Apple Is were sold bringing them \$774,000. The Apple II followed in 1977, could run business programs, and became the first successful mass-market personal computer. (Answers.com)

Steve’s approach to leadership within Apple was powerful. He did not have a formal position as CEO, but was merely a board member. Scott Markkula was the president of Apple Computer, Inc., but Steve Jobs was the company’s head. Later, when John Sculley would become Apple’s CEO, the true leadership position remained with Steve Jobs. Steve’s overpowering personality and charisma drew people to him. Predictably, this would lead to a power struggle at Apple when Steve’s goals and Apple’s corporate goals began to contradict.

Steve's Interactions within and without Apple

Steve Jobs had a funny way of interacting with his employees. He could be exceedingly kind, rewarding, and motivational. At the same time, he could also be cruel, despondent, demanding, and thankless. His interaction with suppliers, other companies, and customers was equally unpredictable. No one ever knew what to expect from him.

Steve Jobs had an amazing ability to get people to give him what he wanted. Young gives an example of a conflict with supplies and sales. Demand for the Apple II was putting a strain on the production of cases when machinery failed. The slow down of product supply caused cash flow to diminish. The suppliers were demanding payment and Apple was juggling 60-day credit purchases with sales to customers on 30-day terms.

Steve solved the problem by offering the manufacturer a \$1,000 bonus for every week delivered ahead of schedule. The manufacturer responded, repaired machinery, and delivered cases needed to support Apple's production. "The desperate cash situation soon cleared up. The company had been within a hairbreadth of bankruptcy, only a few days from closing its doors." (Young, 2005)

Another example of Jobs' leadership during the same financial crunch shows his dark side and his commitment to meeting his employees' needs. A programmer lost six weeks of work caused by a routine backup performed by an offsite storage company named Call Computer. The head of the company, Alex Kamradt, refused to provide a back-up to Apple because of treatment received from Jobs and Wozniak, and because they were not paying their bills during the financial crunch.

Steve Jobs promised to provide payment if Kamradt would load the back-up tape and come pick up the check. Kamradt calmed down, provided the back-up tape to restore Apple's lost work, and drove to get the check from Jobs. Upon arriving, Jobs told Kamradt, "there was no check, he wasn't going to get paid because his computers had wiped out weeks of work, and he could go to hell." Steve stood his ground to Kamradt, an ex-boxer with a short temper, cauliflower ears, and a mashed nose, and showed no fear. "Kamradt backed down and stalked out, furious but empty-handed. Steve was the guy who kept the Apple polished." (Young, 2005)

The Dark Side of Steve's Charisma

The drive and passion that consumed Steve about his company, that compelled his employees to believe in what they were doing, and that gave him his informal and overpowering leadership at Apple as a member of the board is also the same drive and passion that eventually got him fired from his own company. Apple was beginning to fail. Sales were down, projected sales of the Macintosh were only 10% to goal, and Steve believed the problem was Sculley.

Steve insisted the only way to solve Apple's problems was to remove Sculley and place him as the president and CEO of Apple Computers. Steve's charisma had earned the love and admiration of several Apple employees and he was determined to unseat Sculley. After the attempted coup was discovered, Steve was eventually removed from any position with control and left as chairman of the board.

An Air of Change

After he was fired, Steve went to Europe to promote the Apple II. Eventually he purchased a bicycle and a tent and traversed the countryside. Now 30, Steve was undergoing

another change. It seemed he began to mellow out and begin to take on a different perspective of himself. Young records some significant statements Steve made to a Swedish reporter,

Things don't always happen the way I want them. Five years ago this would have bothered me. Now I'm sitting back and thinking that maybe there is some wisdom in this. Henry Ford had a couple of difficult quarters, too, in the 1920s. I'm not a power-oriented person. I care about Apple a great deal. I put pretty much my entire adult life into building great products and building a great company. So I'm going to give what I can to further Apple. If that means sweeping the floors, I'll sweep the floors. If that means cleaning the toilet, I'll clean the toilet.

This demonstrated a tremendous change in Steve's attitude, at least as far as the public was concerned. Suddenly, it was not about him anymore, but the company he founded and how he could help it do its best. He also said, "You have to think very strongly about your inner values—what really is important for you." It seems this is what Steve was doing in his sales trek across Europe and into Russia.

After returning to Cupertino, Steve discovered a market for computers in universities. He immediately set out to form a new company, NeXT, to create machines that would meet performance and budget requirements. With not a little trouble, Steve took 5 colleagues from Apple and resigned as Apple's chairman. In response to legalities brought to him by Apple Steve said, "It's hard to think that a \$2 billion company with 4,300 people plus people couldn't compete with six people in blue jeans." (Young, 2005) Steve had discovered what he was good at

and enjoyed, working with a small group of people making exciting products with a determination to change the world. This is what he set out to do with NeXT, this time leading with a different pe

Leadership Failures at NeXT

Steve was passionate about his work and way to do things to a fault. Things must always be his way or he will not play. A glaring example of his ability to lead and inability to do things someone else's way is shown in negotiations with IBM. Shortly after forming the company and developing a new operating system (NeXTSTEP) that was easy to learn and use, he hinted to IBM's CEO, John Akers, how powerful and useful it would be.

IBM was interested in what NeXT could offer its hardware and sent an executive to meet with Steve. The executive brought a 100-page contract to Steve for licensing rights to the OS. "Steve picked it up and dropped it in the trash can." He demanded a 5–6 page contract, one that he liked, before anything would be done. IBM let Steve draw up the contract.

The delay in negotiations cost NeXT and Steve Jobs billions of dollars. "At the time, IBM and Microsoft were in the midst of a wrestling match over competing operating systems... Steve had the chance to push Bill Gates out of the picture and simply blew it." IBM could have been shipping "PCs with NeXTSTEP, instead of Windows. Other PC manufacturers would have quickly fallen into line. It could have been Steve instead of Bill Gates who was sitting back and... reaping a license fee for *every PC sold*." (Young, 2005)

Leadership Changes with Pixar

While working on NeXT, Steve managed to purchase a hardware and software studio from George Lucas. This purchase showcases Steve's leadership through the use of his intuition, patience, and negotiation ability. It highlights the strengths of Steve's charismatic leadership and the changes that everyone would see when he came back to Apple. (Young, 2005)

Steve's ability to stay the course and convince people he was right was not always a liability. When these skills are applied at the right time and place his leadership and negotiation abilities are their best. When Steve first approached George Lucas about purchasing his digital studio operation, the asking price was \$30 million.

His ability to read people told him to wait. George Lucas had another deal in the works with Ross Perot, but it fell through. When it did, Steve approached Lucas again for negotiations. Through waiting and determination, the studio was purchased for only \$10 million. This studio became Pixar—the leading innovator in digital animation.

While this company also suffered from Steve's unfocused leadership and nearly failed, forming a relationship with Disney eventually salvaged it. Steve's confident and risk-taking negotiations earned him a “handshake commitment for a three-picture deal... a deal that would eventually lead to his becoming successful even beyond his wildest dreams.” (Young, 2005)

The Return to Apple

Steve Jobs' NeXT company was still floundering in the wake of his unpredictable leadership. Able to motivate and excite people, he was still unable to make good business decisions. NeXT's biggest accomplishment was its operating system, yet it was going nowhere. There was nothing exceptional about the company. It had a charismatic head, a great operating system, but was not doing anything significant with its beautiful yet impotent hardware.

The year was 1996 and Apple believed it needed a new operating system to make the Apple a successful computer again. They were in discussions with Sun Microsystems, Bill Gates was trying to get in (acknowledging Apple is better at the human interface than Microsoft), and Apple's own Jean-Louis Gassée was attempting to create an OS with his own company, Be, Inc. Unbeknownst to Steve Jobs, NeXT engineers contacted Apple and were in serious negotiations. (Young, 2005)

Steve Jobs won the negotiations in his usual manner, but contrary to past performances, his company's operating system had something to offer. It was not just an idea, it was not just a concept that Steve was excited about; it was a functioning operating system with an experienced staff. Apple purchased NeXT for \$10 a share and "designated Steve as a 'special adviser'." (Young, 2005)

Steve Jobs was soon designated interim CEO. Burrows and Grover (2006) describe Steve walking into Apple's boardroom in shorts, sneakers, and beard stubble, sitting in a chair, and spinning slowly. Then he said, "'O.K., tell me what's wrong with this place.' After some mumbled replies, he jumped in: 'It's the products! So what's wrong with the products? The products SUCK!' he roared. 'There's no sex in them anymore.'"

It would seem that Steve was back to his usual haranguing and lofty ideals, but he had learned a lot in the last 13 years and was putting it into action. First he suggested to "re-price stock options so that staff morale would improve... and to make everyone in the company work to a bonus that was stock-related so the whole crew would pull together." (Young, 2005)

Then he formed an important alliance with Microsoft. While it was not popular with the Apple community (booing at the conference when Gates came on via satellite), Steve understood

a critical union more than anyone else did. Young states, “Without Microsoft’s support, Apple would be a cul-de-sac with no way to operate in a Microsoft-dominated world.” (2005)

Steve’s usual leadership decisions had definitely changed. While Young describes what may be perceived as a reign of terror; product cuts during a presentation, demeaning comments in response to answers he did not like, and the dreaded elevator ride that could result in unemployment, the company was turning around. In half a year, Steve Jobs had taken real control of Apple and turned it into a profitable company again.

Steve at Apple Today

Steve has turned Apple around. Apple’s U.S. market share has climbed from 3% to 8.1% as of Q3 2007. “According to preliminary results released by Gartner, the company's share came in at 8.1 percent for Q3, up nearly two percentage points from the same period last year” (Gardiner, 2007). Often, Apple is criticized for having a relatively small market share in the computer industry. In typical Jobsian style he replies to this, “Apple's market share is bigger than BMW's or Mercedes' or Porsche's in the automotive market. What's wrong with being BMW or Mercedes?” (Woopidoo!, ND)

Steve has focused on creating a few products that exceed the markets’ demands. The desktop and laptop computers are the best in the market. He has created a tech support center with the highest ratings in the industry. (Consumer Reports, 2007) Steve Jobs has led the music industry with the innovation of the best MP3 player in the market, the iPod. He is leading the phone industry with the iPhone. Steve has forged new ground with the current OS X operating system, built from the original NeXTSTEP OS.

What is it that is different about Steve's leadership at Apple this time? He can still be brutally descriptive. He can still make employees tremble at his presence. The difference is that he is able to let go some of his control to people who specialize in what he wants to do. He is able to give credit where credit is due.

Why is Steve a Great Leader?

All of these things that define Steve Jobs: entrepreneur, charismatic, orphan, and leader to name a few, have shaped him to be the person he is today. Each of these things means nothing without a context for them. What is it that makes Steve Jobs who he is today? Why did he change from a charismatic control freak to a charismatic man with control? What drives him? In a speech given to the graduating class of Stanford University on June 12, 2005, Steve told three stories from his life that explain his passion for life and give a foundation for much of what he does.

The first story gives a brief overview of his life he calls connecting the dots. Steve was adopted, as stated earlier. Steve tells about dropping out of college, and dropping in to classes that interested him based on his instinct. A class he dropped in on was typography. This eventually led to the great typography on the Mac—the best ever designed.

You can't connect the dots looking forward; you can only connect them looking backwards. You have to trust that the dots will somehow connect in your future. You have to trust something—your gut, destiny, life, karma, whatever. This approach has never let me down, and it has made all the difference in my life.

The second story he said is about love and loss. In it, he talks about his love for Apple and how much it hurt to be fired. He talks about how he discovered he still loved what he did and while Apple had shunned him, he decided to start over. This is where he started NeXT and Pixar. This is the time he met his wife Laurene and began his family.

I'm pretty sure none of this would have happened if I hadn't been fired from Apple. It was awful tasting medicine, but I guess the patient needed it. You've got to find what you love. The only way to be truly satisfied [with your work] is to do what you believe is great work. And the only way to do great work is to love what you do. If you haven't found it yet, keep looking. Don't settle. You'll know when you find it. And, like any great relationship, it just gets better as the years roll on. So keep looking until you find it. Don't settle.

Finally, his third story is about death. At 17, he read a quote, "If you live each day as if it was your last, someday you'll most certainly be right." Since then, he has asked himself, "If today were the last day of my life, would I want to do what I am about to do today?" When the answer is "No" for too many days in a row, he knew he needed to change something. He goes on to say, "Remembering that you are going to die is the best way I know to avoid the trap of thinking you have something to lose. You are already naked. There is no reason not to follow your heart."

He was diagnosed with a rare form of pancreatic cancer in 2004. The doctors told him he would die from it in three to six months. Fortunately, it was an even rarer form that could be

treated and cured. This experience gave him the ability to relate the following to that day's graduating class:

Your time is limited, so don't waste it living someone else's life. Don't let the noise of others' opinions drown out your own inner voice. And most important, have the courage to follow your own heart and intuition. They somehow already know what you truly want to become. Everything else is secondary.

He closed the speech with the words from a catalog published in the 1960s called *The Whole Earth Catalog*. He compared it to Google in paperback form, "idealistic, and overflowing with neat tools and great notions." On the back of the final issue was a picture of an old country road that hinted towards adventure. Beneath the picture was the title: "Stay Hungry. Stay Foolish." He always wished that for himself and closed the speech with that wish to the class.

Conclusion

Steve Jobs is a great leader because he is driven with a purpose in his life. As he said, faith, love, and death have motivated him to make the decisions he has made. While he retains his edge, energy, and charisma that drove him in his youth, he has learned to let others step in and lead to help fulfill his vision.

In the past, he used his charisma and desire for perfection to control people and command their respect. Today, he still uses his charisma to lead, but has learned to earn respect by allowing others to work with him.

January 2000, at the MacWorld Expo in San Francisco, Steve showed himself a different man. Steve was transformed from a cult leader to a human being before the eyes of thousands

(Young, 2005), on a cold morning when he announced a change in his title at Apple from interim CEO to CEO. The crowd erupted and began to chant his name.

You guys are making me feel real funny now. I get to come to work every day and work with the most talented people on the planet, at Apple and Pixar. The best job in the world. But these jobs are team sports.

Where Young introduces a book, this analysis is concluded. Misty eyed, “with grace and a deft touch, he whispered one last thing to the audience: ‘I accept your thanks on behalf of all the people at Apple.’”

There it was. This was a new Steve Jobs. Humbled by failure, elevated by the birth of his children, mellowed with age, yet still as headstrong and perhaps even more certain of his own decision making than ever before, he now understood that it really was the many others who did the work: “Apple is a team sport.” (2005)

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