

In Jobs' second act with Apple, a dramatic revival

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In this Jan. 27, 2010 file photo, Apple CEO Steve Jobs holds the new iPad during a product announcement in San Francisco. Apple Inc. on Wednesday, Aug. 24, 2011 said Jobs is resigning as CEO, effective immediately. He will be replaced by Tim Cook, who was the company's chief operating officer. It said Jobs has been elected as Apple's chairman. (AP Photo/Paul Sakuma, File)

Steve Jobs' resignation as Apple Inc.'s CEO on Wednesday was freighted with sentimental significance, the curtain call on a dramatic 14-year performance in which he rescued one of the world's most beloved brands from the brink of technological irrelevance.

As second chances go, Jobs' stewardship of Apple since returning in 1997 to the company he created with a high school friend in a Silicon Valley garage in the 1970s is widely seen as nothing short of first-class. And his job isn't done; he's staying on as chairman, where it remains to be seen how meaningfully his role in product design will change.

As mercurial as many employees and suppliers and business partners have found Jobs, few can deny how deeply his ideas have transformed the consumer technology world.

Jobs' contributions to the world of technology are numerous. He led a fierce battle against Microsoft's Windows stronghold on the front lines of the personal computer revolution; he changed the way people listen to music; he essentially created the consumer smartphone market and turned tablets from objects of derision into lusted-after luxury items. The innovation attached to the [Steve Jobs](#) brand is something that might be impossible to replace.

Investors expressed their concerns with a selloff that knocked Apple's stock down \$19.08, or 5.1 percent, to \$355.58 in extended trading Thursday, following the announcement that Tim Cook, Apple's chief operating officer, would be assuming full-time CEO duties.

"Apple is Steve Jobs, Steve Jobs is Apple, and Steve Jobs is innovation," said Trip Chowdhry, an analyst with Global Equities Research. "You can teach people how to be operationally efficient, you can hire consultants to tell you how to do that, but God creates innovation. ... Apple without Steve Jobs is nothing."

Jobs has now stepped down twice as Apple's leader, both times under unfavorable circumstances.

Whereas unmatched technical innovation and single-mindedness defined

Apple's early years, and unchecked hubris and micromanaging helped doom Jobs' first go-around as CEO, he has redeemed himself, pulling off one of the most remarkable turnarounds in corporate history.

Like many Silicon Valley companies, Apple traces its roots to a garage where two tinkerers came up with an idea that would change technology forever. But perhaps more than any other technology icon who has risen from the scrum of Silicon Valley entrepreneurialism, Jobs has been as much of a polarizing figure as he has been an inspirational one.

He has invented and masterfully marketed ever-sleeker gadgets that have transformed everyday technology, from the personal computer to the iPod and iPhone. Cultivating Apple's countercultural sensibility and a minimalist design ethic, in his second go-around as CEO he has rolled out one hit product after another, even in the face of the late-2000s recession and his own failing health.

Jobs helped change computers from a geeky hobbyist's obsession to a necessity of modern life at work and home, and in the process he upended not just personal technology but the cellphone and music industries.

Perhaps most influentially, he launched the iPod in 2001, which offered "1,000 songs in your pocket." Over the next 10 years, its white earphones and thumb-dial control seemed to become as ubiquitous as the wristwatch.

In 2007 came the touch-screen iPhone, and later its miniature "apps," which made the phone a device not just for making calls but for managing money, storing photos, playing games and browsing the Web.

And in 2010, Jobs introduced the iPad, a tablet-sized, all-touch computer that took off even though market analysts said no one really needed one.

Investors have become enraptured. "Fanboys" follow Jobs' words with almost religious fervor, and shareholders have cast big bets on Apple's prospects.

Earlier this month, Apple briefly surpassed Exxon Mobil as the most valuable company in America, with Apple stock on the open market worth more than any other company's.

Under Jobs, the company cloaked itself in secrecy to build frenzied anticipation for each of its new products. Jobs himself had a wizardly sense of what his customers wanted, and where demand didn't exist, he leveraged a cult-like following to create it.

When he spoke at Apple presentations, almost always in faded blue jeans, sneakers and a black mock turtleneck, legions of Apple acolytes listened to every word. He often boasted about Apple successes, then coyly added a coda - "One more thing" - before introducing its latest ambitious idea.

But recent performances have been clouded by a different kind of interest. Observers have scrutinized Jobs' appearance and mannerisms for clues about his health. Apple won't say whether Jobs' health has worsened.

In 2004, Jobs revealed that he had been diagnosed with - and "cured" of - a rare form of operable pancreatic cancer called an islet cell neuroendocrine tumor. In early 2009, it became clear he was again ill.

Jobs took a half-year medical leave of absence starting in January 2009, during which he had a liver transplant. Last January, he announced another medical leave, his third, with no set duration. He returned to the spotlight briefly in March to personally unveil a second-generation iPad.

The adoration now surrounding Jobs would have seemed highly unlikely in his early days.

Jobs, whose hippie sensibilities made him somewhat of an outcast in his early adulthood, grew up in California and after finishing high school enrolled in Reed College in Portland, Ore. His foray into advanced formal schooling didn't last long. He dropped out after a semester.

"All of my working-class parents' savings were being spent on my college tuition. After six months, I couldn't see the value in it," he said at a Stanford University commencement address in 2005. "I had no idea what I wanted to do with my life and no idea how college was going to help me figure it out."

His career in technology started inauspiciously. When he returned to California in 1974, Jobs worked for video game maker Atari and attended meetings of a local computer club with Steve Wozniak, a high school friend who was a few years older.

Wozniak's homemade computer drew attention from other enthusiasts, but Jobs saw its potential far beyond the geeky hobbyists of the time. The pair started Apple in Jobs' parents' garage two years later. Their first creation was the Apple I - essentially, the guts of a computer without a case, keyboard or monitor.

His ascent into fortune and technological superstardom was swift.

The Apple II, which hit the market in 1977, was their first machine for the masses. It became so popular that Jobs was worth \$100 million by age 25. Time magazine put him on its cover for the first time in 1982.

But his rise wasn't without controversy. Three years earlier, during a visit to the Xerox Palo Alto Research Center, Jobs again spotted mass

potential in a niche invention: a computer that allowed people to access files and control programs with the click of a mouse, not typed commands. He returned to Apple and ordered the team to copy what he had seen.

It foreshadowed a propensity to take other people's concepts, improve on them and spin them into wildly successful products. Under Jobs, Apple didn't invent computers, digital music players or smartphones - it reinvented them for people who didn't want to learn computer programming or negotiate the technical hassles of keeping their gadgets working.

"We have always been shameless about stealing great ideas," Jobs said in an interview for the PBS series "Triumph of the Nerds."

The approach may have had its critics, but under Jobs, Apple found its rhythm and delivered hit products. He stumbled a few times, however.

Based on what Jobs saw at Xerox, his engineers responded with two computers. The pricier one, called Lisa, launched to a cool reception in 1983. A less-expensive model called the Macintosh exploded onto the scene in 1984.

The Mac was heralded by an epic Super Bowl commercial that referenced George Orwell's "1984" and captured Apple's iconoclastic style. In the ad, expressionless drones marched through dark halls to an auditorium where a Big Brother-like figure was lecturing on a big screen. A woman in a bright track uniform burst into the hall and launched a hammer into the screen, which exploded, stunning the drones, as a narrator announced the arrival of the Mac.

The commercial cemented Apple's image as the opposition party in a world dominated by massive corporations, particularly IBM Corp.

There were early stumbles at Apple that led to Jobs' unraveling. Jobs clashed with colleagues and even the CEO he had hired away from Pepsi, John Sculley. And after an initial spike, Mac sales slowed, in part because few programs had been written for the new graphical user interface.

Meanwhile, Microsoft copied the Mac approach and introduced Windows, outmaneuvering Apple by licensing its software to slews of computer makers.

With Apple's stock price sinking, conflicts between Jobs and Sculley mounted. Sculley won over the board in 1985 and pushed Jobs out of his day-to-day role leading the Macintosh team. Jobs resigned his post as chairman of the board and left Apple within months.

He said the departure crushed him. "What had been the focus of my entire adult life was gone, and it was devastating," Jobs said in his Stanford speech. "I didn't see it then, but it turned out that getting fired from Apple was the best thing that could have ever happened to me. The heaviness of being successful was replaced by the lightness of being a beginner again, less sure about everything. It freed me to enter one of the most creative periods of my life."

Jobs didn't know it then, but the next phase of his career would set the stage for his triumphant return to Apple years later.

Jobs dove into two other companies: Next, a computer maker, and Pixar, a computer-animation studio that he bought from George Lucas for \$10 million.

Pixar, ultimately the more successful venture, seemed at first a bottomless money pit.

Then came "Toy Story," the first computer-animated full-length feature. Jobs used its success to negotiate a sweeter deal with Disney for Pixar's next two films. In 2006, Jobs sold Pixar to The Walt Disney Co. for \$7.4 billion in stock, making him Disney's largest individual shareholder and securing a seat on the board.

With Next, Jobs was said to be obsessive about the tiniest details of the cube-shaped computer, insisting on design perfection even for the machine's guts. He never managed to spark much demand for the machine, which cost a pricey \$6,500 to \$10,000.

Ultimately, he shifted the focus to software - a move that paid off later when Apple bought Next for its operating system technology, the basis for the software still used in Mac computers.

That decision would mark the beginning of the end of Apple's slow slide into the technological backwaters.

By 1996, when Apple bought Next, Apple was in dire financial straits. It had lost more than \$800 million in a year, dragged its heels in licensing Mac software for other computers and surrendered most of its market share to PCs that ran Windows.

Larry Ellison, Jobs' close friend and fellow [Silicon Valley](#) billionaire and the leader of Oracle Corp., publicly contemplated buying Apple in early 1997 and ousting its leadership. The idea fizzled, but Jobs stepped in as interim chief later that year.

He returned with a vengeance, slashing unprofitable projects, narrowing the company's focus and presiding over a new marketing push to set the Mac apart from Windows. The new ads featured with an intentionally ungrammatical encouragement to computer users: "Think different."

Apple's first new product under his direction, the brightly colored, plastic iMac, launched in 1998 and sold about 2 million in its first year.

Jobs later dropped the "interim" from his title. He changed his style, too, said Tim Bajarin, who met Jobs several times while covering the company for Creative Strategies.

"In the early days, he was in charge of every detail. The only way you could say it is, he was kind of a control freak," he said. In his second stint, "he clearly was much more mellow and more mature."

In the decade that followed, Jobs returned Apple to profitability while pushing out an impressive roster of new products.

Apple's popularity exploded in the 2000s. The iPod, smaller and sleeker with each generation, introduced many lifelong Windows users to their first Apple gadget.

iTunes gave people a convenient way to buy music legally online, song by song.

For the music industry, it was a mixed blessing. The industry got a way to reach Internet-savvy people who, in the age of Napster, were growing accustomed to downloading music free. But online sales also hastened the demise of CDs and established Apple as a gatekeeper, resulting in battles between Jobs and music executives over pricing and other issues.

Jobs' command over gadget lovers and pop culture swelled to the point that, on the eve of the iPhone's launch in 2007, faithful followers slept on sidewalks outside posh Apple stores for the chance to buy one. Three years later, at the iPad's debut, the lines snaked around blocks and out through parking lots, even though people had the option to order one in advance.

Jobs' personal ethos - he is a natural food lover who embraced Buddhism and New Age philosophy - has been closely linked to the public persona he shaped for Apple.

Apple itself became a statement against the commoditization of technology - a cynical view, to be sure, from a company whose computers can cost three or more times as much as those of its rivals.

Longtime fans say they're encouraged that Jobs is sticking around, even in a limited capacity. Cook has received mild approval.

"No one can replace Steve Jobs, but (Cook) is good at what he does, which is make sure the right people have the right jobs," said Jeff Gamet, managing editor at The Mac Observer website. "It's not like as of today everything for [Apple](#) changes. It's going to feel a little different, though, because Steve won't have the CEO title."

But Gamet acknowledged that there's a sentimental loss in Jobs' stepping down.

"It sure would have been fun to see Steve at the helm a little bit longer," he said.

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