Evolution of Steve Jobs Leadership: Influence on Apple

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Executive Master of Business Administration

Cohort 2011

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Abstract

This paper, in conjunction with a presentation is a group assignment worth 50 points out of a total of 100 toward a final grade in the GWSB EMBA course 218, Organizational Behavior. The assignment is to compose a body of text of 12 to 14 pages based on an analysis of an organizational or leadership subject. The team selected the evolution of Steve Job's leadership and its effect on the consumer electronics company Apple, Inc. The paper attempts to show the effect of Steve Job's original vision at the establishment of Apple Computer, Inc. had a lasting impact in the early years that remained effective through the following years at Apple, Inc. as run by three other Chief Executive Officers, and has pervaded into the company’s current organizational behavior. The analysis covers a period of time from 1976, when Steve Jobs founded the company then known as Apple Computer, Inc. until after 2007 when the corporate name was changed to Apple, Inc.

Keywords: leadership, Steve Jobs, vision at Apple, organizational learning
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Introduction

This paper will explore the evolution of Steve Jobs’ leadership, his vision for Apple and its impact on the success of the company. In evaluation of his leadership styles and personality traits, we will be using Dr. Kayes’ in-class presentation on leadership, specifically transformational leadership (Burns, Kouzes, and Pousners). This paper is an extension and complement to the team presentation given on 18 September 2009, but it expands on the content, research and results that were not covered in detail during the presentation.

The Method

Participants

The participants of this paper and the presentation were the authors Audra Bray, Michelle Dunn, Robert Ellentuck, and Russell Knowles.

Interview

In addition to the research for the presentation, Ms. Dunn conducted a telephone interview with Ms. Karen Steele who Ms. Dunn knew had been acquainted with Steve Jobs during her employment at Apple Computer, Inc and NeXT. Ms. Dunn conducted the interview with Ms. Steele to gain some additional perspective on the personality and leadership style of Steve Jobs based on her experiences working directly for Steve Jobs during that time. Ms. Dunn’s interview of Ms. Steele took place on 13 September 2009. The call lasted approximately
40-minutes and provided valuable insights about Steve Jobs relative to his vision for Apple Computer, Inc. and the devotion of his personnel. Ms. Dunn was also able to clear some of “the mythology” of Steve Jobs’ leadership during Apple Computer, Inc.’s early days to construct a more accurate view than what has been reported in periodicals, magazine articles and Apple’s Fan Website. Ms. Dunn began the interview by asking about Apple’s early days and Steve Jobs leadership; and then progressed to Jobs’ leadership style at NeXT where Ms. Steele was one of the Jobs’ followers who left Apple after Jobs resigned in 1985. The interview concluded by contrasting Ms. Steele’s earlier career at Apple to when she returned in mid-1990. In that timeframe was when Ms. Steele and Ms. Dunn met - Ms. Steele was Advertising Director at Apple USA and Ms. Dunn was working at BBDO (Apple’s Advertising Agency of record, 1986-1996).

The interview provided a very useful experience, and helped to confirm some of our sourced information, especially regarding the myths and rumors about Steve Jobs and Apple’s culture, which was especially relevant to our presentation and paper. As a side note, Ms. Steele has been interviewed by several reporters and book writers about Apple and Steve Jobs.

**Procedure and Materials**

All four authors also conducted research on the subject primarily by using the Internet, business and computer periodicals. All research was collated by the authors into a tabular format with all materials being noted by year, source name, a description of the information found, and media-type such as internet, print articles, presentations, press releases, photos, graphic art and videos. Permissions have been granted for use of all information posted on both the websites in accordance with the established criteria for each.

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The information found was broken into two areas: Apple, Inc. and Steve Jobs. The primary references focused on key milestones for Apple, Inc. (Macworld.com, 2009) and to Steve Jobs leadership during his two tenures at Apple as well as the two other companies that he founded during his absence at Apple (CNNMoney.com, 2009).

All of the materials produced during the research phase for this subject were subsequently translated into an outline to serve as our baseline reference document for the presentation, and subsequently for this paper. The draft outline was a select combination of the important information collated during the research phase. The file went through several versions that eventually led to the final presentation given by Ms. Dunn on the last day of class, 18 September 2009.

In producing the presentation as well as this paper, we drew heavily on our individual lecture notes and slides from the leadership class, Organizational Behavior (Kayes, 2009). It was our intention to reference the leadership styles we learned in class as much as contextually possible to the results of our research.

The research was broken into sections including history & branding; corporate strategy; product price, design & technology; Steve Jobs vision & leadership, and the company’s financial performance. Research materials were collected, collated, and reviewed to create the results and discussion sections of the paper. At the same time, a time-line was developed outlining Apple’s 33-years in business with key milestones such as new products releases, the technologies behind them, the marketing strategy and the success or failures. Steve Jobs’ original vision for Apple would remain effective through three other CEO’s while he was off building equity in two other ventures that would eventually add value to Apple upon his return. Not only was his vision installed with a staying force, his leadership foundation also had a lasting impact on the

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organization that evolved through different styles that was captured in the presentation timeline. This served as a visual roadmap and helped keep the focus of our subject consistent between the presentation and the paper (Bray et al, 2009). See Appendix Figure 1.

This timeline enabled the team to cover Apple, Inc.’s history by focusing on significant events that enabled Steve Jobs original vision to convey through his leadership over the years and through some very substantial changes in both organizational structure and different leaders at the company. One of the most significant results that emerged when coupled with the corporate strategy research focus area was that Steve Jobs original vision had the power to sustain – even as he indirectly applied his leadership during periods of absence. Steve Jobs vision continued to grow and would eventually be capitalized throughout “the Apple culture.”

Another important research focus area on the annual financial performance of Apple over the years was not covered during the presentation but is covered in the results and discussion sections below.

Results

The results were gathered and vetted from secondary research publications, websites, MacWorld Expo’s Key Notes Videos, and financial documents such as Apple Inc.’s 10-K’s. The only primary research was an interview with Ms. Karen Steele who reported directly to Steve Jobs at Apple Computer, Inc. and NeXT. The results are provided written in the format indicated by the American Psychological Association (APA) Publication Manual. The content is outlined by three leadership styles: Transformational, Charismatic, and Influencer with examples from Steve Jobs and Apple, Inc. Noting how difficult it was for the media and as a result for the authors to separate Steve Jobs from his vision and company “Apple”.

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Transformational

During Jobs two tenures at Apple he has served to motivate his followers inside and outside the company including customers, stakeholders, share holders and the media with a strong vision for putting the needs of the end-user first – to be different, an innovator and trend-setter. Steve Jobs has led in a bold way that served to motivate his followers through the force of his personality. During the creation of the Macintosh, he wanted to define a different computer. He mounted a pirate flag on the roof of the building and told his staff, “It’s better to be a pirate, than join the Navy” (CNNMoney.com, 2009).

Jobs fulfilled the higher needs of his followers at Apple. When many of his employees followed him to the startup NeXT, Jobs was seeking to fulfill their higher needs to continue to innovate with new technologies (CNNMoney.com, 2009).

Jobs' leadership has involved a process of mutual stimulation and evaluation. Many of his followers have played an important role in this process by developing new products and in creating new technologies. Jon Ives is credited with being the creative force behind the iMac, a product that arguably resuscitated Apple and would later be the driving force in the Industrial Design Group at the company (Linzmayer, 2006). Another key figure on Jobs’ team is Scott Forstall; currently Senior Vice President, iPhone Software. Forstall was at NeXT and followed Jobs back to Apple to help develop the architecture for the Mac X Operating System. He is the responsible party for delivering iPhone software (Apple, Inc., 2009).

The process of Job's leadership has been to convert to a moral agent. His leadership is focused on morality, ethics, and changing the status quo to improve the moral capacity of the individual. When Jobs recruited John Sculley to Apple, Jobs had challenged Sculley with “if he wanted to sell sugar water the rest of his life or to change the world” (CNN.com, 2009).
Additionally, Jobs has had impact as a moral agent on the essence of the Apple Brand and is a validation of his vision: “Apple, on the other hand, comes across as profoundly humanist. Its founding ethos was power to the people through technology, and it remains committed to computers in education. It’s always about people.” (Wired, 2002).

**Charismatic**

Jobs demonstrated charismatic leadership approach through his performances at events such as MacWorld Expo during the introduction of new products for Apple (Apple.com, 1997-2009). Jobs is known for the amazing job he does at introducing new concepts through various media outlets along with product placement (Washington Post, 2006).

Jobs displayed charisma when there was a social crisis at the company. This occurred upon returning to Apple on 20 December 1996 as the interim CEO. The company was near bankruptcy. Jobs used press conferences to announce that he would drastically change the structure of Apple, replace five board members, begin an aggressive brand advertising campaign (“Think Different”), and deliver a new operating system based on NeXT technologies (Linzmayer, 2006).

When Jobs returned to Apple, he demonstrated a radical vision that offered a solution to the crisis the company was experiencing which was to embrace the Internet and the digital age with iMac, iBook and by branding himself as the “iCEO” (Macworld, 2000). Within a few years, Jobs had transformed Apple from a computer company to a consumer electronics company, embracing such concepts as the iStore, iPod, and iPhone (CNNMoney.com, 2009).

Jobs has always attracted followers who believe in his vision. Many of these followers followed him from Apple to NeXT (CNNMoney.com, 2009). Apple has always been well known...
in Silicon Valley for its ability to attract the best employees, many of whom take substantial pay cuts for the opportunity to work for Jobs (Steele, 2009).

Jobs has shown over time that his followers believe that his vision appears attainable. He has created the blueprint for product introductions that have created the “core team” of individuals (both Apple employees and Apple’s advertising and public relations agencies of record) that has become the blueprint for the industry (Stanford, 1986).

**Influencer**

Jobs has demonstrated that he is an Influencer. He used his power to change the behaviors, attitudes, and/or values of the public market throughout his tenure at Apple, including his time at Pixar (CNNMoney.com, 2009). Jobs has also influenced many stake-holders during this time including his employees, “The Market”, end-users with “the Cool Factor” (CRM, 2009), and the Media by bringing product placement to a new level (Washington Post, 2006). Jobs has changed the behavior of the public by changing the way media is consumed by the creation of iTunes and the iPod (CNNMoney.com, 2009). He is even fashion icon and has been attributed to the change in business dress resulting in the demise of neckties and pencil skirts and leading to Jobs signature attire of a black sweater or T-shirts, jeans and runner shoes. (LA Times, 2006)

Jobs influence is found in industrial design - tempering engineering with art. Apple Computers and Apple Products are on displayed at the MoMA in New York City (Morrison, 2009). Jobs has been known as a brand guru blurring the art of film making with promotion, most notable was the "1984" commercial directed by Ridley Scott (Friedman, 1997).
Discussion

Steve Jobs displays a mix of three leadership styles: Transformational, Charismatic, and Influencer. His leadership style has been studied and examined by academics, news services, businesses, computer and culture media, publicity events, and folklore during the past 33-years, since the inception of Apple Computer on 1 April 1976. For the purpose of this paper, the authors’ focus on three styles of leadership: Transformational, Charismatic, and Influencer.

To be effective leader one must have “motivated followers” (Burns, 1978); however, Jobs expanded the term “follower” to include employees, stakeholders, customers and the media. He created a unique vision at the inception of Apple in 1976 to be different, by keeping a focus on the consumer, by being an innovator and a trend-setter for all of the constituents of his products who all indirectly were consumers of his vision in very different ways. This was ingrained into Apple’s fiber.

The motivated follower(s) needs to have a leader with a strong vision. Jobs demonstrated his vision of putting the customer first. Focusing on the customer’s needs was demonstrated in the early days of Apple. With the introduction of the Apple II in 1977, Steve Jobs was the force behind the marketing and the design of the first “personal computer”, a phrase he coined as the computer was made to look like a kitchen appliance, so it would not be intimidating to consumers (CNNMoney.com, 2009).

With a different vocabulary from ease-of-use to “think different”, to computers for the rest of us, Steve Jobs leadership and influence extends beyond the walls of Apple to popular culture. Jobs has shown us the way to be different and cool through the daily use of the personal computer and consumption of media. He also changed the movie and recording industry and
gave us a new mobile phone that is an all-in-one device (CNNMoney.com, 2009). Finally, Jobs has also led us to embrace technology as more something work-related, but part of our everyday lives.

The motivating forces behind the vision Steve Jobs created at Apple has carried through the years of successes and failures. It is a testimony to the leadership he brought forth through the changing organizations over time and the many different product trials that have been delivered to a truly unique and growing market identity. By contrast, when the financial performance is considered over the history of Apple, the message resounds even clearer that the vision of Steve Jobs and his resilient leadership was focused on the consumer. This in and of itself, provides an even stronger argument that the company at large with or without the presence of Steve Jobs could not escape his vision. Despite three different executives over roughly a fourteen year period in the maturing years, not only was the company bound by the importance of consumer first, the organizational behavior held onto that notion inextricably even at the expense of financial growth.

At first inspection in comparing the financial health of Apple merely by viewing its annual closing stock price from its initial public offering in 1980 to 2009, it is startling how flat the value stayed for so many years, see Appendix Figure 2. Even in comparison to the market it traded on, the NASDAQ, you see a similar trend that gives a moderate reassurance the company is faring well against the index it is being measured against. At closer observation, you note the tremendous lag in its performance trend, see Appendix Figure 3. The technology sector dot-com surge and bust was an exceptional event, not unlike the other irrational spikes and dumps other indices such as energy, food and housing have experienced, but it must be questioned why Apple sort of “missed the boat” during the technology bubble? Given the increase in its share value that

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dramatically rose in 2008, why did it have to wait eight years to experience its own bubble? Perhaps this may be attributed to organizational tides as Apple adjusted to four different leaders from Jobs to Scully, to Spindler, to Amelio and finally fourteen years later back to Jobs. This can possibly be accredited to the strong ally to Steve Jobs original vision or the devotedness of his followers internally and externally. Perhaps it can be credited to dumb luck. It is not inconceivable based on our research, that one major contributing factor was dedication to the unique consumer market even at the expense of seeking huge profits. It almost seems that there was a divine calling or cosmic intervention that kept the Apple boom from occurring so late in the business game.

And as we look further into the actual reported financials (as were publicly available), we see a similar but more telling trend of this phenomenon (SEC filings, 1994-2009). Looking specifically at the reported Income & Sales, we see a relatively flat profile for the better part of 11 years. It isn’t until 2005 that we start to see sales climb at a respectable pace, see Appendix Figure 4. As we examine the Assets & Liabilities, we also find that the trend shows very little growth occurring for at least 11 years, see Appendix Figure 5. This long-term payoff is shown by the fact that while their sales started to rise rapidly in 2005, their profits stayed relatively flat and while their assets began to increase in value starting in 2005, their liabilities trended right along with them.

The most significant indicator from our results shows that Jobs vision of being solely focused on the consumer, despite all the leadership changes fulfills the tale that good things come to those who wait. It is evident from the introduction of the iPhone in 2007, Apple is finally reaping the “financial” rewards—culminating in 33-years of investing in research and development, learning from successes and failures, riding the waves of leadership changes and

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organizational climates, but most importantly manifesting the vision that essentially merged the personal computing experience into the consumer electronics bliss.
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United States Securities And Exchange Commission; Washington, D.C. 20549; Form 10-K; Annual Report Pursuant To Section 13 Or 15(D) Of The Securities Exchange Act Of 1934; For the fiscal year ended September 30, 1994; APPLE INC.

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Appendix

Figure 1: Apple Timeline, 1967 to 2009
Figure 2: Apple Annual Closing Stock Price (1980-2009)

Figure 3: NASDAQ Annual Market Index Closing (1976-2009)

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Figure 4: Apple, Inc. Annual Sales & Income (1994-2008)

Figure 5: Apple, Inc. Annual Assets & Liabilities (1994-2008)

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