**How Steve Jobs Learned**

**to Organize and Control Apple**

In 1976 Steven P. Jobs sold his Volkswagen van, and his partner Steven Wozniak sold his two programmable calculators, and they used the proceeds of $1,350 to build a circuit board in Jobs’s garage. So popular was the circuit board, which developed into the Apple II personal computer (PC), that in 1977 Jobs and Wozniak founded AppleComputer to make and sell it. By 1985 Apple’s sales had exploded to almost $2 billion, but in the same year Jobs was forced out of the company he founded. Jobs’s approach to organizing was a big part of the reason he lost control of Apple. Jobs saw his main task as designing the organizational structure in ways that would lead to the rapid development of new and improved PCs, but his personal style was often arbitrary and overbearing.

For example, Jobs often played favorites among the many different project teams he created that caused many conflicts and led to fierce competition, many misunderstandings, and growing distrust among members of the different teams. Jobs’s abrasive management style also brought him into conflict with John Sculley, Apple’s CEO. Employees became unsure whether Jobs (the chairman) or Sculley was in control of the company. Both managers were so busy fighting for control of Apple that the task of ensuring its resources were being used efficiently was neglected. Apple’s costs soared, and its performance and profits fell.

Apple’s directors became convinced Jobs’s style was the heart of the problem and asked him to resign. After he left Apple, Jobs started new ventures. First he founded PC maker NEXT to develop a powerful new PC that would outperform Apple’s PCs. Then he founded Pixar, a computer animation company, which become a huge success after it made blockbuster movies such as Toy Story and Finding Nemo, both distributed by Walt Disney, and Pixar was eventually sold to Disney.

In both these companies Jobs organizing approach changed. He built strong management teams to lead the project teams developing the new PCs and movies and kept his distance. Jobs saw his main task as organizing the companies’ future product development strategies and he left the actual tasks of organizing and controlling to the managers who reported to him. He gave them the autonomy to put his vision into practice and in both companies he worked to create a culture based on values and norms of collaboration and creative thinking to promote innovation.

Meanwhile Apple was struggling to compete against Dell’s low-cost PCs loaded with Microsoft’s Windows software; its performance was plummeting and its future looked in doubt. To help the company he founded survive, in 1996 Jobs convinced Apple to buy NEXT for $400 million and use its powerful operating system in a new line of new Apple Mac PCs. Jobs worked inside Apple to lead its turnaround and he was so successful that in 1997 he was asked to become its new CEO.

His first step was to create a clear vision and goals to energize and motivate Apple employees. Jobs decided that Apple had to introduce state-of-the art, stylish PCs and related digital equipment. He created a team structure that allowed programmers and engineers to pool their skills to develop new PCs. He delegated considerable authority to the teams, but he also established strict timetables and challenging “stretch” goals, such as bringing new products to market as quickly as possible, for these groups. One result of these efforts was Apple’s sleek new line of iMac PCs, which were quickly followed by a wide range of futuristic PC-related products. In 2003 Jobs announced that Apple was starting a new service called iTunes, an online music store from which people could download songs for 99 cents. At the same time Apple introduced its iPod music player, which can store thousands of downloaded songs, and it quickly became a runaway success. Apple continually introduced new generations of the iPod, each more compact, powerful, and versatile than previous models. By 2006 Apple had gained control of 70% of the digital music player market and 80% of the online music download business, and its stock price soared to a new record level.

The next milestone in Jobs’s managerial history came in 2007 when he announced that Apple would introduce the iPhone to compete directly with the popular Blackberry. Once again, he organized Apple’s engineers into teams, not only to develop the new phone but to create an online iPhone applications platform where users would be able to download iPhone applications—such as to interact with their friends—to make their phones more useful. By 2010 over two million iPhone applications had been developed, over two billion applications had been downloaded by iPhone users, and Apple was the leader in the smartphone market.

In 2010 Jobs announced that Apple planned to introduce its new iPad tablet computer, which he claimed would be the best way to experience the Web, email, and photos and would also have a wireless reading function to compete directly against Amazon.com’s successful Kindle wireless reader.12 As before, Jobs organized a new engineering unit to pioneer the development of applications for its new iPad, and after the iPad was released in spring 2010 analysts and customers swarmed to buy it, its stock rose to a high of $219. By 2011, Apple’s stock had soared to over $350 as its product teams continuously brought out new and improved versions of its iPod, iPhone, and iPad and many analysts thought the company’s stock would become the most valuable in the world.