

# THE SECOND COMING OF STEVE JOBS

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*"Since Steve Jobs is the head of a movie studio, it seems oddly appropriate that his real life scenario fits so neatly into the 'three-act' structure of a classic Hollywood screenplay. In Act One, the protagonist sets forth on his quest, in this case a bid for vindication after an embarrassing fall. Act Two brings the dramatic complications: our hero struggles, he fails, he comes perilously close to the edge. In Act Three, he overcomes the formidable forces aligned against him and achieves his goal, though in a way that he could never have anticipated when the story began."*

– Alan Deutschman

## 1. Next Computer

In the summer of 1985, Steve Jobs was removed from his management position at Apple Computer by the board of directors. Although only thirty years old, Jobs had become famous as one of the initiators and original innovators of the personal computer industry. And even though he had been forced out of the company he had co-founded, at least Steve Jobs still owned more than \$100 million worth of Apple Computer stock.

In similar circumstances, most people would consider retiring to a life of comfort. For about three months, Jobs even considered that idea himself, although his vision of retirement activities included asking NASA to let him fly on one of its space shuttles. However, he soon came to the conclusion there was one thing he wanted to prove to himself – that his success with Apple Computer wasn't a fluke and that he could change the world again. And the only way he knew how to realize that vision was to start a new company.

So, in September 1985, Steve Jobs founded his new company which he called NeXT Computer Inc. To provide funding, Steve Jobs sold \$70 million of Apple stock, and put \$7 million of that money in as start-up funding for the new company.

Whereas the early days of Apple had been marked by a constant struggle just to stay afloat, the start-up phase of NeXT Computer was a distinct contrast. Jobs quickly put together a management team of five loyalists from Apple who had been closely involved with him in the development of the Macintosh computer at Apple, and who were keen to change the world. NeXT's mission statement was still a little hazy – to build great computers for students and educators – but there was no shortage of enthusiasm and optimism.

NeXT was launched in a blaze of publicity. The new management team even got to read glowing reports about themselves in *Newsweek*. The company paid \$100,000 for a design guru to come up with their logo – a black cube, tilted at a precise angle, with brightly colored letters stating "NeXT". The company took out expensive offices and spent lavishly on remodeling – to provide inspiration for the workers.

Naturally, NeXT's launch didn't go unnoticed. Apple Computer immediately filed suit against the five co-founders, accusing them of stealing trade secrets and intellectual property. However, when Apple came to the conclusion their law suit had the effect of drawing more attention to the new operation, they quietly dropped the lawsuit four months later.

Meanwhile, thousands of resumes were flooding in. Steve Jobs started hiring the best people he could find. Some of these new hires were so anxious to get involved they were prepared to take menial jobs. For example, the receptionist had an undergraduate degree from Harvard and was an active art

collector. That definitely sent the signal NeXT was dedicated to hiring highly qualified people. Most of the people hired were young and driven by a sense of idealism.

*"We signed up with Steve because we were going to revolutionize education. In the early days at NeXT, there was a sense of mission and crusade. It was like how he inspired the original Macintosh."*

– Allison Thomas, company consultant

The original plan was for NeXT to release its first computer by spring 1987, about 18-months after the company was started. That date gradually slipped, mainly because Job's expectations and demands for breakthroughs were so high. He insisted that everything about the machine had to encompass an entirely new approach, creating a computer which would feature state-of-the-art design excellence throughout. Even the factory in which the computers would be made had to be aesthetically attractive and fully automated – a vision of smart machines turning out other smart machines without human intervention.

NeXT Computer used up its \$7 million in start-up funding in little more than a year. Jobs decided that if he were to bring in some outside investors rather than fund the entire operation himself, that would add credibility to what he was doing. He started talking to venture capitalists offering 10-percent of the company for \$3 million, but they uniformly thought the price was too high for a company with nothing to ship. But then, out of nowhere, NeXT Computer received a call from H. Ross Perot, the founder of Electronic Data Systems, who expressed an interest in making an equity investment in the new company. Within a couple of months, Perot had agreed to pay \$20 million for 16-percent of NeXT.

*"In their brief courtship, Ross Perot saw the captivating side of Steve Jobs, though he also had occasional glimpses of Steve's darker side, his penchant for turning on colleagues with a wicked tongue. Steve Jobs could be all sweetness and seduction, especially when he was wooing prospective employees or business partners. But when it came to realizing his vision, he used every possible strategy to get people to strive for perfection as he saw it. He would praise and inspire them, often in very creative ways, but he would also resort to intimidating, goading, berating, belittling and even humiliating them. He could be Good Steve or Bad Steve. When he was Bad Steve, he didn't seem to care about the severe damage he caused to egos or emotions so long as he pushed for greatness."*

– Alan Deutschman

Actually, sometimes the Good Steve / Bad Steve routine worked exceptionally well, and motivated people to push themselves very hard. At other times, however, the blending of alternative charm and humiliation backfired with serious and dramatic consequences. On balance, in fact, Steve Jobs was his Good Steve persona far more often than he was Bad Steve, but over time, the Bad Steve anecdotes almost took on a life of their own and became widely circulated. Jobs was gaining a reputation not as an admirable "wunderkid" but as an "enfant terrible".

*"When Steve's upset, it's for a reason. He has brutal delivery mechanisms, but if you listened through his yelling, Steve had good ideas. And Steve is a rare person because even if he's really mad at you, you can hang up and later he'll call you and talk more calmly. His great strength is throwing out a hundred ideas and though ninety-nine are stupid, one is great."*

– Susan Barnes, CFO, Next Computer

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