

Steve Jobs and Customer Value Creation

During the holidays, I read Walter Isaacson's biography of Steve Jobs – which I strongly recommend.

Steve Jobs was a very complex individual, to say the least. He was abrasive and insightful. He drove people who worked with him to achieve things they didn't think possible.

Over his career, Steve Jobs weathered near-failures, and built one of the most valuable companies in the world. This book offers a unique and valuable perspective on business strategy and management. The chapters on how Jobs built Pixar and refocused Apple after he returned from being fired are both fascinating and instructive.

At the end of the book, Isaacson quotes Jobs as he reflects on his business career. I offer a few excerpts below, and after that, some things to think about.

My passion has been to build an enduring company where people were motivated to make great products. Everything else was secondary. Sure, it was great to make a profit, because that was what allowed you to make great products. But the products, not the profits, were the motivation. [Ex-CEO John] Sculley flipped these priorities to where the goal was to make money. It's a subtle difference, but it ends up meaning everything: the people you hire, who gets promoted, what you discuss in meetings.

Some people say, "Give the customers what they want." But that's not my approach. Our job is to figure out what they're going to want before they do. I think Henry Ford once said, "If I'd asked customers what they wanted, they would have told me, 'A faster horse!'" People don't know what they want until you show it to them. That's why I never rely on market research. Our task is to read things that are not yet on the page.

Edwin Land of Polaroid talked about the intersection of the humanities and science. I like that intersection. There's something magical about that place. There are a lot of people innovating, and that's not the main distinction of my career. The reason Apple resonates with people is that there's a deep current of humanity in our innovation. I think great artists and great engineers are similar, in that they both have a desire to express themselves. In fact some of the best people working on the original Mac were poets and musicians on the side. In the seventies computers became a way for people to express their creativity. Great artists like Leonardo da Vinci and Michelangelo were also great at science. Michelangelo knew a lot about how to quarry stone, not just how to be a sculptor....

At different times in the past, there were companies that exemplified Silicon Valley. It was Hewlett-Packard for a long time. Then, in the semiconductor era, it was Fairchild and Intel. I think that it was Apple for a while, and then that faded. And then today, I think

it's Apple and Google – and a little more so Apple. I think Apple has stood the test of time. It's been around for a while, but it's still at the cutting edge of what's going on.

It's easy to throw stones at Microsoft. They've clearly fallen from their dominance.... And yet I appreciate what they did and how hard it was. They were very good at the business side of things. They were never as ambitious product-wise as they should have been. Bill likes to portray himself as a man of the product, but he's really not. He's a businessperson. Winning business was more important than making great products. He ended up the wealthiest guy around, and if that was his goal, then he achieved it. But it's never been my goal, and I wonder, in the end, if it was his goal. I admire him for the company he built – it's impressive – and I enjoyed working with him. He's bright and actually has a good sense of humor. But Microsoft never had the humanities and the liberal arts in its DNA....

I have my own theory about why decline happens at companies like IBM and Microsoft. The company does a great job, innovates and becomes a monopoly or close to it in some field, and then the quality of the product becomes less important. The company starts valuing the great salesmen, because they're the ones who can move the needle on revenues, not the product engineers and designers. So the salespeople end up running the company. John Akers at IBM was a smart, eloquent, fantastic salesperson, but he didn't know anything about product. The same thing happened at Xerox. When the sales guys run the company, the product guys don't matter as much, and a lot of them just turn off. It happened at Apple when Sculley came in, which was my fault, and it happened when [Steve] Ballmer took over at Microsoft. Apple was lucky and it rebounded, but I don't think anything will change at Microsoft as long as Ballmer is running it.

I hate it when people call themselves “entrepreneurs” when what they're really trying to do is launch a startup and then sell or go public, so they can cash in and move on. They're unwilling to do the work it takes to build a real company, which is the hardest work in business. That's how you really make a contribution and add to the legacy of those who went before. You build a company that will stand for something a generation or two from now. That's what Walt Disney did, and Hewlett and Packard, and the people who built Intel. They created a company to last, not just to make money. That's what I want Apple to be....

You always have to keep pushing to innovate. Dylan could have sung protest songs forever and probably made a lot of money, but he didn't. He had to move on.... The Beatles were the same way. They kept evolving, moving, refining their art. That's what I've always tried to do – keep moving. Otherwise, as Dylan says, if you're not busy being born, you're busy dying.

What drove me? I think most creative people want to express appreciation for being able to take advantage of the work that's been done by others before us. I didn't invent the language or mathematics I use. I make little of my own food, none of my own clothes. Everything I do depends on other members of our species and the shoulders that we stand on. And a lot of us want to contribute something back to our species and add something to the flow. It's about trying to express something in the only way that most of us know how – because we can't write Bob Dylan songs or Tom Stoppard plays. We try to use the talents we do have to express our deep feelings, to show our appreciation of

all the contributions that came before us, and to add something to that flow. That's what has driven me.

(From Isaacson, Walter, *Steve Jobs*, Simon & Schuster, 2011, pp. 567 – 570.)

Things to think about

Your product is the value you create for your customers – the totality of your customers' experience. This is how Steve Jobs saw the world. He saw his essential job as always pushing the envelope on customer value creation.

Here's a challenge – something to think about as we enter the new year:

Are you focused on pushing the envelope on creating customer value in new ways?

Do you always “try to read things that are not yet on the page” when you think about customer value creation?

Is there a “deep current of humanity in your innovation”?

Does your company “exemplify your industry”? Are you at the “cutting edge of what's going on”?

Are you building a company that will “stand for something” a generation from now?

Years from now, will you be able to look back and say that you “added something to the flow”?

If your answers to these questions are positive, you will always make money. Real customer value always wins, and gives you sustained high profitability and growth in the process.

Best wishes for a successful and happy 2012.