

ALL OF THIS REQUIRED MONEY

Le seguenti pagine sono un estratto dalla biografia di Steve Jobs scritta da Walter Isaacson. Rappresentano, a mio avviso, una lettura interessante per chi inizia a studiare Economia aziendale poiché sintetizza abbastanza efficacemente il percorso che porta alla nascita di una nuova società e i problemi di ordine pratico – e tra questi quelli di carattere economico e finanziario – che necessariamente si debbono affrontare in tale fase.

Now that they had decided to start a business, they needed a name. Jobs had gone for another visit to the All One Farm, where he had been pruning the Gravenstein apple trees, and Wozniak picked him up at the airport. On the ride down to Los Altos, they bandied around options. They considered some typical tech words, such as Matrix, and some neologisms, such as Executek, and some straightforward boring names, like Personal Computers Inc. The deadline for deciding was the next day, when Jobs wanted to start filing the papers. Finally Jobs proposed Apple Computer. “I was on one of my fruitarian diets,” he explained. “I had just come back from the apple farm. It sounded fun, spirited, and not intimidating. Apple took the edge off the word ‘computer.’ Plus, it would get us ahead of Atari in the phone book.” He told Wozniak that if a better name did not hit them by the next afternoon, they would just stick with Apple. And they did.

Apple. It was a smart choice. The word instantly signaled friendliness and simplicity. It managed to be both slightly off-beat and as normal as a slice of pie. There was a whiff of counterculture, back-to-nature earthiness to it, yet nothing could be more American. And the two words together—Apple Computer—provided an amusing disjuncture. “It doesn’t quite make sense,” said Mike Markkula, who soon thereafter became the first chairman of the new company. “So it forces your brain to dwell on it. Apple and computers, that doesn’t go together! So it helped us grow brand awareness.”

Wozniak was not yet ready to commit full-time. He was an HP company man at heart, or so he thought, and he wanted to keep his day job there. Jobs realized he needed an ally to help corral Wozniak and adjudicate if there was a disagreement. So he enlisted his friend Ron Wayne, the middle-aged engineer at Atari who had once started a slot machine company.

Wayne knew that it would not be easy to make Wozniak quit HP, nor was it necessary right away. Instead the key was to convince him that his computer designs would be owned by the Apple partnership. “Woz had a parental attitude toward the circuits he developed, and he wanted to be able to use them in other applications or let HP use them,” Wayne said. “Jobs and I realized that these circuits would be the core of Apple. We spent two hours in a roundtable discussion at my apartment, and I was able to get Woz to accept this.” His argument was that a great engineer would be remembered only if he teamed with a great marketer, and this required him to commit his designs to the partnership. Jobs was so impressed and grateful that he offered Wayne a 10% stake in the new partnership, turning him into a tie-breaker if Jobs and Wozniak disagreed over an issue.

“They were very different, but they made a powerful team,” said Wayne. Jobs at times seemed to be driven by demons, while Woz seemed a na.f who was toyed with by angels. Jobs had a bravado that helped him get things done, occasionally by manipulating people. He could be charismatic, even mesmerizing, but also cold and brutal. Wozniak, in contrast, was shy and socially awkward, which made him seem childishly sweet. “Woz is very bright in some areas, but he’s almost like a savant, since he was so stunted when it came to dealing with people he didn’t know,” said Jobs. “We were a good pair.” It helped that Jobs was awed by Wozniak’s engineering wizardry, and Wozniak was awed by Jobs’s business drive. “I never wanted to deal with people and step on toes, but Steve could call up people he didn’t know and make them do things,” Wozniak recalled. “He could be rough on people he didn’t think were smart, but he never treated me rudely, even in later years when maybe I couldn’t answer a question as well as he wanted.”

Even after Wozniak became convinced that his new computer design should become the property of the Apple partnership, he felt that he had to offer it first to HP, since he was working

there. “I believed it was my duty to tell HP about what I had designed while working for them. That was the right thing and the ethical thing.” So he demonstrated it to his managers in the spring of 1976. The senior executive at the meeting was impressed, and seemed torn, but he finally said it was not something that HP could develop. It was a hobbyist product, at least for now, and didn’t fit into the company’s high-quality market segments. “I was disappointed,” Wozniak recalled, “but now I was free to enter into the Apple partnership.”

On April 1, 1976, Jobs and Wozniak went to Wayne’s apartment in Mountain View to draw up the partnership agreement. Wayne said he had some experience “writing in legalese,” so he composed the three-page document himself. His “legalese” got the better of him. Paragraphs began with various flourishes: “Be it noted herewith . . . Be it further noted herewith . . . Now the refore [sic], in consideration of the respective assignments of interests . . .” But the division of shares and profits was clear—45%-45%-10%—and it was stipulated that any expenditures of more than \$100 would require agreement of at least two of the partners. Also, the responsibilities were spelled out. “Wozniak shall assume both general and major responsibility for the conduct of Electrical Engineering; Jobs shall assume general responsibility for Electrical Engineering and Marketing, and Wayne shall assume major responsibility for Mechanical Engineering and Documentation.” Jobs signed in lowercase script, Wozniak in careful cursive, and Wayne in an illegible squiggle.

Wayne then got cold feet. As Jobs started planning to borrow and spend more money, he recalled the failure of his own company. He didn’t want to go through that again. Jobs and Wozniak had no personal assets, but Wayne (who worried about a global financial Armageddon) kept gold coins hidden in his mattress. Because they had structured Apple as a simple partnership rather than a corporation, the partners would be personally liable for the debts, and Wayne was afraid potential creditors would go after him. So he returned to the Santa Clara County office just eleven days later with a “statement of withdrawal” and an amendment to the partnership agreement. “By virtue of a re-assessment of understandings by and between all parties,” it began, “Wayne shall hereinafter cease to function in the status of ‘Partner.’” It noted that in payment for his 10% of the company, he received \$800, and shortly afterward \$1,500 more.

Had he stayed on and kept his 10% stake, at the end of 2010 it would have been worth approximately \$2.6 billion. Instead he was then living alone in a small home in Pahrump, Nevada, where he played the penny slot machines and lived off his social security check. He later claimed he had no regrets. “I made the best decision for me at the time. Both of them were real whirlwinds, and I knew my stomach and it wasn’t ready for such a ride.”

Jobs and Wozniak took the stage together for a presentation to the Homebrew Computer Club shortly after they signed Apple into existence. Wozniak held up one of their newly produced circuit boards and described the microprocessor, the eight kilobytes of memory, and the version of BASIC he had written. He also emphasized what he called the main thing: “a human-typable keyboard instead of a stupid, cryptic front panel with a bunch of lights and switches.” Then it was Jobs’s turn. He pointed out that the Apple, unlike the Altair, had all the essential components built in. Then he challenged them with a question: How much would people be willing to pay for such a wonderful machine? He was trying to get them to see the amazing value of the Apple. It was a rhetorical flourish he would use at product presentations over the ensuing decades.

The audience was not very impressed. The Apple had a cut-rate microprocessor, not the Intel 8080. But one important person stayed behind to hear more. His name was Paul Terrell, and in 1975 he had opened a computer store, which he dubbed the Byte Shop, on Camino Real in Menlo Park. Now, a year later, he had three stores and visions of building a national chain. Jobs was thrilled to give him a private demo. “Take a look at this,” he said. “You’re going to like what you see.” Terrell was impressed enough to hand Jobs and Woz his card. “Keep in touch,” he said.

“I’m keeping in touch,” Jobs announced the next day when he walked barefoot into the Byte Shop. He made the sale. Terrell agreed to order fifty computers. But there was a condition: He didn’t want just \$50 printed circuit boards, for which customers would then have to buy all the

chips and do the assembly. That might appeal to a few hard-core hobbyists, but not to most customers. Instead he wanted the boards to be fully assembled. For that he was willing to pay about \$500 apiece, cash on delivery.

Jobs immediately called Wozniak at HP. "Are you sitting down?" he asked. Wozniak said he wasn't. Jobs nevertheless proceeded to give him the news. "I was shocked, just completely shocked," Wozniak recalled. "I will never forget that moment."

To fill the order, they needed about \$15,000 worth of parts. Allen Baum, the third prankster from Homestead High, and his father agreed to loan them \$5,000. Jobs tried to borrow more from a bank in Los Altos, but the manager looked at him and, not surprisingly, declined. He went to Haltek Supply and offered an equity stake in Apple in return for the parts, but the owner decided they were "a couple of young, scruffy-looking guys," and declined. Alcorn at Atari would sell them chips only if they paid cash up front. Finally, Jobs was able to convince the manager of Cramer Electronics to call Paul Terrell to confirm that he had really committed to a \$25,000 order. Terrell was at a conference when he heard over a loudspeaker that he had an emergency call (Jobs had been persistent). The Cramer manager told him that two scruffy kids had just walked in waving an order from the Byte Shop. Was it real? Terrell confirmed that it was, and the store agreed to front Jobs the parts on thirty-day credit.

The Jobs house in Los Altos became the assembly point for the fifty Apple I boards that had to be delivered to the Byte Shop within thirty days, when the payment for the parts would come due. All available hands were enlisted: Jobs and Wozniak, plus Daniel Kottke, his ex-girlfriend Elizabeth Holmes (who had broken away from the cult she'd joined), and Jobs's pregnant sister, Patty. Her vacated bedroom as well as the kitchen table and garage were commandeered as work space. Holmes, who had taken jewelry classes, was given the task of soldering chips. "Most I did well, but I got flux on a few of them," she recalled. This didn't please Jobs. "We don't have a chip to spare," he railed, correctly. He shifted her to bookkeeping and paperwork at the kitchen table, and he did the soldering himself. When they completed a board, they would hand it off to Wozniak. "I would plug each assembled board into the TV and keyboard to test it to see if it worked," he said. "If it did, I put it in a box. If it didn't, I'd figure what pin hadn't gotten into the socket right."

Paul Jobs suspended his sideline of repairing old cars so that the Apple team could have the whole garage. He put in a long old workbench, hung a schematic of the computer on the new plasterboard wall he built, and set up rows of labeled drawers for the components. He also built a burn box bathed in heat lamps so the computer boards could be tested by running overnight at high temperatures. When there was the occasional eruption of temper, an occurrence not uncommon around his son, Paul would impart some of his calm. "What's the matter?" he would say. "You got a feather up your ass?" In return he occasionally asked to borrow back the TV set so he could watch the end of a football game. During some of these breaks, Jobs and Kottke would go outside and play guitar on the lawn.

Clara Jobs didn't mind losing most of her house to piles of parts and houseguests, but she was frustrated by her son's increasingly quirky diets. "She would roll her eyes at his latest eating obsessions," recalled Holmes. "She just wanted him to be healthy, and he would be making weird pronouncements like, 'I'm a fruitarian and I will only eat leaves picked by virgins in the moonlight.'"

After a dozen assembled boards had been approved by Wozniak, Jobs drove them over to the Byte Shop. Terrell was a bit taken aback. There was no power supply, case, monitor, or keyboard. He had expected something more finished. But Jobs stared him down, and he agreed to take delivery and pay.

After thirty days Apple was on the verge of being profitable. "We were able to build the boards more cheaply than we thought, because I got a good deal on parts," Jobs recalled. "So the fifty we sold to the Byte Shop almost paid for all the material we needed to make a hundred boards." Now

they could make a real profit by selling the remaining fifty to their friends and Homebrew compatriots.

Elizabeth Holmes officially became the part-time bookkeeper at \$4 an hour, driving down from San Francisco once a week and figuring out how to port Jobs's checkbook into a ledger. In order to make Apple seem like a real company, Jobs hired an answering service, which would relay messages to his mother. Ron Wayne drew a logo, using the ornate linedrawing style of Victorian illustrated fiction, that featured Newton sitting under a tree framed by a quote from Wordsworth: "A mind forever voyaging through strange seas of thought, alone." It was a rather odd motto, one that fit Wayne's self-image more than Apple Computer. Perhaps a better Wordsworth line would have been the poet's description of those involved in the start of the French Revolution: "Bliss was it in that dawn to be alive / But to be young was very heaven!" As Wozniak later exulted, "We were participating in the biggest revolution that had ever happened, I thought. I was so happy to be a part of it."

[...]

All of this required money. "The tooling of this plastic case was going to cost, like, \$100,000," Jobs said. "Just to get this whole thing into production was going to be, like, \$200,000." He went back to Nolan Bushnell, this time to get him to put in some money and take a minority equity stake. "He asked me if I would put \$50,000 in and he would give me a third of the company," said Bushnell. "I was so smart, I said no. It's kind of fun to think about that, when I'm not crying."

Bushnell suggested that Jobs try Don Valentine, a straight-shooting former marketing manager at National Semiconductor who had founded Sequoia Capital, a pioneering venture capital firm. Valentine arrived at the Jobses' garage in a Mercedes wearing a blue suit, button-down shirt, and rep tie. His first impression was that Jobs looked and smelled odd. "Steve was trying to be the embodiment of the counterculture. He had a wispy beard, was very thin, and looked like Ho Chi Minh."

Valentine, however, did not become a preeminent Silicon Valley investor by relying on surface appearances. What bothered him more was that Jobs knew nothing about marketing and seemed content to peddle his product to individual stores one by one. "If you want me to finance you," Valentine told him, "you need to have one person as a partner who understands marketing and distribution and can write a business plan." Jobs tended to be either bristly or solicitous when older people offered him advice. With Valentine he was the latter. "Send me three suggestions," he replied. Valentine did, Jobs met them, and he clicked with one of them, a man named Mike Markkula, who would end up playing a critical role at Apple for the next two decades.

Markkula was only thirty-three, but he had already retired after working at Fairchild and then Intel, where he made millions on his stock options when the chip maker went public. He was a cautious and shrewd man, with the precise moves of someone who had been a gymnast in high school, and he excelled at figuring out pricing strategies, distribution networks, marketing, and finance. Despite being slightly reserved, he had a flashy side when it came to enjoying his newly minted wealth. He built himself a house in Lake Tahoe and later an outsize mansion in the hills of Woodside. When he showed up for his first meeting at Jobs's garage, he was driving not a dark Mercedes like Valentine, but a highly polished gold Corvette convertible. "When I arrived at the garage, Woz was at the workbench and immediately began showing off the Apple II," Markkula recalled. "I looked past the fact that both guys needed a haircut and was amazed by what I saw on that workbench. You can always get a haircut."

Jobs immediately liked Markkula. "He was short and he had been passed over for the top marketing job at Intel, which I suspect made him want to prove himself." He also struck Jobs as decent and fair. "You could tell that if he could screw you, he wouldn't. He had a real moral sense to him." Wozniak was equally impressed. "I thought he was the nicest person ever," he recalled. "Better still, he actually liked what we had!"

Markkula proposed to Jobs that they write a business plan together. “If it comes out well, I’ll invest,” Markkula said, “and if not, you’ve got a few weeks of my time for free.” Jobs began going to Markkula’s house in the evenings, kicking around projections and talking through the night. “We made a lot of assumptions, such as about how many houses would have a personal computer, and there were nights we were up until 4 a.m.,” Jobs recalled. Markkula ended up writing most of the plan. “Steve would say, ‘I will bring you this section next time,’ but he usually didn’t deliver on time, so I ended up doing it.”

Markkula’s plan envisioned ways of getting beyond the hobbyist market. “He talked about introducing the computer to regular people in regular homes, doing things like keeping track of your favorite recipes or balancing your checkbook,” Wozniak recalled. Markkula made a wild prediction: “We’re going to be a Fortune 500 company in two years,” he said. “This is the start of an industry. It happens once in a decade.” It would take Apple seven years to break into the Fortune 500, but the spirit of Markkula’s prediction turned out to be true.

Markkula offered to guarantee a line of credit of up to \$250,000 in return for being made a one-third equity participant. Apple would incorporate, and he along with Jobs and Wozniak would each own 26% of the stock. The rest would be reserved to attract future investors. The three met in the cabana by Markkula’s swimming pool and sealed the deal. “I thought it was unlikely that Mike would ever see that \$250,000 again, and I was impressed that he was willing to risk it,” Jobs recalled.

Now it was necessary to convince Wozniak to come on board full-time. “Why can’t I keep doing this on the side and just have HP as my secure job for life?” he asked. Markkula said that wouldn’t work, and he gave Wozniak a deadline of a few days to decide. “I felt very insecure in starting a company where I would be expected to push people around and control what they did,” Wozniak recalled. “I’d decided long ago that I would never become someone authoritative.” So he went to Markkula’s cabana and announced that he was not leaving HP.

Markkula shrugged and said okay. But Jobs got very upset. He cajoled Wozniak; he got friends to try to convince him; he cried, yelled, and threw a couple of fits. He even went to Wozniak’s parents’ house, burst into tears, and asked Jerry for help. By this point Wozniak’s father had realized there was real money to be made by capitalizing on the Apple II, and he joined forces on Jobs’s behalf. “I started getting phone calls at work and home from my dad, my mom, my brother, and various friends,” Wozniak recalled. “Every one of them told me I’d made the wrong decision.” None of that worked. Then Allen Baum, their Buck Fry Club mate at Homestead High, called. “You really ought to go ahead and do it,” he said. He argued that if he joined Apple full-time, he would not have to go into management or give up being an engineer. “That was exactly what I needed to hear,” Wozniak later said. “I could stay at the bottom of the organization chart, as an engineer.”

He called Jobs and declared that he was now ready to come on board. On January 3, 1977, the new corporation, the Apple Computer Co., was officially created, and it bought out the old partnership that had been formed by Jobs and Wozniak nine months earlier. Few people noticed. That month the Homebrew surveyed its members and found that, of the 181 who owned personal computers, only six owned an Apple. Jobs was convinced, however, that the Apple II would change that.

Markkula would become a father figure to Jobs. Like Jobs’s adoptive father, he would indulge Jobs’s strong will, and like his biological father, he would end up abandoning him. “Markkula was as much a father-son relationship as Steve ever had,” said the venture capitalist Arthur Rock. He began to teach Jobs about marketing and sales. “Mike really took me under his wing,” Jobs recalled. “His values were much aligned with mine. He emphasized that you should never start a company with the goal of getting rich. Your goal should be making something you believe in and making a company that will last.” Markkula wrote his principles in a one-page paper titled “The Apple Marketing Philosophy” that stressed three points. The first was empathy, an intimate connection with the feelings of the customer: “We will truly understand their needs better than any other

company.” The second was focus: “In order to do a good job of those things that we decide to do, we must eliminate all of the unimportant opportunities.” The third and equally important principle, awkwardly named, was impute. It emphasized that people form an opinion about a company or product based on the signals that it conveys. “People DO judge a book by its cover,” he wrote. “We may have the best product, the highest quality, the most useful software etc.; if we present them in a slipshod manner, they will be perceived as slipshod; if we present them in a creative, professional manner, we will impute the desired qualities.” For the rest of his career, Jobs would understand the needs and desires of customers better than any other business leader, he would focus on a handful of core products, and he would care, sometimes obsessively, about marketing and image and even the details of packaging.

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