

CASE

From Steve Jobs to Tim Cook—Apple

Steven Jobs cofounded Apple Computer with Steven Wozniak back in 1976 in Jobs's family garage. At age 21, Steven Jobs coproduced the first PC and Apple Computer; at 25 Jobs was running Apple with a net worth of \$25 million, and at age 26 he made the cover of *Time* magazine. Over the years, Jobs was consistently ranked as one of the best CEO leaders of all times. In 2011, eight of the ten most read *Wall Street Journal* articles were about Steve Jobs and Apple products.⁹⁶

Jobs also started two other companies. In 1985, Jobs started NeXT (a computer platform development). In 1986, he went to Hollywood starting what became Pixar Animated Studios. Jobs contracted with Disney to produce a number of computer-animated feature films, which Disney would cofinance and distribute. In 2006, Jobs sold Pixar to Disney and became its largest shareholder. In fact, Jobs's shares in Disney were worth more than five times the value of his Apple stock.

Most of us never have any real influence over any industry, but Jobs is ranked #1 for his leadership and power in influencing five industries: computers (coproducer of the PC—Mac), Hollywood (Pixar), music (iPod), retailing (iTunes and Apple stores), and wireless phones/telecom (iPhone and iPad). So far, no one has had more influence over a broader range of businesses than Jobs. Some say that his influence actually transformed these industries.⁹⁷

On August 24, 2011, Jobs resigned as CEO, naming Tim Cook as his successor. Jobs died in October 2011. Many people questioned whether Apple could succeed without Jobs. Being seriously ill for a couple of years, without hype or fanfare, Jobs was quietly making sure Apple success would continue. In his resignation letter, Jobs wrote, "I believe Apple's brightest and most innovative days are ahead of it."⁹⁸ Apple insiders say that Cook was really the driving force for two years prior to Jobs's resignation.⁹⁹ To his own credit, in his first year as CEO, Tim Cook was ranked 8th on the *Fortune* 2011 Business Person of the Year.¹⁰⁰

CEO Tim Cook's performance was assessed a year after the death of Steve Jobs. Tim Cook is not trying to be Jobs's clone and is making his own mark changing Apple.¹⁰¹ He is a different type of leader than Jobs—being less emotional and more of a professional manager. Cook got the operations side working better than ever, coordinating suppliers to deliver on

the unprecedented sale of the iPhone 5 in nearly 30 countries, and Apple is on track to launch it in 100 countries. Cook is quicker to admit product flaws and take corrective action than Jobs, such as the faulty Maps on the iPhone 5.¹⁰² Cook has also given a stockholder dividend and is placing greater emphasis on corporate social responsibility, such as charitable contributions that Jobs was against.¹⁰³

A year after Jobs's death, Apple stock was up 75 percent, making it the most valuable company in the world. In 2013, Apple was ranked 1st on the *Fortune* World's Most Admired Companies,¹⁰⁴ ranked 6th for revenues on the *Fortune* 500 U.S. largest corporations, 2nd by profits of \$41,733,000,¹⁰⁵ and ranked 19th on the Global 500 largest corporations.¹⁰⁶ It is also ranked 4th as the most trusted U.S. brands.¹⁰⁷

One thing Cook says he will not change is the Apple's focus on making the best products in the world—not just good ones, or lots of them—the absolute best. Cook really likes the fact that people really care so much about Apple and its products.¹⁰⁸ The final grade for Cook: No one is saying Apple is better off without Jobs, but to a surprising degree, Apple is doing fine without him.¹⁰⁹

However, Cook is not without critics.¹¹⁰ Even some who say he did a good job in his first year question, Can he keep it up?¹¹¹ One criticism is that there are no new product categories (such as no Apple TV set).¹¹² Only time will tell if Cook can keep Apple's momentum going.

Jobs found the secret to career fulfillment—he discovered something he was good at and loved to do. We can't all be another Steve Jobs, but we can find career fulfillment.

GO TO THE INTERNET: To learn more about Steve Jobs and Tim Cook and Apple, visit Apple's Web site (<http://www.apple.com>).

Support your answers to the following questions with specific information from the case and text or with information you get from the Web or another source.

1. Explain how each of the five elements of our definition of leadership applies to Tim Cook leading Apple.
2. Identify leadership skills Tim Cook has that led to his and Apple's success. Which skill is his strongest?
3. Identify managerial leadership roles played by Tim Cook as CEO of Apple. Which role was the most important?

2.4 PART I INDIVIDUALS AS LEADERS

4. Which level of analysis is the primary focus of this case?
5. Explain how each of the leadership theory classifications applies to this case, and which one is most relevant.
6. Can Tim Cook continue grow Apple, or will it be like so many other companies (like BlackBerry) that lose their competitive edge. Why or why not?

CASE EXERCISE AND ROLE-PLAY

Preparation: Assume that you were a powerful board member of Apple in the 1980s. You were involved in helping Jobs select the new CEO, John Sculley, and that you have worked with Jobs on the board for five years. The board has disagreed with Jobs's recommendation to replace Sculley as CEO, so Sculley stays in power and Jobs is out of power. You have to tell Jobs the bad news, which you know he will not want to hear.

Your instructor may elect to let you break into small groups to share ideas and develop a plan for your meeting with Jobs. If you develop a group plan, select one leader to present the meeting with Jobs.

Role-Play: One person (representing him- or herself or their group) conducts the meeting with Steve Jobs (to notify him that Sculley stays as CEO and he is removed from power) before the entire class. Or, multiple role-plays may take place in small groups of five to six; however, role-players can't conduct the meeting in front of the team that developed the meeting plan. They must present to a group that did not develop the plan for the meeting. The people role-playing Jobs should put themselves in his place. How would you feel about being thrown out of the company you cofounded and led? Don't forget that Jobs is rather hot tempered and very outspoken.

VIDEO CASE

Leadership at P. F. Chang's

Rick Federico is chairman and CEO of P.F. Chang's, which owns and operates a chain of Asian restaurants across the country. He has earned the respect of his managers, his workers, his customers, and even his competitors. He believes his greatest tasks as a leader involve remaining focused on his customers, his workers, and the food they serve. As P.F. Chang's grows, Federico wants to be sure that the quality of service, atmosphere, and food are always at their highest.

1. Describe some of Rick Federico's personal leadership traits.
2. Choose three of the leadership managerial roles and explain how Rick Federico might use them as head of P.F. Chang's.

Developing Your Leadership Skills (I-I)

Getting to Know You by Name

Preparing for This Exercise

Complete Self-Assessment 1-2 on page 8, and read the accompanying information before class.

Objectives

- 1 To get acquainted with some of your classmates
- 2 To get to know your instructor
- 3 To develop your skill at remembering and calling people by their name

AACSB General Skills Area

The primary AACSB skill developed through this exercise is communication ability with application of knowledge.

In this chapter you learned about the importance of leader-follower relationships. An important part of leadership relations is making people feel important. Being able to call people by name will improve your leadership effectiveness.