



Steve Jobs resigns

The minister of magic steps down

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Can Silicon Valley's most disruptive firm prosper without its maker?

IN A commencement speech to students at Stanford University in 2005, Steve Jobs, the chief executive of Apple, advised his audience to avoid being trapped by dogma and to have the courage to follow their hearts and their intuition. "Stay hungry. Stay foolish," he said as he signed off. By following his own advice, Mr Jobs, who resigned as Apple's boss on August 24th, has turned the company from a basket case on the brink of bankruptcy when he returned to its helm in 1997 into a world-beater that is reshaping a big chunk of the technology industry. Earlier this month, Apple even briefly surpassed Exxon Mobil, an oil giant, to become the world's most valuable company.

No other boss in recent history has embodied and defined a firm as completely as Mr Jobs. So his decision to resign as chief executive has inevitably raised the question of whether Apple will remain as hungry and as wildly successful without its entrepreneurial maestro at the helm. Other giants in the tech industry have seen their fortunes fade after iconic leaders have departed. Microsoft has struggled to regain its mojo since Bill Gates stood down as its chief executive in January 2000. Could Apple suffer a similar fate?

That seems unlikely for several reasons. One is that the company has had plenty of time to plan for this moment. Mr Jobs has stepped aside from day-to-day manage-

ment at Apple on a couple of occasions before, after having surgery for a rare form of pancreatic cancer in 2004 (see timeline). Each time, Tim Cook, Apple's chief operating officer, temporarily assumed his boss's responsibilities.

That allowed Mr Cook, who is taking over from Mr Jobs as **C E O**, to get a taste for the top spot—and it gave Apple's board a chance to see him in action. On each occasion, Mr Cook kept Apple's money-making machine ticking over smoothly. An expert in manufacturing and logistics, he closed down almost all of Apple's manufacturing operations after he arrived at the

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firm in the late 1990s and outsourced much of these to Asia. Announcing his promotion, Apple's board said that he had shown "remarkable talent and sound judgment in everything he does."

Talent is something that Apple also has an abundance of elsewhere in its ranks. Executives such as Phil Schiller, who oversees the company's marketing, and Jonathan Ive, a Briton whose domain is design, are part of a team that has worked closely together for many years. If Mr Cook can keep this group intact, then Apple's future should be bright.

The firm also benefits from an intensely loyal and motivated workforce. Glassdoor, an online jobs and careers community, carries reviews of the company from almost 1,000 Apple employees. Most are glowing about the firm and in particular about Mr Jobs's impact on it. One post even calls Apple's former boss "the Thomas Edison of this century". Paul Saffo of Discern Analytics, a financial-analytics company, reckons that this depth of loyalty will mean that

The cracking career of Steve Jobs

Apr 1976	Co-founds Apple with Stephen Wozniak	Oct 2001	Launches iPod
Jul 1976	Apple launches its first computer	2003	Launches iTunes
1980	Apple stages IPO	Aug 2004	Takes one month's medical leave
1984	Launch of the Macintosh	2006	Apple admits to backdating options
1985	Ousted as CEO after boardroom coup	2007	Launches iPhone
1986	Founds Pixar, a maker of animated films	Jan 2009	Takes medical leave again
1996	Returns to Apple as an adviser	Jun 2009	Returns from medical leave
1997	Made interim CEO	Jan 2010	Launches iPad
1998	Launch of the iMac	May 2010	Apple overtakes Microsoft as most valuable tech company
1999	Launch of the iBook	Jan 2011	Takes more medical leave
2000	"Interim" dropped from CEO title	Jun 2011	Announces iCloud
May 2001	Opens first Apple Store	Aug 2011	Steps down as CEO

Source: *The Economist*

- even though Mr Jobs is stepping down, the firm's employees will continue to ask themselves "what would Steve do?" when making decisions. (Of course, asking the question is easier than guessing the right answer.)

Another reason for optimism is that Mr Jobs is not disappearing from the scene entirely. Instead he is taking on a new role as the chairman of Apple's board, which should allow him to keep weighing in on important decisions for some time to come, assuming that his health allows. Apple has a pretty clear product pipeline for the next couple of years, which is reassuring. The firm is due to unveil the latest version of its hugely successful iPhone in the coming weeks and is expected to launch a new iPad early next year.

But Apple is far more than the sum of the devices that it sells, impressive though they are. Its secret sauce lies in the integration of these with software and services such as its iTunes online content store and its recently announced iCloud online-storage offering. These form what tech types like to call an "ecosystem" that has proved so popular that it is forcing other companies to develop similar capabilities. Google, which has long excelled at developing software, recently splashed out \$125 billion for Motorola Mobility so that it could get its hands on the firm's smartphones, tablets and other devices. And Amazon, which has a huge cloud business, is planning to launch its own tablet computer to compete with Apple's iPad.

The good news for Apple's investors is that the firm has been given a great head start in the battle for dominance of this emerging tech landscape thanks to Mr Jobs, whose vision of the future has been honed over a long and tumultuous career. After co-founding Apple with Steve Wozniak in the 1970s, he went on to pioneer the era of the personal computer in the following decade. He was then ousted from Apple after a boardroom coup in 1985.

After that, Mr Jobs followed his heart and his intuition by building up Pixar, a film studio that specialises in computer-animated films. It has produced a string of hits, from "Toy Story" to "Finding Nemo".

He returned to Apple as an adviser in 1996, when the firm was in dire straits. A year later he was made interim chief executive. Asked at the time what he thought Mr Jobs should do with Apple, Michael Dell, a rival computer-maker, helpfully suggested that he should shut it down.

Mr Jobs ignored that advice. Instead he led the company on to its greatest triumphs. Among them were the creation of the iMac, which revived the firm's ailing computer business, and the development of the iPod, which ended up transforming the music industry. But just as important as what Apple did was what it did not do. Charles Golvin of Forrester, a research

firm, says that one of Mr Jobs's greatest skills has been to decide which projects the firm should not undertake.

It has been widely rumoured, for example, that engineers at Apple were urging its boss to create a tablet computer in the early part of the decade. But Mr Jobs turned a deaf ear to their entreaties and instead insisted that the company focus on producing a smartphone. The result was the iPhone, which transformed yet another market and is still minting money. In a creative cauldron like Apple, ideas are rarely in short supply. But the skill of choosing the right ones to focus on at the right time is rare. Mr Jobs has it. Apple's shareholders will have to hope that Mr Cook does too.

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