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TECHNOLOGY BLOG



Life inside Apple: Fortune article reveals anger, management and 'top 100' club

Fresh insight from US magazine shows that pared-down management structure and tight feedback loops make Steve Jobs's thinking permeate the corporation



Steve Jobs, Apple's chief executive: a direct approach to management. Photograph: Eric Risberg/Associated Press

An extraordinary picture of life within Apple, in which Steve Jobs is trying to create a "university" to teach incomers how the business makes decisions, keeps a "top 100" coterie who are told key decisions ahead of time and bawls out entire teams for failures emerges from an article published in Fortune this week.

The article (which is not yet online) indicates that Apple is driven by Jobs's personality: "the creative process at Apple is one of constantly preparing someone - be it one's boss, boss's boss, or oneself - for a presentation to Jobs," writes Adam Lashinsky, who calls him "a corporate dictator who makes every critical decision - and oddles of seemingly noncritical calls too".

One key element of the company that had not previously been disclosed is the existence of a "Top 100", not necessarily based on seniority, who gather every year for a three-day

session at a sequestered location - one without a golf course, at Jobs's insistence. Attendees are discouraged from marking the dates on their calendar or discussing it. They get to see super-secret new products before anyone else; the iPod, unveiled ten years ago, was first shown off at one such meet.

But Apple also runs an extremely tight ship, with tiny product groups; just two engineers were given the task of writing the code to convert the Safari browser to run on the iPad, a task that on its face seems like a huge undertaking that other companies such as Microsoft or Google might have devoted dozens of people to.

Jobs's reputation as a manager who takes no prisoners is reinforced with an anecdote from the time in 2008 when the relaunched MobileMe cloud service had significant outages. Jobs called the MobileMe team together to the Town Hall Auditorium on the campus. "Can anyone tell me what MobileMe is meant to do?" Jobs began. On getting a response describing it, he replied: "So why the fuck doesn't it do that?" A 30-minute tirade followed - and a new person was put in overall charge of the group. (Many of the developers left the group soon afterwards.)

Despite being on medical leave from the company, Jobs personally took charge of Apple's response to "Locationgate", over the revelation that iPhones and iPads retained a file which could effectively track the owner's movements.

The article is presently only available as a paid download via the Fortune app on Apple's iTunes Store, or as an Amazon "single" costing 69 pence to be released on 10 May - though it will be published in full for free access online in time.

The thinking behind that paywalled-for-a-period strategy is worth examining: Dan Roth, managing editor of Fortune Digital, told Peter Kafka at AllThingsD that "We're trying to figure out the best way of releasing journalism online" - which means trying to monetise a high-interest story by keeping it paid-for over a limited period. Previously it couldn't do this, but now that it can offer the iPad app to print subscribers for free (following a deal made with Apple), it can.

"There was this feeling that we're sort of pissing off our subscribers," by publishing the magazine's best stories on the Web, often before paying customers got their hands on them, [Roth] says. "The problem was there wasn't anything we could have offered them before."

The article is fascinating, with in-depth analysis of Apple's working based on dozens of interviews. A teaser post ("6 things I never knew about Apple") from Philip Elmer-DeWitt on Friday led to a burst of interest that has seen the article being written about repeatedly, despite not being online.

Other information revealed in the article includes:

- Every Monday the executive team holds a meeting which reviews the entire business progress and products under development - in which 80% will be unchanged from the previous week
- Every Wednesday Jobs or Tim Cook, the chief operating officer, chairs a marketing and communications meeting
- Responsibility is taken seriously: Jobs tells anyone who becomes one of the 70-odd

vice-presidents in the company that there is no acceptable excuse for not getting things done; he contrasts that with a janitor who might not be able to get access to a key to unlock a door for work.

- every executive action, product or project has a "DRI" - directly responsible individual - who carries the can (or laurels) for its outcome.
- only the chief financial officer is responsible for costs and expenses that translate into profit and loss; Jobs reckons that Sony, for example, has too many divisions to create a viable iPod, iPad or iPhone competitor - a view paraphrased as "it's not synergy that makes [Apple] work, it's that we're a unified team."
- the "Jobs culture" extends through the company; everyone is meant to know what Jobs would think, so that they can do it without reference
- Jobs wants to institutionalise his way of running and driving the business, and to that end has created an "Apple university" inside the company - for which he hired an academic, Joel Podolny, from Yale Management School in 2008. Commenting on the details in the article, Horace Dediu noted: "Podolny has been building an understanding of how Apple is run. He's then been asked to codify this understanding into a curriculum that can be taught to Apple employees."
- Sometimes, the company spares no expense: it got the London Symphony Orchestra to record some samples used in its iMovie movie-making software; it sent a camera crew to Hawaii to film a wedding for a demo video, and then staged one in San Francisco using its own staff as guests, groom and wife
- Walt Mossberg, the veteran computer writer and reviewer at the Wall Street Journal, is referred to by Jobs as "our friend" who was "no longer writing good things about us" after the MobileMe debacle.

Comment: the question that many companies ask is: how could we get as profitable as Apple? How could we get as big as Apple? And how could we get as nimble as Apple (which has grown roughly 60% of its multi-billion-dollar revenues from two products, the iPhone and iPad, that it only started selling less than four years ago)?

It seems like the answer might be: structure yourself more like Apple. The problem with companies that grow bigger is that they lose the ability to move like a startup. Apple, it must be said, has probably undergone every incarnation a company can - startup, successful ingenue, mismanaged flop, basket case, imminent bankrupt, recovery prospect, surprise hit, behemoth. It might be that some sort of business Darwinism has been going on inside it. But in that case, it's even more useful for business people to know how it works - so they can reach the final point without dicing with the "bankrupt" stage.

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