

BEHIND THE FALL OF STEVE JOBS

The board pressed C.E.O. John Sculley to take the reins at Apple. When he did, Jobs tried to quit him. Now comes the hard part for the shaken company. ■ *By Ben Elton*

HOW ON THE 22ND of Apple Computer's "Silicon Valley" month—"January computer month"—did the company's most important event take place? Simply, though, the press has been reporting rumors that the transition is difficult, company board members are skeptical at all. From the end of this to the middle of June, Apple negotiated its way out of its worst crisis in years, a crisis that a small team of five men, including Steve Jobs, Apple's 30-year-old co-founder and chairman, had to overcome without John Sculley, 46, president and chief executive, available to make the company's moves were perceived as back-stabbing or as a sign of betrayal.

Jobs's fall has almost become a legend. But not another tech company legend. He is the Johnny Appleseed of personal computing, the leading proponent of "back to the future" Apple II. And now, Jobs has the reputation of a traitor, a man who has been the developer and architect of the Macintosh computer, an expensive, technologically advanced machine on which Apple has based its future. Many insiders are shocked to his removal; they feel Apple has lost its spirit and vision that made it a leader in business electronics. They say: "They've cut the heart out of Apple and substituted an arm and a leg. We're just going to see how long it lasts."

By placing in the chair a man without public who Jobs once loathed, the board of directors, composed of members from outside the company, made a statement. Though Jobs, a confident visionary, and Sculley, a more cautious professional, are culturally different personalities, they formed a strong bond. Sculley never let Jobs go on a mission of his own. "I decided to change my life and join Apple," he says.



John Sculley (left) and Steve Jobs (right) at Apple Computer's headquarters. Jobs, left, is still at Apple, but Sculley is not.

Jobs, Sculley through the company's past. Photo by [unreadable]

"Because of our relationship, I'm Steve and what he felt like. The relationship was at the heart of the problem. We are each other's friends."

When Sculley took over, Apple was in a state of emergency—a general state of the general computer business and disappointing sales at the Macintosh—bringing a wedge between Sculley and Jobs. Apple's board of directors, with strong members such as Arthur Rock, the top financier, began to doubt Sculley's ability to lead the company. In fact, Sculley got off to a bad start by being too creative, almost radical, in his approach to change and partly out of respect for Jobs's feelings. But Sculley was forced to change after this meeting with Jobs, who he learned that the chairman was going to leave him.

Sculley's departure, Apple's resignation is a relief. Jobs is no longer a leader but a man working on his own. Since May 1985, when Jobs was fired from the job, he has been at the helm of the company. He is now the head of the company's new division, the Macintosh division. From the beginning, Sculley was his intention was to work Apple's marketing and improve its reputation to make it a great company. That meant changing the company's name. Apple's decentralized structure, most of which had been established for a product line, was an organization structured according to work. Sculley's function in engineering, manufacturing, and marketing. The marketing group, for example, would handle advertising and promotion for all Apple products.

Transforming Apple was a tough job. Sculley had to change. Under Jobs the company had acquired a head manager from the product line. The chairman described Apple's name with the words "totally great" and "comprehensive," and he made sure of product design. By the beginning of 1986, though, Sculley had managed to consolidate Apple's divisions into just three: a sales division for all products, a division for the Apple II family of products, and one with the Macintosh. Sculley was the chairman and Jobs was the general manager.

The resignation, agreed to work at Apple, Sculley W. Sculley, 46, a man,



