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*The following is unedited abstract\* from the CFO Thought Leader podcast featuring John Sculley, Author of Moonshot, and Jack Sweeney, co-host of MME Thought Leader.*

**CFOTL:** I'm wondering if you can better reveal to us the weight class of company that Apple was when you joined it, and what sharp distinctions could be made not just from Pepsi but from firms that may have only been a billion or \$2 billion. This was still a pretty small firm.

**SCULLEY:** Yes, and it was a really interesting moment for Apple, Jack, because at the time that I joined Apple, which was in the beginning of 1983, the Apple II was six years old. It was outsold by Commodore, two to one. It was outsold by Atari, two to one. It was outsold by the IBM PC that has been introduced 18 months earlier and it was outsold by RadioShack TRS 80. So, the Apple II was not the leader in the personal computer industry but it was the only source of cash flow in the company and it was an aging product. Steve Jobs was still more than a year away from introducing the Macintosh and Apple had introduced the Apple III before I came and it failed. And they had introduced Lisa and it was in the process of failing.

And so, the reason I was brought in was they realized that the only source of cash flow for Apple for the next three years because the Macintosh would have to be introduced and it wouldn't make money for several years, was going to be the Apple II. So, I didn't have to know anything about computers which I didn't know very much about. I was a marketing person and I had to help turn the Apple II around and to turn it into a strong cash machine because it was going to be the only source of cash flow for Apple for the next three years. The other reason I was recruited to Apple was because Steve Jobs was convinced that high technology was going to have to learn how to market like consumer products, Pepsi and Coke. And he was interested in creating tools for non-technical people and this was what was going to be known as desktop publishing with the Macintosh.

And so, he wanted to learn the kind of things we were doing with big campaigns like Pepsi challenge which was all about what we called in those days, Jack, experienced marketing and the Mac was going to be, as Steve would say, "An insanely great experience for non-technical people." So, that was kind of a landscape as I joined Apple. It was a pivotal moment that we had to reinvigorate the Apple II and when the Mac came out, we had to launch it in a very unique way.

**CFOTL:** So, the Mac launch does come along and again John, you were there 10 years which I think looking back, sometimes it's forgotten, that 10-year stretch, you took this company

from a \$500 million company to a multibillion dollar company, how large was it when you left Apple?

**SCULLEY:** Well, when I came it was \$564 million in revenue. When I left it was \$8.3 billion. Apple went, as I said we were number 5 in the market in terms of our position in market share and when I left, Apple was the largest selling hardware PC in the world, the Macintosh and we had \$2 billion of cash on the balance sheet and \$200 million of debt. I left over a dispute with the executive team and the board, I was actually pushed out because there was concern in 1993 that the Windows software and the Intel microprocessor were going to really take over the world in the 1990s and there was a lot of concern with Apple that we should license our technology for the Mac. I was completely opposed to that. I thought that would risk the company going into bankruptcy because I didn't see how you could possibly grow the market share of the company from what it was in, 8.3% market share worldwide to something over 20% that we would need just to break even if we licensed the software.

So, I was pushed out. They brought in another CEO. He was fired in a few years after they licensed the technology. They brought in another CEO who tried to save the company. He eventually sold some of the technology we have developed for a new company, new product line we have developed called Newton and got \$800 million for it and that kept the doors open and he used that to buy Steve Jobs' company called Next, brought Steve back and you know the rest of the story, Steve Jobs came in, cancelled the licensing which is a mistake and that was his first decision and Steve did a miraculous job. No one but Steve Jobs could have revived Apple when he came in, but that was four years after I've left and they've gone to two CEOs between me and when Steve came back.

**CFOTL:** And what are some of the differences when it comes to leadership in an entrepreneurial firm versus a large established firm?

**SCULLEY:** Well, it really came on, it's like a flash of light to me. I just recently joined Apple. I come from an industry which was known for its cola wars, Coke versus Pepsi, two very successful consumer marketing companies. And so, we defined our mission as taking market share from our major competitor, which we did. We eventually became the largest selling consumer packaged with product of any industry including soft drinks in the United States. But when I got to Apple, suddenly I'm sitting around with Steve Jobs, Bill Gates and they're talking about this noble cause that they're going to empower knowledge workers with productivity tools and they're talking about creating an entirely new industry that didn't exist before. It wasn't about taking share of market away from someone, it was about creating something that didn't exist.

And so I started to realize that this is a whole different way about thinking about business mission than anything I've been exposed to. Well today, that's not limited to just people like Steve Jobs and Bill Gates who are obviously geniuses and who did change the world, these are the types of decisions that almost every company has to think about. Can I reinvent my industry because if I don't, somebody else probably will and will be at my expense. And so, the types of things that I cover in my book Moonshot are not my

autobiography but it's about conversations with entrepreneurs, lessons that we all learned along the way, things that worked, things that didn't work by the way. You learn more from your mistakes than you do from your successes. And these insights are what I've tried to frame as the first principle, whether you're a board member, whether you're a CEO, whether you're on the C level management team or whether you're somebody just thinking about getting into an entrepreneurial small and medium sized industry.

So, it's I think a time when you have to have the curiosity to want to know, so why does people make what kinds of decisions at important moments and what can you do to pivot when maybe you're in a situation where your back is up against the wall and you're not sure where to go and you're looking for help, where do you go? Who do you talk to? What do you do? And that's what Moonshot is all about.

*\*Note: This unedited abstract may contain electronic transmission errors, resulting in inaccurate or nonsensical word combinations, or untranslated symbols which cannot be deciphered by our transcription process. This abstract may differ from an edited transcript of the same interview in content, page and line numbers, punctuation and formatting.*