



# Apple University: An Iconic Succession Plan

“Combined with his mentorship of Tim Cook, Apple University makes Steve Jobs’ succession plan unlike any other because he not only raised up a leader, but an entire institution to continue building the legacy he established at Apple.”

Steve Jobs has been widely hailed as a genius – and rightfully so. As the founder, and later-CEO of Apple, Jobs revolutionized both the design and function of personal computing devices, combining his expertise in liberal arts and technology to disrupt major industries and create entirely new ones. Jobs was a restless innovator. He led with unprecedented vision, saving Apple from bankruptcy and pushing it to become what is now the company with the highest market valuation of any business worldwide.<sup>1</sup>

## THE PROBLEM

Few people think of Apple without immediately thinking of Steve Jobs; his fingerprints are all over the products and their design. But in October of 2011, Steve Jobs passed away after 14 years as CEO, and the company had to continue without its iconic founder.

Jobs left the company in the hands of his COO, Tim Cook, who commented on Jobs’ passing, saying, “Apple has lost a visionary and creative genius, and the world has lost an amazing human being... Steve leaves behind a company that only he could have built, and his spirit will forever be the foundation of Apple.”<sup>2</sup>

After Jobs’ passing, many wondered whether the company would continue to thrive without its founder. In Apple’s case, the answer was ‘yes.’



## → WHAT HAPPENED

After Jobs' passing in October 2011, Apple continued to thrive. Its brand valuation more than tripled from 2011 to 2014, giving it the highest market value of any company worldwide. Gross revenues also continued to increase dramatically year over year, from \$65 billion in 2010, to \$108 billion in 2011, \$157 billion in 2012, and \$171 billion in 2013. In 2014 Brand Finance declared Apple the most valuable billion-dollar brand in the world and Fortune/CNN Money named Apple the world's most admired company in their top 50 list. All this without Jobs at the helm.<sup>1</sup>

The kind of growth Apple experienced following the loss of Jobs is the mark of a robust succession plan. The company not only maintained its position in the industry, it continued on its trajectory of success. Let's take a look at how they got there.

## FUN FACTS

- The original Apple logo was a complicated coat of arms featuring Newton sitting under a tree with an apple shining over his head.<sup>8</sup>
- The name Apple caused a few problems because it was similar to the Beatles' publisher, Apple Corps. The idea for the name came from Jobs, who was working at an orchard in Oregon at the time of the company's founding. Jobs thought the name sounded "fun, spirited, and not intimidating." Starting with an 'A' also meant the company's name would be at the front of alphabetical listings.<sup>4</sup>
- Founding partner, Ronald Wayne, backed out of Apple's ownership 12 days after Jobs talked him into taking 10% of the company's stock to act as an arbiter. He sold the stocks for \$500, a holding that would have been worth \$72 billion 40 years later.<sup>8</sup>
- John Sculley, the CEO of PepsiCo, was recruited as Apple's CEO by Jobs in 1983, with the renowned pitch: "Do you want to sell sugared water for the rest of your life? Or do you want to come with me and change the world?".<sup>5</sup>
- Apple University may be unique, but it's not the first of its kind. General Electric was one of the earliest companies to have a corporate campus, and Pixar, which was co-founded by Steve Jobs, also has Pixar University.<sup>1</sup>

## ABOUT APPLE

The history of Apple can be traced back to when Steve Jobs met Steve Wozniak through a mutual friend. The two Steves were members of the Homebrew Computer Club, and Wozniak soon produced the first computer with a typewriter-like keyboard and the ability to connect to a regular TV as a screen. Jobs recognized the computer's potential and sold his VW microbus to help fund the production. Wozniak then sold his HP calculator, and on April 1st, 1976, they founded Apple Computer Inc. alongside Ronald Wayne.

Apple was anchored in the computer industry after the Apple II was introduced along with the VisiCalc app. This early form of a spreadsheet made the \$1,300 cost of the Apple II worth the investment for businesses. From there, Apple went on to launch multiple iterations of computers and laptops in addition to the iPod, iPhone, iPad, and iWatch. They bought Dr Dre and Jimmy Iovine's Beats,<sup>6</sup> launched Apple Music, AppleTV, and appear to be well on their way to dominating the media industry.

Today, Apple has the highest market valuation of any company worldwide.<sup>1</sup>



## APPLE WITHOUT JOBS

People are often surprised to discover that for a period of Apple's history, Steve Jobs was not at the helm. Jobs was ousted from Apple after he made major changes to the Lisa (a desktop computer) and the Macintosh. Jobs was reassigned away from both product groups, and he went straight to the board of directors, who sided with then-CEO, John Sculley. Stories differ as to whether or not Jobs was fired after the incident, but Sculley reported that Jobs left voluntarily after a dispute over the price of the Macintosh. Jobs went on to form NeXT, a company that was acquired by Apple in early 1997, bringing Jobs back to the company. In June of that year an anonymous party sold 1.5 million Apple shares in a single transaction, causing stock prices to dip to a 12-year low. That weekend, Jobs convinced the board to name him interim CEO, not long after which he confessed that he himself had sold the Apple stock. Jobs immediately began Apple's turnaround, forming an alliance with Apple's long-time rival, Microsoft. A year later Jobs introduced the iMac, and two years later Apple dropped the "interim" from Jobs' title, marking the official beginning of his career as Apple's CEO.<sup>7</sup>



## HOW THEY GOT THERE

The key to Apple's continued success was an iconic succession plan that sustained Jobs' vision beyond his time as a leader. This succession plan took the form of a close relationship with Tim Cook, Apple's COO and primary succession candidate, as well as the establishment of a world-class executive education system known as 'Apple University.'

Steve Jobs became the official CEO of Apple in 2000, at which point he immediately hired Tim Cook as head of operations.<sup>3</sup> Cook streamlined Apple's facilities and supply chain, dramatically increasing margins. He formed a strong partnership with Steve Jobs and acted as his right-hand-man for nearly a dozen years. Cook had a test-run as CEO in 2009, and again in 2011 while Jobs was managing his health.<sup>1</sup> All of these opportunities were intentionally facilitated to give Cook a wealth of experience and equip him to step into the role of CEO when the time came.

Perhaps more incredible than the effort Jobs put into preparing Cook was the establishment of Apple University. This institution was the mark of a succession plan that went beyond a single successor. Apple University was intended to retain top talent and help Apple employees think like Steve Jobs. It was created in 2008 under the oversight of Joel Poldony (former Dean of Yale Business School) and inspired by Hewlett Packard's "The HP Way" (core values which Jobs was exposed to during his time as an intern at HP). After his appointment, Poldony hired other academics including Morten Hansen from UC Berkeley's School of Information, and Richard Tedlow, Professor of Business Administration at Harvard Business School. Guest speakers at the school have also included Apple executives such as Tim Cook (CEO, 2011-present) and Ron Johnson (VP Retail Operations, 2000-2011). The university uses case studies based on important decisions the company has made over the years, and the curriculum includes courses such as "What Makes Apple Apple."<sup>1</sup>

At the core of Apple University is the goal to keep Jobs' vision for Apple alive, and to train others in how he achieved it. Jobs used the institution to deeply ingrain his tenants of innovation and sustained success throughout the entire company: accountability, attention to detail, perfectionism, simplicity, and secrecy.<sup>1</sup> In this way the university served to make Jobs' management philosophy accessible to everyone, capturing it in a curriculum that continues to teach even though the teacher has gone.

Apple University bears the mark of exemplary coaching and development. Here, Jobs created a system that allows him to personally, albeit indirectly, continue to mentor his leaders and develop Apple's top talent. The university also ensures that Jobs' mission and vision are kept at the forefront of Apple's operations. Of all Apple's employees, 90% have never met Steve Jobs, but Jobs' design and "feel" for the brand is shared across the organization.<sup>4</sup> Combined with his mentorship of Tim Cook, Apple University makes Steve Jobs' succession plan unlike any other, because he not only raised up a leader, but an entire institution to continue building the legacy he began at Apple.



## → **SUCCESSION PLANNING AT APPLE TODAY**

Today, succession planning is still one of Apple's top priorities. Apple University has grown over the years, and Tim Cook has publicly declared his commitment to ensuring there will be someone equipped to take on his role when the time comes.

"I see my role as CEO to prepare as many people as I can to be CEO," Cook said in an interview with Buzzfeed. "And that's what I'm doing. And then the board makes a decision." Many have speculated that Angela Ahrendts, former CEO of Burberry, now Senior VP of Apple, may be the most promising successor, but so far both Cook and Ahrendts have denied the rumors.<sup>5</sup> What is certain, however, is that Apple remains a prime example of a company that prioritizes succession planning and is reaping the benefits of the internal talent that process fosters.

## → **KEY TAKEAWAYS**

- PLAN AHEAD** Jobs hired Tim Cook almost immediately after he became CEO. This allowed him to work alongside Cook throughout Apple's revitalization, ensuring that the company's ins and outs were not only understood, but in part created by its future leader.
- SHARE THE VISION** After his diagnosis, Jobs immediately began developing Apple University. This is another example of how Apple planned ahead, but it also demonstrates a model for how leaders must share their vision in order for others to one day carry it forward. Sharing the vision is especially difficult for founders because they are intimately involved with the identity of their brand. The thought of handing the reigns to someone else can be difficult to accept, but the reality is that no leader lasts forever. An organization's mission and vision must therefore be ingrained throughout the entire management team, particularly among prospective leaders.
- TRAIN YOUR TEAM** One of the keys to succession planning is developing a [leadership pipeline](#). This pipeline requires organizations to attract and retain top talent, usually by providing professional development and opportunities for advancement. Apple University did a formidable job of developing the company's leaders, training their team so that they could protect their culture and promote from within.

## → **HOW SIGMA CAN HELP**

Like Apple, you can get succession planning right. We're here to help. Over the last 50 years SIGMA has worked with more than 8,500 private and public organizations to develop people potential and increase organizational effectiveness. We provide full-service succession planning, custom consulting, and a range of templates and resources. We also offer a number of succession planning workshops. To learn more about our solutions, click [here](#), or contact us directly for more information. ■



## REFERENCES

- 1 Best College Reviews. (2020). What is Apple University and Why More Companies Should Follow Suit. *Best College Reviews*. Retrieved from <https://www.bestcollegereviews.org/apple-university/>.
- 2 Financial Post Staff. (October 6, 2011). Full Text: Tim Cook's letter to Apple employees about Steve Jobs death. Retrieved from <https://financialpost.com/technology/full-text-tim-cooks-letter-to-apple-employees-about-steve-jobs-death>.
- 3 Ferracane, R. (2011). An Outsider's View of Apple's Succession Plan. *Forbes*. Retrieved from <https://www.forbes.com/sites/robinferracane/2011/09/13/an-outsiders-view-of-apples-succession-plan-3/#7b946b92cd8a>.
- 4 Viticci, F. (May 7, 2011). "Inside Apple" Reveals Steve Jobs Anecdotes, Apple's Little Known Facts. *MacStories*. Retrieved from [https://money.cnn.com/magazines/fortune/fortune\\_archive/1999/07/19/263104/index.htm](https://money.cnn.com/magazines/fortune/fortune_archive/1999/07/19/263104/index.htm).
- 5 Balakrishnan, A. (October 24, 2017). Apple CEO Tim Cook says he plans to groom as many successors as possible. *CNBC*. Retrieved from <https://www.cnbc.com/2017/10/24/apple-ceo-tim-cook-talks-succession-plan.html>.
- 6 Gibbs, S. (April 1, 2016). 40 years of Apple – in pictures. *The Guardian*. Retrieved from <https://www.theguardian.com/technology/gallery/2016/apr/01/40-years-of-apple-in-pictures>.
- 7 Weinberger, M. (July 31, 2017). This is why Steve Jobs got fired from Apple – and how he came back to save the company. *Business Insider*. Retrieved from <https://www.businessinsider.com/steve-jobs-apple-fired-returned-2017-7>.
- 8 Rawlinson, N. (April 25, 2017). History of Apple: The story of Steve Jobs and the company he founded. *Macworld*. Retrieved from <https://www.macworld.co.uk/feature/apple/history-of-apple-steve-jobs-mac-3606104/>.