

So the three founders I talk about most in this episode, Ed Catmull, Steve Jobs, and George Lucas, all shared the same obsession for the quality of the products that they were making. And one of the most unique things about this podcast is that I know the founder of every single company that advertises on founders. All of them listen to founders, so that makes building a relationship a lot easier. And so Eight Sleep is one of the supporters of this episode. And the founder Matteo and I live in the same city. A few months after I started to use Eight Sleep, I randomly ran into Matteo at a restaurant. I was sitting with some founder friends of mine. I went over to say hi. When I got back to my table, one of my friends asked me who I was talking to, and I was like, oh, that's Matteo, the founder of Eight Sleep. And my friend replied that he looks like he gets good sleep. Matteo is living and breathing his product. And you see this because there's nothing in the same class as Eight Sleep. I had never had the ability to change the temperature of my bed before I had an Eight Sleep. I had no idea how much that one feature would improve the quality of my sleep. I keep my Eight Sleep ice cold. I make sure it's cold before I get into bed.

So I fall asleep faster and I wake up less during the night. That feature alone, in my opinion, is worth 10 times the price. In past episodes, founders like Jeff Bezos and James Dyson have talked about the importance of getting good sleep. Other founders like Elon Musk and Mark Zuckerberg have also talked about the fact that they love their Eight Sleep. There are very few no-brainer investments in life. And I believe that an Eight Sleep is one of them. You can get your own Eight Sleep by going to eightsleep.com forward slash founders and you'll get \$150 off. That is eightsleep.com forward slash founders and I also leave the link down below. I want to tell you about something very special, something that may only happen one time ever. I am doing a live show in New York City on October 19th with Patrick O'Shaughnessy from Invest Like the Best.

Patrick

has interviewed over 300 of the world's best investors and founders on his podcast. I've read over 300 biographies of history's greatest entrepreneurs for mine. We're going to be talking about what we learned from seven years of podcasting, sharing our favorite ideas and stories, and then doing a live Q&A. If this is something you'd be interested in and attending, make sure you move quickly. There's a lot of founders and Invest Like the Best listeners in New York. I've already talked to a bunch of people that actually bought tickets and are flying in from other states and other countries for this. We just got our first sales update from the venue. We've already sold a few hundred tickets and we haven't even talked about it on this podcast yet or Patrick's podcast. So again, move quickly. Do not dilly dally. I will leave the link down below.

My professional life seemed destined to have one foot in Silicon Valley and the other in Hollywood. I first got into the film business in 1979. When flushed from the success of Star Wars, George Lucas hired me to help him bring high technology into the film industry. Our offices were located about an hour's drive from Palo Alto, the heart of Silicon Valley. That proximity gave me a front row seat from which to observe the many emerging hardware and software companies. I couldn't have arrived at a more dynamic and volatile time. I watched as many startups burned bright with success and then flamed out. My mandate at Lucasfilm to merge moviemaking with technology meant that I rubbed shoulders with the leaders of places like Sun Microsystems and Silicon Graphics. I watched these guys closely, hoping to learn from the trajectories their companies followed. Gradually, a pattern emerged. Someone had a creative idea, obtained funding, brought on a lot of smart people and developed a solar product that got a bolt load of attention. That initial success begat more success, learning the best engineers and attracting

customers. As these companies grew, much was written about their paradigm shifting approaches and their CEOs landed on the cover of magazines. But then those companies did something stupid. Not just stupid in retrospect, but obvious at the time stupid. I wanted to understand why. What was causing smart people to make decisions that sent their companies off the rails? I didn't doubt that they believed they were doing the right thing, but something was blinding them and keeping them from seeing the problems that threatened to upend them. As a result, their companies expanded like bubbles and then burst. What interested me was that the leaders of these companies seemed so focused on the competition that they never developed any deep introspection about other destructive forces that were at work. Over the years, as Pixar struggled to find its way, I asked myself, if Pixar is ever successful, will we do something stupid too? Can paying careful attention to the missteps of others help us be more alert to our own? Clearly, something was causing a dangerous disconnect at many smart creative companies. What exactly was a mystery and one that I was determined to figure out? In the difficult year after Toy Story's debut, I came to realize that trying to solve this mystery would be my next challenge. My desire to protect Pixar from the forces that ruined so many businesses gave me a renewed focus. I would devote myself to learning how to build not just a successful company, but a sustainable, creative culture. That is an excerpt from the book that I'm going to talk to you about today and one I just reread. It is called Creativity, Inc., Overcoming the Unseen Forces that Stand in the Way of True Inspiration, and it was written by Ed Catmull, the co-founder of Pixar, and he lays out exactly what this book is about, this surprising twist that happened his entire life. For over 20 years, he was working towards this goal of creating the first computer-animated full-length movie. He accomplishes that goal when Toy Story comes out, a movie that almost 30 years after it came out. I'm still watching it with my kids. It was one of the biggest movies of the year, a massive success. The next week, Pixar IPOs, I think it's the biggest IPO of that year. We'll get to that story later on in the book. And yet to Ed's surprise was the hollow, adrift feeling he felt after he accomplished what he thought he wanted to accomplish. And so this book tells the founding story of Pixar, tells the story of Ed's life, but it also talks about what do you do after you get everything that you thought that you wanted to get? It is a fascinating look into a founder's psyche, want to jump into his childhood and his childhood heroes and the people that inspired him to want to achieve that goal in the first place. This would be Walt Disney and Albert Einstein. When I was a kid, I used to plunk myself down on the living room floor a few minutes before 7 p.m. every Sunday, and I'd wait for Walt Disney. I was transfixed by what I saw. Each week, Walt Disney himself opened the broadcast of the wonderful world of Disney. Standing before me, he would demystify the Disney magic. He'd explained the use of synchronized sound in Steamboat Willie or talk about the importance of music and Fantasia. And he always went out of his way to give credit to his forebears, who had done the pioneering work upon which he was building his empire. Each week, Disney created a made up world, used cutting edge technology to enable it, and then told us how he had done it. 40 years later, that is exactly what Ed Catmull was doing, did in his career was also doing his book, he created made up world, used cutting edge technology, and then told us how he did it. Walt Disney was one of my two boyhood idols. The other was Albert Einstein. Disney was all about inventing the new he brought things into being both artistically and technologically that did not exist before. Einstein was a master of explaining that which already was. I read every Einstein biography I could get my hands on. I've already made one

episode on Einstein. It was episode 187. If you haven't listened to it, I have a bunch of unread Albert Einstein biographies myself. I will eventually get to them and make episodes on them as well. Back to this, both Einstein and Disney inspired me, but Disney affected me more because of his weekly visits to my family's living room. Disney's animators were at the forefront of applied technology.

Every time some technological breakthrough occurred, Walt Disney incorporated it. I wanted to climb through the TV and be part of his world. And what's fascinating is when he tries to become an animator and realizes, oh wait, I'm actually not talented. I can't do this. I can't draw.

So he has to find another way in, which is fascinating. And that's obviously through computer animation. I'll get there in one second. But his first piece of advice, we come across this first piece of advice that he's going to repeat a few times throughout the book. And that is when you are faced with a challenge, you just have to get smarter. And so he ties that idea back into another event that happens in his early childhood. And that is when the Soviets launch the first satellite, which is Sputnik, into Earth's orbit. And so the US government's response to this is something that Ed is going to use in his own career. It says the United States government's response to being bested was to create something called ARPA. So that's the Advanced Research Project Agency, the precursor to DARPA. Their goal was to support scientific researchers in America's universities in the hopes of preventing what they termed, quote unquote, technological surprise. That is a great phrase, technological surprise.

By sponsoring our best minds, we'd come up with better answers. That was what ARPA believed. I still admire that enlightened reaction to a serious threat. We'll just have to get smarter.

And so ARPA's response to Sputnik was one positive example from childhood. His dad, his dad's quiet example, which actually is going to teach him the life changing power of education. There's just a few lines about this that I think tell the entire story. His dad was the son of an Idaho dirt farmer. His dad was one of 14 kids. Five of his dad's siblings died as infants. His dad was the first person in his family ever to go to college. He had to work while he was going to college and pay his own way, pay his own college tuition. Because again, he was the son of an Idaho dirt farmer. His dad was also incredibly capable. He built the house that Ed lived in from the ground up with his own hands. And his dad taught his kids without ever saying so explicitly that they were expected to study hard and to go to college. And Ed was a great student. He was a great student in high school. He was a great student in college. He winds up graduating from the University of Utah. He gets two degrees, one in physics and the other one in the emerging field of computer science. This is in 1969. And so his original intention, because he thought he's like, okay, well, I'll never be able to, I'm not talented enough to be a Disney animator. So he's like, I have to choose a different goal. His original goal was like, okay, well, what if I can learn how to design computer languages? And if you listened to the Paul Graham episode I did a few weeks ago, I think it's episode 314 on how to do great work. Paul has

read a bunch of biographies and he noticed something. I want to read from that save real quick, because we're about to see an example of this being true in Ed's own life. And so Paul writes, when you read biographies of people who've done great work, it's remarkable how much luck is involved. They discover what to work on as a result of a chance meeting, which is about to happen right now, or by reading a book, they happen to pick up. So you need to make yourself a big target for luck. And the way to do that is to be curious, try lots of things, meet lots of

people, read lots of books and ask a lot of questions. So he's okay, well, I'm going to design computer languages. Then I met a man who would encourage me to change course, Ivan Sutherland. Sutherland and his partner Dave Evans were actually running the university's computer science department. This is at U of U, which is the University of Utah. The way they ran this department is the way that a decade or two into the future Ed Catmull is going to run Pixar. So this is what he saw. Sutherland and Evans were magnets for bright students. They led us with a light touch. They gave us workspace and access to computers and then let us pursue whatever turned us on. The result was a collaborative, supportive community so inspiring that I would later seek to replicate it at Pixar. Now this is wild. I love, so essentially what's happening right now, what I'm about to describe to you is Ed's got a front row seat for the birth of the internet software technology industry. And if you read a bunch of biographies and you listen to a bunch of these episodes, you see that in the beginning of these industries, when they're starting to explode, all the people wind up knowing each other. And so there'd be a ton of examples where you and I have covered biographies of people that went on to degree things and they met at some point

throughout their career. And so one of Ed's classmates in this environment put together by Sutherland and Evans is Jim Clark. So one of my classmates Jim Clark would go on to found Silicon Graphics and Netscape. I've done two podcasts on Jim. I think the best one is episode number 274 based on Michael Lewis's book about Jim Clark called *The New, New Thing*. But it's just fascinating to me how this just pops up over and over again that they just wind up knowing each other and coming across paths. Now one of the reasons that he also had a front row seat for the internet is because the first four nodes of the ARPANET, which is the precursor to the internet, take place at four universities. It's UCLA, UC Santa Barbara, Stanford, and the U of U. And so he says, well you are U of U when this is happening. So he says, I had a ringside seat from which to observe this grand experiment. And it's in this environment at this time where he realizes, oh, this is going to be my other route and I'm going to make a computer animated film. And so he talks about the leadership, again, that he's going to emulate from Sutherland and Evans, that they trusted us to innovate. And it says, this kind of trust gave me freedom to tackle all sorts of complex problems. And then he says he did so with one of my favorite words in the English language.

And he says, I did so with gusto. I often slept on the floor of the computer rooms to maximize time on the computer. At the age of 26, I set a new goal to develop a way to animate not with a pencil, but with a computer and to make the images compelling and beautiful enough that they would

be used in movies. Perhaps I could become an animator after all. So I want to fast forward into the timeline because I want to get into one of the people that fascinates me the most a long time ago, like I don't know, six years ago, I read this fantastic book by this author named Brian J. Jones. Brian J. Jones has written a bunch of biographies I love, but probably my favorite biography that he wrote that I love the most is a biography of George Lucas. I think it's episode 35. I'm going to reread it again soon. But one of the things if you listen to that episode, if you read the biography that jumps out on you and why I love reading about Lucas so much is that he was a rebel and a misfit and he always bet on himself. And it is through George Lucas that Ed Catmull is eventually going to partner with Steve Jobs and create the Pixar that we know today. So it says it's hard to imagine now, but in 1976, and again, this is a great illustration

of the fact that George Lucas was capable of independent thought. He didn't care what other people in this industry were doing or what they thought it was the right way. He's like, well, if I think this is the right way, I'll just bet on myself and figure out how to do it.

It's hard to imagine now, but in 1976, the idea of incorporating high technology into Hollywood filmmaking wasn't just a low priority. It wasn't even on the radar. But one man was about to change that with a movie called Star Wars. While no one else in the movie industry had even the slightest desire to invest in such things, George resolved in July 1979 to launch a computer division. Thanks to Luke Skywalker, he had the resources to do it right. And so Ed is interviewed by George Lucas himself, starts working closely with him. So we get an insight into George Lucas, but also some of the things that Ed learned from him. So he says, I got interviewed by George himself. He and I seem pretty similar. We worked with a blinders on intensity and had a tendency to talk only when we had something to say. George had relentless practicality. He wasn't some hobbyist trying to bring technology into filmmaking for the heck of it. His interest in computers began and ended with their potential to add value to his filmmaking process. Lucasfilm was based one hour north of Silicon Valley by car and one hour from Hollywood by plane. This was no accident. George saw himself first and foremost as a filmmaker. So Silicon Valley wasn't for him. But he also had no desire to be too close to Los Angeles because he thought there was something a bit unseemly and inbred about it. He created his own island. Let's pause there. The order in which you read things is fascinating to me because the effect that that has. Think about it, like who created their own island? If you listened to last week's episode number 316 on Bugatti, he created his entire world in this little sliver of contested land that Germany and France would constantly fight over. His own feudal barony I think is the term from that book. It's exactly what George Lucas is doing with Skywalker Ranch. So George Lucas hires Ed Katmell. They're going to make this thing called the Pixar image computer. That's where the name comes from. When Jobs buys the, we'll get there, but when Jobs buys Pixar from George Lucas after George Lucas is going through a divorce, the idea was like, oh, they're going to sell high end hardware, right? And then realize over time that like, no, this is not going to work. We need to double down on what we're actually passionate about. But anyways, this is what they're trying to work on at that time. It was a highly specialized standalone computer that gave you the power to scan film, combine special effects images with live action footage, and then record the final result back onto film. That is what George Lucas was interested in. And so there's a series of people that Ed Katmell throughout his life will work closely with. He'll observe and try to learn everything from. He's really interested in management because he doesn't really, he knows he's going to have to do that, but he doesn't think he's actually qualified. He's like, is this a skill I can actually like figure out and learn on my own? And so he has an entire part, which is fantastic talking about what he's learning from working directly under George Lucas. I saw that his ways seem to reflect some of the philosophy that he had put into Yoda. Just as Yoda said things like do or do not, there is no try. George had a fondness for folksy analogies that sought to describe neatly the mess of life. He would compare the often arduous process of developing his 4700 acre Skywalker ranch compound that's incredible to a ship going down river that had been cut in half and whose captain had been thrown overboard. We're still going to get there, he would say, just grab the paddles and let's keep going. Another one of his favorite analogies was that building a company was like being on a wagon train headed west on the long journey to the land of plenty. The pioneers would be full of purpose

and united by the goal of reaching their destination. Once they arrived, he'd say, people would come and go. And that is as it should be. But the process of moving towards something of having not yet, and of having not yet arrived was what he idealized. And so on the second or third reading of that sentence, it's interesting, I'm going to pause there. I'm not done with this section, but this idea of, hey, we're moving towards something we haven't not yet arrived is what is like George's ideal scenario. That's interesting because Ed arrives at his goal and he finds he's lost and he doesn't use the word depressed, but that's definitely the way, like if you read between the lines, that's what he's inferring. And I've talked to a ton of founders after they sell their company or whatever the case is, they're rich as hell. And yet they're like, why am I depressed? What is happening? It's like, oh, you need a new mission. There's a great line, again, going back to the Bugatti, the Bugatti book, maybe my all time favorite quote in that book says a human life by its very nature has to be devoted to something or other to a glorious or humble enterprise, an illustrious or obscure destiny. This is a strange but inexorable condition of things. And when you lose your mission, it doesn't matter how rich you are, you're going to feel depressed and adrift, just like Ed Catmull does. Let's go back to George Lucas, George thought in terms of a long view, he believed in the future and his ability to shape it. And so that line, right, he believed in the future and his ability to shape it. My favorite line in George Lucas's biography that read is that George Lucas unapologetically invested in what he believed in the most himself. That's exactly same idea that we see in this book, Creativity Inc.

As a young filmmaker in the wake of American graffiti success, he was advised to demand a higher salary on his next movie, which would be Star Wars. That would be the expected move in Hollywood bump your quote, bump your quote, not for George, though, he skipped the rays all together and asked instead to retain ownership of licensing and merchandising rights to Star Wars,

the studio that was distributing the film readily agreed to his request thinking that was not giving up anything. George would prove them wrong, setting the stage for major changes in the industry that he loved, he bet on himself and won. Okay, so I want to get into what set the stage for Ed to actually begin his partnership with Steve Jobs. Now, the crazy thing and the end of this podcast is really like a second podcast, because first of all, you should buy Creativity Inc, especially if you're managing a team. And I would read like each chapter, probably like maybe one chapter a week and really think about like what he's talking about. But even if you didn't do that, I would buy just to read the afterward, which I think is like 15 pages about his relationship with Steve Jobs. And why that is so important is because Ed was actually partners, he worked with Steve for 26 straight years. Nobody else worked continuously for Steve for that amount of time. So his special insight into what I would argue is, you know, the greatest entrepreneur to ever do it. But there's something that Steve said one time, and I wonder if he learned it from Ed, which was that the storyteller is the most powerful person in the world.

In fact, when I got to this section, I also thought about Don Valentine is the founder, was the founder of Sequoia Capital. And he also invested money into Apple in the early days, but he said something that was fascinating. It was very, why is that important to you and I? Because Don Valentine said, the art of storytelling is incredibly important. Learning to tell a story is critically important because that's how the money works. The money flows as a function of the story. And so Ed is making like these little, I don't even know, short films, I don't know what you would call them. But he notices something I just want to pull out and then we'll get into

how like where Steve Jobs comes into the story. And he says, this is a phenomenon that I would notice again and again throughout my career. For all the care you put into artistry, visual policy, frankly, doesn't matter if you are getting the story right. So he's going to talk about the story is king over and over again in this book. So George, this is 1983, George and his wife are splitting up and he's got to do a divorce settlement and that is severely like affecting his caste position at his company. He's got to sell a bunch of assets to fulfill this divorce settlement and Pixar is going to be one of those assets. Here's the problem. Nobody wants to buy Pixar. They were shopped over 20 prospective buyers and none of them bit. At the last minute, General Motors comes in like, okay, we'll take it off your hands. And then one week before that deal was supposed to be signed, they back out and that deal falls apart. And this is what Ed Cowell says to this day, I am thankful that that deal went south because it paved the way for Steve Jobs. I first met Steve in February of 1985. He was still Steve was still, this is really important to note, Steve is still at Apple the first time when he discovers he's like, Oh, these guys are way ahead of everybody else. And so he actually tries to get Apple before he gets kicked out to buy these guys. This is hilarious. So this is what meeting this is what a meeting with a young Steve Jobs was like. We met in a conference room with a whiteboard and a large table surrounded by chairs. Not that Steve would stay seated for very long within minutes he was standing at the whiteboard. I remember his assertiveness. There was no small talk. Instead, there were questions, lots of questions. What do you want? Where are you heading? What are your long term goals? He used the phrase insanely great products to explain what he believed in. I want to pause there because

this has come up a bunch of times where you have a singleness of purpose makes it really easy for other people to understand you makes it really easy for other people to interface with you and if they can understand you and they can interface with you makes it easier for them to help you that Steve just summarized his entire approach, his North Star, what was important to him. And it's something he talked about. I think he's 30 at this point in the story. Somebody talked about he used that same phrase when he was in his 20s. He used it before he was going to die. All he cared about was making insanely great products. Steve was prioritizing clear communication to make it easy for you to interface with him and to help him. You want to make insanely great products? Come with me. And he does it in three words. That is genius. Back to this. Clearly he was the sort of person who didn't let presentations happen to him. And it wasn't long before he was talking about making a deal. And this was Ed's initial reaction. I was very uneasy about Steve. He had a forceful personality where I do not. And I felt threatened by him.

For all my talk about the importance of surrounding myself with people smarter than myself, his intensity was at such a different level. I didn't know how to interpret it. It put me in the mind of an ad that Maxwell cassette tape company released around this time featuring what would become an iconic image is one of the like well-known ads of all time. It's a guy sitting in a chair and his long hair is literally being blown back by the sound from the speaker that's in front of him. That is what it was like to be with Steve. He was the speaker. Everyone else was the guy. And then something surprising happens. After that initial meeting, we heard nothing. Total silence. We were perplexed. We finally learned why a few months later, when it was announced that Scully had persuaded Apple's board of directors to remove Steve. When the dust settled, Steve sought us out again. He wanted a new challenge, a new mission, right? Main theme of the book. You need a mission. A human life by its very nature has to be devoted

to something or another, to a glorious or humble enterprise, an illustrious or obscure destiny. This is a strange but inexorable condition of things. We're seeing it in a young Steve Jobs life. He just lost his life's work. He lost his love. And he's like, all right, sought him out again. He wanted a new challenge and thought maybe we were it. And so Steve invites him over to his house.

I love the subscription of his house. If I didn't have a wife and kids, I would live this way myself as well. So it says Steve was hard charging, relentless even, but a conversation with him took you places you didn't expect. Several of us drove over to meet Steve at his house in Woodside. The house was almost empty, but for a motorcycle, a grand piano, and two personal chefs. And so there's this slow process of them getting to know each other, seeing, okay, can we be long-term partners? Steve is not going to try to buy. I mean, you already know that Steve's not going to, he's not interested in like, I'm going to buy a business and then flip it in like two years. He's not interested in that at all. He wanted to build great products. And so this was fascinating because it gives you an insight into a young Steve Jobs. I met with Steve and generally asked him how things got resolved when people disagree with him. He seemed unaware that I was really asking

him what I was really asking him was how things would get resolved if we work together and I disagree with them. And this is hilarious. He said, when I don't see eye to eye with somebody, I just take the time to explain it better. So they understand the way it should be.

And so again, go back to this idea that Steve made it really easy for you to interface with him. He was really upfront about what was important to him so much so that one of Steve's attorneys, so they're about to close this deal, right? This, you have to remember this line for later when we get to the afterward. I remember one of Steve's attorneys telling us that if we were acquired by his client, we had better get ready to get on the Steve Jobs roller coaster. The acquisition process was complicated by the fact that the negotiator for Lucasfilm wasn't good. The chief financial officer underestimated Steve, assuming he was just another rich kid in over his head. This guy told me that the way to establish his authority in the room was to arrive last. His thinking was, which he articulated out loud to me, was that this would establish him as quote, the most powerful player in the room, since he and only he could afford to keep everyone else waiting. All it ended up establishing, however, was that he had never met anyone like Steve Jobs. The morning of the big negotiating session, all of us, but the CFO were on time. Steve and his attorney, me and my team, I don't have to list all the people, Lucasfilm's attorneys and an investment banker. At precisely 10am, Steve looked around and finding the CFO missing started the meeting without him. Steve had not only foiled the CFO's attempt to place himself atop the pecking order, but he grabbed control of the entire meeting. This would be the kind of strategic aggressive play that would define Steve's stewardship of Pixar for years to come. Once we joined forces, he became our protector as fierce on our behalf as he was on his own. Steve paid \$5 million to spin Pixar off of Lucasfilm and agreed to invest another \$5 million to fund the company, which is hilarious. I think he's going to wind up, I think he totaled all in before they wanted to make a profit. He puts \$54 million of his own money into this company. And I think at the time, I've heard different estimates, but he had somewhere between like 70 and I think 70 and 90 million. So a gigantic chunk. And this is when he has next. So he's not like next successful at all. So unbelievable. Like now he was one of maybe the greatest entrepreneur of all time, might be the one of the greatest investors. Who else would do

that? It's insane. But he's just investing a huge chunk of his net worth into this company, which he didn't know at the beginning. Again, after we signed our names, Steve pulled me and Alvia aside, put his arms around us and said, whatever happens, we have to be loyal to each other. The feisty little company called Pixar had been born. Now, what's fascinating about this part of the book is you just see how different things can be and how they change and evolve over time. This is who Steve's partnering with, right? This is who Steve's going to put almost all of his net worth into. And so he says, there's nothing quite like ignorance combined with the driving needs to succeed to force rapid learning. The main business that we chose was to sell the Pixar image computer, which is going to fail. I think they sell like a hundred of them or something like that. The problem was what we had never manufactured or marketed a high end machine before. We had no salespeople. We had no marketing people. I had never been responsible for a profit and loss statement. I knew nothing about how to manage inventory. And so this entire time, Ed is telling the story of like just having to learn on the fly. And he's observing how all these other leaders, leaders, bosses he's had in the past from like George Lucas, realizing, hey, I can't really interact the way that Steve interacts with people. And so he comes across the work of W. Edward Demings, who is an American working in Japan, actually helping the Japanese manufacturing industry companies like Toyota and Sony are going to use Deming's ideas. And so Ed realizes, hey, I can actually use Deming's ideas. Like I treat them as metaphors, I can use them in my work. And so he identifies what he feels are the most important ideas and ones that he could use. The essence was this, the responsibility for finding and fixing problems should be assigned to every employee. If anyone at any level spotted a problem, Deming believed they should be encouraged and expected to stop the assembly line. Deming's approach gave ownership of the responsibility for a product, product's quality to the people who were most involved in its creation. My approach to managing picks are going forward was to be guided by the central tenant. You don't have to ask permission to take responsibility. And so for many years, they don't even know what their business is going to be. They go through a bunch of different products and business models. And so he's talking about this time, my memory of that period is that it was one of constant searching for a business model that would put us in the black. There was always reason to believe that the next thing we tried would be the thing that finally worked. We were just hemorrhaging money. And I know I've already said this, but it's so crazy. It's so insane that he did this, that it's worth repeating. Steve had sunk 54 million of his own money into the company, a significant chunk of his net worth and more money than any venture capital firm would have considered investing. It became clear to us that we needed to abandon selling hardware. And really, this is the main point that you should, what is it like you're intensely, intensely interested in? You should have done that first, right? They had to go through a bunch of different changes and they just like, Hey, this is where our heart is. Let's bet the company on this. The only thing that made this leap easier was that we had decided to go all in on what we yearn to do from the outset, computer animation. This was where our true passion resided. And the only option left was to go after it with everything we had. And that doesn't happen without a lot of pain. They went up having to lay off more than a third of their employees. There's a bunch of different

times where Ed is like, Oh my God, Steve is actually giving up, he's going to sell the company. And then he realized, Oh wait, no, that's not what he's doing. Check this out. This was fascinating to me. Three times between 1987 and 1991, a fed up Steve Jobs tried to sell Pixar. And yet, despite his frustrations, he could never quite bring himself to part with us. So they get an offer from Microsoft is just one of these companies. Steve's like, Hey, I want 120 million for Pixar. And, you know, he just made up the number. And Microsoft will give you 90 million. This is Ed's interpretation of this, though, with each suitor, Steve started with a high price and was unwilling to budge. I came to believe that what he was really looking for was not an exit strategy, as much as external validation, his reasoning went like this, if Microsoft was willing to go to 90 million, then we must be worth hanging on to. Remember, this is a company that Steve is going to sell a few years from now to Disney for \$7.6 billion. So before they go all in on just doing computer animation, they had done, they developed some technology for Disney animation is this system called CAPS, which is computer animated animation production systems. And so that was like this initial like bridge to this relationship with Disney. So they approached Disney and they're going to build out, they actually tried to initially Disney wanted to recruit John Lasseter, which was one of the founding members of Pixar, and maybe the greatest animator and storyteller of all time. And since John wouldn't leave Disney, Jeffrey Katzenberg, who at this time is the head of Disney's motion picture division, it's like, okay, we'll just do a deal with you guys, because I have to work with John no matter what. And so for the vast majority of Pixar's existence, Steve respects passion, he respects talent. And he's like, well, you guys know more about animation and storytelling than I do. So he kind of leaves him alone. But when it comes to negotiating on their behalf, taking care of the money, he always leads that part. And so when it time when it comes time to negotiate with Katzenberg and Disney, this is where Steve jumps in. And Katzenberg's initial offer is actually, hey, we want Pixar to make a feature film, right, you guys make the story, you do all the work, we're going to own it, because we're going to distribute it. And remember, there's a \$54 million hole in Steve Jobs pocket, when he says this, Steve's rejected Jeffrey's logic that since Disney was investing in Pixar's first movie, it deserved it deserved to own our technology as well. You're giving us money to make the film, Steve said, not to buy our trade secrets. What we brought here was our technical innovations, and they are not for sale. And Steve was willing to walk away on that specific point. So Jeffrey gives in 1991, they strike they strike a three picture deal, where Disney is going to say, okay, we're going to provide the financing, and they're going to distribute the movie. But here's the problem, they just signed a deal where they're saying, hey, we're actually embarking on something we know very little about. Because since we're using computer animation, there was no one else to ask for help, because no one had ever done this before. There's a famous quote that I read in one of the biographies of Steve Jobs, where he said, the only time he ever saw an entire company of a players was in the early days of Pixar, I think they had like 400. Can't remember if it was like 200 or I want to say 400 people, that's the way I remember it, they had like 400, 400 people, and every single one was an all star, because they're doing something for the first time. And the first movie they make is Toy Story. And like I said earlier, I just rewatched this, you know, the last like, I don't know, 12 months ago, something like that. It is still excellent. It's incredible how well that movie holds up. So they go through the process of building this, right? And then Steve throws them a curveball, he says in the, in the book

that you, if you're going to work with Steve, he's just going to throw a curveball. So like, you're going to have to realize that. And so he meets with Steve, meets with John, and John Lesterter, and he had Catman was like, okay, Toy Story is almost ready. We're going to go public. And they're like, what? And so like, hell no, we can't do this. And it says Steve disagreed, this is our moment, he said, and then he lays out his logic. Let's assume that Toy Story is a success, he said. And let's actually assume it's a big success, he said, when that happens, Disney CEO Michael Eisner, who's at the time, will realize that he has created his own worst nightmare, a viable competitor to Disney. This is all Steve's logic. Okay. Steve predicted that as soon as Toy Story came out, Eisner would try to renegotiate our deal and keep us close as a partner. In this scenario, Steve said he wanted to be able to negotiate better terms. Specifically, he wanted a 50/50 split with Disney on the financial returns. I think at this time it was like 90/10 or 85/10, something like that. So if Disney's getting the, I mean, they're printing up the money, they're distributing it, they're getting the vast majority of the money. It seems like we can't run a business that way. We got to, we got to, we need 50% of the profit and to do that, we need to be able to put up 50% of the money for the movies. In order to fulfill these terms, we would have to be able to put up our cash for our, put up cash for our half of the production budgets, a significant amount of money. And to do that, we would have to go public, he said. And this is the crazy thing, it's like Babe Ruth calling a shot, right? We would, he says, we're going to go public one week after Toy Story opened because he believed, he watched Toy Story. In fact, when I was reading them, I read a bunch of biographies on Larry Ellison years ago and Larry Ellison was best friends with Steve Jobs. And he said that Steve was obsessed with Toy Story that he'd make Larry Ellison watch it like 30 times. It was crazy. So he's like, oh, this is, this is a hit, like this is going to be a smash. Toy Story drops on, I think that Thursday, we're going to go public the third, the Thursday after that, if I'm remembering this correctly. So he says we would go public one week after Toy Story. Steve turned out to be right. As our first movie broke records at the box office, all of our dreams seem to be coming true. And then our initial public offering raised nearly 140 million for the company, the biggest IPO of 1995. And a few months later, as if on cue, Eisner calls, saying that he wants to renegotiate the deal and keep us as a partner. He accepted Steve's offer of a 50/50 split. I was amazed. Steve had called this exactly right. And so this is when we go into the surprising part. It's surprising to anybody that hasn't experienced this firsthand, but extremely common, that if it happens to a bunch of people, you might find yourself in this position one day. And I think reading its book and just knowing this exists in a bunch of forms is very helpful. It's the fact that he got everything possibly wanted could never expect, you know, that his he created the world's first computer animated movie. It's one of the most successful movies of all time. His company is now a 50/50 partner with Disney, who he idolized since he was like 12. And yet he feels completely empty and adrift inside. And so he has to pick a new mission. So Ed's goal after Toy Story after feeling, you know, down and depressed, how could we enable the talents of these people to keep them happy and not let the inevitable complexities that come with any collaborative endeavor undo us along the way. This was the job that I assigned myself the mission that he assigns himself, and the one that still animates me to this day. And so that is the main crux of the book. It's like he's got all these ideas on how to make a sustainable creative environment. So I'm just going to pull out a couple ideas. This idea will stick with you. It is probably the two sentences of the sentence that I

remember the most from reading this book five or six years ago. So talking about they started Toy Story two, the movie was so bad, they had to fire the team, the director and the team and give it to I think John Lasseter fixes it, right? It's extremely painful, time consuming, expensive. I'm giving you the punchline here though, right? So it's like, remember that the spine of the story that Woody, his dilemma was to stay or to go was the same before and after that we worked on it. One version didn't work at all. And the other was deeply emotionally affecting to the audience. Why? Talented storytellers had found a way to make viewers care. And the evolution of this storyline made it abundantly clear to me. This is the maximum. This is the punchline. This is the most important part. If you give a good idea to a mediocre team, they will screw it up. If you give a mediocre idea to a brilliant team, they will either fix it or throw it away and come up with something better. The takeaway here is worth repeating getting the team right is the necessary precursor to getting the idea right. That insight that it's people over everything, right? Go back to Steve Jobs idea. This is the only company's ever seen that has a team full of a players. They're betting everything on the talent that they have. That idea causes him to completely redo the entire organization structure of the company. Some points, even though they're creating movies in a brand new way no one's ever done before, they started copying some ways that other movie studios were set up. This doesn't make any sense. We had a development department that was charged with seeking out and developing ideas to make new films. Now I saw that this made no sense. The new goal, find, develop and support good people and they in turn will find, develop and own good ideas. Now here's the problem though. You go all in on talent. Well, these super like A players, aggressive people, people that are completely addicted to their life's work and achieving excellence, right? They tend to be workaholics. That can be excessively dangerous. In fact, when they were going through this, because they had a deadline for Toy Story 2, an overworked employee actually drives up, parks the car, and I think his wife is working there as well. And she goes, hell, how was the drop off? Like how, like you dropped our baby off at daycare. How was that? And he's like, oh my God, he had left the baby in the backseat and the baby almost died. And Ed realizes, oh my God, what kind of environment am I building here? We were almost like the direct result of pushing everybody to their absolute limits. We almost killed a baby. And so this causes him to change the way things are done as well. A motivated workaholic workforce pulling together to make a deadline could destroy itself if it's left unchecked. Though I was immensely proud of what we had accomplished, I vowed we would never make a film that way again. It is my job to protect our people from their willingness to pursue excellence at all costs. This is trickier than you might think. Pixar's people are ambitious high achievers who want to do their best and then some. But if we are in this for the long haul, remember going back, Ed treats the world like a classroom. Every single experience he has, he learns from it. What did he tell us a couple chapters ago? George Lucas had this insane long view of everything. And so Ed's grabbing that idea from Lucas and applying it here. If we are in this for the long haul, we have to take care of ourselves. We have to support healthy habits and we have to encourage our employees to have fulfilling lives outside of work. And one of the things you most admire if you read this book about both Ed Catmull, Steve Jobs and John Lasseter is that they believe that quality is the best business plan. So Disney had originally wanted Toy Story 2 to go straight to video. And they did that not because that's going to engender the the highest quality product. They did that because they were making so much money selling like VHS and I think DVDs at this time. So it was a pure money play.

The problem is, it's saying that Toy Story 2, which is not going to play in theaters, doesn't have to be as good or as high quality as Toy Story 1. And so Ed fights back on this. And this is, this is really interesting. It's going to remind me of something I read in this fantastic biography of Steve Jobs called Becoming Steve Jobs about this phrase that he has called The Apple Experience, which I'll get to in one second. Toy Story 2 taught us this lesson. Begun as a direct to video sequel, the project proved not only that it was important to everyone that we weren't tolerating second class films, but also that everything we did, everything associated with our name needed to be good. Thinking this way was not just about morale.

It was a signal to everyone at Pixar that they were part owners of the company's greatest asset.

It's quality. John coined a new phrase at this time that quality is the best business plan.

Ed's advice is that anything associated with your name has to be high quality.

Steve's application of this idea at Apple was The Apple Experience. I'm going to read from Becoming Steve Jobs now. Steve understood that every interaction a customer had with Apple could increase or decrease his or her respect for the company. As he put it, a corporation could accumulate

or withdraw credits from its reputation, which is why he worked so hard to ensure that every single interaction a customer might have with Apple from using a Mac to calling customer support to buying a single from the iTunes store and then getting billed for it was excellent. Same exact idea that Ed is talking about here. Every single thing associated with our name needs to be excellent.

Quality is the best business plan. Another idea Ed preaches. You start with something that sucks, right? Your job, what you get paid for is to make it not suck. Early on, all of our movies suck.

Really, you'd be surprised how bad the first versions of our films really are. I'm not trying to be modest. Pixar films are not good at first. All the movies we now think of as brilliant were at one time terrible, and this is as it should be. Creativity has to start somewhere.

There is a basic truth. People who take on complicated creative projects become lost at some point in the process. It is the nature of things. And so he talks about you need to develop mechanisms inside your own companies to get you back on track. And so one thing they use, and they repeat a lot throughout the book, is the importance of candor. You attack the quality of the person's idea, not the person, but you cannot sugar coat. Is this up to Pixar level quality or not? And because he preaches that, hey, all of our movies suck at first, no one takes offense. It is the nature of things. They are bad. Our job is to make them suck less. That is what we get paid to do. Another idea he has, the best products emerge from within their creator. We believe that the most promising stories are not assigned to filmmakers, but emerge from within them. Our directors make movies that they have conceived of and are burning to make. So they have this mechanism called the brain trust. Anywhere from like five to like 30 different people, they'll meet with a director or a filmmaker throughout the process to review them and they just give like very blunt candor, like critiques, hey, you know, could you draw this better is this story is a little weak here, whatever the case says. Now this is an important part. The brain trust has no authority. The director does not have to follow any of the specific suggestions given. The brain trust notes are intended to bring the true causes of a problem to the surface, not to demand a specific remedy. That specific remedy has to come within the filmmaker. And if it doesn't, you have the wrong filmmaker. And so another thing that he preaches

and repeats that you are not your idea. This is related. These are all related. They're in the same chapter. This principle eludes most people, but it is critical. You are not your idea. And if you identify too closely with your ideas, you will take offense when they are challenged. And so another great thing about the book is that he's working with all these like first class directors and filmmakers. They're like almost like a team of founders and in and of themselves. And they say really fascinating things. And so I just want to pull out one here. This is the filmmaker Andrew Stanton. Andrew is fond of saying that you need to be as wrong as fast as you can. So get to the wrong answer as fast as you can. It's the way I would summarize what he's about to tell us here. In a battle, if you're faced with two hills and you're unsure about which one to attack, he says, the right course of action is to hurry up and choose. If you find it's the wrong hill, then turn around and attack the other one. In that scenario, the only unacceptable course of action is running between the hills. You need to get to the wrong answer as fast as you can. Then he has a lesson that he learned from Steve Jobs. You need to know what you are best at. Steve believed that John and the story people knew more about narrative than he did and he left it to them. At Apple, he had the reputation of being deeply involved in the most minute details of every product. But at Pixar, he didn't believe that his instincts were better than the people here. So he stayed out. Candor matters at Pixar. It overrides hierarchy. And so another great thing that he learned from Steve is that business is problems. Problems are inevitable. That's why I think the maximum that I learned from Henry Kaiser like years ago, that problems are just opportunities and work clothes. It's such a fantastic maximum. They should be expected. And in fact, Steve says, if you don't have any problems, you should be very, very worried. At one point, Steve called me to check in on our progress. It's really strange, I told him. We haven't had a single big problem on this film. Many people would have been happy with this news. Not Steve. Watch out. He said, that is a very dangerous place to be. And so Ed's takeaway from this is I came to think of our meltdowns or problems as a necessary part of doing our business like investments and research and development. And so he keeps hitting on this idea that you should get used like things are going to suck. Problems are inevitable. This is like business is problems. Like it's never going to go away. You have to get accustomed to this. And so he's going to talk about the fact that these, these final product products go through these like rapid changes. They go from sucking or the story's bad to like, you know, winning Oscars and making hundreds of millions of dollars. And I get to the, there's only like two or three sentences on these two pages I want to read to you. But it's fascinating because he's talking about a product. And I realize if you read a lot of biographies, this is true for people too. Anyone who's seen the movie knows that the final product bears no resemblance to that description. But what nobody knows is how many wrong turns the story took over a period of years before it found it's true north. This is true for people too. Or another way to think about accepting the error part of trial and error. The principle I'm describing here, iterative trial and error has long recognized value in science. I read that sentence and I thought of two things. Both of people have done multiple, multiple broadcasts on Thomas Edison. I have not failed. I just found 10,000 ways that won't work. And more importantly, I think better, more applicable to where we are specifically in this story is Edwin Land. What did Ed Camel just say? Principle I'm describing here, iterative trial and error has long recognized value in science. Why don't we understand it has value in business, right? Edwin Land said this 50 years ago, what the physical sciences teach the social sciences

is how to fail without a sense of guilt. And then he points out something that Jeff Bezos noticed as well, that's very common mistake that companies make, especially as they grow. You have to know what your actual goal is. Just doing the process, improving the process is not the goal. Making something great is the goal. Making the process better, easier and cheaper is an important aspiration, something we continue to work on. But it's not the goal. Making something great is the goal. I see this over and over again in other companies. A subversion takes place in which streamlining the process or increasing production supplants the ultimate goal, which goes back to what is the ultimate goal, making something great is the goal. That supplants the ultimate goal. This kind of thinking yields to predictable and unoriginal fare. What's fascinating is we see Ed Catmull noticing that as they continue to grow and make more movies in Pixar. This is something that Jeff Bezos also observed in this fantastic book called *Invent and Wander*, the collected writings of Jeff Bezos. It's all of his shareholder letters and transcripts of his speech. I think I've done two podcasts on it, but I buy the book and just keep it. It's excellent. And he talks about this. He's like, well, as companies get, this is now Jeff Bezos writing, as companies get larger and more complex, there's a tendency to manage to proxies. A common example is process as a proxy, which is exactly what Ed Catmull is describing to us where we're in this book. Good process serves you so you can serve customers, right? He's saying process is not the goal. Good process serves you so you can serve customers. But if you're not watchful, the process can become the thing. This can happen very easily in large organizations. The process becomes the proxy for the results you want. Pause. What is the result that Ed Catmull wants? Making something great is the goal, right? Let's go back to what Jeff Bezos says. This can happen very easily in large organizations. The process becomes a proxy for the results you want. You stop looking at outcomes and you just make sure you're doing the process right. Gulp is what Jeff Bezos writes. It is not that rare to hear a junior leader defend a bad outcome with something like, well, we followed the process. A more experienced leader will use it as an opportunity to investigate and improve the process. This is Jeff Bezos' punchline. The process is not the thing. Let's go back to this idea that the unfair advantage, one of the unfair advantages that Ed Catmull had is that he's working with all these gifted filmmakers. This is like having a team of founders. There's another great idea that I thought was interesting from this filmmaker named Brad Bird. He talks about that your organization is an ecosystem. You need stress. It needs stress to survive. Brad Bird sees that every creative organization is an ecosystem. You need all the seasons, he says. You need storms. It's like an ecology. To view lack of conflict as optimum is like saying a sunny day is optimum. A sunny day is when the sun winds out over the rain. There's no conflict. You have a clear winner. But if every day is sunny and it doesn't rain, things don't grow. And if it's sunny all the time, if in fact we don't ever have night, all kinds of things don't happen and the planet dries up. The key is to view conflict as essential. Let's go back over that. The key is to view conflict as essential because you know that's how we know the best ideas will be tested and survive. You know it can't only be sunlight. Another idea, the new needs friends. This actually comes from Brad Bird as well, but it's Brad Bird as Anton Ego. If you've seen *Ratatouille*, you know what I'm about to read to you. Brad Bird wrote this speech that he gives at the towards the end of the movie. And so it says, the speech rocked me. This is Ed Catmull talking. He's like, that speech rocked me. And to this day,

it sticks with me as I think about my work. And so he's going to quote from the movie. In many ways, the work of a critic is easy. We risk very little yet enjoy a position over those who offer up their work and their selves to our judgment. We thrive on negative criticism, which is fun to write and to read. But the bitter truth we critics must face is that in the grand scheme of things, the average piece of junk is probably more meaningful than our criticism designating itself, where there are times when a critic truly risks something. And that is in the discovery and the defense of the new. The world is often unkind to new talent, to new creations. The new needs friends. He's got an entire section dedicated to what he calls the power of limits. He says limits that we impose internally can be a tool to force people to amend the ways they are working and to invent another way. We must think of smarter ways to work limit forces us to rethink how we are working. And this is why it's so important. The demand for resources is literally bottomless. Unless you impose limits, people will always justify spending more time and more money by saying, we're just trying to make it a little better. It is impossible to do everything on your list. So you need to set a deadline, which enforces a priority based reordering of your list followed by the difficult discussion of what on this list is absolutely necessary.

Another great line, again, this book is full of them companies like individuals do not become exceptional by believing they are exceptional, but by understanding the ways in which they aren't exceptional. This is another great thought and something that you see in the arc of a human life through reading biographies. I've known many people I considered to be creative geniuses, yet I can't remember a single one who could articulate exactly what this vision was that they were striving for when they started it. Creative people discover and realize their visions over time and through dedicated protracted struggle. Going back to another piece of advice from these gifted filmmakers from this team of founders that he has around them, this is one of my favorite metaphors for building a business I have ever read. It stuck with me from years ago, and it's from Andrew Stan. If you're sailing across the ocean and your goals to avoid weather and waves, then why the hell are you sailing? You have to embrace the sailing means that you can't control the elements and that there will be good days and bad days. And that whatever comes, you will deal with it because your goal is to eventually get to the other side. You will not be able to control exactly how you get across. That's the game you decided to be in. If your goal is to make it easier and simpler, then don't get in the fucking boat. I added that emphasis, by the way, that curse word is not in the book, but I think it just makes that that fantastic metaphor even better. There's an entire goes into this new challenge when Steve decides to sell Pixar to Disney. Ed Kamal and John Lasseter are going to be ahead of Pixar and Disney animation. And so this is a new mission to use that example from the beginning of the book, where he had to pick a new mission after the fulfillment of that multi-decade long goal. Now, I had written a note to myself about Steve's decision to sell to Disney. I'm going to put the book down, read this note, because I think it gives a great overview of what takes place. And then I want to pick the book back up and go to this afterward, which is almost like a second, like a podcast within a podcast, because there's just so much good information here about, you know, their lifelong part, 26 year long partnership. So Steve Jobs and Michael, I'm reading notes, there's no doubt to myself. This is from other books that I've read about the sale to Pixar. Steve Jobs and Michael Eisner were like oil and water, they could not get along. A few years later negotiations broke down between them. And Pixar started looking for other partners. Then Michael Eisner gets fired.

The new CEO of Disney becomes Bob Iger. Bob Iger finds out and he's going to be the next CEO. His first phone call is he makes to his daughter, so let them know. The second person he called was Steve Jobs. And he told Steve Jobs that he valued Pixar and he wanted to make a deal. This is now a direct quote from Bob Iger, explaining why he felt Disney needed to buy Pixar. He says, Michael Eisner didn't understand that Disney's problems in animation were as acute as they were. They manifested itself in the way he dealt with Pixar. He never felt he needed Pixar as much as he really did. Every negotiation needs to be resolved by compromises.

Neither one of them Eisner or Steve Jobs is a master of compromise. But wait a minute, how did Bob come to the realization that rightfully so that Disney needed Pixar?

This was one of the most surprising things. He is at a random parade. So he's at Disney Hong Kong. He's watching a parade at Disney Hong Kong. This makes him realize how important Pixar was to Disney. Why? Because Iger realized that the only characters in the parade that had been created in the past decade were Pixar's. And he's standing next to Michael Eisner when this happened. So he says, I like this is now a direct quote from Bob Iger again. A light bulb went off. I'm standing next to Michael, but I kept it completely to myself because it was such an indictment of his stewardship of animation during that period. After 10 years of the Lion King, Beauty and the Beast and Aladdin, there were 10 years of nothing. Another surprising thing is that Bob begins to negotiate with Steve to buy Pixar and he does something very, very unusual. He actually

does something that anybody negotiating with tell you never do. He tells Steve how badly Disney needs

Pixar. And even more surprising, this actually works because this is how Steve reacted. So this is what Steve Jobs said. This is why I love Bob Iger. He just blurted it out. Now that's the dumbest thing you could do when you enter negotiation, at least according to the traditional rulebook.

He just put his cards out on the table and said we're screwed. And I immediately like the guy. That's why Steve is saying like this is actually not this wasn't done on his part. I immediately like the guy because that's how I work too. Let's just immediately put all the cards on the table and see where they fall. Disney winds up purchasing Pixar for 7.4, 7.6 billion, something like that. Most of that is in Disney stock. Steve Jobs was this actually is the first thing that makes Steve Jobs a billionaire. He was a billionaire off of Pixar stock, not Apple stock. Steve Jobs was the single largest shareholder in Pixar. And after this deal, another interesting fact was that that made Steve Jobs the single largest individual shareholder in Disney. So with that, let's go back to the book. Let's go to the afterward. It is called the Steve We Knew. Again, I think everybody should have, especially if you're managing other people, you should have a copy of creativity. And I have the Kindle version, the hardcover version. I think I even may have the paperback version somewhere. Even just for the afterward, I think it's worth the price of admission, even though

the main part of the book is excellent. I work closely with Steve Jobs for 26 years.

To this day, for all that has been written about him, I don't believe in any of it comes close to capturing the man I knew. I've been frustrated that the stories about him tend to focus so narrowly on his extreme traits and the negative, difficult aspects of his personality. Inevitably, profiles of Steve describe him as a stubborn and imperious, and a man who held

steadfastly

and unwavering to his own ideas, refusing to budge or change, and who often tried to browbeat others into doing things his way. While many of the anecdotes people repeat about his behavior as a young executive are probably accurate. The overall portrait is way off the mark. This is the punchline. The reality is Steve changed profoundly in the years that I knew him. How could he not? Over 20 relentless learners, a relentless learner that refuses to quit.

26 years, he knew Ed Catmull. Of course, he's going to change and get better, get better at what he needs to do to accomplish his goals. The word genius is to use a lot of these days. Too much, I think. But with Steve, it's actually warranted. Still, when I first came to know him, he was frequently dismissive and brusque. This is the part of Steve that people love to write about. I realized that it is difficult to understand people who deviate so radically from the norm like Steve did. This narrative misses the most important story. And this is why I think the best biography of Steve Jobs I've ever written was as becoming Steve Jobs, because it talks about this transformation that Ed got to witness firsthand. In the time I work with Steve, he didn't just gain the kind of practical experience you would expect to acquire or running two dynamic, successful businesses. He also got smarter. He became fairer and wiser, and his understanding of partnership deepened. This shift didn't lead him to abandon his famous commitment to innovation. It solidified it. And I think Pixar played a role in that development. Remember, in the late 1980s, when Pixar was founded, Steve was spending most of his time building next. At Pixar, none of us, including Steve, knew what we were doing. Steve would overreach in early negotiations with customers. And sometimes this backfire, Steve had overreached,

his behavior would create ill will. And he later told me that he would that he had learned from this. In those early days, Steve sense that there was something quite special going on at Pixar, but it frustrated him that he couldn't figure it out. And he kept losing money in the meantime. And so this is something that Steve knew he had an expensive group that was ahead of its time. Could he hang on? This is something he didn't know. Could he hang on long enough for that potential to flower, especially if he didn't know if it would ever flower?

What kind of person signs on for that? Would you? That is one of the most important sentences in the entire book, because it forces you to stop. Would you? Let's say you got \$70 million, you got next is not a successful business, and you jump 54 million into Pixar. And literally every month, your partner comes up and asks you, Hey, Steve, here's the revenue, here's expenses, you got to write another check to cover payroll. That's insane. Would you? That's he's asking us, would you? You got to stop and actually pause and think about it. It's insane that you did this. We tend to think of emotional logic as two distinct mutually exclusive domains, not Steve. From the beginning, when making decisions, passion was a key part of his calculus. At Pixar, even when we were a long way, we were a long ways away from being in the black, that aggressiveness was tempered by his acknowledgement that we knew things about graphics and storytelling that he did not. He respected our determination to be the first to make a computer animated feature. Even when we were unsure how to reach our goal, our passion was something Steve recognized and value. That's what Steve, John, and I, ultimately bonded over. Passion for excellence. A passion so ardent, we were willing to argue and struggle and stay together, even when things got extremely uncomfortable. Excellence is the capacity to take pain is the summary of that last paragraph. We bonded over a passion for

excellence.

The passion was so ardent, we were willing to argue and struggle and be in pain. And stay together, even when things got extremely uncomfortable. And we see that other people within Pixar were willing to push back and to, again, lead with passion, I guess is the way to think about this. On the movie *A Bug's Life*, the marketing people were in conflict with the filmmakers. The filmmakers wanted the widescreen format because it led to a better experience in the theater. The marketers, believing that consumers were less likely to buy a video with black bars on the top and bottom, argued that the widescreen format would mean a reduction in our DVD sales. Steve agreed with the marketing people. I took Steve around a few weeks later, this happened. I took Steve around the offices so he could see some of the people working on *A Bug's Life*. The production designer was on the film was this guy named Bill Cohn. Bill was showing some images that happened to be in the widescreen format. Steve interjected that it was nuts for us to be making a widescreen movie. Bill came right back at him, explaining why the widescreen format was absolutely crucial from an artistic standpoint. An intense back and forth followed. It got it was definitely heated. Later, Bill came to see me looking rattled. Oh my God, I was just arguing with Steve Jobs. Did I blow it? On the contrary, I told him, you won. Steve had responded to Bill's passion about the issue. The fact that Bill was willing to stand up so forcefully and articulate for what he believed in showed Steve that Bill's ideas were worthy of respect. Steve never raised the format issue with us again. Ed's point with that story is this is in direct conflict with what was a popular narrative. Remember, this book is written like a couple like two or three years after Steve Jobs died. Upon meeting Steve, people generally had to become accustomed to his style. Brad Bird, the filmmaker remembers a meeting during the making of the movie *The Incredibles* soon after he joined the studio when Steve hurt his feelings by saying that some of *The Incredibles* artwork looked kind of quote Saturday morning, a reference to the low budget cartoons. In my world, that's kind of like saying your mama sleeps around, Brad said. I was seething. Brad came to understand, though, that Steve was speaking not as a critic, but as the ultimate advocate. *The Incredibles* he was implying had to reach higher. He was just saying that we have to show this is something bigger. And that epitomized Steve. Steve had a remarkable knack for letting go of things that didn't work. If you weren't an argument with him, and you convinced him that you were right, he would instantly change his mind. He didn't hold on to an idea because he had once believed it to be brilliant. Perspective is so hard to capture. I work with Steve for more than a quarter century. Longer, I believe than anyone else. And I saw an arc to his life that does not accord with the one note portraits of relentless perfectionism that I've read in magazines, newspapers, and even his own authorized biography. Relentless Steve, the borish, brilliant, but emotionally toned deaf guy that we first came to know, changed into a different man during the last two decades of his life. All of us who knew Steve well noticed that transformation. His experience with Pixar was part of this change. Steve aspired to create utilitarian things that also brought joy. It was his way of making the world a better place. That was part of why Pixar made him so proud, because he felt the world was better for the films we made. He used to say regularly that as brilliant as Apple products were, eventually they all ended up in landfills. Pixar movies, on the other hand, would live on forever. His role evolved during our time together. In the early years, he was our benefactor, the one who paid the bills to keep the lights on. Later, he became our protector, a constructive critic internally, but our fiercest defender to the outside. While he never lost his intensity,

we watched him develop the ability to listen. More and more, he could express empathy, and caring, and patience. He became truly wise. The change in him was real, and it was deep. Shortly before his death, John had visited Steve for the last time.

We sat for an hour talking about coming projects that he was so interested in.

I looked at him, and I realized this man had given me, given us, everything that we could ever want. I gave him a big hug, I kissed him on the cheek, and I said, thank you. I love you, Steve. The roller coaster came to a stop, and a good friend got off. But what a ride we had taken together. It had been one hell of a trip. And that is where I'll leave it for the full story.

I highly recommend you buy the book. If you buy the book using the link that's in the show notes on your podcast player, you'll be supporting the podcast at the same time. That is 317 books down 1000 to go, and I'll talk to you again soon. I'm glad you made it to the end. Founders, listeners, are not quitters. If you have not already signed up for the Founders AMA Private Feed,

I highly recommend doing that right now. I will leave a link down below, but it's also always available at founderspodcast.com. Because of the insane amount of research that I have done over the last seven years for this podcast, I have a very unique set data set that's available nowhere else. There's over 20,000, I've read over 100,000 pages where like 300, what, 15 books, something like that. I have somewhere between like 20 and 21,000 highlights and notes from this project.

90%, probably over 90% of my highlights and notes never make it onto the podcast, yet the information contained in them is excessively valuable. So what I did is like, I'm constantly getting questions all the time, right? And I look at them like they're unique prompts to try to get some of this information out of my head and out into the world, which is actually useful to you. And one way to do this, so everybody benefits is by actually making a private AMA feed. So if you become a member, you'll be able to ask me questions directly. There's a private email address that you

get in the confirmation email after you sign up, do not share that email address, because I read every single one of these emails myself. I don't have an assistant doing it. I'm the only one that has access to that email. So I read every single one myself. Now the questions that I get from these emails, I turn I answer, and I turn them into short AMA episodes. So that allows other members to learn from the questions of other members. You can also add a name and link to your website with your question so that other members can check out what you're working on. I've already got I've already heard from subscribers to the AMA feed that they've actually got new paying customers from people that discovered their business from an AMA question.

I plan on making several new episodes every week. If you are an enthusiast of Founders Podcasts, I highly recommend that you become a member. You can join by using the link that's in the show notes on your podcast player or we're going to founderspodcast.com.