

## [Transcript] My First Million / SPECIAL: Steve Jobs (Part 1)

All right.

Quick break to tell you about another podcast that we're interested in right now, HubSpot just launched a Shark Tank rewatch podcast called Another Bite.

Every week, the hosts relive the latest and greatest pitches from Shark Tank, from Squatty Potty to the Mench on a Bench to Ring Doorbell, and they break down why these pitches were winners or losers, and each company's go-to-market strategy, branding, pricing, valuation, everything.

Basically all the things you want to know about how to survive the tank and scale your company on your own.

If you want to give it a listen, you can find Another Bite on whatever podcast app you listen to, like Apple or Spotify or whatever you're using right now.

All right.

Back to the show.

All right.

We've got a special episode here.

This is from Ben Wilson.

Ben Wilson's a producer for my first million, but on the side, he's got a podcast called How to Take it for the World, and I love it.

It was actually in my top Spotify wrap-up podcast, same with Sean.

We air some of his episodes on our feed because we think it's amazing.

This episode is with Steve Jobs.

It was actually a two-part series.

This is, well, you could be listening to one or two right now, but it's a two-part series.

Give it a listen.

He does a really good job of saying the background of who Steve was and what motivated him, but he also does a really good job of explaining what you can learn from him in the world of business.

So incredibly fascinating.

Check it out, How to Take Over the World, the name of the podcast, and here is Steve Jobs.

Hello, and welcome to How to Take Over the World.

This is Ben Wilson.

Today, we're going to be talking about Steve Jobs.

Steve is a really interesting case.

I think in many ways, he is the face of greatness for our time.

If you go to a list of most admired executives or CEOs of the 21st century, or of all time, he almost always appears, and usually at the very top of the list.

And when you ask Silicon Valley entrepreneurs for their greatest inspirations, his name pops up all the time.

And I think that's understandable.

He helped introduce the world to some of the most important technologies of our time.

You think about the smartphone, the personal computers, things that are really foundational to the way we live, Steve Jobs constructed a lot of the user experience around that.

So a lot of the way that we live our lives is at least partially constructed by Steve

Jobs.

He helped create some of the most iconic consumer products ever, including the Apple II, the Macintosh, the iMac, the iPod, the iPhone, the iPad, iTunes, the App Store.

He founded the most valuable company of all time in Apple.

His estate is worth \$19 billion, so obviously he was successful financially.

Two of the companies he owned, and is most known for, Apple and Pixar, are two of the most iconic brands in America and in the world.

There have been dozens of books written about him, a handful of movies, and countless profiles and articles.

If you're going to talk about how to take over the world, you almost have to talk about Steve Jobs.

His vision and mindset are everywhere around us, from the ubiquitous use of touchscreen smartphones to the way entrepreneurs obsess over making physically beautiful products.

His minimalist design aesthetic is the standard for technology forward companies.

In many ways, we are living in Steve Jobs' world.

So if we want to talk about how to take over the world, well, then we better talk about Steve Jobs.

But in my experience, trying to emulate Steve Jobs is a dangerous game.

Bill Gates joked that if you wrote a book about Steve Jobs' management style, it should be called Don't Try This at Home.

And I agree, Steve broke all the rules.

That includes the stupid rules.

Yes, but it also includes some of the good rules about management and life that most people probably should follow.

He dropped out of college without a good job lined up.

Early in his career, he was an overbearing and often abusive boss.

He wasn't a great programmer or engineer.

He was known for his temper and for lashing out and yelling in these massive tantrums.

He could drive people to near nervous breakdowns.

He was a complete jerk to those around him oftentimes.

He insulted people all the time.

He rarely listened to others and always thought he knew best.

And some people think that he succeeded because of these things.

I take the opposite view.

I think he legitimately had huge weaknesses, glaring flaws.

Remember, he founded two companies and was majority owner of one other.

He was kicked out of one and the other two failed, at their original purposes at least.

But he succeeded magnificently because the management and entrepreneurial techniques and strategies he used were so powerful that they made up for these drawbacks.

And therein actually lies the power of Steve Jobs' life.

Not that he had no weaknesses, but that his strengths were so powerful that they could outweigh his huge glaring flaws.

But unfortunately, a lot of people have trouble disaggregating his strengths and his weaknesses.

So with this episode, I feel a little bit like I'm giving you the one ring from Lord

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of the Rings.

The lessons here are extremely powerful, but I would just say make sure that you listen to and understand the whole thing, exercise caution.

If your number one takeaway from this lesson is in order to be more like Steve Jobs, I have to be a jerk and be really mean to people.

That's just not the right lesson and that's not what made him great.

Three little notes before we get started.

First, there's a ton to learn and analyze.

So this is a multi-part episode.

Second, my sources, I use a number of different resources, but the two I leaned on by far the most are Walter Isaacson's biography, Steve Jobs, and the book Becoming Steve Jobs: the evolution of a reckless upstart into a visionary leader by Brent Schlender and Rick Tetzeli.

Last thing is a mild content warning.

There are some quotes I use that contain strong language.

And that's it.

Okay, let's go.

Steve was born in 1955 in Wisconsin.

His biological mother was a Wisconsin girl and his biological father was a Syrian immigrant studying in the United States.

Neither of their parents were happy about the match, so they decided to give up Steve for adoption.

Their one requirement was that he be placed with parents who were college graduates.

Paul and Clara Jobs were not college graduates.

Paul was a mechanic and Clara was a stay-at-home mom.

The adoption almost didn't go through when Steve's biological mother, Joanne, found this out, but the Jobs promised to send him to college and so the adoption did go through.

Steve had a good childhood.

Paul and Clara had a stable and loving marriage.

They raised him in the Southern Bay area in the Santa Clara Valley, or the area that's now known as Silicon Valley, and they were good parents, although once they started to realize just how smart Steve was, they were very deferential to him.

He was almost never punished by his parents, and even when he got in trouble at school, his dad would tell the teachers that it was their fault.

If you can't keep him interested in your lessons, that's on you.

So he had a good upbringing, but maybe it was, I think it's fair to say, a little bit spoiled.

It was an interesting time to be growing up in Silicon Valley.

The first round of Silicon Valley companies had already seen success.

Hewlett-Packard, Varian, Shockley Semiconductors, and others.

These were different from our current Silicon Valley companies.

They were big hardware manufacturers, often working with big corporate and government contracts.

Even so, these companies made the Bay Area the hub for electronics and computing, and people could already tell that electronics and computing was the future.

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And for those living and working in Silicon Valley, at the time, the possibilities really seemed endless.

The future was being written, and they were going to be the authors.

And this is the spirit and the atmosphere that Steve Jobs was breathing in as he grew up, and I don't think that he could have become Steve Jobs.

He couldn't have done what he did if he had grown up anywhere else.

Here's what he said about growing up when he did, quote, you had all these military companies on the cutting edge.

It was mysterious and high-tech and made living here very exciting.

And not only was it an exciting area, but it was an exciting time period.

He grew up during the 60s and 70s.

It was a time when people were encouraged to question authority, to think for themselves.

So the culture that Steve Jobs grew up in really lent itself to innovation and to change entrepreneurship.

And Steve Jobs comes onto the scene, and there's one attribute that he has and is known for really from the beginning from his childhood, and it's his ability to persuade and manipulate other people.

Ashlender and Tetzeli put it in becoming Steve Jobs, quote, Steve innately understood from an early age that the right words and stories could help him win the attention he needed to get what he wanted.

There's a story I like from one of his elementary school teachers.

There's a picture of his class on Hawaiian shirt day.

You're supposed to wear a Hawaiian shirt to school on that day.

And in the picture from that day, there's one kid who's not wearing a Hawaiian shirt.

And it's not Steve Jobs.

Steve Jobs was in fact the one who had forgotten to wear a Hawaiian shirt, but he had literally talked the shirt off another kid's back.

And so this other kid is just wearing a random t-shirt and Steve Jobs is fitting in with the class wearing a Hawaiian shirt.

And he had this sort of Tom Sawyer askability to persuade other people to do things.

So he became sort of a prankster with this ability.

There's some pretty good stories like time he set up posters for a fake, bring your pet to school day.

All these kids see them and don't know they're fake.

So they show up to school with their pets and none of the teachers know what's going on and it creates complete pandemonium at the school.

Despite this behavior, Steve was undeniably bright.

School administrators thought maybe he should skip two grades in order to keep him busy and interested.

His parents sensibly thought, no, that will be too isolating to have him with kids that much older than he is too hard on him socially.

So he did just skip one grade.

He skipped fifth grade and from the beginning, he was someone who stood at the intersection of humanities and technology.

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He really liked the humanities.

He liked English.

He liked writing.

He's a big fan of Plato and Shakespeare and Melville, but he was also interested in electronics.

He joined this thing called the Explorers Club and we'll put together electronic kits and stuff like that.

This is something we'll explore later because it was really instrumental to his success, this fact that he enjoyed and understood both art and the humanities and technology and how to use that.

Another thing that defined Steve early on was his ability to focus intensely.

When he got it in his head that he wanted to do something, he had this otherworldly ability to focus like a laser beam and just get it done.

This sort of tunnel vision meant he didn't see boundaries and obstacles or social expectations of things that he was doing, rules he was breaking.

Steve joined this Explorers Club that I mentioned and they had projects that they were supposed to complete in this Explorers Club.

For one of his projects, Steve needed a part, but he couldn't find it.

He found out that Hewlett Packard made it and what would you do?

Okay, I need this part, I don't have it, I can't find it, Hewlett Packard makes it.

What is the next logical step?

Well Steve with his laser beam focus, this is the idea he comes up with, he goes through the phone book, well I'll read his description quote, back then people didn't have unlisted numbers so I looked up Bill Hewlett and Palo Alto and called him at home and he answered and chatted with me for 20 minutes.

He got me the parts and he also got me a job in their plant.

So his solution with this focus, again he just like somehow doesn't see social boundaries, the things that you are just not supposed to do, he doesn't get it.

So I need this from Hewlett Packard, okay well Bill Hewlett, he's the CEO of Hewlett Packard, I'll call him and he just calls him up and gets the part, it works.

Later he would do the same thing in an electronics class in high school, but it was a little bit sketchier.

He needed a part for a project, for an actual high school class.

So he just collect called the manufacturer who was in Detroit and told them he was designing a new product and wanted to test out the part.

So they send him the part for free, they air frayed it and it gets to him right away.

Again this intense focus made Steve a master of getting things done.

He never saw, I don't know if he didn't see or if he didn't understand the things that you're just sort of not supposed to do and so he would just do whatever it took to get things done.

So in high school, a mutual friend introduced Jobs to a guy by the name of Steve Wozniak, he was called Woz for short, and Woz is five years older than Steve Jobs and he's an unbelievably brilliant engineer, he's kind of the opposite of Steve Jobs, he's an engineer's engineer, he believes that engineering is sort of the ultimate human pursuit because as an engineer you make things, you make a better world and Woz is kind of shy, he loves to engineer,

he does not love to persuade or manipulate people, he doesn't want to manage or tell people what to do.

So they're both geniuses, but Steve Jobs is a natural leader and Steve Wozniak is whatever the opposite of a natural leader is.

Despite their differences, Jobs and Woz become really good friends and they bond over electronics and music, they hunt down Bob Dylan tapes and do pranks with their electronics.

To give you an example of the kind of pranks they would pull, Woz invented basically a TV scrambler, you could point it at any TV, push a button and it would cause the TV to go fuzzy.

The best thing about it was that it could work from pretty far away.

So Woz and Steve would go to the windows of college dorms and use this thing, push the button and watch people's reactions as their TV stopped working.

And what they would do is try and get people to do weird stuff.

So for example, as soon as someone touched their TV, they would unscramble it and then scramble it again if that person took their hand off the TV.

So that soon they're watching TV with their hand on the TV, they can't leave the TV set because they think that if they do, it's going to go fuzzy again, their TV is not going to work.

The way Steve Jobs told it, they would have people hopping around on one foot just to try and get their TV to work.

It's just another example of Steve getting satisfaction from some form of manipulation.

It is at its core, I guess, a form of persuasion.

He's altering people's behavior by using technology, which obviously foreshadows his career.

Most interestingly, Steve and Woz invent something called the blue box.

The blue box started as a prank, but it became Steve Jobs' first enterprise.

It basically hacked long distance calls.

For my younger listeners, phones were very different back then.

Long distance calls, calls to a different state or country, could be very expensive.

And the way calls were actually made was through a series of sounds that the buttons made when you dialed.

Most people just assumed it was actually pushing the buttons that connected you to the right number, but it wasn't.

So someone smart figured out that if you were able to mimic some of these sounds, you could get a pay phone to make long distance calls for free.

Steve and Woz found out about a whistle that could do this, but it didn't work super consistently, it didn't work super well.

Woz thinks about it and thinks there has to be some way to do this digitally to make it more reliable.

So he goes into his lab and he's able to engineer a device to do exactly that.

You put this little electronic device to the phone and press the button and it will make a long distance call for you for free.

So they assembled this device in a little blue box and they test it out and it works.

And so they're calling everywhere, they call Southern California is the first person they



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call, they call hotel in London and they call the Vatican and try and get through to the Pope.

Woz is pretending to be Henry Kissinger and they almost get through before someone figures out something is fishy here, this isn't really Henry Kissinger.

Steve Jobs comes up with the idea to make it a product and actually sell it.

Quoting now from the Isaacson biography, quote, it was then that they reached an important milestone, one that would establish a pattern in their partnerships.

Jobs came up with the idea that the blue box could be more than merely a hobby, they could build and sell it.

I got together the rest of the components, like the casing and power supply and keypads and figured out how we could price it, Jobs said, for shadowing roles he would play when he founded Apple.

The finished product was about the size of two decks of playing cards.

The parts cost about \$40 and Jobs decided they should sell it for \$150, this end of the quote.

It's a pretty good markup, again, \$40 to build it, they sold it for \$150.

They are pretty successful selling it, they sell it mostly to college students, they go into college dorms and say, hey, is George here?

And the students go, what, no, there's no George here.

And they say, oh, we're looking for this guy George, he was trying to buy this thing, it's called the blue box, look, it makes long distance calls and that's how they sell people on it.

And this works really well for a while and then eventually someone pulls a gun on them and they decide, okay, this is too sketchy and they stop selling the blue box.

And I mean, they're tricking phone companies into free calls, technically this is illegal.

So it's not like they could be millionaires, you know, make a huge business out of this, they have a nice little run, they sell some, they make a little bit of money, good for high school, but after a few months, they stop selling the blue box.

I think this story is illustrative because it shows how much the small things are the big things.

I mean, you know, the story of the blue box is basically how Apple is founded eventually.

I mean, it's crazy how much this pretends how jobs career will go, persuading someone else using their technology and turning it into a true consumer product, the clever branding and sales, the big markup, it's all there in this very first enterprise.

And what I see too often is people trying to jump straight to Apple without ever having their blue box.

I mean, obviously I am very encouraging of people who want to have big dreams that this podcast is called how to take over the world.

Of course, that's the thing that I love and am into, but so many people, you know, try to write a novel and you ask them, okay, have you ever written a short story?

And the answer is no.

The best way to figure out what you will, what you will be successful at, what you're going to be successful at is to see what you have been successful at in the past and try to replicate it on a larger and larger scale.

So as I mentioned with writing, start with a short story.

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If it's a business, start with something small and simple and see if you can make it profitable. No one tries to be a professional baseball player without dominating their little league first.

So dominate your little league, find your blue box, it'll point you in the right direction. Also during this time period, you see Steve Jobs for the first time deliberately cultivating a personal brand and honing his persuasion skills.

Natural ability is great, but you have to focus on and study persuasion if you want to be a master and that's what he starts to do here.

From the Isaacson biography quote, he learned to stare at people without blinking and he perfected long silences punctuated by staccato bursts of fast talking.

This odd mix of intensity and aloofness combined with his shoulder length hair and scraggly beard gave him the aura of a crazed shaman.

He oscillated between charismatic and creepy.

He was cultivating a personal brand and figuring out how to get people to bend to his will.

Yeah, his brand is kind of creepy and odd to start with, but he is really able to capture and hold people's attention with it.

There's a quote that I think helps illustrate this.

It's from a guy who comes onto the scene later named John Skull.

He said quote, Steve's look of contempt is unyielding.

It's like an x-ray boring inside your bones down to where you're soft and destructibly mortal.

His use of looks, silences and conversational ticks and tricks to bend people to his will starts now way back in high school.

Well, eventually Steve graduates from high school and his parents really wanted him to go to college.

They made this promise to his biological parents that he would go to college and they want to live up to that.

The only problem is he doesn't really want to go to college.

His parents hardly ever tried to tell him what to do, but this was important, really important to them.

So for the first time, they're kind of leaning hard on him to make this decision.

And he passively aggressively chooses Reed College in Oregon.

Why?

How's this passive aggressive?

Well, it's a very nice liberal arts college.

But at the time, it was literally one of the most expensive colleges in the entire country.

It was sort of this act of defiance.

To make it hard, you know, you're going to make me do this while I'm going to make it hard on you.

But his parents agreed to pay and they've only up the money and they send him to Reed College.

At Reed, Steve is a total counter-cultural rebel and hippie.

He experiments a lot with psychedelics, especially LSD.

He often goes to hippie communes and Pixapples.



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He starts doing bizarre diets that he would intermittently do throughout his life.  
He would do things like only eat apples or only eat certain vegetables.  
And he would do this for weeks at a time.  
I don't have the quote in front of me, but there's one person who was talking about this period of his life and said, Steve would go on these diets where he says, I'm only eating apples picked by virgins in the light of a full moon.  
And it was totally crazy stuff that he was doing.  
And that's partially because anything Steve Jobs decided to do.  
He did 110%.  
At this point, he's a committed vegan and he reads something that makes him believe the only reason we need to shower is because we eat meat.  
He thinks if you don't eat meat, your sweat won't smell bad.  
And so by his logic, since he doesn't eat meat, he doesn't have to shower.  
And everyone tells him he smells bad, but he's Steve Jobs.  
So he convinces himself that everyone else is crazy, not him.  
So he almost never showers or bathes.  
He's a real crazy hippie type at this point in his life.  
College was never going to work out well for Steve Jobs.  
He hated authority.  
He hated being told what to do.  
Like most great men and women, he had a craving to be in charge.  
And if you've ever been a freshman in college, if your freshman experience was anything like mine, you know that that is not the right position, situation to be in in order to be in charge.  
There's this story that comes to visit him at Reed and Steve grabs his course schedule and says, they're making me take all these courses and was just replies, yes, that's what they do in college.  
So Steve is tired of this and drops out after just a semester.  
He hangs out and will drop in on classes that he's actually interested in.  
He does that for about a year, but pretty soon he decides he's, you know, living on his parents' dime, he decides he's wasting their money and decides to move back to California and move in with his parents.  
Once he moves back home, he's looking for a job and he sees a listing for a job at Atari.  
Atari was one of the very first video game makers.  
They created Pong and some, some early famous games.  
And the job ads said, have fun, make money.  
And Steve decides, okay, that's the job he wants.  
So he goes about getting the job in a very Steve Jobs kind of way.  
I'm quoting now from the Isaacson biography.  
That day jobs walked into the lobby of the video game manufacturer Atari and told the personnel director who was startled by his unkempt hair and attire that he wouldn't leave until they gave him a job.  
When jobs arrived in the Atari lobby wearing sandals and demanding a job, the chief engineer Al Alcorn was the one summoned.

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Al described the experience this way, quote, I was told, we've got a hippy kid in the lobby.

He says he's not going to leave until we hire him.

Should we call the cops or let him in?

I said, bring him on in.

And they hire him that very same day.

Steve is kind of a good employee at Atari.

He's good at designing games in a really simple and cool way that people like.

The head guys at Atari really like him for that.

But the average workers hate him because he's prickly and arrogant and he thinks he knows better than everyone.

He yells at people all the time and he smells terrible because he's still almost never showering.

And despite the fact that Steve is doing well at Atari, he's still basically an insane hippy at heart.

One of his old friends from Reed College, Bob Friedland convinces Steve that he needs to go to India to find himself spiritually.

Here's how Al Alcorn, the head engineer at Atari described what happened next, quote, he comes in and stares at me and declares, I'm going to find my guru.

And I say, no shit, that's super, right me.

Tells you something about the spirit of the era that when Steve quits his job to go to India and find his guru, his boss's response is basically, good luck, have fun.

Steve also wants him to help pay for his trip to India.

And that's a step too far.

Al says, no, but they do work out an arrangement.

He says, okay, I can't send you to India on the company's dime, but we have some problems in Munich with some of our distributors or European distributors.

And so we'll send you there and you can help fix the problem.

And then it'll be way cheaper to get from Europe to India than it is from America to India.

So that's what they do.

So Al Alcorn sends him off saying, say hi to your guru for me.

This is a good moment to reflect on how much Steve Jobs was a product of his era.

I mean, think about it.

Steve is a low level employee at Atari.

He says he's going to quit his job and go to Atari.

And not only do they not get mad, they are mildly supportive.

They do some things to help him with that.

The culture he grew up in was very instrumental to his development.

And it wasn't just the culture.

His friend who convinced him to go to India, I mentioned as a guy named Robert Friedland.

When I was doing research for this, I looked up Bob Friedland and he is the founder of Ivan Ho Mein's, a giant mining company in Asia.

He's a billionaire.

And I thought to myself, man, what are the chances that Steve Jobs would just happen

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to be friends with another billionaire in college?

It just seems like such a freak coincidence.

And then you start to think about who else he knows and is in his inner circle.

He knows Steve Wozniak, who turns out to be one of the smartest computer engineers of all time.

He's friendly with Bill Hewlett, who is the CEO of Hewlett Packard, and Al Alcorn, chief engineer at Atari, and he would go on to become friends with the founder of Oracle, Larry Ellison, another billionaire, the founder of Intel, Andy Grove.

You'd have a personal relationship with Bill Gates.

And you just think about this and you're like, man, there's no way that this is a coincidence that all of these guys knew each other.

I started to think about all the other successful people that I know of and their friend groups.

The first thing that came to mind oddly enough was Isaac Newton.

He was friends with Voltaire and with John Locke, two other great philosophers and men of science.

But there are tons of other examples like this.

You think about Gertrude Stein.

She was an artist.

She was a writer.

She had a salon in Paris in the 1920s and 30s.

And here are the people who hung out in her salon, Pablo Picasso, Henry Matisse, Ernest Hemingway, F. Scott Fitzgerald, and Ezra Pound, among others.

And that reads like a who's who of the great artists of the time.

Or think of the Inklings.

This was a gathering of writers in Oxford who had a number of extremely famous authors come from it.

Some of the most famous authors of the 20th century, the most notable being J. R. R. Tolkien, writer of Lord of the Rings, and C. S. Lewis, the writer of the Chronicles of Narnia.

And at this time, Steve Jobs was doing sort of a similar thing, I guess.

He was developing his own inner circle of geniuses.

I think he was probably doing it subconsciously.

If it was intentional, I've never heard him talk about it.

And there's no way any of them, especially Steve, would have been so successful without this tribe of people who were also doing similar things, innovating, pushing boundaries, trying new things.

And anyone who has enormous success has a group of people like this.

I call it their tribe of maniacs.

Geniuses and innovators don't appear out of nowhere or create their successes all on their own.

They come from groups and from cultures.

You need the right people and the right culture.

Steve Jobs summed up the culture of the time pretty well.

He said,

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When I went to school, it was right after the 60s and before this general wave of practical purposefulness had set in.

New students aren't even thinking in idealistic terms, or at least nowhere near as much.

The idealistic wind of the 60s is still at our backs, though, and most of the people

I know who are my age have that ingrained in them forever.

Steve Jobs was able to be Steve Jobs because of the friends he had and the spirit of the times.

And the mistake I see a lot of people make is they think they're going to lock themselves in their bedroom and work furiously until they have programmed the next Facebook or written the next great American novel or invented some great technology or device or product or whatever.

But you look at history and that basically never happens.

You have to somehow be friends with the other great entrepreneurs or writers or musicians or whatever you're going for of your time.

You have to find your tribe of maniacs, and if you can't find it, then you have to go out and create it.

It's one of the key elements of success.

So go find your tribe of maniacs, and if you can't find it, then move to New York or L.A. or D.C. or London or wherever that tribe is, and if you still can't find it, then make it.

Don't go it alone.

It doesn't work.

Okay.

So back to Steve Jobs.

So Steve does go to Germany for Atari, and the Germans hate him.

They're these very proper businessmen in suits, and he's not in a suit.

He doesn't even wear shoes.

He's got long hair.

He smells terrible.

He fixes the problems that the German distributors of Atari were having, but they hated him.

So they call Al Alcorn and complain, and his response is hilarious.

He says, I said, did you solve the problem?

Did he solve the problem?

And they said, yeah.

I said, well, if you've got any more problems, you just call me.

I got more guys just like him.

They said, no, no, we'll take care of things next time.

So having done his work in Germany, Steve heads to India.

Unfortunately, the guru he was looking for had died just a few weeks before he gets there, but he's there for seven months going to religious festivals, hanging out in monasteries, and just generally doing the stuff that, you know, I would assume an American spiritual seeker in India would do.

He doesn't find enlightenment.

It doesn't mark a huge change in his life course, but it does subtly change his perspective.

It makes him more attuned to the issues of the world.

It gives him more of a grounding in Eastern philosophy that he would carry with him throughout his entire life.

So it is a growing experience for him, a good experience for him, if not necessarily a defining or hugely transformative one.

I've already touched on briefly, but he was really obsessive when people talk about balance and having balance in your life.

You know what they're talking about the balanced person, you know, they always drink eight glasses of water.

They do yoga every morning.

They always make sure to spend time with their friends and call their mom on the weekends, keep a stable job.

The balanced way for Steve to approach spirituality would probably be to buy a book on meditation practices and read a little bit every morning.

But there was no one less balanced than Steve Jobs.

It was a part of his insane ability to focus that when he was focused in on something, he was totally obsessed with it.

And the kind of person who obsesses over spiritual enlightenment enough to go to India for seven months is the type of person who would be obsessed enough to do what he did in technology and business.

So I think that's another key thing to take away from how he lived his life, the single minded obsession.

Well, when Steve finally gets back from India, he goes back to Atari's offices.

And this being the Bay Area in the 70s, they know have no hard feelings.

They're glad to see him back.

They say welcome back and they give him his job back right away.

In the meantime, you remember was the brilliant engineer who helped Steve design the blue box.

Well, he is about to change the world.

Was had joined his own tribe of maniacs.

He had started going to something called the homebrew computer club.

At the time computers were for the most part, these massive mainframes that took up an entire room.

And we're only owned by the government or huge corporations.

And this club is a group of Bay Area tinkerers, engineers and nerds who are interested in making their own computers, home computers.

And was is especially interested in personal computing and terminals.

What does that mean?

Terminals.

Well, at this point in time, personal computers, we're still using punch cards and flashing lights to give you results, mostly in binary code.

So we think of as a personal computer, you know, a screen where you type in some, some keys and words appear that didn't exist at the time.

Home computers were not life changing productivity machines.

## [Transcript] My First Million / SPECIAL: Steve Jobs (Part 1)

They were glorified calculators that more often than not, you had to understand binary code in order to operate.

They were niche tools for nerds, basically.

Well was is trying really hard to figure out how to make his computer work with a TV screen so that you could actually see what's happening.

And one day he finally figures it out.

Was said in his own words, I typed a few keys on the keyboard and I was shocked.

The letters were displayed on the screen.

It was the first time in history, anyone had typed a character on a keyboard and seen it show up on their own computer screen right in front of them.

It's rare that the significance of an historical event like this really happens in a single moment.

I love to envision that was typing on his keyboard and something appearing on a screen for the first time ever.

It's what a cool moment.

And was his initial inclination is to give this away to the homebrew computer club guys.

Tell them how he did it in a spirit of openness and collaboration and let them use the design for their own purposes.

Then he's very excited about it and tells his good old buddy Steve Jobs about the idea and Jobs convinces was that they should start a company turn this into an actual product and sell them in a healthy markup just like the blue box.

So at first was does not want to do this.

Remember he's not a businessman.

He doesn't like business.

But here you just see what a master of persuasion Steve Jobs is.

He knows exactly what buttons to push in order to get was to do what he wants.

Steve tells him quote even if we lose our money we'll have a company for once in our lives we'll have a company was said about that time quote I was excited to think about us like that to be two best friends starting a company.

Wow.

I knew right then that I'd do it.

How could I not.

So Steve has him 100% convinced and even excited for doing something starting a company that he didn't want to do right before that conversation.

It's a pretty amazing demonstration of Steve's ability to read people and say just the right thing to persuade them.

So they start this company they bandy around a few ideas for names but Steve Jobs is the one who comes up with Apple.

They start it in the Jobs garage that Paul Jobs moves out his vintage cars to make room.

And in some ways Steve is just like a classic small businessman.

You hear about the way he runs Apple this time it reminds me of like a Middle Eastern fruit vendor.

He's got his mom and dad working for him for free he's got old girlfriends coming over working minimum wage helping them sold their microchips that one of the things Steve is



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great at is getting computer parts for super cheap.

He's out there haggling with manufacturers and wholesalers over pennies for their computer parts.

He's unbelievably resourceful and a great negotiator and a great motivator.

Now was wants to sell these computers for what it costs to manufacture them.

But Steve wants to sell them at a healthy markup and of course Steve Jobs prevails and they sell them for \$666.

You can only manufacture so many computers out of your parents garage but they do manage to manufacture and sell a couple hundred enough to turn a profit.

And this is the Apple One is the name of the computer.

And it's the best personal computer of the time.

It's only problem is it looks scruffy.

It comes in a wooden box and it doesn't come with all the necessary accessories like a power supply or cables and things like that.

It's revolutionary but at the same time it's basically still for hobbyists.

Other people, many of them in the homebrew computing club have been working on personal computers as well so the Apple One isn't the only thing out there when they launch it.

They go to a computer convention and Steve Jobs sees the competition.

Most of the other computers were better looking than the wooden Apple One or at least they were more professional looking.

They were metal, they were a little bit clunky but it's then that Steve realizes he wants to create something friendly and approachable.

He wants to create the first consumer computer that's targeted to normal people.

So he and Was set about doing that by creating the Apple Two.

And the Apple Two is going to be their real breakthrough product, the thing that changes the world.

Steve Jobs is in the appliance aisle at Macy's when he was struck by the design of all things a Cuisinart food processor and so he decides that he wants a sleek case made of light molded plastic just like a Cuisinart realizes that this will make it seem like it belongs in a home like it's approachable and similar to something that people can understand.

Of course, that turns out to be a genius insight one that will pay off handsomely.

At the same time as they're designing the Apple Two, Steve and Was mostly Steve are trying to create a real company as well.

Up until this point they're still operating out of Steve's garage and Steve realizes he doesn't have the background or experience to really start and operate a company.

So he starts associating himself with and going after people who would be able to do this, who would be able to run this company.

One of his first steps in doing this is he wants an experienced publicity guy to get them some press.

He had seen an Intel ad and he loved it.

So he wanted to meet the guy behind it.

He asks around and finds out that the guy who had done it is named Regis McKenna.

He's a big shot publicist.

His business card reads Regis McKenna himself.

## [Transcript] My First Million / SPECIAL: Steve Jobs (Part 1)

But Regis was a big deal and doesn't have time for two hippy kids making computers in their garage.

So Steve calls his office and he gets one of McKenna's associates and he brushes them off.

So there's no way you're actually talking to Regis McKenna.

So what do you do after this?

I mean, a normal person might, I don't know, look for the second best publicist around.

But Steve Jobs is not a normal person.

He calls back almost every single day for a couple of weeks until he finally gets patched through to Regis McKenna.

And eventually Steve convinces Regis to take them on as a client.

McKenna gets them a new logo, the one you know of as the Apple logo, the Apple with the bite taken out of it.

And he does some really great branding work for them.

He also connects them with the money guys, the executives, the people who will help them get off the ground in other areas like manufacturing and operations.

They also hire a CEO, a guy by the name of Michael Scott, yes, like the office.

And a big part of his job is to manage Steve Jobs.

At this point, Steve is turning into a petulant brat.

He screams at lower level employees.

He frequently devolves into shouting and or crying.

He has temper outbursts.

He thinks he's above the rules and will show up late to meetings.

They're definitely not going to get rid of him.

I mean, he's one of the founders.

This is his company.

And they recognize that he's brilliant.

He's a genius, but he has to be managed.

And so they bring in a CEO to do that.

They also make a major marketing hire.

McKenna had referred Jobs and Was to a potential investor named Don Valentine.

He meets Was and Jobs with their unkempt looks and Jobs smelling horrible.

And afterwards, he calls McKenna and he asks, why did you send me these renegades from the human race?

By the way, that is definitely a goal of mine to before I die, be called by someone.

Anyone.

I don't care.

A renegade of the human race.

But this Valentine guy is like, these guys are crazy.

But as a favor to read just McKenna, I'll try and connect you to some people.

So he connects them to this guy named Mike Markola.

And Mike Markola is a marketing specialist and he would end up having a huge influence on Steve Jobs.

You can see it in the three point marketing philosophy that he comes up with for Apple.

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All right.

A quick message from our sponsor.

You know, I was thinking about the shortest day of the year earlier.

And while we technically have the same amount of time as every other day of the year, the lack of daylight makes it feel so much shorter, which is exactly the same kind of feeling as working with disconnected tools.

Our work days, the same length as always.

But before you know it, we spent three hours just fixing something that was supposed to be automated.

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I'll read from the original document where he outlines the three points of the philosophy.

The first, empathy.

We will truly understand their needs better than any other company.

Second is focus.

In order to do a good job of those things that we decide to do, we must eliminate all of the unimportant opportunities.

The third is weird, kind of weird, but it says, impute.

People do judge a book by its cover.

We may have the best product, the highest quality, the most useful software, etc.

But if we present them in a slipshod manner, they will be perceived as slipshod.

If we present them in a creative, professional manner, we will impute the desired qualities.

So empathy, focus, impute, again impute, kind of an awkward word, but fine, we'll use it because they used it.

And Steve Jobs really internalized this.

You can see this philosophy shining through in some of the things he did later.

He later said, when you open the box of an iPhone or iPad, we want the tactile experience to set the tone for how you perceive the product.

Mike taught me that.

Steve's success can basically be summed up as his ability to execute on this marketing philosophy.

He empathized with the customer, truly understood what they wanted on an intuitive level.

And he focused, he focused all his energy and effort on making the best product and eliminated all distractions.

And then he imputed, he presented and marketed the product in a beautiful way that created a whole brand experience.

He learned this early on and it's one of the major keys.

If you can do those three things, you'll be able to create value and be successful.

So remember those, empathize, focus, impute, you can find a way to do that.

If you can empathize with people, if you can understand what they need, if you can focus

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on providing a solution and then create an entire brand by imputing those characteristics you want onto every aspect of their interaction with you, you're going to find success. And those principles certainly paid off for Apple when it came to the launch of the Apple 2.

The first launch is at the West Coast Computer Fair.

Jobs pays a bunch of money for a prime spot at the fair.

That seemed totally ridiculous to a lot of people at this tiny company, but Steve Jobs knew early on the importance of creating buzz, especially at the launch of a new product.

When they get there and are setting up, there's a small problem.

When the Apple 2's arrive, they've been dinged up a little bit in transit.

And so they have some minor blemishes and scratches.

Now a lot of people thought this was fine, Steve Jobs being Steve Jobs did not think this was fine.

So what does he do? He gets a couple of low-level employees and they stay up all night polishing out any of these blemishes in the Apple 2 so that they will look absolutely perfect for their unveiling at the event the next day.

The launch of the Apple 2 ended up being a huge success.

It does generate a ton of buzz.

And not just buzz, it generates a ton of sales as well.

It would eventually sell millions of units in its various models.

It was basically the first mass market personal computer.

And it not only was financially successful for Apple, it basically launched the industry of personal computing.

After the launch of the Apple 2, Apple was a real company.

They move out of the garage and into an office.

They start hiring real employees.

They go legit.

And by the way, I know I haven't talked a lot about Steve Jobs' personal life, but it is worth mentioning that around this time, he had a child with his girlfriend, Chris Ann Brennan.

She names the girl Lisa.

And at first, Steve will not admit paternity.

He claims that she's not his daughter.

He's not the father.

And therefore, he is completely absent from her life.

Well, Chris Ann sues him for child support and they do a paternity test.

And yep, it is his daughter.

And yet at first, he still just barely recognizes her.

He doesn't hate or mistreat his daughter.

It's just like she doesn't exist.

That's pretty horrible.

And weirdly, I think somewhat horrifyingly, I think this kind of behavior connects to one of his greatest strengths, which is his ability to focus.

If you listen to my episode on Napoleon, you might remember his description of opening

and shutting drawers in his mind.

He compared his mind to this big cupboard.

And when he wanted to think about something, he opened that drawer.

And when he was done, he closed the drawer and thought about something else.

He was able to completely compartmentalize his mind.

Well, Steve is able to do something similar.

He can totally compartmentalize from the Isaacson biography quote, when jobs did not want to deal with the distraction.

He sometimes just ignored it as if he could will it out of existence at times.

He was able to distort reality, not just for others, but even for himself.

Steve basically closes the Lisa drawer in his mind and it's like he doesn't even have a daughter.

Well, after a few years, Steve does start taking responsibility and tries to repair his relationship with Lisa.

They would have a tumultuous relationship.

She could be as strong-willed as her father, but he was a father to her and eventually she came to live with him often for a number of years.

And so he does start to grow up with the way that he treats his daughter.

He also starts to grow up in other ways too.

He edges away from all these insane diets of eating only apples and carrots that are picked by people who are left-handed.

He stops dropping LSD and it's really around this time, sort of shortly after, and starting a little bit before the launch of the Apple II, that his primary identity starts shifting from a hippie and a spiritualist and a free thinker to that of an entrepreneur.

Well, the Apple II was great, but it's ultimately Woz's creation.

Yes, Steve designed it, at least externally, but Woz built the circuit board and the internals and it's really Woz's baby.

And now Steve wants something to call his own, so he starts a project for a new computer.

And what he decides to call it is absolutely jaw-dropping.

He calls it the Lisa.

And this is at a time when he is still denying that Lisa is in fact his daughter.

As Walter Isaacson put it, the named jobs chose would have caused even the most jaded psychiatrist to do a double take.

He claims it stands for Logical Integrated Software Architecture, which is totally meaningless, means nothing, but he names it after a daughter who he says is not his daughter.

I still have no great working theory for why exactly he did this, except for some weird Freudian guilt, I don't know.

He starts building the Lisa, but after a while, he starts to realize that it's not going to be all that revolutionary.

It's really just kind of an upgraded Apple II.

So he's looking around for something new, something innovative, something big.

There's an employee at Apple named Jeff Raskin, and this guy wants to design an inexpensive, simple computer for the masses with a graphical user interface, or GUI.

Remember, Woz's big innovation was to make a computer that you could type on and see

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the result on a screen, but everything is still text based.

There is no such thing at this point as a computer mouse or icons or any of that.

You have to type into the computer to control it, which means you basically have to understand computer code on some level, at least very basic commands.

But this guy, Jeff Raskin, had heard about the GUI, the graphical user interface.

It's what you think of as a computer interface today, has a mouse and windows you can open and close and icons and the whole thing.

It's being developed down the road at Xerox's Research Center in Silicon Valley.

Xerox was considered a big tech company at the time.

Now you might think of them as just a manufacturer of copiers and printers, but there was a time when they were very innovative.

At this point in time, they're a mature technology company.

They were considered really well positioned to compete in the coming personal computer industry and Xerox is not doing anything with this GUI interface yet.

The headquarters of Xerox is out on the East Coast and the big executives at Xerox know that this research lab has developed this, but they don't realize how revolutionary it is or how important it could be.

But this guy at Apple, Jeff Raskin, has heard about this GUI and he wants to check it out and use it.

So Apple and Xerox come to a deal where Xerox gets to invest in Apple, you know, they're this hot new startup that everyone wants to invest in.

Everyone knows they're going to blow up and be worth millions and millions of dollars.

So Apple says, okay, you can invest and get \$1 million worth of shares in Apple if you Xerox show us this graphical user interface you're working on and the Xerox executives not knowing how valuable this technology is, agree to this deal.

They say, sure, have a look, knock yourselves out.

Now, the executives at Xerox may not have realized how valuable this technology was, but the researchers who actually came up with it and developed it, they did.

And they were not happy about having to show this technology to Apple.

So Steve Jobs shows up at Xerox's research lab with a few of his engineers and the Xerox guys are kind of trying to put them off.

They just keep showing them a word processing application and like, oh, isn't this cute?

Look, you've got a mouse.

You can move it around and find different places in this text document.

And Steve Jobs really shines here.

He starts going ballistic.

He keeps yelling, let's stop this bullshit.

He wants to see the real thing, the operating system and the programming language that makes this possible.

So the Xerox folks huddle privately and say, okay, this guy's going crazy.

What do we do?

They said, okay, we'll show them just a little bit more.

So they show off an unclassified version that isn't really the full thing that isn't really their full operating system.



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They think that this will impress Steve Jobs and throw him off and they won't actually have to show him the whole thing and how it works.

Well, they're wrong.

They show the unclassified version, but Steve huddles with his engineers and asks them if this is it, if this is what they're looking for and they say, we don't think so.

We don't think this is the whole thing.

So Steve comes back and just starts going ballistic and screaming at the Xerox engineers again.

There's a standoff.

They really, really don't want to show him this graphical user interface.

So he's just berating them and they still don't want to do anything.

So eventually Steve calls up the executives on the East Coast and says, I thought we had a deal, but your guys out here aren't showing me anything.

This is bullshit.

And this works.

The executives call their engineers in Palo Alto and say, hey, you got to show Steve Jobs the whole thing, the whole enchilada.

And they're furious about this, the head engineer storms out in a rage and says, I won't be a part of this.

But the other guys open up the Kimono and show Steve Jobs and the Apple engineers the whole thing, the whole graphical user interface.

And he, Steve and the engineers are just soaking it up as they show it.

Jobs is jumping around and waving his arms.

One of the main Xerox engineers later recalled, quote, he was hopping around so much, I don't know how he actually saw most of the demo.

But he did because he kept asking questions.

He was the exclamation point for every step I showed.

Jobs kept shouting, you're sitting on a gold mine.

I can't believe Xerox is not taking advantage of this.

Steve Jobs later said about the incident, it was like a veil being lifted from my eyes.

I could see what the future of computing was destined to be.

When the Xerox park meeting ended after more than two hours, Jobs drove back to the office speeding in his convertible and yelling, this is it, we've got to do it.

Now this technology starts out getting implemented in the Lisa, but then Steve with his insane management techniques and erratic personality gets kicked off the Lisa team.

His behavior has gotten even more belligerent.

The engineers are constantly offended by how much he insults them.

And there's also a philosophical disagreement.

The engineers want to build the Lisa for business customers, the segment of the market that is most likely to actually buy a computer, while Steve really wants to build what he calls a Lisa for the people, for the home, for the average consumer.

Well, the CEO agrees that Steve is out of control and thinks a computer for business customers will probably be more successful and sell more.

So he removes Steve as head of the Lisa team and Steve isn't actually too, too upset about



this.

Remember, he was already starting to realize that the Lisa was too much of an upgrade.

He didn't think it was revolutionary enough.

So he's looking around for a team where he can implement this GUI technology and he finds a small project called the Macintosh.

So Steve takes over the Macintosh team.

He wants it to be the first true mass market computer.

He's obsessed with it being friendly and approachable.

And Steve is really the pioneer of this idea.

He didn't, it didn't even make sense to most of the engineers.

One of the designers said, quote, even though Steve didn't draw any of the lines, his ideas and inspiration made the design what it is.

To be honest, we didn't know what it meant for a computer to be friendly until Steve told us.

Steve had this vision of what a computer should be.

And it was way past what anyone had envisioned up until then.

He later said, great art stretches taste, it doesn't follow taste.

And he certainly worked according to that principle.

When someone asked him what market research he did on the Macintosh, he responded, did Alexander Graham Bell do any market research before he invented the telephone?

Working on the Macintosh, one thing he does is hire one of the head engineers from Xerox who had been working on the GUI back at Xerox.

He tells him, and I kid you not, this is a direct quote, quote, everything you've ever done in your life is shit.

So why don't you come work for me?

And he did.

Steve could motivate people by pushing them.

This is one of those areas where I think Bill Gates would say, don't try this at home.

Some people might read this and say, OK, I'm going to be rude and extremely blunt with people.

It worked for Steve Jobs.

It worked for me.

But his rudeness wasn't the asset here.

His asset was his passion for product and his willingness to be honest.

His rudeness, I think, really was a liability.

The only reason that he actually was able to hire this guy after telling him that everything you've done in your life is shit was because he had this amazing passion for the actual product and it was shining through.

Anyway, Steve doesn't stop with Xerox engineers.

He also starts raiding the top engineers at Apple to come work on his Macintosh project.

There's a great engineer, a guy by the name of Andy Hertzfeld, and Steve comes up to his cubicle one day and says, hey, you're working on the Macintosh now.

I'll read from the Isaacson biography what happens next.

Quote, Hertzfeld replied that he needed a couple more days to finish the Apple II product he

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was in the middle of.

What's more important than working on the Macintosh, Jobs demanded.

Hertzfeld explained that he needed to get his Apple II DOS program in good enough shape to hand it over to someone else.

You're just wasting your time with that, Jobs replied.

Who cares about the Apple II?

The Apple II will be dead in a few years.

The Macintosh is the future of Apple and you're going to start on it now.

With that, Jobs yanked out the power cord to Hertzfeld's Apple II, causing the code he was working on to vanish.

Come with me, Jobs said, I'm going to take you to your new desk.

Jobs drove Hertzfeld computer and all in his silver Mercedes to the Macintosh offices.

Here's your new desk.

He said, welcome to the Mac team.

As you may have gathered, Steve Jobs is obsessive with the Mac team.

He gets all the best people and he pushes them extremely hard.

He's able to persuade them to not only work hard, but reach levels of genius and hard work that they didn't even know they possessed.

One way he's able to do that is with what his team eventually comes to call his reality distortion field.

What is this reality distortion field?

It's this thing where reality seems to get suspended when you're with Steve Jobs.

Team members would describe how when they were with Steve, he'd get them to believe these impossible things, things like, okay, we can develop this completely new product in only six weeks.

And they would totally buy in and believe it.

And then when they leave an hour later, it's like waking up for a dream.

They start to think, wait, what was I thinking?

Isaacson described it this way, quote, when members of the Mac team got ensnared in his reality distortion field, they were almost hypnotized.

He reminded me of Rasputin, said Debbie Coleman.

He laser beamed in on you and didn't blink.

It didn't matter if he was serving purple Kool-Aid, you drank it.

But she believed that the reality distortion field was empowering.

It enabled Jobs to inspire his team to change the course of computer history with a fraction of the resources of Xerox or IBM.

It was a self-fulfilling distortion, she claimed.

You did the impossible because you didn't realize it was impossible.

Andy Hertzfeld described it like this, Steve has a reality distortion field in his presence, reality is malleable.

He can convince anyone of practically anything.

It wears off when he's not around, but it makes it hard to have realistic schedules.

Another guy, Tribble.

It was dangerous to get caught in Steve's distortion field, but it was what led him

to actually be able to change reality.

Wozniak, his reality distortion is when he has an illogical vision of the future, such as telling me that I could design the breakout game in just a few days.

You realize that it can't be true, but he somehow makes it true.

So it's this amazing tool, somehow by creating this field, he's able to convince people of the impossible and then actually get them to do it, to do the impossible.

But it's a double-edged sword because the truth is you can only distort reality so much and when you're trying to distort it any further, it can have negative consequences.

Joanna Hoffman, a key early Apple employee phrased it this way, reality distortion has motivational value and I think that's fine, however, when it comes to setting a date in a way that affects the design of the product, then we get into real deep shit.

There's this great story of the Macintosh team, it's the end of the development cycle, the computer is basically done, but the software team is not quite ready to ship all of the software.

They have been absolutely killing themselves, working long hours, day and night to get everything ready and right, but they're just not quite going to make it to the deadline.

They're going to be a couple weeks late is all, and they call up Steve, who is out on the East Coast for the rollout, to let him know that it's just going to be a little bit late a couple weeks.

Here's what happened, quote, software manager calmly explained the situation to Jobs while Hertzfeld and others huddled around the speakerphone holding their breath.

All they needed was an extra two weeks.

The initial shipments to the dealers could have a version of the software-labeled demo and these could be replaced as soon as the new code was finished at the end of the month.

There was a pause, Jobs did not get angry, instead he spoke in cold somber tones.

He told them they were really great, so great in fact, that he knew they could get this done.

There's no way we're slipping, he declared.

There was a collective gasp in the bandy building workspace.

You guys have been working on this stuff for months now.

Another couple weeks isn't going to make that much of a difference.

You may as well get it over with.

I'm going to ship the code a week from Monday with your names on it.

That is kind of a motivational technique combined with a threat, you know, hey, I'm shipping this and it's going to have your names on it.

So if it doesn't work, that's going to be on you.

But it worked.

They worked nonstop for the next two weeks and they got the Macintosh software ready to ship on time.

So again, reality distortion field, double-edged sword, in fact, it has sort of its own narrative arc.

It starts as something very effective when he just sort of does it as an instinct early on in his career, but then he becomes aware of it and thinks he can literally make anyone do anything just by using his reality distortion field.

And it really becomes a symbol of his failure as he tries to use it too much.  
But he matures and upon his return to Apple, he's able to use the reality distortion field in a mature way, realizing that you can't bend reality exactly how you want all the time, but you can do a lot with it using this technique.  
And how is he able to create this reality distortion field?  
Well, there were a few different techniques he used.  
One was, as we saw in some of the previous stories, sheer force of will.  
Other times it was his inability or unwillingness to see obstacles.  
Another technique was to help people see the bigger picture.  
There's a fantastic example of this in the Isaacson biography.  
One day Jobs came into the cubicle of Larry Kenyon, an engineer who was working on the Macintosh operating system, and complained that it was taking too long to boot up.  
Kenyon started to explain, but Jobs cut him off.  
If it could save a person's life, would you find a way to shave 10 seconds off the boot time?  
He asked.  
Kenyon allowed that he probably could.  
Jobs went to a whiteboard and showed that if there were 5 million people using the Mac and it took 10 seconds extra to turn it on every day, that added up to 300 million or so hours per year that people would save, which was the equivalent of at least 100 lifetimes saved per year.  
Larry was suitably impressed, and a few weeks later he came back and it booted up 28 seconds faster.  
Atkinson recalled, Steve had a way of motivating by looking at the bigger picture.  
Listen to one other time he got his team to see the big picture.  
Midway through the Macintosh development, the case is finished, they know what it's going to look like, and so he brings his team into a room and tells them true artists sign their art.  
So he has them sign the inside of the case.  
No one's going to see it, but it's there.  
Every Mac is going to ship with their signatures on the inside of it.  
Atkinson, one of the engineers, said, quote, with moments like this, he got us seeing our work as art.  
Another tool he used was taking an extreme position.  
Everything was either the best thing ever, or it totally sucked.  
Usually it totally sucked.  
Why did he do this?  
Well, for one thing, it forced him to actually find the weak spots and new ideas.  
For another, it forced people to have really great ideas.  
If you know someone is going to attack your ideas totally sucking, you're not going to even bring it to them until you know it's actually an awesome idea and you can defend it.  
And if it was an awesome idea and you did defend it, Steve would respect you and change his opinion, sometimes immediately.

## [Transcript] My First Million / SPECIAL: Steve Jobs (Part 1)

There was even an award for the person who stood up to Steve Jobs the most.  
And Steve encouraged the award.  
He was still going to tell you your stuff sucked, but he liked it when you stood up to him and stood up for your idea and helped him see the other perspective.  
And this inspires strength and passion in people who work for him.  
One of the biggest problems managers have is getting people to care.  
And that is not something Steve Jobs ever struggled with.  
Listen to this story from Joanna Hoffman.  
She made some sales projections.  
And Steve changed the projections in a way that she hated and she thought was totally wrong.  
He was going behind her back and messing with what she had done is something that was right.  
And when she saw the projections that he had altered, she was furious.  
She describes the experience this way, quote, as I'm climbing the stairs, I told his assistant, I'm going to take a knife and stab it into his heart.  
The corporate council comes running out to restrain her so she doesn't actually murder Steve Jobs.  
But then she recounts quote, Steve heard me out and back down.  
So yes, there's this crazy conflict, but I know I look back on my management experience and I would love to have an employee who cared so much about her work that she threatened to stab me in the heart over it.  
It sounds crazy, but it's kind of true.  
Apathy is one of the biggest problems you will face as a manager.  
Steve Jobs was able to inspire this kind of extreme passion in his employees all the time.  
And one of the main ways he does that is by staking out these extreme positions and forcing people to defend their work.  
And therein lies the paradox of what it meant to work for Steve Jobs.  
It could be extremely grating and draining, and yet many people look back on working with him fondly because he was able to get their best work out of them.  
As Debbie Coleman said, quote, he would shout at a meeting, you asshole, you never do anything right.  
It was like an hourly occurrence, yet I consider myself the absolute luckiest person in the world to have worked with him.  
And one thing to point out is Steve did all this because he actually cared.  
He cared about the product and about getting it right.  
This wasn't some giant ego trip.  
I mean, I know I've had the kind of manager who, I go, I bring them a report and they say, no, this is wrong, this is wrong, this is wrong.  
So I go and I make the edits and I bring it back and they say, this is wrong, this is wrong, this is wrong.  
And some of the things that they now say are wrong are the changes that they told me to make the first time around.  
And the kind of person that is looking for things wrong, just to assert their authority, say, I'm the man, I know what's going on here.

## [Transcript] My First Million / SPECIAL: Steve Jobs (Part 1)

And for the most part, Steve's feedback is focused in the right direction.

He really wants to make great products.

There's a story that illustrates this with the calculator application that was going to ship with the Macintosh, the engineer working on it, his name's Espinosa.

And he shares the first iteration, the calculator with Steve.

And here's what happens.

Well, it's a start, Jobs said, but basically it stinks.

The background color is too dark.

Some lines are the wrong thickness and the buttons are too big.

Espinosa kept refining it in response to Jobs' critiques day after day, but with each iteration came new criticisms.

So finally, one afternoon, when Jobs came by, Espinosa unveiled his solution.

The Steve Jobs roll your own calculator construction set.

It allowed the user to tweak and personalize the looks of the calculator by changing the thickness of the lines, the size of the buttons, shading, the background, and other attributes. Instead of just laughing, Jobs plunged in and started to play around with the look to suit his tastes.

After about 10 minutes, he got it the way he liked.

His design, not surprisingly, was the one that shipped on the Mac and remained the standard for 15 years.

Steve isn't just trolling Espinosa with his criticism of the calculator in order to have control over him.

He doesn't just laugh off or get mad about this calculator construction set.

Steve really does care about the way that this calculator looks.

So when given the opportunity to design it himself, he does.

As Steve Jobs later said, products are everything.

You should never start a company with the goal of getting rich.

Your goal should be making something you believe in.

And Steve Jobs really was obsessed with making something that he believed in.

Well, they finished the Macintosh, and now they have to market it.

Steve has this ad agency that he loves, Chiet Day.

And they come up with this advertisement.

It's the late fall, early winter of 1983, and so the year 1984 is about to begin.

You may have heard of the famous George Orwell novel, 1984.

It's a dystopian novel about a tyrannical government.

It was written in 1949, so when it was written in 1984, it was way in the future.

And in the novel, it's the year 1984, and Big Brother is in charge.

Everyone lives under a terribly tyrannical surveillance state.

Well Steve's ad agency, Chiet Day, comes up with an advertisement for the Macintosh based around the idea of the novel 1984.

The ad shows all these automaton workers with shaved heads dressed in gray, marching around and watching a giant screen where there's a video of this Big Brother tyrannical figure and he's giving a big speech.

And a woman comes running in dressed in orange and white, the only color really in the entire

## [Transcript] My First Million / SPECIAL: Steve Jobs (Part 1)

advertisement, and she throws a hammer and shatters the screen where Big Brother is speaking. Then it fades to gray and simply says, on January 24th, Apple Computer will introduce Macintosh, and you'll see why 1984 won't be like 1984.

And that's it.

If you haven't seen it, go check it out.

Just search on YouTube for Apple 1984 ad.

It's supposed to be shown during this year's Super Bowl.

Steve loves it.

He thinks it's revolutionary and captures the spirit of Apple and Macintosh.

He and the ad agency show it to Apple CEO on the board and they hate it.

And I mean, I guess in retrospect, it's not too hard to see why.

It doesn't show the product.

It doesn't even say what the product is.

It doesn't say why you should buy it.

It makes no effort to actually sell the Macintosh.

And so from a traditional advertising sales perspective, it seems like it's going to be a total disaster.

The first time they showed at a board meeting, Apple's CEO, John Scully, asks, who wants to move to find a new agency?

Most of the board members hate it so much.

They thought it was the worst commercial they had ever seen in their entire lives.

Scully, the CEO, asks Chiat Day, the ad agency, to sell off the two commercial spots.

They're not going to use them.

But despite the Apple board's protestations, Chiat Day still believes it's a great commercial.

So they lie.

They say they can't sell off the 60 second time slot, even though they never try.

So I say, ah, I'm sorry, we're just going to have to run it.

So it runs during the Super Bowl.

And it's a total hit.

It creates an unbelievable sensation.

It's the first time that a television commercial becomes a major news story in its own right.

Think about it.

They keep paying good money to have people run your advertisement, and yet networks and news stations are running the ad for free.

They're talking about it.

It's genius.

By causing a huge stir, it creates tons of free advertising.

People are trying to watch your advertisement.

And while it doesn't introduce or sell the product by giving Apple a foot in the door of public attention, it allows them to do that later because people are paying attention now.

They're asking, what is this thing?

What is Macintosh?

They want to know more.



## [Transcript] My First Million / SPECIAL: Steve Jobs (Part 1)

So in the end, Steve's commercial that was so hated by the board was selected by both TV Guide and Advertising Age as the greatest commercial of all time.  
And it's widely acknowledged by most people who know the advertising industry as one of the greatest advertisements of all time.  
So through this commercial and through a spectacular launch event, Steve is able to create a ton of buzz for the Macintosh.  
And it comes out and sells like crazy.  
It's the hot new thing and everyone wants one.  
It's got this revolutionary graphical user interface.  
It looks different from any computer before it.  
It's the first mass market personal computer that was really designed from start to finish for regular people to use in their homes.  
But Steve Jobs had not done a perfect job at designing it.  
His penchant for perfectionism had betrayed him.  
For one thing, it was too expensive for the average consumer.  
He insisted also that it be silent and not have fans.  
So it often overheated.  
It doesn't have enough ports for all the accessories people want to use.  
And so with all these problems after the initial burst of enthusiasm, sales slow way, way down.  
And soon they're only hitting 10% of their projected sales on the Macintosh.  
And things start to get uncomfortable for Steve at Apple.  
As sales slow down, he blames everyone except for himself.  
He's often launching into these vicious tirades and entertaining outlandish conspiracy theories of people trying to undermine him at Apple.  
Why they're really the party responsible for the Macintosh failing.  
And things get worse and worse.  
Steve was great at introducing amazing revolutionary products.  
But when he wasn't doing that, he could get sort of cabin fever.  
And that's what starts to happen now.  
Steve has this complicated role at Apple.  
He's a revolutionary.  
He's inspiring.  
He's been instrumental in introducing every revolutionary product they ever had.  
But he's also a jerk.  
He frequently throws tantrum.  
He's made a lot of enemies.  
He's way too much of a perfectionist.  
He generates a lot of turnover by firing people all the time.  
And so a lot of people want to see him gone.  
One of his key employees wrote a scathing report that's worth reading full.  
Here it is.  
He is a dreadful manager.  
I have always liked Steve, but I have found it impossible to work for him.  
Jobs regularly misses appointments.

## [Transcript] My First Million / SPECIAL: Steve Jobs (Part 1)

This is so well known as to almost be a running joke.  
He acts without thinking and with bad judgment.  
He does not give credit where it do.  
Very often when told of a new idea, he will immediately attack it and say it is worthless or even stupid and tell you that it is a waste of time to work on it.  
This alone is bad management.  
But if the idea is a good one, he will soon be telling people about it as though it was his own.  
That's the end of the report.  
Or end of that excerpt of the report.  
You might put up with this kind of behavior if someone is performing really well.  
But if they're not performing, that's a death sentence.  
And Steve Jobs was not getting results, in fact quite the opposite.  
In his advertising for the Macintosh, Steve had submarined the Lisa, basically saying that the Lisa was old news right as it was coming out.  
And the Macintosh isn't selling well because of its problems and would only sell well much later in more practical iterations that were developed after his exit.  
So as Steve gets sidelined more and more, it becomes apparent that conflict is inevitable.  
Eventually he gets relegated to a role so small that he can't take it anymore.  
There's a big showdown at Apple between him and the CEO, John Scully.  
Apple board chooses Scully and Steve gets kicked out of Apple.  
In retrospect, firing Steve Jobs seems like a huge mistake.  
We now know him as a huge success story.  
He wouldn't want to get rid of a guy like that, and without Steve Jobs, Apple steadily declines and goes to the verge of bankruptcy until it's eventually saved by Steve Jobs.  
So how could it not be a huge mistake to get rid of him?  
But I think maybe firing him wasn't such a mistake.  
At the time, it seemed completely necessary.  
He was way out of control, and most importantly, he wasn't the manager or businessman he would be when he returned a decade later.  
And he never would have become the great businessman and manager that he did eventually become if not for his time in the wilderness away from Apple.  
So they make the decision, Steve Jobs, you gotta go.  
And he sells all his shares and leaves Apple.  
So what do you do next if you're Steve Jobs?  
He's got a lot of options in front of him.  
He's a millionaire.  
He never has to work again if he doesn't want to, but he's famous.  
He could work anywhere if he wants to.  
And what he does is he does two things.  
He starts another computer company.  
This one is oriented towards the education market, and he calls it Next.  
And he also buys a little-known computer company that produces hardware and software for 3D animation.

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It's called Pixar.

Now Next was his main thing, and that was his opportunity to indulge his every whim, good and bad.

He's been chomping at the bit.

He thinks he knows better than everyone else how to do everything.

He thinks he has all the greatest ideas.

Well, okay, Steve Jobs, blank slate, here you go.

Here's your chance to find out for sure and prove it.

And as you might imagine, Next is a fascinating, beautiful, perfect disaster.

The original idea of Next was to design a research computer for universities.

And everything had to be beautiful for Steve Jobs.

He's obsessed with design.

And the first thing he wants, before he starts thinking about software or hardware, is an amazing logo.

And he wants the best of the best to design his logo.

So he goes after this guy called Paul Rand.

Rand had already done logos for Esquire, IBM, ABC, UPS, and others, and was considered by many to be the guru of logos, second to none, the very best.

And we know how Steve Jobs loves the very best.

But the problem was he was under contract with IBM as a designer, and obviously most sane people, again, would probably say, oh, well, say, love you, he's working for a competitor.

There's no way that he's going to come work for me, but not Steve Jobs.

He picks up the phone and calls IBM CEO, the CEO is out of town, but he's so persistent that he finally gets through to their vice chairman, Paul Rizzo.

After two days of insistent calling, Rizzo decides it just wasn't worth the headache to keep dealing with Jobs and basically says, fine, you know, you want him so bad, you can have him.

So Steve is able to get what he wants by a combination of single minded focus and his belief that reality can be distorted to match his will and persistence.

So Paul Rand comes to work for Next and design them a logo.

Paul Rand, he designs the logo for Next and presents it in a 100 page brochure and Steve loves it.

He thinks this logo is amazing.

And despite his ejection from Apple, Steve still has a bunch of cachet in the industry.

So he's able to hire some really, really smart people to help him work on the next computer.

And so Steve Jobs and his team disappear for a few years.

Originally he said he can have the next computer ready in 18 months or something like that, which is totally unrealistic.

It takes way longer than that to create a computer from scratch.

And this is one of those times when his reality distortion field totally fails him.

But nevertheless, the public is fascinated to see what it is that Steve Jobs is going to come up with next.

And when he announces an event to announce and demonstrate the next computer, there's a ton of hype.

And it's a masterfully executed event.

Thousands of people show up and they're waiting for hours in order to get in and see what Jobs is going to unveil.

George gets on stage and welcomes everyone and tells them they're about to witness an event quote that occurs only once or twice in a decade, a time when a new architecture is rolled out that is going to change the face of computing.

On stage is a table and something is clearly on the table covered by a black tablecloth.

And at a climactic moment, Steve takes off the tablecloth and reveals the next computer.

It's a beautiful computer, a perfect black square with exact 90 degree angles.

And as he introduces it, he's able to make it sound completely revolutionary.

It's the first computer to be able to play music, something we take for granted nowadays.

It has this great intuitive operating system that's easy to use yet powerful.

He shows off digital books claiming that the next computer is the biggest deal in book technology since the printing press.

He calls it incredible and the best thing we could have ever imagined.

For the grand finale, he has Yo-Yo Ma, the great cellist, come on stage and play a duet with the computer.

And this is amazing because remember, no one has heard a computer play music before and now he's making it seem like this genius thing that can accompany a world famous cellist.

People go wild for it.

The audience is in this incoherent frenzy, but remember, it's not for regular people.

It's supposed to be for universities.

And frankly, universities don't care about having a beautiful, perfect black box.

They're not making irrational consumer decisions about what something looks like when they buy it.

They have purchasing departments and people who are in charge of this kind of thing.

What they care about is they want a computer that is powerful for their research labs and they want it for cheap.

Well, the next computer is the opposite of cheap.

It's over \$10,000 for a normal setup and that's not going to appeal to normal consumers or universities.

And so the thing barely sells at all.

It's a success in the popular imagination.

People are excited by the idea of the next computer, but it's a disaster in terms of sales.

It's also delivered more than two years late because, you know, he was completely unrealistic about the timeline and also no one develops for it because no one is buying it.

So in a very jobsy and way, it is both beautiful and impractical.

You remember the three things that were the Apple marketing mantra, empathy, focus, impute.

Well Steve had incredible empathy, just an unbelievable understanding of the average consumer.

But because he refused to do market research, he was terrible at having empathy and designing products for markets that he himself did not fall into.

And that included the university market.

He thought he could just make the most insanely great machine ever, spare no expense, jack

## [Transcript] My First Million / SPECIAL: Steve Jobs (Part 1)

up the price, and the universities would pay.

That turns out not to be the case at all.

And as that becomes clear, next falls on severe financial troubles and appears to be on the edge of collapsing.

The one good thing that does come out of it for next is they have an amazing operating system.

His chief software engineer, a guy by the name of Avi Tavanian, leads the software team and the result is great.

It's spectacular.

It's responsive.

It's beautiful.

It's user friendly.

No one actually uses it, but it is objectively speaking an unbelievable operating system.

And this will be important to the story later.

In the next episode, we'll get around to how that comes into play.

But let's take some time to talk about the other company he owned at the time, Pixar.

Now we all know Pixar as an animation studio, but that is not at all what they were when Steve Jobs purchased them.

They were actually the 3D animation technology division of Lucasfilm, the film production studio owned by Star Wars creator George Lucas.

At the time, George Lucas was going through a divorce and needed some cash, so he decided to sell Pixar.

So Steve buys them, he buys them as a technology company for \$10 million.

The thinking is that they could create a computer and some applications that would be useful in creating and manipulating 3D images.

So Steve basically thinks he's buying a computer company.

And for the first 10 or so years he owns them, that's what they are.

But they're just not a very good one.

He has all these high minded ideas about how every consumer is going to want to have a computer dedicated to creating and rendering 3D images.

Which is crazy, I mean, did you ever know anyone who wanted a home computer specifically for creating 3D images?

He was way off on that.

And so they're not successful at all, in fact they're so unsuccessful that eventually they have to give up on their hardware division and stop selling computers altogether.

A normal person probably would have given up on them at some point.

But Steve, who bought the company for \$10 million, ends up pouring \$50 million into the company to keep it afloat.

Now why doesn't Steve give up on them?

Well, there are a couple of potential explanations.

But I think that one of the big ones is he had already been kicked out of Apple, next had fallen on super hard times, and he just couldn't suffer another failure.

He was going to the grave with Pixar if necessary, but he was not going to see them fail.

And that's where we're going to end this episode, story wise.

## [Transcript] My First Million / SPECIAL: Steve Jobs (Part 1)

Steve has been exiled from Apple, next is failing, Pixar is failing, Apple, even though he's not there anymore, is also failing.

Steve Jobs is basically broke, he's irrelevant, he's a has been.

So let's take stock really quickly of how he got here.

Steve is able to achieve some phenomenal success early in his career.

Apple One is a triumph that gets his company and career launched.

And the Apple Two is a huge success that sells like crazy and makes Apple and Steve Jobs worth a lot of money.

So what propelled him to this initial success?

Well, first and foremost, it's his knack for persuasion.

He's able to persuade people to give him what he wants, to work harder, to think of new ideas, and to do things that they didn't know they were capable of.

What are some of his persuasion techniques?

Well, the first is focus.

He sees past and through normal everyday obstacles.

He put his mind to something and focused all his energy and thoughts on it, and he did not let up until it was done.

Think of him calling IBM until he was able to get them to give up Paul Rand, the logo designer.

Or doing the same thing with Regis McKenna, calling him and calling him until he agreed to be their publicist.

The second is helping people see the bigger picture.

He was a master at changing perspective.

Think of Woz, who did not want to start Apple initially until Jobs puts it in the frame of an adventure.

They were two best friends and they would have their own company.

Or the engineer who he got to cut down on the Mac boot up time by calculating the amount of time it would save people and comparing that to saving lives.

Lastly, he used the power of taking an extreme position.

Everything was the greatest thing ever or it totally sucked.

People he worked with were geniuses or they were bozos.

This forced people to be better, produce better thinking and products in order to meet his standards.

They knew that pretty good would never be good enough for Steve Jobs.

Besides persuasion, what else propelled Steve Jobs?

Well, one other key was his tribe.

He managed to surround himself with geniuses, rebels, entrepreneurs, and people who could help him succeed.

Part of this was luck.

He was born at a time when Silicon Valley was exploding with new ideas, was a buzz with energy of invention.

He also grew up in the 60s and 70s when there was a spirit of idealism and free thinking.

But the other part was intentionally forming relationships, was he stumbled into, but who was smart enough to stay friends with him, Regis McKenna was someone who helped him

tremendously,  
and he managed to befriend him by calling his office until the guy finally agreed to meet him.  
So that was very much intentional.  
The motley friend group that Steve Jobs cultivated, his tribe of maniacs, was an indispensable element of his success.  
The last thing to keep in mind about his success is his embodiment of the Apple marketing philosophy.  
Remember the three components, empathy, focus, impute.  
He was a master of empathy.  
He totally understood consumer demands even better than consumers did.  
He knew what people wanted before people knew what people wanted.  
Focus we've already touched on, but he focused intensely on meeting those needs once he had perceived them, and he imputed his solution onto an entire brand identity.  
Having said all that, let's talk a little bit about why he had such a precipitous fall from grace.  
I think it can be summed up this way.  
Steve Jobs' leadership techniques made him powerful, but not invincible, and he forgot that.  
He thought he was invincible.  
Let's start with his boorish behavior.  
Why was he so belligerent?  
And why was it a problem?  
I mean, a lot of times it worked in his favor, right?  
He was able to motivate people with his negativity.  
Well, remember earlier I said it was always focused on product.  
He acted the way he did because he actually wanted to make the product better.  
But I do think at a certain point, the fame and notoriety started to go to his head.  
At a certain point, he got hooked on a feeling, and he was yelling at people just because it felt good to him.  
Being rude can be in some cases an acceptable-bied product.  
You can deal with it, but it is always, and in all places, a horrible goal.  
If you're being rude to people to try to be rude to people, it's going to backfire on you, and it backfired on him.  
He also made business mistakes.  
He was unbelievably good at anticipating people's product needs, but there were a couple exceptions.  
First, at this point in his career, he basically refused to acknowledge people's price needs.  
He would take everything else into consideration and create an amazing product, but he basically refused to make price concessions.  
And second, if he didn't fall into the market, he was not good at understanding people who were different from himself.  
Especially at this point in time, he thought that he was a genius.  
He could understand everything.



## [Transcript] My First Million / SPECIAL: Steve Jobs (Part 1)

And if people didn't see things the way he did, eventually they would come around.  
And so, when people were different from him, like purchasers in the higher education market, he could just be totally way off base in the products that he created for them.  
To sort of sum it up, he really started to drink his own Kool-Aid.  
All his business endeavors had been very successful.  
And in large part, it was by following his own intuition.  
So he basically shut down his critical thinking faculties.  
He thought, okay, everything I touch just turns to gold.  
So I don't have to think about it.  
I can just do what feels good, and I know it's going to turn out amazing.  
But then he's turning off his critical thinking.  
It's a paradox, but it happens all the time.  
They're going to achieve success, and then because they do, they abandon the very thing that gave them that success.  
And that's what happens here.  
You got to stay on your toes.  
You have to be self-evaluating from mistakes and errors all the time.  
And that's something that's not happening here with Steve Jobs.  
He would never second-guess himself at this point in his career.  
So we're going to wrap up the first episode right here.  
Things look dire.  
But tune in to episode two to see how Steve Jobs turns it all around and becomes one of the great business successes of all time.