

Invincible Apple: 10 Lessons From the Coolest Company Anywhere

By [Farhad Manjoo](#)

On Wednesday, May 26, 2010, just after 2:30 p.m., the unthinkable happened: Apple became the largest company in the tech universe, and, after ExxonMobil, the second largest in the nation. For months, its market capitalization had hovered just under that of Microsoft -- the giant that buried Apple and then saved it from almost certain demise with a \$150 million investment in 1997. Now Microsoft gets in line with Google, Amazon, HTC, Nokia, and HP as companies that Apple seems bent on sidelining. The one-time underdog from Cupertino is the biggest music company in the world and soon may rule the market for e-books as well. What's next? Farming? Toothbrushes? Fixing the airline industry?

Right now, it seems as if Apple could do all that and more. The company's surge over the past few years has resembled a space-shuttle launch -- a series of rapid, tightly choreographed explosions that leave everyone dumbfounded and smiling. The whole thing has happened so quickly, and seemed so natural, that there has been little opportunity to understand what we have been witnessing.

The company, its leader, and its products have become cultural lingua franca. Dell wants to be the Apple for business; Zipcar the Apple for car sharing. Industries such as health care and clean energy search for their own Steve Jobs, while comedian Bill Maher says the government would be better run if the Apple CEO were head of state. (The Justice Department and FTC, which are both investigating Apple's tactics, might disagree.) A Minnesota Vikings fan dubs his team the "iTunes of quarterbacks," serially sampling one track from a player's career, as with Brett Favre, rather than buying the whole album as the Colts have done with Peyton Manning.

This shorthand is useful but tends to encourage a shallow notion of what it takes to emulate Apple. And Apple doesn't delineate the key factors of its success. Those principles are more closely guarded than its product pipeline. Jobs did not comment for this article. On-the-record comments from the CEO occur in only the most orchestrated environments (at MacWorld, say, or in newsweekly magazine stories timed to new product announcements), or in late-night email messages that defy explication. When it comes to the special sauce that makes his company the paragon of U.S. and global business, the CEO is silent.

How does one become the "Apple of [insert industry here]"? After speaking with former employees, current partners, and others who have watched Apple for many years, it's clear that

the answers center around discipline, focus, long-term thinking, and a willingness to flout the rules that govern everybody else's business. It's an approach that's difficult to discern and tougher to imitate. But everyone wants to give it a try. Here, then, is our report on the Apple playbook. Short of something falling into your hands in a Bay Area bar, this may be as close to the truth about Apple as you're going to get.

{1} Go Into Your Cave

If Steve Jobs were an architect, he'd work at the futuristic glass-and-steel San Francisco offices of international architecture and design firm Eight Inc. The walls are bathed in white, and the vibe is akin to working behind the Genius Bar. Here, on the second floor, look to the back wall. There you'll discover a frosted-glass door emblazoned with a white Apple logo. Behind it is Eight's Apple team -- a small group that has worked with the company since the late 1990s to conceive the look and feel of its "branded consumer experiences," which include its trade shows, high-impact product announcements, and 287 retail stores. The door is locked.

What goes on behind the locked door? "We really can't say too much," says Wilhelm Oehl, a principal designer, when I visit him one cloudy spring afternoon. He describes his work with Apple in only the vaguest, most anodyne terms -- to "redefine elegance," to keep an "integrity of design" that "makes the product the hero." Finally, Oehl mumbles, "We try to capture something that feels like magic."

These frosted-glass doors, and similar ones all around the world protecting other caves of Apple thinkers, are emblematic of Apple's fanaticism for secrecy. But those doors are more than mere paranoia. Apple sets its own agenda and tunes out the tech wags -- competitors, industry observers, analysts, bloggers, and journalists like myself -- who constantly spew torrents of advice, huzzahs, and brickbats in its direction. Behind its doors, Apple can ignore us all.

Jobs has never cared much about what the tech industry has to say. Back in the early 1980s, when he was leading the team building the Mac, Jobs would often give his engineers guidance on what the computer should look like. "Once, he saw a Cuisinart at Macy's that he thought looked incredibly great," says Andy Hertzfeld, one of the engineers on the original Mac team and the author of *Revolution in the Valley: The Insanely Great Story of How the Mac Was Made*. "And he had the designers change the Mac to look like that." Another time, he wanted it to look like a Porsche.

Get the picture? Computers should be more like sports cars and kitchen appliances. That's Apple's audience: high-end mainstream, the folks who buy -- or aspire to buy -- Porsches. You don't connect with those consumers by listening to Silicon Valley. Techies, even after all these years of Apple watching, still get bogged down in specs, speeds, and developer contracts. Magic doesn't happen in an echo chamber.

{2} It's Okay to Be King

Mike Evangelist (yep, that's his name) still remembers one of his first meetings with Jobs. It took place in the Apple boardroom in early 2000, just a few months after Apple purchased the American division of Astarte, a German software company where Evangelist was an operations manager. Phil Schiller, Apple's longtime head of marketing, put Evangelist on a team charged with coming up with ideas for a DVD-burning program that Apple planned to release on high-end Macs -- an app that would later become iDVD.

"We had about three weeks to prepare," Evangelist says. He and another employee went to work creating beautiful mock-ups depicting the perfect interface for the new program. On the appointed day, Evangelist and the rest of the team gathered in the boardroom. They'd brought page after page of prototype screen shots showing the new program's various windows and menu options, along with paragraphs of documentation describing how the app would work.

"Then Steve comes in," Evangelist recalls. "He doesn't look at any of our work. He picks up a marker and goes over to the whiteboard. He draws a rectangle. 'Here's the new application,' he says. 'It's got one window. You drag your video into the window. Then you click the button that says *burn*. That's it. That's what we're going to make.' "

"We were dumbfounded," Evangelist says. This wasn't how product decisions were made at his old company. Indeed, this isn't how products are planned anywhere else in the industry.

The tech business believes in inclusive, bottom-up, wisdom-of-crowds innovation. The more latitude extended, the greater the next great thing will be. Nowhere is this ethos more celebrated than at Google, where employees are free to spend some of their working hours building anything that strikes their fancy. A few of these so-called 20%-time projects have become hits for Google, including Gmail and Google News.

Apple's engineers spend 100% of their time making products planned by a small club of senior managers -- and sometimes entirely by Jobs himself. The CEO appoints himself the de facto product manager for every important release; Jobs usually meets with the teams working on these new gadgets and apps once a week, and he puts their creations through the paces. "He gets very passionate," Evangelist says. "He'll say, 'This is shit, we can do much better.' "

How can it be wise for so few people to have the authority -- not to mention the time -- to make most of the creative decisions at a company as large as Apple? Bottlenecks do result. According to one former Apple engineer, a staff of about 10 "human interface" designers is in charge of the entire Mac operating system. With such a small group making decisions, Apple can put out only one or two new products a year.

But this approach works because Jobs and his team know exactly what they want. A more decentralized company like Google may launch dozens of products a year, but more of them fail. (Have you Waved much lately?) Apple hits for a high average. And Apple's strong management keeps the troops focused. "Everybody knows what the plan is," says Glenn Reid, a former Apple

engineer who created iMovie and worked on several other iLife apps. "There's very little infighting."

"I still have the slides I prepared for that meeting, and they're ridiculous in their complexity," Evangelist says, remembering how everyone in the room understood, immediately, that Jobs's rectangle was right. "All this other stuff was completely in the way."

{3} Transcend Orthodoxy

A battle rages in the tech industry, fought on the side of "good" by those who believe that software should be "open" -- in other words, accessible to developers of all stripes -- and on the other by misanthropes who feel that it's fine to limit development. Techies generally believe that open is not only trendy but virtuous. Google trumpets that its Android phone is more open than the iPhone. Adobe brags that because its software tools help developers create write-once, run-anywhere software, it is the epitome of openness. Apple counters that it wants to replace Adobe's proprietary Flash with HTML5 and H.264, which are actually open Internet standards. Nonetheless, Apple is perceived as being closed. Cory Doctorow, author and co-editor of the widely noted tech blog Boing Boing, distilled the anti-Apple argument into a single line: "If you want to live in the creative universe where anyone with a cool idea can make it and give it to you to run on your hardware, the iPad isn't for you."

This argument may not engage you, and perhaps you even find it boring. That makes you just like Apple. Despite all the noise about Apple's closed ideology, the company adopts positions based on whether they make for good products and good business: You know, like a results-focused company, not a dogmatic college philosophy major. For example, Apple happily accepted the music industry's copy-protection requirements because they helped it successfully launch the iTunes store. When they no longer made business sense, it dropped them.

For Apple, the ideas of closed and free aren't in conflict. "We're just doing what we can to try and make [and preserve] the user experience we envision," Jobs emailed Gawker blogger Ryan Tate, who had baited the CEO in the wake of Apple's decision to ban Flash from the iPhone and iPad. "You can disagree with us, but our motives are pure." The App Store, Jobs wrote Tate, offers "freedom from programs that steal your private data. Freedom from programs that trash your battery. Freedom from porn. Yep, freedom."

Developers have griped loudly that the App Store is closed because it dictates how apps get built. But that's misleading: The problem isn't that it's closed, but that its rules are arbitrary, hidden, and frequently changing. If Apple embraced transparency, it could avoid much of this debate. But fundamentally, who really cares about the verbiage? While the bloggers rage on, the App Store is a total success, and even its fiercest foes admit that it offers a dead-easy, totally fun way to find useful things to soup up your phone and tablet. For Apple, that's the only philosophy that matters.

{4} Just Say No

The new MacBook Touch is bendable. Its single OLED screen features a flexible seam, allowing the machine to function as a laptop, a 13-inch tablet, or even a desktop, depending on how you flex it. The computer has half a dozen peripheral ports, includes a stylus, and comes in two colors. And, I should add, it doesn't exist. It was designed by Tommaso Gecchelin, a student in Venice, Italy, who is unaffiliated with Apple, but is one of a growing subculture of people around the globe who create and share concept designs of the Apple products they'd like to see.

Although many of these illustrated fantasies are quite beautiful, and some are uncannily realistic, their fatal flaw is often the same. They're larded with features. Apple is about less (those six ports on the MacBook Touch should have been a dead giveaway that this wasn't an Apple product). Even Gecchelin concedes, "This is not the Apple philosophy."

Jobs's primary role at Apple is to turn things down. "He's a filter," says the Mac engineer Hertzfeld. Every day, the CEO is presented with ideas for new products and new features within existing ones. The default answer is no. Every engineer who has gone over a product with him has a story about how quickly Jobs reaches for the *delete* key. "I'm as proud of the products that we have not done as the ones we have done," Jobs told an interviewer in 2004.

It's not just Jobs's consistent aversion to complexity that prompts him to say no. Apple thrives on high profit margins, and having the willpower to say no keeps production costs down. Eliminating features also helps build buzz. "The great thing about omitting a feature that people want is that then they start clamoring for it," says Reid, the former Apple engineer. "When you give it to them in the next version, they're even happier somehow." Apple has pulled off this trick time and again, most recently with the iPhone OS 4. It includes multitasking, a feature that customers began asking for in 2007, intensifying their pleas after Palm debuted multitasking in its WebOS last year.

How could the iPhone not have something this elemental until its fourth generation? Or take the iPad: Really, no camera? In 2010? Even the iPad-adept 2-and-a-half-year-old girl in the YouTube video complained about it. Come on, Apple, what are you thinking?

Maybe it's thinking of a reason for you to come back next year.

{5} Serve Your Customer. No, Really

Among the many angry customers whom Jeremy Derr encountered during his time as an Apple Genius, the one he remembers best is the professional photographer with the bad FireWire port. "This guy had been dealing with the issue for weeks, so by the time he came in, he was pretty distraught," says Derr, who began working as a Genius at Apple's Houston Galleria store

in 2002. Derr determined that the machine would need to go in for service and the repair would take a week. "That's when he absolutely lost it."

However great your product, something will invariably go wrong -- and as the classic customer-service maxim goes, only then will the customer take the true measure of your firm. In recent years, companies of all kinds -- but especially Apple's competitors in the computer and phone businesses -- have adopted strategies that amount to customer avoidance rather than service. They shunt their customers off to outsourced call centers staffed with underpaid agents who read from scripts, or worse, send them to an online FAQ. When Google launched its Nexus One smartphone through its online store in January, it forgot to make any real people available to field support questions. It didn't take long for the company's online forums to be flooded with angry customers.

When Apple devised its retail strategy a decade ago, the company had a single overriding goal: to launch stores that were unlike anything that customers associated with the computer industry. Apple hired Ron Johnson from Target and George Blankenship from Gap. (Last year, Blankenship decamped to Microsoft's new retail-store effort.) Johnson began by asking shoppers to name their best customer-service experience, and he found that most of them agreed on a single setting, the hotel concierge desk. Their effort to re-create the same friendliness you'd find in a Four Seasons Hotel lobby led to the Genius Bar, which Johnson calls the "heart and soul" of every Apple Store.

Geniuses will look at any Apple product for free, regardless of where you bought your item. They'll take a stab at fixing non-Apple software, and they'll even help customers with non-tech-support tasks. "I once helped a woman learn iMovie so she could record her wedding reception," Derr says.

Apple doesn't charge for any of this. Customers pay only for repairs on out-of-warranty goods, and Derr notes that Geniuses have almost total leeway to waive these fees. How can Apple afford to be so generous? "It's a loss leader," says Derr, who left the Apple Store in 2006 to start a software company. "Sometimes someone comes in for help and decides to buy something on the way out."

That's exactly what happened with Derr's angry photographer. As the man ranted about being unable to do without his computer, Derr suggested that perhaps he should invest in another laptop as a backup. "It was like I'd said the magic words," Derr says. The photographer left the store with a brand-new machine.

{6} Everything Is Marketing

Just as the Genius Bar has proved to be genius, the now-classic Apple slogan "Think Different" also turns out to be more than just words: The brains of Apple fans really are different. When Martin Lindstrom, a brand consultant and author of *Buyology: The Truth and Lies About Why We Buy*, examined those brains under a functional magnetic-resonance-imaging

scanner, he discovered that Apple devotees are indistinguishable from those committed to Jesus. "Apple's brand is so powerful that for some people it's just like a true religion," Lindstrom says.

Apple cultivates religious fervor among its adherents in a number of subtle ways, including its mysteriousness and its suggestion that customers are among the chosen ones. Perhaps most important, though, is Apple's devotion to symbology. Its most effective marketing efforts, Lindstrom says, are built into the products themselves. Think of the iPod's white earbuds, the Mac's startup sound, or the unmistakable shape of the MacBook's back panel. None of these choices were accidental. Apple understands the lasting power of sensory cues, and it goes out of its way to infuse everything it makes with memorable ideas that scream its brand.

This extends to the fanatic attention to detail that Apple brings to its biggest product launches. These usually commence after months, possibly years, of rumors (we'd been hearing about an Apple tablet since 2002). The actual launch day is choreographed like a dictator's display of military splendor. One example: Apple buys up all the bus-stop ad space near the Yerba Buena Center for the Arts, the San Francisco venue where it has held its recent events. It then switches its posters while Jobs is speaking. So this past January 27, when I walked into Apple's iPad debut, the street ads depicted something old; when I left, there's the iPad everywhere you look. Study the iPad in the poster and its clock says 9:41 a.m. Why? Apple thought of that, too. That's the exact moment that Jobs revealed the iPad to the world. Somewhere, Kim Jong-il is smiling. Who else but Apple orchestrates its branding to this nth degree?

There may be a limit to the value of Apple's increasing cultural ubiquity. The company risks a Starbucksian-level backlash. This, Lindstrom says, is Apple's main branding problem today. Once we're all members of the church of Apple, will we all keep praying together? Or will the pioneers strike out in search of something less common, the next insanely great thing?

{7} Kill the Past

Don't be surprised if Apple someday unveils a "desk-free" computer -- a machine that lets you slump on the couch with a wireless keyboard while surfing on a giant projected screen. Or a surface that can recognize handwriting gestures, in order to let you sign your name on a touch screen without using a stylus. There may also be a bright future in three-dimensional computing. Instead of fussing with flat windows on your iMac, cubes, prisms, and pyramids would represent apps, and you'd rotate one in 3-D space to interact with different parts of the program.

More fanboy hallucinations? Nope. They're all mentioned in recent Apple patent filings. We may never see any of these products, but no other company reimagines the fundamental parts of its business as frequently, and with as much gusto, as Apple does. In just the past few years, for instance, we saw the company remake its entire line of notebook computers by instituting a "unibody" production process. Now its computers are laser-cut out of a single slab of aluminum or polycarbonate plastic, a dramatic shift from the way the industry has made portables since their inception.

Apple disregards the entire concept of backward compatibility, which is both a blessing and a curse for rivals such as Microsoft. Over its history, Apple has adopted new operating systems and underlying chip architectures several times -- decisions that rendered its installed base instantly obsolete. Jobs killed the floppy disk in the iMac, and he claimed that optical drives were on their way out with the MacBook Air. Now, with the company's embrace of touch screens, Apple seems to be gunning for the mouse, a technology that it helped bring into wide use in the 1980s. Does this relentless eye toward the future always work? No. Jobs killed the arrow keys on the first Mac; Apple was forced to add them back in a later version, and it has kept them in all its Macs ever since.

More often, though, Apple's willingness to abandon the past makes for better products. Nothing holds it back, so it can always stay on the edge of what's technologically possible. Plus, the strategy forces the faithful to keep buying new versions. One Apple customer recently emailed Jobs to ask whether Apple would continue to support the first iPhone, which launched in 2007. Jobs's response: "Sorry, no."

{8} Turn Feedback Into Inspiration

Steve Jobs has often cited this quote from Henry Ford: "If I'd have asked customers what they wanted, they would have told me, 'A faster horse!' "

This is Jobs's defense of Apple's reluctance to listen to even its most passionate customers, and the line is a good one to remember the next time you're considering a new round of focus groups. "The whole approach of the company is that people can't really envision what they want," says Reid. "They'll tell you a bunch of stuff they want. Then if you build it, it turns out that's not right. It's hard to visualize things that don't exist."

But Jobs doesn't exactly ignore customers; he uses their ideas as inspiration, not direction; as a means, not an end. Ever since the netbook boom began, many people have begged Apple to put out its own. These tiny, ultra-portable machines represented the fastest-growing segment of the PC business, and the company seemed to be missing out. Some people (yours truly included) even went so far as to hack PC netbooks in order to run the Mac OS. Jobs could not have been more dismissive. "We don't know how to make a \$500 computer that's not a piece of junk," he said of the prospect of an Apple netbook.

Cut to January 2010, and there's Jobs unveiling a \$500 computer that isn't a piece of junk. But the iPad isn't a netbook. It's both more, and less -- not just a faster horse.

{9} Don't Invent, Reinvent

"Revolutionary" is one of Jobs's favorite words. When he revealed the iPhone, he said, "Today, we are introducing three revolutionary products" (the punch line being that he debuted just one device with the power of three). Three years later, he introduced the iPad by saying, "We want to kick off 2010 by introducing a magical and revolutionary product." He's been doing this a long time: In 1989, he introduced the Next computer as the "next computing revolution."

Revolutionary is a word that drives his critics batty. Jobs touts each creation as unique and original. Detractors insist that they all borrow freely from preexisting technologies. And it's hard to argue, given that music players existed well before the iPod, and smartphones predate the iPhone. Some of those critics, most recently Nokia and HTC, have taken Apple to court for patent infringement, a charge that Apple is quite familiar with, having settled suits leveled against it relating to the iPod (paying \$100 million to portable media maker Creative Technology) and the iPhone (Klausner Technologies, a patent holding firm, had a patent on visual voice mail).

This all depends on what your definition of revolutionary is. Apple's talent is far more cunning and more profitable than mere infringement. To use a musical analogy, Apple's specialty is the remix. It curates the best ideas bubbling up around the tech world and makes them its own. It's also a great fixer, improving on everything that's wrong with other similar products on the shelves. (One of the underrated joys of a Jobs product demo is the trash talking about what everyone else in the market doesn't understand.)

The iPad is a perfect example. Much of it has been done before; Bill Gates demonstrated a Windows-based tablet in 2001, and he predicted that it would become the dominant computing format in five years' time. Windows tablets flopped immediately. Why? First, Microsoft lamely re-created the desktop's interface, and it required users to deal with a clunky stylus to get anything done. Gates also didn't encourage developers to create tablet-specific apps. Indeed, as Dick Brass, a former Microsoft executive, wrote in *The New York Times* last February, Microsoft's own Office team refused to modify the productivity suite for tablet computing.

Jobs saw that Apple could fix all these issues. The operating system: Apple had solved that problem, to great acclaim, with the iPhone. Interface: The iPhone's multi-touch did away with the need for a stylus. Apps: The App Store had already proved remarkably capable of encouraging developers to create programs for a new gadget. All that, plus a lot of thinking about design and marketing, and voilà! A tablet that the whole world finally wanted. Was the iPad truly a "new" device? Does it even matter? Apple sold 2 million of them in the first 60 days.

{10} Play by Your Own Clock

A few weeks after the iPad hit the shelves, word leaked that HP had decided to delay and retool the Slate, the tablet PC that it had promised would rival Apple's "Jesus tablet." The same day, Gizmodo reported that Microsoft had killed the Courier, another reputed iPad killer. Research in Motion, too, has delayed its planned tablet until 2011.

From what we saw and heard of these devices, they were more complicated than the iPad -- full-blown computers in tablet form rather than the streamlined iPad. Caught off guard by the market response, these rivals realized that they'd be releasing their version of a faster horse. They went back to the drawing board. Meanwhile, other Apple rivals, including Google, British Telecom, and Intel, are now scrambling to enter the tablet game.

Apple doesn't get caught up in this competitive frenzy (perhaps because it's working behind those locked doors). It plays by its own clock. Apple's release schedule is designed around its own strategy and its own determination of what products will advance the company's long-term goals. It can do this, in part, because of Jobs's exalted position among chief executives. The average American CEO's tenure is about six years, and it's steadily declining. Many CEOs are just a couple of consecutive bad quarters away from pink slips. Jobs knows he's never going to get fired, so he's liberated to devote years -- if that's what it takes -- to attain Apple's high standards and hit the fat part of the adoption curve. Most CEOs aren't so lucky.

The company's long-range focus allows it to do something much more sophisticated as well: build the future into its current products. For the past decade, the company has released a series of platforms -- Mac OS X, the iPhone OS, iTunes, its retail stores, the App Store, and recently its own microprocessors and iAd, a mobile-advertising system -- that give it a stepping stone to its next products. The iPad is the culmination of all these things. Its glass screen, interface, unibody construction, operating system, and App Store all originated in other Apple products. Within the iPad are clues to Apple's future gadgets and services, though we'll only be able to spot them in retrospect.

Of all the points we've covered here, Apple's willingness to go long is perhaps its greatest strength. The company has a plan. It's on the right path, and that fuels both confidence and grand ambitions. It's executing, to say the least. Which is why the "Apple of American business" is, well ... Apple.

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