

THE PATHS TO SUCCESS

What is success? How does one achieve, or maintain success? Because there are as many answers to those questions as there are people in this room, or as we could find in this building, I believe it is fair to say that success has myriad definitions—unique to each individual. Why, in this very room I am surrounded by men who have attained great levels of success in various ways. A quick glance around the room shows distinguished men of great social, business and professional success. Ironically, what I might see as success in each of you may not be something you see in yourselves as a success. To the outside world you may have reached great economic wealth, but there are other aspects of your life where you have not yet reached your goals and you consider yourself far from successful. Success is curious, and it can often be fleeting. Success is not guaranteed or absolute. Stephen Covey tells us there are seven habits of Highly Successful People.¹ to wonder if we pulled each of you in this room whether you'd score yourself very high on any one of those 7 areas. By contrast, I wonder if you scored the others in this room how *you* would score *them* in those areas.

Regardless of how we come by success, it is evident in many parts of our lives. The success of the different individuals have come to have an enormous impact on the world around us. Important figures in politics and business have made their indelible mark upon history, and on each of us at the same time. It's hard to imagine a world without Dr. King, or any number of former Presidents. What would Hoptown be like without folks like Bud Hudson or William Turner – again, even now as I speak, I'm in the company of some awfully distinguished men who have made their mark on the world.

¹ (1) Be Proactive, (2) Begin With the End in Mind, (3) Put First Things First, (4) Think Win-Win, (5) Seek First To Understand, Then To Be Understood, (6) Synergies, and (7) Sharpen The Saw.

My paper tonight is not about success generally, but rather, about two men whose paths to greatness and success unfolded in different ways and at different times. This paper, obviously, is not as comprehensive or as thorough an examination of these two men as you could find on your own. Both men have been written about substantially in the last 30 years. I offer little more than observation of a body of knowledge that is well-established for your benefit tonight.

BACKGROUND

The first of these men, born on February 24th, 1955, was immediately given up by his biological parents for adoptive parents. The boy's new father, formerly in the Coast Guard during World War II, was a good mechanic, and attempted to pass those skills to his new son. He even set up a space as a workbench for his son in the family garage. The father, a man named Paul, would later recount "I figured I could get him nailed down with a little mechanical ability, but he really wasn't interest in getting his hands dirty."

In his youth, the boy learned over time that he was smarter than his parents, and perceived that even they were aware of this. The boy expressed in later life that he felt shame for having considered himself sharper than his parents - its a memory that resounded vividly even into his 50's. During his school days it became very clear that this boy was evidently brighter than all of his classmates. Due either to his boredom with the curriculum or his otherwise mischievous character, the boy established a history of pranks and minor troublemaking, often testing the will and patience of his

parents. On one occasion, he switched the locks on all the bicycles outside the school. On another, he fired what he called “an explosive” under the chair of his teacher - joking that that stunt gave her a nervous twitch. In the Fourth Grade, a teacher that had taken a liking to the young man urged he be tested, and the results showed this 10 year old had the intelligence of a high school sophomore.

Because of his exceptional intellect, the school administrators made what must have been an unusual suggestion that the boy skip two grades. His parents settled on skipping only one, but it was a rough transition for the young man. The challenges he endured after skipping a grade were enough to make him want to change schools. Though the change meant a steeper expense for his parents, they relented to his requests and moved to a nicer neighborhood to the address 2066 Crist Drive, in Los Altos. The move, while challenging to the parents, Paul and Clara, would work out to be quite the fortuitous decision. Their son, Steve, would later start a venture in the garage on Crist Drive that would, one day become the most valuable company on Earth. Steven Paul Jobs would partner with Steve Wozniak, an older kid he was introduced to while still in high school, and 42 year old Ronald Wayne², would create Apple Computer, Inc. and work from the Crist Drive garage to build the first Apple computers in the world.

Our second individual....

² Ronald Wayne, who sold his 10% interest in the company two weeks after it was formed, is still kicking himself in the butt for selling out his interest in the company. He sold his interest in the company for \$800 and was paid another \$1500 for release Apple from any claims down the road. Today (2/4/12) his 10% interest would be worth \$45.968 Billion. NOTE: As of February 9, 2012, APPL is worth more than Microsoft and Google *combined*. As of 4/2/12, the stock is trading at \$616.82.

The second gentleman was born, October 28, 1955, in Seattle and was not put up for adoption. Rather, this child's biological parents had great plans for him. His father was an influential and successful white-collar attorney. His mother was an active community member. By contrast to Jobs, this young man's youth had no worries about finances or employment. While Jobs was skipping grades and struggling to adapt socially, our second subject landed the position of Congressional Page in 1973.

Their beginnings were not the same, though you could see some similarities. This second young man, like Jobs, was exposed to some of the electronic gadgetry of the day which piqued his interest enough to motivate further discovery and self-teaching. Again like Jobs, this young man tinkered for his own amusement with games or pranks brought to life through electronic gadgets (though he apparently drew the line at explosives under teachers' chairs) before envisioning a much wider use computer="programming" - the precursor term for software - which is the precursor term for Apps.

About the only negative historical note for this second young man was an arrest on December 23, 1977, in New Mexico. According to Wikipedia - a source that I freely admit is suspect - says the details regarding the exact nature of his arrest are lost to history, reporting it simply as a "traffic violation." That nerdy, unassuming 22 year old pictured in his mugshot would quickly grow to be the richest man on the face of the planet - and his look wouldn't even change that much. Perhaps some of you have already guessed the natural companion in a paper about Steve Jobs. The yin to Steve Jobs' yang. William H. Gates, III. Commonly known as Bill.

In discussions of business, you'd be hard pressed to make a list of successful leaders that doesn't include Bill Gates and Steve Jobs. Stranger still would be a list with

only one of them, as the two seem to be ever-joined by the decades-old nerd fight that lives on even today. Are you a PC or a Mac? Steve Jobs saw the graphical user interface for the first time at Xerox-Parc and built the first commercially successful Apple computers around it. Bill Gates, in a move to outflank Jobs, essentially retooled that interface into Windows. Through intelligent licensing agreements, and comparably cheap hardware prices, Microsoft's market dominance came to fruition. The battle lines were drawn from that point on. Only now, decades later, has the Mac/PC war cooled to some degree, but only because Apple is too busy picking fights with Samsung and Google to focus on puny Microsoft.

Regardless of your thoughts on the matter, what is clear is that Jobs and Gates' approaches to corporate governance have taken both companies from scrappy startups to dominate corporate citizens across the globe with immense effect on all people everywhere - whether they've directly used one of their companies' products or not. Both men have experienced success though they beat different paths to get there. There are entire trade shows, conventions, blogs, websites, and podcasts that celebrate both companies. This subculture of technology news and drama is so widespread that it can affect the course of other industries. Countless lives have been affected because these two men breathed life into their two companies.

By any measure, both men have amassed (and continue to amass) great material wealth. Bill Gates was, for many years running, the richest human on Earth. Steve Jobs never attained that title, but certainly had a net worth of many billions of dollars prior to his death. Neither man finished college, despite both sets of parents' desires otherwise. Despite both being more than bright enough to excel in just about

any coursework they may have faced, each had a vision for something more. Gates was both technology and business driven. He quit Harvard to form Microsoft in Albuquerque, New Mexico, with Steve Ballmer who now runs the company. Jobs quit Reed College because, I believe, he was intertwined with acid trips and a pilgrimage to India to study Buddhism. Steve would later say that Bill would have been a better CEO (and Microsoft would've been a better company) had Gates "dropped acid" a time or two. Jobs attributes the design and font-styles found in the Mac Operating System to his having dropped acid as well as a calligraphy course he managed to audit before completely dropping out of Reed College. How did *these* two guys manage to change the world?

PERSONALITY PROFILE

Both Gates and Jobs, in their respective universe of control, have led tens of thousands of people—their employees—to innovate, create, design, redesign, produce, and ship to end users countless units of devices that change the way everyone on this planet works and interacts with everyone else. But neither man will ever be described as warm-and-fuzzy.

Steve Jobs was sought as a possible political appointee to the President George H.W. Bush's Council on Exports. As part of the vetting process, the FBI performed a thorough background report on him. The background check, released to the public on February 9, 2012, is one of many profiles of the late Apple co-founder that are less than flattering. Several people were interviewed by the FBI to complete the background check - some of whom were people Jobs himself suggested the FBI get in touch with.

Among the interviewee remarks were descriptions of Jobs “as ‘deceptive’ and someone of ‘questionable’ moral character. One interviewee recommended Jobs for the ‘high level political position’ in spite of assertions that he was deceptive because ‘honesty and integrity are not required qualities to hold such a position.’” reported AppleInsider.³

Steve Jobs was brilliant by many accounts. However, his intellect was matched perhaps only by his desire for control. His authorized biography release last year by Walter Isaacson, along with any number of unauthorized biographies, paint unflattering portraits of Jobs when it comes to people skills. He was mean. He was condescending. He took credit for the work of others.

Bill Gates’ history at the helm of Microsoft is not much different from Jobs’ tenure at Apple. Both men managed to run a company without ever being wrong. Both men were considered by many to be visionaries, and both (at different times and in different ways) were able to effectively bring their different visions to reality. Gates is rumored to have been ill-tempered and brutal to those working with or directly under him.

It wasn't strange for Gates to put in 12-18 hour days, which would only increase in frequency with major product launches. He was quoted as saying "Passionate leadership wont succeed if contradictory signals are sent." Bill set the tone and expected nothing less from every member of the team across the huge Redmond, Washington campus.

In one of the many dozens of Microsoft buildings is a portrait of Henry Ford, which Gates says is there to remind him of Ford's stubbornness and lack of vision which enabled many competitors to make up ground. Gates once wrote that "success is a

³ AppleInsider: http://www.appleinsider.com/articles/12/02/10/apple_co_founder_steve_jobs_did_serve_on_white_house_council_in_90s.html

lousy teacher." Sometimes, it seems, successful leaders can't help but learn that particular lesson the hard way.

RELIGION

Does a spiritual faith or set of beliefs factor into one's success? Reasonable minds can and often do differ on this question. Gates and Jobs have differing perspectives, but share one common thread inasmuch as they aren't sure what the answer is.

Bill Gates was quoted in Time Magazine in 1997 as saying "Even though I'm not religious, the amazement and wonder I have about the human mind is closer to religious awe than dispassionate analysis." Gates went on to say that "just in terms of allocation of resources, religion is not very efficient. There's a lot more I could be doing on a Sunday morning."

Steve Jobs told Walter Isaacson that he was "fifty-fifty on believing in God. For most of my life, I've felt that there must be more to our existence than meets the eye." On this topic, Jobs arguably was given a different perspective on religion and spirituality. The once practicing Buddhist acknowledged that his oncoming death from cancer probably erred on the side of hope that some afterlife existed. In the end, he either wasn't confident in the answer, or at least didn't share as much with the author as he pondered with Isaacson that life may end "like an on-off switch...Click! And you're gone."⁴

PHILANTHROPY

⁴ Jobs made that remark regarding the on-off switch, then paused before finally remarking that they may be "why [he] never like to put on-off switches on Apple devices."

Having achieved untold wealth, both men also contribute to mankind financially, or at least we think both did at one time or another. There are many observers that discuss the giving associated with these two men.

Bill founded the William H. Gates foundation in 1994, which was later renamed in 1999 as the Bill & Melinda Gates Foundation. Initially, the foundation was funded through stock grants from Bill himself. Upon leaving Microsoft's active executive leadership team in 2008, Gates went to work full time for the Foundation. Equipped with its \$33.5 billion war chest, the Foundation funds programs both in the United States and abroad in more than 100 countries, that fall into one of three primary categories: Global Health, Global Development and, rather generically, the "United States Program."⁵ On June 25, 2006, Warren Buffet made his now famous gift to the Foundation, consistent with The Giving Pledge, of 10 million Class B shares of Berkshire Hathaway Inc. Stock, which, as of Monday, April 2nd, weighed in at over \$81.00.⁶ For some perspective, Class A shares on Monday were worth over \$122,000 apiece.

Much like the company he built, Steve's giving is largely a well kept secret, if not outright nonexistent. Not only is it difficult to locate word of any donations he made, you'd be hard pressed to hear him ever mention charitable giving. "In a 1985 interview,

⁵ Bill & Melinda Gates Foundation, Fact Sheet, Available at <http://www.gatesfoundation.org/about/Pages/foundation-fact-sheet.aspx>

⁶ An excerpt from Warren Buffett's Letter to The Giving Pledge: My wealth has come from a combination of living in America, some lucky genes, and compound interest. Both my children and I won what I call the ovarian lottery. (For starters, the odds against my 1930 birth taking place in the U.S. were at least 30 to 1. My being male and white also removed huge obstacles that a majority of Americans then faced.) My luck was accentuated by my living in a market system that sometimes produces distorted results, though overall it serves our country well. I've worked in an economy that rewards someone who saves the lives of others on a battlefield with a medal, rewards a great teacher with thank-you notes from parents, but rewards those who can detect the mispricing of securities with sums reaching into the billions. In short, fate's distribution of long straws is wildly capricious.

he said of his riches, ‘You know, my main reaction to this money thing is that it’s humorous, all the attention to it, because it’s hardly the most insightful or valuable thing that’s happened to me.’”⁷ He once said his greatest charitable contribution would be to shape a great company that increased shareholder value and *they* could give that value away to those in need.

Jobs isn’t alone in this regard. Sam Walton, who himself didn’t create the Walton Family Foundation⁸ until he was 69 (5 years before his death), wrote in his autobiography that “We [the family] have never been inclined to give any undeserving stranger a free ride.” “We feel very strongly, that Wal-Mart really is not, and should not be, in the charity business.”

In contrast, Job’s successor at the helm of Apple, Tim Cook, who took the reins last fall, initiated a popular charitable gift matching program for all Apple employees giving to 501(c)(3) entities up to \$10,000. This new matching program has earned great praise from many in the tech community as a long overdue philanthropic act.

IS HUMBLENESS IS A VIRTUE

Proverbs 16:18 is proven correct many times in the history of this world. Pride does, indeed, come before the fall. Appropriately, this bears true for both Jobs and Gates. Each man experienced a period of time in their careers that essentially brought each man (and their respective companies) to their knees.

⁷ “The Mystery of Steve Jobs’s Public Giving” by Andrew Ross Sorkin, Dealbook, New York Times, 8/29/2011. <http://dealbook.nytimes.com/2011/08/29/the-mystery-of-steve-jobss-public-giving/>

⁸ The Walton Family Foundation reports on its website three primary focus areas: Education Reform for k-12 students, the Environment with specific regard to ocean and river systems, and further education aid and “quality of life initiatives” in the Arkansas and Gulf Coast regions close to its headquarters in Arkansas.

For Apple, this came rather early. Then again it should have come to Apple earlier, because they experienced great success before Microsoft did. Steve Jobs was running the company, or portions of it, from its formation in 1976 until he was unceremoniously booted from the company in 1985. The company had experienced a series of early hardware successes with Steve at the helm. In order to bring credibility to the executive team at Apple, Jobs famously recruited the Chief Executive that would soon move to oust him. John Sculley left an executive Vice-Presidency with PepsiCo when Jobs asked him if he'd rather sell sugar-water for the rest of his life or come to Apple to change the world. Sculley came to Apple, but had no technology industry experience. He was hired for his marketing savvy, but his tenure was a tremendous failure on all levels. A power struggle ensued between Sculley and Jobs, leading to Job's eventual resignation. Apple began a slow decline toward insolvency, with Steve Jobs on the sideline - powerless to fight for his company's survival. He was missing from the company for over a decade, during which he founded another computer company called NeXT using resources from his sale of his interest in Apple, along with venture capital from Ross Perot. Jobs would also slowly acquire a controlling interest in Pixar, which was a jettisoned subsidiary of Lucasfilm.

On October 3, 2001, Apple would hit its lowest valuation with a \$14.98/share closing price, which amounts to only \$7.49 adjusted for stock splits.

For Microsoft, and Bill Gates, the tumble came later. Microsoft, on its way to global PC dominance sought to encourage all users to browse the web. They gave us a gem of an application to do the surfing - Internet Explorer. The history of that browser would, alone, be sufficient for a full Athenaeum paper tonight, but I'll spare you. In

short, Internet Explorer was made available to everyone--packaged all nice and neat with the Windows operating system that shipped on those endless stacks of Hewlett-Packards, Compaqs, Gateways, and IBMs.

On May 18, 1998 the U.S. Department of Justice filed an action against Microsoft for alleged anti-competitive practices regarding the bundling of its web browser with its operating system. At the time, Internet Explorer was on only about 4% of PCs, when its chief competitor was Netscape Navigator which was on 87%. Stephen Decker, the director of software procurement at Compaq, gave damning testimony to DOJ attorneys that in 1996 Microsoft made threats that it would cut Compaq out of its Windows license if it didn't put Internet Explorer on its PCs. The threats immediately began to work. Compaq couldn't be competitive in the hardware market without selling Windows systems. Internet Explorer doubled its market share - some of which came at the loss of Netscape's share.

During the trial, the presiding judge "audibly laughed and shook his head" while watching the video of Gates' deposition wherein Gates was doing everything he could to avoid making the situation worse.⁹ Gates was parsing words of the prosecutor and was dodging any answer that was overly committal. To be vague was to win. Gates would eventually admit to doing so with the prosecutor. The end result of the case was a judgment that placed various restrictions on Microsoft regarding future licensure of its software, and on how it interacts both with competitors and consumers.

It was evident that Gates was offended by the litigation, and Gates observers believe he still harbors some ill will. Understandably, Bill Gates, who like Jobs, poured

⁹ "Gates Deposition Makes Judge Laugh In Court" <http://www.cnn.com/TECH/computing/9811/17/judgelaugh.ms.idg/index.html>

himself into his company felt the Justice Department attack was at least a little bit personal.

PRESENT DAY

Fast forward to present day. What do we find? Steve Jobs, through Disney's acquisition of Pixar, became the largest single shareholder of the Walt Disney company. The Jobs estate continues to be the largest shareholder of Disney stock. Steve Jobs, while no longer alive, still holds court in the halls of his company with an executive team he cherry picked and groomed over his 14 years as CEO. Apple has come to enjoy 20 some-odd consecutive quarters of sales growth, which correlates nicely with the rising stock price. Apple has come quite a ways since October 3. As of Tuesday's close-of-trading the market price for a share of APPL hit \$629.32. Microsoft, while still enjoying global PC use dominance, closed at \$31.94. Google, which has positioned itself as a direct competitor to both companies, has a stock price of \$642.62. If you multiplied those stock values by the number of shares outstanding, the once stalwart Microsoft AND the teenage Google could be swallowed whole by Apple's market capitalization.

When Apple was near bankruptcy in the 1997, around the time Jobs was brought back to rescue the company, Michael Dell, another competitor in the tech space famously quipped "What would I do? I'd shut it down and give the money back to the shareholders." Ironically, Dell's quote was thrown back in his face by some Apple-fan bloggers recently when the company's executive leadership decided to do exactly that - distribute a large portion of its unbelievable cash horde of \$100 Billion back to

shareholders in the form of dividends for the first time in company history. Should Apple's sales continue to grow, the dividends will not only continue, but it actually won't stop the company's cash balance from continuing to grow. As of February, 2012, Apple has nearly \$90 Billion *just in cash reserves*. In late July of 2011 Apple actually possessed more cash-on-hand than the U.S. Government.

Bill Gates nowadays doesn't spend much time talking about his own company. I follow Gates Twitter account, and in the last year I haven't seen a single tweet or post referring to anything related to the software giant. Every message relates to the work of the Foundation. Meanwhile, Microsoft, though not nearly as big as Apple comparing balance sheet to balance sheet, still holds the lion's share of users across the globe with the licensure of its venerable Windows platform and of its cash cow Office application suite. Ironically, the browser that led to Microsoft's legal woes, while still on far more computers than anything else, has begun to slip in market share. On March 17th, 2012, Google's Chrome browser overtook Internet Explorer for the first time. According to StatCounter (CEO) the weekend usage of IE alternatives spikes when folks aren't at work where IE is the only browser option.

Gates continues his philanthropy, while his company struggles to catch up to its old footstool in Apple. The late Jobs' widow is reclusive. She made a rare public appearance at the most recent State of the Union address, and was visible at Apple corporate events shortly after Jobs' death, but maintains the secrecy and privacy that made her husband, and his company, so famous.

The success they've enjoyed tends to prove some key principals, at least to me. Success is unpredictable, but always achievable with hard work and vision. Success

comes at a great expense to each person who seeks it. Maybe the price of success is time. Maybe its money. Maybe its friendship or companionship or family. But you must at least be willing to sacrifice. Gates and Jobs also teach us that in order to experience success one must first experience some measure of failure. Lincoln lost more elections than he ever won. Perhaps the depth of failure determines the height of resulting success. To be certain, failure sharpens the focus of those determined to succeed. Success hopefully doesn't require ruthlessness or Machiavellian schemes, but does demand toughness and grit. Hopefully, success also inspires giving of itself so that others may enjoy their own success. Jobs may not have seen it this way, whereas Gates apparently did. I look at these two men, and I wonder how I would ever stack up, when I remember each of us in this room. The paths to success are as varied as we are, and my vision must extend beyond what my eyes can see.

Sources:

<http://www.bbc.co.uk/news/technology-14340470>

Steve Jobs, An Autobiography, Walter Isaacson 2011

www.apple.com

Quarterly Earnings, 1QT 2012

<http://www.apple.com/pr/library/2012/01/24Apple-Reports-First-Quarter-Results.html>

<http://dealbook.nytimes.com/2011/08/29/the-mystery-of-steve-jobss-public-giving/>

Sam Walton Autobiography

The Mystery of Steve Jobs's Public Giving" by Andrew Ross Sorkin, Dealbook, New York Times, 8/29/2011. <http://dealbook.nytimes.com/2011/08/29/the-mystery-of-steve-jobss-public-giving/>

Bill Gates: The Path to The Future, Jonathan Gattin, Harper-Collins, New York, (1999, Bill Adler Books)

Chrome Wins Weekend Browser Battle with IE: Report, <http://www.cnn.com/id/46807987/>
<http://www.cnn.com/id/46807987/>
Chrome Wins Weekend Browser Battle with IE Report

Gates Deposition Makes Judge Laugh In Court <http://www.cnn.com/TECH/computing/9811/17/judgelaugh.ms.idg/index.html>