



# Winnovation

BY ROWAN GIBSON

## Is this the end of Apple?

That's the bugging question that just won't go away. It seems to get asked every time Steve Jobs goes to the doctor. First it was a brush with cancer. Now it's a mysterious "hormone imbalance" that has left Jobs looking gaunt, forced him to cancel his appearance at Macworld 2009, and put him on a six month medical leave. Once again, people are wondering if Apple has lost its core. But why exactly does the company have this sword of Damocles hanging ominously over its head? Is the destiny of one of the world's most exciting and successful companies really so precarious? If so, what does this tell us about making one "great man" the kingpin of an organization's entire innovation strategy?

Rumors around Jobs's health (and speculation about the impact his departure would have on Apple) have been circulating the Internet for months. Yet this is merely the latest episode of a recurring nightmare. The troubles began in 2004, when – out of the blue – Jobs was diagnosed with an incurable form of pancreatic cancer. He says that, up until that fateful

moment, he didn't even know what a pancreas was. As it turned out, Jobs was an extremely lucky man. A biopsy revealed that the cancer was actually of a rare type that is curable with surgery. So Jobs arranged to have the surgery, and that was that.

Well, not quite. News of this medical event released a shockwave that could be felt all the way from Palo Alto to Wall Street, and throughout Apple's global fan community. Quel horreur! What if Steve Jobs suddenly disappeared? What would happen to Apple? Last time Jobs was removed from the picture – which was during John Sculley's troubled tenure as CEO – Apple very nearly went down the toilet. And ever since his “second coming” in 1997, the company's meteoric rise from the ashes – with innovations like iMac, iTunes, iPod, and iPhone – has been almost exclusively attributed to Jobs's individual genius. So what if the great genius was no longer around? What would become of the firm *BusinessWeek* labelled “the most innovative company in the world”? Would Apple's formidable innovation prowess just collapse like a house of cards? This was the question that sent a shiver down a lot of investors' spines.

Now that question is back with a vengeance. Jobs's severe weight loss over the last half year has quite understandably brought his health situation – and even his mortality – into focus again, with all the resulting question marks about Apple's future. In an effort to end speculation, Steve Jobs made a very rare move on January 5 by publishing an open letter to customers on the company's website in which he explained that he had a rare “hormone imbalance” but that it could easily be cured. Apple shares jumped 4% on the news. Just one week later, on January 14, Jobs announced that his health issues were in fact “more complex” than originally thought, and he would need to take a six month medical leave from the company. This time Apple shares dropped 10%.

Two things are highly worrying here. First, there's the worry about Steve Jobs himself. I've been a huge fan for twenty five years, and I can't imagine what the last quarter century would have been like without his impact on technology, and marketing, and lifestyle. Steve rocks! And we want him back. I sincerely wish him a speedy and full recovery.

The second worry concerns Apple. Is the health of the company really so dependent on the health of its superstar CEO? If Apple's primary mechanism for driving and sustaining innovation is one iconic and highly gifted individual, then there is reason for concern indeed. Of course, when we start to unpack what actually makes Apple so consistently creative, we find much more than a legendary guy in a black turtleneck and faded jeans

introducing “insanely great” products at MacWorld. But Job’s massive influence on every detail of what Apple does is undeniable.

What I argue in my books and my speeches is that for a company’s capacity for innovation to be sustainable, it has to become a *systemic capability* that is widely distributed throughout the organization. It simply cannot rely on a single, charismatic leader to keep it alive. Innovation has to be woven into the everyday fabric of the company just like any other organizational capability, such as quality, or supply chain management, or customer service. It has to become a deeply embedded core competence that is resilient enough to accommodate internal or external disruptions (i.e. leadership loss or succession, changes in economic cycles), and to keep rolling on as a reliable, well-oiled engine of growth.

Ask yourself: would Toyota suddenly lose its world-class ability to manage quality if it got a new CEO? Would the Four Seasons forget how to take superb care of its guests if somebody else was at the helm of the hotel chain? Core competencies don’t come and go with the changing of the guard. They become part of a company’s bloodstream. They are built on a system of interdependent and mutually reinforcing components that guide everyday patterns of behavior across the entire organizational culture. They have specific mechanisms that make them self-perpetuating.

So what about Apple’s innovation capability? Is it robust enough to survive the loss of its chief babysitter? Has it become a *systemic capability* – a core competence – that is intrinsic to the company’s DNA, or has Apple’s innovation power been centered solely on one “great man”. Only time will tell. My hope would be that when Steve Jobs passes the leadership reins to Apple’s next CEO, as he has in the interim with Tim Cook, the company’s innovation system won’t even miss a beat. There’s no doubt that filling Jobs’s giant shoes will be an immense challenge, and it’s going to take ages for any new CEO to come out from under his shadow. But it’s a chance for Apple to show the world that behind its great leader there truly is a great team and a great company – one that has successfully made innovation a way of life.

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