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Ex-Apple CEO John Sculley talks about Steve Jobs

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During a celebration of the 30th anniversary of the IBM Personal Computer in Boca Raton, former **Apple** and **Pepsi** CEO **John Sculley** was asked if **Steve Jobs** really asked him whether he wanted to sell sugar water the rest of his life.

Sculley said he was on the balcony of Jobs' apartment on New York's Central Park West, as the sun was setting over the Hudson River, when he told Jobs he didn't think he was coming to Apple.

"Steve was dressed in his mock turtleneck, blue jeans and running shoes," Sculley said. "In those days, he had very dark hair and deep brown piercing eyes. He looks at his running shoes a long time. Then he said, 'Do you really want to sell sugar water, or do you want to come with me and change the world?'"

Sculley was crucial to Apple's success because Jobs needed to prop up sales of existing computers to give him cash flow to develop the Macintosh.

Jobs was interested in his marketing experiencing and wanted to know how how Pepsi had surpassed Coke in sales, Sculley said. The Pepsi executive said it was all about the experience, such as the Pepsi generation, which he called the first lifestyle campaign, and the Pepsi challenge, in which Coke drinkers picked Pepsi in a taste challenge.

"Steve loved that because he was creating a product called Macintosh that was all about the experience," Sculley said.

At the time Apple was outsold by Commodore and Atari by 2 to 1, Sculley said. IBM had sales about equal to the Apple 2 and the Apple 3 introduced a year earlier had flopped.

After Jobs talked him into moving, Sculley said an IBM executive told him: "Have you lost

your mind? Don't you realize IBM has this product called the IBM PC and we are going to put Apple out of business?"

Well, the exact opposite ultimately happened, with IBM eventually selling its PC line to a Chinese company and Apple (NASDAQ: AAPL) recently rivaling Exxon as the nation's most valuable corporation.

Sculley recalled showing Apple's board the now famous Orwellian-flavored Apple ad that first aired during the 1984 Super Bowl.

"At the end of it, several of them put their heads down. Then they all turned and looked at me because I was the adult supervision. "You are not going to really run that thing?" he was asked.

At one point, Apple asked its advertising agency to try and sell back the spot, which cost \$500,000. Sculley thinks it didn't try very hard, which was good because the value of the publicity for the spot was later estimated at \$45 million.

Sculley also gave insight into one of the first major stumbling blocks for IBM's PC business.

The OS/2 operating system was clearly a better product than **Microsoft** Windows, but Gates priced Windows aggressively and was able to make the money because of the Office software, while IBM hemorrhaged cash.

"Microsoft made more money on Microsoft Office per Macintosh than Apple made on the Macintosh," Sculley said.

Sculley coined the phrase "personal digital assistant" for the Apple Newton, Apple's first tablet, in 1987, but then took heat when it was a flop. He points out, though, that the sale of a microprocessor company associated with Newton later provided cash to acquire Jobs' NeXT computer. That led to Jobs returning to Apple after Sculley had left and ultimately leading the company again.

"There is no question that nobody but **Steve Jobs** could have brought the company back to life," Sculley said. "It shows there is a thin line between success and failure in technology."

Sculley said almost every tech company has undergone some near-death experience, and mentors can give the benefit of having learning from their mistakes.

A key concept is the importance of adapting, Sculley said. "Darwin never said survival of the fittest. He said the survival of the most adaptive."