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Visionary Leadership for a Changing World

John Sculley

Former President of PepsiCo & Previous CEO of Apple



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John Sculley, former President of PepsiCo and previous CEO of Apple joins Dr. Jack Zenger and Dr. Joseph Folkman in this installment of the Zenger Folkman Leadership Podcast series to talk about training leaders of the future in a changing world; focusing on customer problems; empowering managers to say “yes;” and comparing Steve Wozniak, Steve Jobs, and Bill Gates as leaders.

Since leaving Apple, John has become a respected mentor to founders of a variety of high-tech companies, many in the health-care arena. He is the author of a new book, *Moonshot! Game Changing Strategies to Build Billion Dollar Businesses*.

This eBook is a brief part of that conversation. Listen to the full podcast at zengerfolkman.com.

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You've worked in a variety of industries, ranging from consumer to high-tech products. Are there differences in terms of leadership and talent?

We live in an amazingly interesting time—a time of extraordinary opportunity and a time of considerable risk. When I joined the high-tech industry, it was different from other industries, but that is no longer true.

The power of data has shifted the market power from the large, incumbent companies that have dominated industries with respected positions and successful products and services. Suddenly, customers are empowered with more information than they've ever had before, and, in every industry, customers are paying more attention to the opinions of other customers than they pay to the reputations of the most successful companies.

Regardless of the industry, you have to consider that we are in an era of change and this is having a huge impact on how we need to think about talent and the skills that organizations need, regardless of the department.



You've worked with some amazing leaders. What was the difference between leaders that had a lot of impact and those that had less impact?

The best leaders always look ahead to solve a big customer problem. It is easy in an established organization to think about what's happening ahead from the perspective of a rearview mirror.

The traditional business-plan process largely begins with where you are and what you have accomplished and then makes projections based on a set of assumptions as to where you want to be next year. This quickly drifts into a budgeting and negotiating process of allocating resources based on those assumptions.

That isn't how great leaders run companies. The great leaders—and I've seen this for over 40 years—always start with the big customer problem that needs solving and determining if there are better ways of accomplishing this than what existed in the past.

The customer plan becomes far more important than the business plan. Great leaders understand that all organizations are in business to satisfy customers. As organizations get larger and have been around a long time, they tend to lose sight of this.

Today there are so many new ways that products and services can satisfy customers. And in many instances, there are new ways that products and services can replace incumbents very quickly. The word gets out so quickly because of the technology and communication we have today. Customers quickly tell other customers, or prospective customers, what they think—unfiltered. When the news is good, it travels rapidly. When the news is bad, it travels even more rapidly.

This era we live in underscores the thing I've observed that great leaders understand: we have to be closer and closer to the customer.



What can a company do to help its leaders have a greater customer focus?

As organizations become large and successful, middle management is traditionally empowered with the authority to say “no” and rarely, if ever, with the authority to say “yes.” This authority becomes critical when an industry is faced with exposure to rapid change, either as an opportunity or as a threat.

Take Kodak as an example, a company that dominated the photography industry and had very smart people. While it was focused on protecting its old business, which was film processing, Apple came out with a new product called the iPhone. Three years later, the iPhone had redefined photography around digital pictures that could be sent over 3G wireless networks and Kodak filed for bankruptcy.

The real take-away is that disruption is non-linear, and when disruption occurs, it happens rapidly. If your middle management is not accustomed to saying “yes” and is not open to the possibility of changing environments, it doesn’t make any difference how smart individuals are. From a talent and management standpoint, every organization must be poised to be able to say “yes” and to adapt to change.

Is bringing about this ability for middle management to say “yes” a matter of retraining middle management or is it training the upper executives to give them this power?

It is all of those things and the way to connect those dots is to always relate it back to the customer and say, “What’s in it for the customer?”

As an example, take the cable television industry, an industry that has been very profitable, has many success stories, and has made shareholders a lot of money, yet a very significant number of millennials don’t watch cable television—they go on the Internet and download streaming video.



Is this something that, over a decade or more, is going to encroach on the cable television industry? Or, is it possible that we could see a disruptive change in cable television not dissimilar to the disruption that we saw in the music industry when Apple introduced the iPod and iTunes or the disruptive change we saw in the photography industry when Apple introduced the iPhone?

The cable industry is exposed. If you look at companies that are consistently ranked in the bottom, year after year, for the worst customer experience, that list almost always includes several of the cable operators. Part of it is because it is a complicated business, but part of it is because these businesses are largely geographic monopolies, or certainly oligopolies, so there isn't a lot of competition.

It is realistic that most of the business in these companies is being run by middle managers, not by the senior executives. Serving customers is being done by the middle managers. Are these organizations going to be able to adapt with the needed urgency to deal with what inevitably will be a fundamental change in how people want to view television entertainment?

In your book you talked about Steve Wozniak, Steve Jobs, and Bill Gates—all brilliant—but who was the best leader and how were they different?

Steve Wozniak, who is still a great friend, is an authentic genius. What we know about personal computers was literally invented by Wozniak. He never had aspirations to be a business leader. My guess is that if he hadn't teamed up with Steve Jobs, he would have been happy at HP being regarded as one of its best engineers.

Steve Jobs was a natural leader. He was outrageous in his ideas, but he was always focused on the customer experience. He set out to make a personal computer for creative people: a tool for the mind that would enable knowledge workers to do amazing things. This led to desktop publishing, which revolutionized the way people thought about productivity and communication. Steve did this in industry sector after industry sector.



Steve was a true visionary leader, even when he was young and made a lot of mistakes. He was learning to be what he later became—the greatest CEO of our lifetime. He always had fresh principles about leadership and was consistent, which is why Apple became as successful as it is.

Bill Gates is very different from Steve Jobs. Jobs wanted to lead through design and wanted to build products that had no compromise in the user experience. Gates looked at it quite differently. Bill was absolutely focused on the idea that the real value in information technology was not in hardware, but in software. If you go back, every computer company thought the value was in hardware. They gave the software away for free.

Bill was the best strategist and the most focused leader I've ever known in terms of taking one idea and figuring out the business models and figuring out how to compete with many people who were taking him on from all sides. He is an extraordinary leader, but different from Steve Jobs.

So we have three very different individuals, two of them had aspirations to become great business leaders and the third, Steve Wozniak, had no interest in becoming a business leader. Yet, without Wozniak, neither Jobs nor Gates could have achieved what they did.

Many baby boomers are nearing retirement. What can companies do to help develop new leaders?

Companies need to enhance leaders' skills to solve big customer problems and to solve them quickly. This requires a very different set of skills for middle managers than what was required in the past.

There has to be a culture of higher risk-taking. People need to learn how to fail fast, learn fast, and to always lean forward. People need to learn that it is okay to make mistakes and to learn from them. If we don't change this simple cultural principle, people won't take risks and they won't try new things. Without this, people won't become leaders that are going to be able to deal with and adapt to the world of change. Change is now the norm.



We need people who have curiosity, are risk-takers, and are constantly upgrading their skills. The real takeaway message for anyone interested in growing talent and building the leaders of the future is to make sure we prepare them for the world that is in front of us and not calibrate their skills and preparations for the world that is behind us.

In this world of change, the 30-some-things are surviving quite well. What about the 55-year olds? Do you have any advice on how they can to finish off their careers successfully?

I'm 76 years old and I haven't stopped learning. The real answer is that you have to stay curious. You have to stay current. I have many friends, some younger than me, who have decided to retire and then decided to come back and be on a board or be a consultant. If you are out of the market for six or seven years, the world has just changed too much. It is very hard to come back.

If you stay curious, stay open-minded, continue to learn, constantly network, and keep involved, age is not a limiting factor.

As you look back on your career, what skills helped you be successful?

I wish I had learned it earlier, but when you are young, you either think you can do everything better yourself, or you think you can't admit that someone else might actually be better than you at a number of things a company has to do to be successful. It turns out that very few, if any, of us are equally good at everything you have to do to be a successful leader.



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