A GLOBAL TRUSTED

Sany America
www.sanyamerica.com

Sany Germany
www.sany-germany.com
YOUR BEST WINDOW TO SANY WORLDWIDE.
DON'T MISS IT NOW.

WELCOME TO CONTRIBUTE TO OUR MAGAZINE.
PLEASE SEND YOUR ARTICLES OR PICTURES TO:
caoln@sany.com.cn

ALL RIGHTS RESERVED. SANY GROUP
NEWS
• Liang Wengen: It's Even Better Than I Imagined _06
• Putzmeister Makes its Debut at Taiyuan Stop of Sany Road Show _07
• Sany signed a strategic cooperation agreement with Vietnam’s T&C Group _9
• Sany’s Crane Used as “Extreme Swing” in “World High Sky Adventurer” Game _10
• Sany Stationary Pump Delivers Concrete for the Tallest Building in Japan _11
• Sany’s 60 Units of Equipment Participating in 2022 FIFA World Cup Infrastructure Project _13
• Sany Remanufacturing _16
• Highest Sales Revenue and Net Profit in the Industry _17

TECHNOLOGY
• Sany Dynamic Compactor Participated in China Western Development Project _19

SERVICE
• Challenges_22
• Scenery Along the Way _23
• Overseas Family _24

CUSTOMER RELATIONSHIP
• 60min Rapid Complaint Handling Mechanism _25

WORLD
• The Real Leadership Lessons of Steve Jobs _27
This is a special day for me, because I've arrived in Germany the country I love, and I came to Putzmeister for the first time. I got to know the history of Putzmeister more than 20 years ago, but had never visited the company. I have to say it's even better than I imagined!” said Liang Wengen, Chairman of Sany Heavy Industry, during his visit to the headquarters of Putzmeister in Germany on April 17th.

Accompanied by the founder of Putzmeister Mr. Schlecht, Mrs. Schlecht, CEO of Putzmeister Mr. Scheuch and other senior managers, Liang Wengen, Board Members including Tang Xiuguo, Xiang Wenbo, Yi Xiaogang and Chairman of CITIC PE Advisor Liu Lefei visited the assembly workshop at the headquarters of Putzmeister in Germany. They were shown around concrete machinery production lines of assembly, quality inspection, painting, etc.

The advanced painting line drew much attention of Liang Wengen and his company. Set up in 2007, the line is able to paint booms with lengths ranging from 20 to 60m. It has an “convertible” roof designed for boom extension during the painting process, the clever idea of which was highly appreciated by all the visitors.

Liang Wengen had a cordial talk with the workers at the workshop. The average service duration of Putzmeister staff is over 20 years. According to Mr. Scheuch, the key to the achievements and first-class
products of Putzmeister is its experienced, professional and loyal employees. Talking to an employee who is about to retire after 40 years of service at the company, Liang Wengen said: “I wish you could work for the new Putzmeister for another 40 years.”

Taiyuan of Shanxi Province is the 16th stop of 2012 Sany Heavy Industry Brand Experience Day. This stop was even more popular than the others, as the high-end products of Putzmeister were shown. It is the first time Putzmeister joined Sany at road shows after the acquisition deal was closed.

■ Joint road show marks the start of in-depth cooperation

On April 17th, equity transfer of Putzmeister was completed and it thus became an official member of Sany Group. On April 28th, Putzmeister made its appearance at Shanxi Stop of Concrete Pumping Business Unit road show. Sales GM of Putzmeister China Hou Xuemei, its dealer in Shangxi Province Bo Penghui and over 800 customers were also present at the site.
Putzmeister has selected a few star products for the show, including a 56m concrete pump truck with Mercedes chassis and a telescopic belt conveyor. The 56m concrete pump truck is a new product developed specially for the working conditions in China and preferences of Chinese users.

**On-site orders worth 300 million RMB**

Sany Heavy Industry has always enjoyed high-quality brand image and remarkable achievements in Shanxi Province. With excellent quality and service far beyond customers’ expectation, Sany’s concrete pumping products has taken the highest market share in Shanxi. Nevertheless, Putzmeister has a very high reputation because of its leading technology, worldwide sales network and long history.

Purchase orders worth 300 million RMB were placed at the show. A Shanxi company purchased 4 batching plants, 10 concrete pump trucks, 7 line pump and 100 truck mixers. The order totaled 120 million RMB is the single largest road show purchase amount this year.

(Sany Group)

T&C is the largest and most powerful company in Vietnam’s construction machinery industry. T&C Heavy Equipment Inc. (TCHE for short), affiliated to T&C Group, has over 10 years of sales experience in the fields of heavy equipment, construction machinery and coal machinery. Since it started to sell heavy equipment, TCHE has never stopped developing new projects and products to meet the requirement of Vietnamese market in infrastructure construction and development.

TCHE regards it essential for enterprises to provide the best service for customers. Sany meets its requirements as an industrial leader with excellent service. According to the cooperation agreement between the two parties, Sany’s service personnel will provide professional training regularly for the local service engineers in terms of service procedures and service expertise so as to realize service localization.

From another perspective, T&C chose Sany from many renowned construction machinery manufacturers as it identifies with Sany’s corporate culture and has confidence in cooperating with Sany. It is considered by TCHE that Sany can excel other brands in overall strength and competitiveness.

(Sany Group)
On Apr 29th, the final of the “Hundred Meter Extreme Swinging Game” was held in Changsha’s Colorful World. Zhong Qixin, captain of China’s national rock climbing team, and the Canadian “spider man” Kemil achieved championship of “World High Sky Adventurer” by swinging at the height of 47.3m. Meanwhile, two extreme sports contestants Zhang Liang and Zhao Wei formed a two-person team and created the swinging record of 47.7m.

With its safe and stable performance, Sany’s 220t crane was used as the “extreme swing”. The height of the crane with its arm extended is 100m, equaling to 33 floors. Tied by rock-climbing rope, the contestants jumped across the river from another Sany’s 50m truck crane and swung back and forth. By controlling their own center of gravity, they elevated the flying height of the swing gradually so as to realize 100m extreme swinging.

(Sany Group)
The 300m Abeno Center in Osaka will rank as the tallest building in Japan after being constructed. For such an important project, the Japanese construction company had really strict requirements for the right machines. It used to be doubtful towards the brand of Sany. However, Sany’s donation of a 62m concrete pump truck at the most difficult time of Fukushima nuclear crisis created a turning point. Its humanitarian sympathy, high product quality and service capability won the respect from both international community and the Japanese side. After further evaluation, Sany stationary concrete pump truck HBT90CH2122DIII was selected to enter the construction site of Abeno Center.

On August 23rd, the stationary concrete pump finished the first pumping task of Abeno Center project successfully and Lin Enlai, the premier service engineer of Sany started their attentive service for this major project. Apart from strict examination before entry into the site, Lin had provided specific trainings on safety, operation, maintenance as well as mechanic, electric and hydraulic system of the machine. In order to facilitate communication, he had also stuck labels in Japanese on the equipment.
Every time there is a pumping task, Lin would arrive at the construction site in advance to check for any possible problem. He would record parameters such as the pumping height, pressure and times of directional reverse. Plus the monthly overall examination, the equipment is always in the perfect condition.

Up to now, the height of the building has exceeded 200 meters, and 4000m³ of concrete have been delivered. All the wearing parts including wear plate, cutting ring and concrete piston have normal abrasion degree. Except filter cartridge and engine oil replaced during daily maintenance, no parts have been replaced. The construction company is very satisfied with the product performance and service of Sany.

According to Lin, Sany’s technologies of one-button switch between high and low voltage, automatic piston withdrawal and dual engines have earned the approval of the Japanese customer. In the future, Sany will further improve and upgrade its equipment to cater the needs of Japanese market.

It is also worth mentioning that the excellent performance of the stationary concrete pump has greatly promoted the brand image of Sany in Japan. Sany’s stationary concrete pump HBT80C-1818D has been selected to participate in the construction of Yomiuri Shimbun Building starting in this June in Tokyo. The pump height of the building will be 200 meters and the concrete strength can reach C150.
Over 60 units of Sany equipment are participating in the construction of Doha new port at different sites.

Sany's batching plants can totally meet the project's European and US standard in quality, safety and environmental friendliness.

More than half of the excavators operating on the construction sites are from Sany.

Doha is the capital of Qatar. With the grand dream to hold FIFA World Cup ten years later, Qatar is constructing various projects and improving its transportation environment. In Apr 2012, we walked into the famous port city in Persian Gulf following CCCC Fourth Harbor Engineering Co.

Standing on the 25km² Doha new port construction site, which equals to Macau's area, we heard the operating sound of the machines and saw that most of them are yellow and red ones printed with Sany logo.

As an important infrastructure project for 2022 FIFA World Cup, Doha new port project is a government investment project of Qatar. Moreover, it is a premium project marking a milestone in the economic cooperation between China and Qatar. Ten years later, Doha will present itself with a brand new image to the fanatic football fans.
■ Over 60 Units of Sany Equipment Operating on the Construction Site

Doha new port is an excavated port. The project is to build an 8km wharf and around 65 million cubic meters of earth need to be excavated, exceeding 70% that of Three Gorges Project. CCCC Fourth Harbor Engineering Co. won the bid in January 2011 and has fully started the construction. Up till now, the first phase of the construction has been completed.

Sany Heavy Industry is a strategically cooperative partner of CCCC Group as well as the main construction equipment supplier for Doha new port project. According to Li Songbin, the project manager of CCCC Fourth Harbor Engineering, currently there are more than 60 units of Sany equipment working at different construction sites of the project, including excavator, batching plant, dynamic compactor, crawler crane, roller, grader and concrete pump truck.

Before the project began, CCCC Fourth Harbor Engineering ordered the first batch of Sany products, including 22 large-sized excavators, 10 rollers, 5 graders and 4 dynamic compactors. Later, they cooperated with Sany Qatar subsidiary and leased Sany equipment for use.

“In the past year, Sany equipment has conquered severe environments, such as high temperature and sand and dust weather, and won recognition from the construction organizations.”Li Songbing praised Sany equipment.

■ Well-received Eco-friendly Batching Plant

Following the engineering vehicle of the project department, we arrived at the casting yard of the project department and the white powder silo attracted our attention. The staff told us that is Sany’s 180 eco-friendly batching plant.

180 eco-friendly batching plant is Sany’s first exported batching plant. Adopting full-closed ventilation design in main tower, powder silo, oblique belt and 3000m² material yard, it is energy-saving and eco-friendly. The main tower adopts large-displacement forcible precipitator to ensure no dust pollution in the tower. In addition, the sand-stone separator and waste water recycling system are capable of turning waste into wealth and realizing zero-emission of waste water and waste material.

Due to the innovative breakthroughs in design, Sany 180 eco-friendly batching plant won the bid over 11 other concrete machinery manufacturers from UAE and China. It can fully meet the Europe and US standard required by the project in terms of quality, safety and eco-friendliness.

Sany 180 batching plant will be employed in the construction of Doha new port, providing 800,000 m³ of concrete. From 2014, Sany 180 batching plant will participate in the construction of Doha Stadium, preparing for 2022 Doha FIFA World Cup.

■ Efforts of Sany’s service engineer

On the construction site, there are a total of more than 40 units of excavators, among which 22 are Sany products. Except for the operating equipment, Sany’s service engineers are also working for the project. In order to guarantee the products operate efficiently, Jiang Ling and two other colleagues came to service when Doha project started operation.
As Qatar has tropical desert climate and Doha’s new port project is located in the desert, the temperature of the construction site is as high as 56℃. Working in the desert with water shortage, the staff cannot adapt well to the new environment here. However, Jiang Ling said, “Every time after troubleshooting, seeing the equipment running again becomes the main drive to continue our work.”

Li Songbin once praised, “The performance of Sany equipment exceeds our impression on domestic equipment.”

In future, Jiang Ling will continue working here for four years until the project is completed. Speaking of her wish, Jiang Ling smiled shyly and said, “It would be wonderful to watch the World Cup in Doha in 2022, where we once worked before.”

(Sany Group)
Established in 2009, Sany Construction Machinery Remanufacturing Co., Ltd. (“Sany Remanufacturing” for short) currently has 350 employees, among which 50 are R&D personnel. It is engaged in remanufacturing of concrete equipment including concrete pump truck, trailer-mounted concrete pump, line pump and truck mixer. In 2010, its sales revenue hit 100 million RMB.

**Lean manufacturing**

Since its establishment, Sany Remanufacturing has been carrying out Remanufacturing technical research with first-rate R&D and manufacturing platform, scientific management system and through cooperation with public institutions and corporations (in scientific research field).

**Position in the industry**

On the basis of ensuring quality products and services, Sany Remanufacturing has gradually realized product diversification and customer value maximization. It has become a benchmark brand leading the industrial standard and technical innovation.

**Technology and Detection**

Remanufacturing of ineffective components and spare parts can mainly be done through adding material and performance recovery. Currently, Sany Remanufacturing has adopted machine addition method, deformation method, adhesion repair method, electrochemical machining, spray coating and surface cladding technologies to make ineffective components achieve the performance of new ones. In addition, Sany Remanufacturing has developed reduction box test bed, accumulator test bed, multi-way valve test bed, balanced valve test bed, air cooling machine test bed, oil cylinder test bed, oil pump test bed, main valve test bed and rubber hose test bed to detect the performance of remanufactured components in different aspects, ensuring the performance and quality of remanufactured products.
On April 27th, Sany Heavy Industry released its first quarterly report 2012. Its sales revenue of the first quarter is 14.68 billion RMB, increasing 4.9% compared to the previous year. The net profit of shareholders of listed company reaches 2.804 billion RMB with a YoY increase rate of 5.3%. Both are the highest among the other domestic enterprises in the industry.

Sany excavator maintains the top market share. According to China Construction Machinery Association, 7190 Sany excavators have been sold during the first quarter, 3000 more than Komatsu at the second place and have driven the market share to 16%. Currently, small and medium-sized excavators of Sany have a firm foothold in the industry. The market share of large-sized excavator, which was 6% in 2011, has risen to 14% in March with the highest monthly sales volume. “Import replacement” and “high degree of concentration” continue to be the main feature of the excavator industry. Domestic manufacturers led by Sany are quickly occupying the market of foreign brands.

Although the growth of the whole construction machinery industry slowed down in the first quarter, concrete machinery still maintains a good momentum of development. The YoY growth rate of Sany concrete machinery in the first quarter is over 10%, the highest in domestic market. Boosted by the concrete pump truck with world’s longest boom of 86m launched in 2011 and the donation of a 62m concrete pump truck to Fukushima, the sales proportion of long-boom concrete pump truck has exceeded 50% for the first time.

Moreover, Sany lifting machinery has realized a sales volume of 363 units from January to March, with a YoY
decrease of 18.06%. Sany Science & Technology (crawler crane) ranks the first with 111 units sold and an increased market share of 30.58%. Sany mobile crane has sustained its growth from peak period in spring, whose market share has risen from 9.93% in 2011 to 11.89%.

In spite of market depression, the sales revenue of the company has maintained a growth of 4.9%, ranking the highest in the industry. The major reasons include the higher proportion of concrete machinery which has large gross margin, improved product structure of excavators and cranes, and rapid market share increase of high-profit products such as large-sized excavator and cranes. Meanwhile, internal expense control as an important annual task has been fairly effective.

The market of construction machinery industry is expected to be promising for the year 2012. The government will probably speed up investment in railway infrastructure construction and water conservancy as both sections have accomplished merely 1/10 of the annual plan during the first quarter. In addition, most of the indemnificatory housing construction projects will be started in May. Construction machinery industry will gradually recover, and Sany as the industry leader will be the first to benefit from the recovery.

In terms of overseas market, Sany and Putzmeister announced the completion of acquisition on April 17th. The acquisition will remarkably elevate the technology of Sany and enrich its product portfolio. With the well organized overseas sales network of Sany and Putzmeister’s global sales network of over 50 years history, the globalization of Sany will definitely witness another milestone this year.
Sany Dynamic Compactor Participated in China Western Development Project
At the land leveling site of Jiasheng Yuanda 620,000t aluminum alloy project, many excavators and large-sized dynamic compactors are busy operating every day. Jiasheng Yuanda is listed as 100 key projects of trade and investment promotion for Ningxia Zhongning District in 2012. The land leveling project which is estimated to last around three months has become a platform for dynamic compactor manufacturers to compete with each other. Currently, there are a total of 20 units of dynamic compactors from three manufacturers participating in the project construction, among which the number of dynamic compactors from Sany, Yutong and FuWa is nine, six and five respectively. That Sany equipment occupies almost half of all equipment shows its quality of products and services.

According to the customers, Sany’s products have the following advantages:

1. It adopts main and auxiliary winch while the other brands adopt single winch which leads to low work efficiency. At the construction site, Sany’s dynamic compactor is capable of completing over ten tamping points more than other brands every day.

2. When operating 400TM, with Sany’s design, the drop weight remains attached to the load hoist rope at all times eliminating the need for a coupling assistant.

3. Timely service: At present, Sany and Yutong have on-site service personnel but only Sany has service vehicles serving specially for the construction site. In contrast, FuWa has no on-site service personnel and hence cannot provide timely service.

4. The maintenance cost of Sany equipment is low. With hydraulic components imported from famous manufacturers, the failure rate of its key components is low and the number of operation cycles is greatly increased. As a contrast, the other two manufacturers adopt domestic components and thus their machines cannot function stably and has high failure rate when operating intensively. For instance, a Yutong’s new dynamic compactor has had its main winch replaced three times. At last, a spare main winch is placed at the site in case of emergency. The
According to the customers, Sany’s products have the following advantages:

- High work efficiency
- Save the time and labor cost
- Timely service
- The maintenance cost of Sany equipment is low
- High product upgrading speed

"ALL FOR CUSTOMERS AND CREATE VALUES"

difference in maintenance cost will be more obvious towards the end of the equipment’s lifespan.

5. High product upgrading speed: Once finding out problems at the construction site, our R&D personnel will try to upgrade products in time. Moreover, R&D personnel often conduct field researches on products at the construction site.

On-site survey indicates that Sany’s after-sales service is most recognized by customers. Bearing in mind the idea of “all for customers and create values”, after-sales service engineers take providing best-quality service as their mission. There are floating dusts everywhere caused by hundreds of dump trucks at the site. With frequent sandstorms, the visibility is often less than five meters. However, it never holds up the work of the after-sales service engineers. Seeing their figures traveling back and forth, customers would feel rather reassured.

It is the excellent product quality and prompt service that ensure the successful completion of one task after another and win the praise of our competitors. However, Jiasheng Yuanda is just a miniature of Sany’s activities in western China. Sany is playing active roles in many more projects like this to contribute to local construction.

(Sany Group)
In the scorching sun of Dar es Salaam port in March, I was faced with a huge challenge – assembling a reach stacker RSC45C and an empty container handler SDCY80K6C. The two giants looked a little intimidating as I had never handled port machinery before. But the sense of mission as a Sanyer soon overcame it. I accepted the task and decided together with the customer to start assembling the next day.

Sharpening your axe will not delay your job of cutting wood. Good preparation can not only quicken the process, but also guarantee the success of assembly. I took advantage of the two days time before the assembly to study the processes, issues to be paid attention to, possible difficulties and relevant solutions.

The assembly of empty container handler started with close attention of the customer. As we were well prepared, the process went smoothly from the beginning. However, a problem arose when assembling the spreader as the last part, which could not be set into the inner gantry. I could see the anxiety in the customer’s eyes. The mobile crane we were using was rent, and suspension means waste of money. After thinking for a while, I judged that there could not be any hydraulic or electric fault for new equipment. I got into the driving cab to find out that the display screen indicated spinlock fault. Clearly the operation signals were not input into the controller. I decided to connect the cable between the spreader and the controller first and then turned the handle. This time the spreader was quickly set into the inner gantry. The customer gave me a thumb-up with big smiles.

The empty container handler was put into practice right away after three days of assembly and commissioning. A good start is already half way to success. During the next four days, I assembled and commissioned the reach stacker without any difficulty.

The customer was also rather satisfied with the in-time operation and maintenance training I provided after the assembly. When I was leaving, their equipment manager said delightedly: “Keep in touch. You are always welcome to my office.” The simple but sincere words indicate approval to Sany’s equipment and trust for Sany people.

Challenges make me more confident, mature and skillful. I firmly believe that there will be more and more port equipment of Sany in Tanzania, and the ports here will be full of vitality with the lucky yellow of Sany.

(Liu Jianqing, Sany Kenya)
When I first arrived in Thailand for after-sales service, I was impressed by the beautiful landscape, but I also received huge pressure from work. Every day I had to go to construction sites and work in the hot sun. One day, I was called to deal with a clogged pipe on a concrete pump truck in Laos. Being a bit nervous, I came to the site and enquired the customer about the situation. During the trouble-shooting process, I changed the seal of the pipe, anti-pumped and detached the pipe, but still could not locate the trouble. With so many eyes on me with expectation, I put aside all the fatigue and focused on searching the cause of clogging. Finally, I discovered that the problem lied with mix proportion of concrete. I suggested adjustment of the proportion and the problem was solved.

Now I’m more calm and skilful with work. With this period of practice, I have fall in love with this job and I even more enjoy the beauty and local customs of Thailand.

International after-sales service is a long way ahead of me, on which there will be hardship, tears, loneliness, but there will be successes and happiness as well. I will stick to it because of the wonderful scenery along the way.

(Ren Wei, Sany Thailand)
OVERSEAS FAMILY

It is my first time to go abroad on February 26th of 2011, and it is my first time to get involved in overseas after-sales service. A year has passed, but many experiences are still fresh in my memories.

South Africa is the first country I worked in. With one-year experience in commissioning large-tonnage crawler crane at the workshop, I took the job of 630t crawler crane commissioning with gladness.

Everything was new for me at the beginning. I was not familiar with after-sales service and paid little attention to the details. I would be extremely worried in face of sudden failure as I had no clue about how to deal with them or where to start. Thanks to the help of my colleagues, they taught me how to react in the first place, how to utilize company resources and how to detect concealed malfunction causes during daily maintenance. In order to make sure the start-up and commissioning work go well, I would double check every piece of data in the commissioning operation manual the day before. With the support of colleagues and my own efforts, I completed the job successfully.

The after-sales service work of the next three months turned out rather handy after the first commissioning experience. I came to understand that after-sales service work takes planning, organizational and technical skills, and more importantly, it requires the sense of responsibility for the job and the customers.

Being responsible for customers is actually being responsible for ourselves, as my personal experience suggests that the customers will trust us and spare no effort to help. Every time it was just one of us who went to the construction site, but the customer always offered a lot of support in terms of work and life. Once, one of our customers drove more than 14 hours for us to carry out a service task.

Apart from working experience, we have gained friendship at International After-sales Department. All I have for companion is my colleagues, but we are just like a family. Together we eat, shop, barbecue, play basketball, and more importantly we reach out hands for each other in face of difficulties. Even though I cannot be with my parents for Spring Festival or spend time with a girlfriend, I feel like in a family because I always have such amazing partners who are extremely responsible for work and support me in the best way they can. We are neither alone nor lonely. Now I have been transferred to Middle East and I am all confident and excited. I know that another family is waiting for me.

(Ma Haitian, Sany Saudi Arabia)
Customer Relationship Department ("CRD" for short) belongs to GM’s Office of IOPD. Through 60min Rapid Complaint Handling Mechanism we settle customer complaints to the largest extent and bring maximum value for customers.

In this mechanism, time is the fundamental condition for achieving success. There are a total of 7 deadlines in the mechanism. Firstly, CRD customer manager call a customer and accept customer complaint. CRD will rate the complaint in 5min, contact the frontier manager for confirmation in 5min and then the frontier manager will contact the customer in 5min. This 15min stage is called service commitment stage, followed by the service commitment stage, in which the customer manager should make complaint settlement commitment with the frontier manager in 15min. In the next stage, the customer manager will send a message to the frontier manager and relevant leader through short message platform of Sany Group, informing him/her of customer complaint. The leader will be responsible for supervising the complaint settlement. This stage is called short message report and it should also be finished in 15min. After confirming that the frontier manager has known and handled
customer complaint, the customer manager will record the complaint in 10min and send it to frontier service engineer. After the complaint record stage, the customer manager will follow up the complaint and supervise the service engineer in settling customer complaint.

Through 60min Rapid Complaint Handling Mechanism, CRD is capable of listening to customer complaints effectively and enhancing customer satisfaction rate. Moreover, as the regional companies pay attention to and handle customer complaint in a standardized way, it will not only enhance the quality of Sany’s service, spare parts and dealers’ service but also help improve Sany’s products, publications and design to meet market demand. Thus the product life cycle will be prolonged and Sany’s brand image and competitiveness will be elevated.

When implementing the mechanism, we hope that you support and cooperate with us to achieve the goal of “Quality Changes the World” together.

(Zhang Jianfei, Sany I.O.P.D)
THE REAL LEADERSHIP LESSONS OF STEVE JOBS

His saga is the entrepreneurial creation myth writ large: Steve Jobs cofounded Apple in his parents’ garage in 1976, was ousted in 1985, returned to rescue it from near bankruptcy in 1997, and by the time he died, in October 2011, had built it into the world’s most valuable company. Along the way he helped to transform seven industries: personal computing, animated movies, music, phones, tablet computing, retail stores, and digital publishing. He thus belongs in the pantheon of America’s great innovators, along with Thomas Edison, Henry Ford, and Walt Disney. None of these men was a saint, but long after their personalities are forgotten, history will remember how they applied imagination to technology and business.

In the months since my biography of Jobs came out, countless commentators have tried to draw management lessons from it. Some of those readers have been insightful, but I think that many of them (especially those with no experience in entrepreneurship) fixate too much on the rough edges of his personality. The essence of Jobs, I think, is that his personality was integral to his way of doing business. He acted as if the normal rules didn’t apply to him, and the passion, intensity, and extreme emotionalism he brought to everyday life were things he also poured into the products he made. His petulance and impatience were part and parcel of his perfectionism.

One of the last times I saw him, after I had finished writing most of the book, I asked him again about his tendency to be rough on people. “Look at the results,” he replied. “These are all smart people I work with, and any of them could get a top job at another place if they were truly feeling brutalized. But they don’t.” Then he paused for a few moments and said, almost wistfully, “And we got some amazing things done.” Indeed, he and Apple had had a string of hits over the past dozen years that was greater than that of any other innovative company in modern times: iMac, iPod, iPod nano, iTunes Store, Apple Stores, MacBook, iPhone, iPad, App Store, OS X Lion—not to mention every Pixar film. And as he battled his final illness, Jobs was surrounded by an intensely loyal cadre of colleagues who had been inspired by him for years and a very loving wife, sister, and four children.

So I think the real lessons from Steve Jobs have to be drawn from looking at what he actually
accomplished. I once asked him what he thought was his most important creation, thinking he would answer the iPad or the Macintosh. Instead he said it was Apple the company. Making an enduring company, he said, was both far harder and more important than making a great product. How did he do it? Business schools will be studying that question a century from now. Here are what I consider the keys to his success.

**FOCUS**

When Jobs returned to Apple in 1997, it was producing a random array of computers and peripherals, including a dozen different versions of the Macintosh. After a few weeks of product review sessions, he’d finally had enough. “Stop!” he shouted. “This is crazy.” He grabbed a Magic Marker, padded in his bare feet to a whiteboard, and drew a two-by-two grid. “Here’s what we need,” he declared. Atop the two columns, he wrote “Consumer” and “Pro.” He labeled the two rows “Desktop” and “Portable.” Their job, he told his team members, was to focus on four great products, one for each quadrant. All other products should be canceled. There was a stunned silence.

But by getting Apple to focus on making just four computers, he saved the company. “Deciding what not to do is as important as deciding what to do,” he told me. “That’s true for companies, and it’s true for products.”

After he righted the company, Jobs began taking his “top 100” people on a retreat each year. On the last day, he would stand in front of a whiteboard (he loved whiteboards, because they gave him complete control of a situation and they engendered focus) and ask, “What are the 10 things we should be doing next?” People would fight to get their suggestions on the list. Jobs would write them down—and then cross off the ones he decreed dumb. After much jockeying, the group would come up with a list of 10. Then Jobs would slash the bottom seven and announce, “We can only do three.”

Focus was ingrained in Jobs’s personality and had been honed by his Zen training. He relentlessly filtered out what he considered distractions. Colleagues and family members would at times be exasperated as they tried to get him to deal with issues—a legal problem, a medical diagnosis—they considered important. But he would give a cold stare and refuse to shift his laserlike focus until he was ready.

Near the end of his life, Jobs was visited at home by Larry Page, who was about to resume control of Google, the company he had cofounded. Even though their companies were feuding, Jobs was willing to give some advice. “The main thing I stressed was focus,” he recalled. Figure out what Google wants to be when it grows up, he told Page. “It’s now all over the map. What are the five products you want to focus on? Get rid of the rest, because they’re dragging you down. They’re turning you into Microsoft. They’re causing you to turn out products that are adequate but not great.”

Page followed the advice. In January 2012 he told employees to focus on just a few priorities, such as Android and Google+, and to make them “beautiful,” the way Jobs would have done.

**Simplify**

Jobs’s Zenlike ability to focus was accompanied by the related instinct to simplify things by zeroing in on their essence and eliminating unnecessary components. “Simplicity is the ultimate sophistication,” declared Apple’s first marketing brochure. To see what that means, compare any Apple software with, say, Microsoft Word, which keeps getting uglier and more cluttered with nonintuitive navigational ribbons and intrusive features. It is a reminder of the glory of Apple’s quest for simplicity.

Jobs learned to admire simplicity when he was working the night shift at Atari as a college dropout. Atari’s games came with no manual and needed to be uncomplicated enough that a stoned freshman could figure them out. The only instructions for its Star Trek game were: “1. Insert quarter. 2. Avoid Klingons.” His love of simplicity in design was refined at design conferences he attended at the Aspen Institute in the late 1970s on a campus built
in the Bauhaus style, which emphasized clean lines and functional design devoid of frills or distractions.

When Jobs visited Xerox’s Palo Alto Research Center and saw the plans for a computer that had a graphical user interface and a mouse, he set about making the design both more intuitive (his team enabled the user to drag and drop documents and folders on a virtual desktop) and simpler. For example, the Xerox mouse had three buttons and cost $300; Jobs went to a local industrial design firm and told one of its founders, Dean Hovey, that he wanted a simple, single-button model that cost $15. Hovey complied.

Jobs aimed for the simplicity that comes from conquering, rather than merely ignoring, complexity. Achieving this depth of simplicity, he realized, would produce a machine that felt as if it deferred to users in a friendly way, rather than challenging them. “It takes a lot of hard work,” he said, “to make something simple, to truly understand the underlying challenges and come up with elegant solutions.”

In Jony Ive, Apple’s industrial designer, Jobs met his soul mate in the quest for deep rather than superficial simplicity. They knew that simplicity is not merely a minimalist style or the removal of clutter. In order to eliminate screws, buttons, or excess navigational screens, it was necessary to understand profoundly the role each element played. “To be truly simple, you have to go really deep,” Ive explained. “For example, to have no screws on something, you can end up having a product that is so convoluted and so complex. The better way is to go deeper with the simplicity, to understand everything about it and how it’s manufactured.”

During the design of the iPod interface, Jobs tried at every meeting to find ways to cut clutter. He insisted on being able to get to whatever he wanted in three clicks. One navigation screen, for example, asked users whether they wanted to search by song, album, or artist. “Why do we need that screen?” Jobs demanded. The designers realized they didn’t. “There would be times when we’d rack our brains on a user interface problem, and he would go, ‘Did you think of this?’” says Tony Fadell, who led the iPod team. “And then we’d all go, ‘Holy shit.’ He’d redefine the problem or approach, and our little problem would go away.” At one point Jobs made the simplest of all suggestions: Let’s get rid of the on/off button. At first the team members were taken aback, but then they realized the button was unnecessary. The device would gradually power down if it wasn’t being used and would spring to life when reengaged.

Likewise, when Jobs was shown a cluttered set of proposed navigation screens for iDVD, which allowed users to burn video onto a disk, he jumped up and drew a simple rectangle on a whiteboard. “Here’s the new application,” he said. “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.”

In looking for industries or categories ripe for disruption, Jobs always asked who was making products more complicated than they should be. In 2001 portable music players and ways to acquire songs online fit that description, leading to the iPod and the iTunes Store. Mobile phones were next. Jobs would grab a phone at a meeting and rant (correctly) that nobody could possibly figure out how to navigate half the features, including the address book. At the end of his career he was setting his sights on the television industry, which had made it almost impossible for people to click on a simple device to watch what they wanted when they wanted.

Writer: Walter Isaacson, the CEO of the Aspen Institute, is the author of Steve Jobs and of biographies of Henry Kissinger, Benjamin Franklin, and Albert Einstein.

Note: The content is translated and adapted from the April 2012 issue of Harvard Business Review.

To be continued
Please think before you print!