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Donna Dubinsky and Apple Computer, Inc. (A)

At 7:00 a.m. on Friday, April 19, 1985, Donna Dubinsky placed an urgent phone call to her boss's boss, Bill Campbell, executive vice president for sales and marketing at Apple Computer, Inc. Dubinsky, director of distribution and sales administration, was attending a management leadership seminar located more than two hours away. Her words were crisp and to the point: "Bill, I really need to talk to you. Will you wait for me today? I'll be back at the office around 5:00."

"Absolutely, I'll be here," Campbell replied, although he knew nothing about the purpose of her call.

Dubinsky inhaled a deep breath. She felt the time had come to "bet her Apple career" on the ultimatum she was going to deliver to Campbell at the head office in Cupertino, California.

Still, she could hardly believe it had come to this. Her first three years at Apple, from July 1981 through the fall of 1984, were ones of continuous success with increasing authority and recognition. She had refined and formalized much of the Apple product distribution policy, and she worked closely with the six distribution centers spread across the country.

Unexpectedly, however, in early 1985, Steve Jobs, Apple's chairman of the board and general manager of the Macintosh Division, had proposed that the existing distribution system be dismantled and replaced by the "just-in-time" method. Job's proposal would not only place all of Apple's distribution activities under the supervision of the directors of manufacturing within the two product divisions—Macintosh and Apple II—but would also establish direct relationships between the dealer and the plant, essentially eliminating the need for the six distribution centers. Jobs claimed that this change would result in significant savings for the company by shrinking the product pipeline and reducing inventory—an especially attractive promise since Apple's market share was declining steadily. Dubinsky cited her experience and track record with distribution, however, and argued that the new method was infeasible. In the past four months, despite Dubinsky's criticisms, Jobs's proposal had gathered momentum and support throughout the company.

Upon leaving the leadership seminar and driving to Cupertino for her meeting with Campbell, Dubinsky reflected on the effect this distribution proposal would have upon her job and upon the company. She believed that it spelled catastrophe for both and that it was time to take a stand.

Professor Todd D. Jick and Research Associate Mary Gentile prepared this case. HBS cases are developed solely as the basis for class discussion. Cases are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management.

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Donna Dubinsky

Dubinsky, a Yale graduate, had worked for two years in commercial banking before entering the MBA program at the Harvard Business School. While job hunting just before her graduation, Dubinsky decided that Apple was the kind of cutting-edge technology firm that interested her, and she further decided that despite her financial background, she wanted a position close to the customers. Apple had few MBAs at that time, and their Harvard recruiters were looking for technical backgrounds. Nevertheless, Dubinsky pushed hard for interviews and finally received an offer after pointing out that they would probably never find another Harvard MBA who wanted to work in customer service.

In July 1981, she started as customer support liaison in a department of one, reporting to Roy Weaver, the new head of the distribution, service, and support group. Over the next three years, Weaver continued to expand her responsibilities until April 1985, when she became director of distribution and sales administration with 80 employees and a \$10 million budget. (This promotion had been approved in December 1984. See **Table A**.) Weaver had concluded early on that the best way to retain a talented manager like Dubinsky was to continually reward and challenge her. His strategy worked so well that when Jobs himself tried to hire Dubinsky for his Macintosh introduction in 1983, she chose to stay put. Dubinsky commented: "Roy has been the best mentor I could have asked for. He always gave me just enough rope, yet was available whenever I needed his advice and guidance. He was continually looking for opportunities to give me visibility as well as more responsibility."

Although Dubinsky rarely fought for her own career progress, she willingly and ably fought for her subordinates – her "people" as she called them – and for the Apple dealers and customers.

One of Dubinsky's subordinates commented:

Donna Dubinsky is very direct. She says what she thinks. And she fights for her issues. If she feels she's right and she loses her issue, she goes down fighting. She always presents an image of confidence. She doesn't let peer pressure sway her mind. She's not intimidated by upper management. But that's not to say that she won't change her mind.

And she'll always support a company decision even if she doesn't agree with it. That's an important quality for a "support" organization. She always has the company's interests at heart.

She's extremely intelligent. She has a great sense of humor. . . . I learned a great deal from her about taking risks and about when to really hold a hard line on an issue.

If you look at where she was three years ago and where she is now, it's phenomenal. It really is. And she can grow a lot more.

Table A Dubinsky's Career at Apple

July 1981	Joined firm as Customer Support Liaison
July 1982	Customer Support Program Manager Add first direct report and Field Management responsibility (six dotted-line managers)
October 1982	Add Customer Relations
December 1982	Add Direct Sales Administration Group
January 1984	Distribution Manager Add Product Distribution Group Add Warehousing
June 1984	Add Field Communications Add AppleLink Operations (computerized communication with the field)
October 1984	Add Teacher Buy (special distribution project)
January 1985	Add Traffic Add Developer Relations
April 1985	Director, Distribution and Sales Administration (promotion approved December 1984) Add Forecasting

Dubinsky characterized herself as thick skinned and nondefensive. One human resource manager commented: "Dubinsky projects a lot of confidence and conviction in her beliefs. You definitely know where she stands. She is not a political animal at all."

Commenting on her direct style and willingness to take certain risks, Dubinsky explained:

As a middle manager, I often was put in the position of making decisions beyond my authority, or at least within the gray area of unstated authority levels. In a more seasoned company, making that decision on my own could cause serious organizational repercussions. At Apple, the middle manager had to presume the boss's agreement and was comfortable that she or he was allowed to make mistakes.

Weaver, her first and longest-term supervisor, valued her clear, precise thinking, her presentation skills and voice command, and the power of her presence.

Campbell, Weaver's boss, described Dubinsky's contribution:

What we had was this unbelievable plethora of ideas in the product divisions that came down to a marketing execution funnel. We didn't have the systems in place that would enable us to execute, and Donna was the only one who understood that and who understood what we could do in terms of execution. Donna was a battler for procedure before we ever thought procedure was important.

He added, however: "But I've told her many times, 'You've got to . . . sell your ideas. You can't expect things to happen by fiat.'"

Company Background

Apple's inception and meteoric rise received frequent press coverage and became well known from the time of its founding in 1976 through its entry into the *Fortune* "500" six years later. The easy-to-use Apple II, a home and educational computer, appeared in 1977 and, in its various enhanced forms, remained the major-selling product of the Cupertino, California-based company through 1985.

In 1983, Apple and its cofounder, Steve Jobs, lured John Sculley from his position as president of PepsiCo to take on the presidency at Apple. His challenge was to bring new organization and marketing discipline to Apple, without sacrificing creativity and spirit. He also faced IBM's 28% market share in 1983 as compared with Apple's 24% – down from Apple's 40% share in 1981.¹

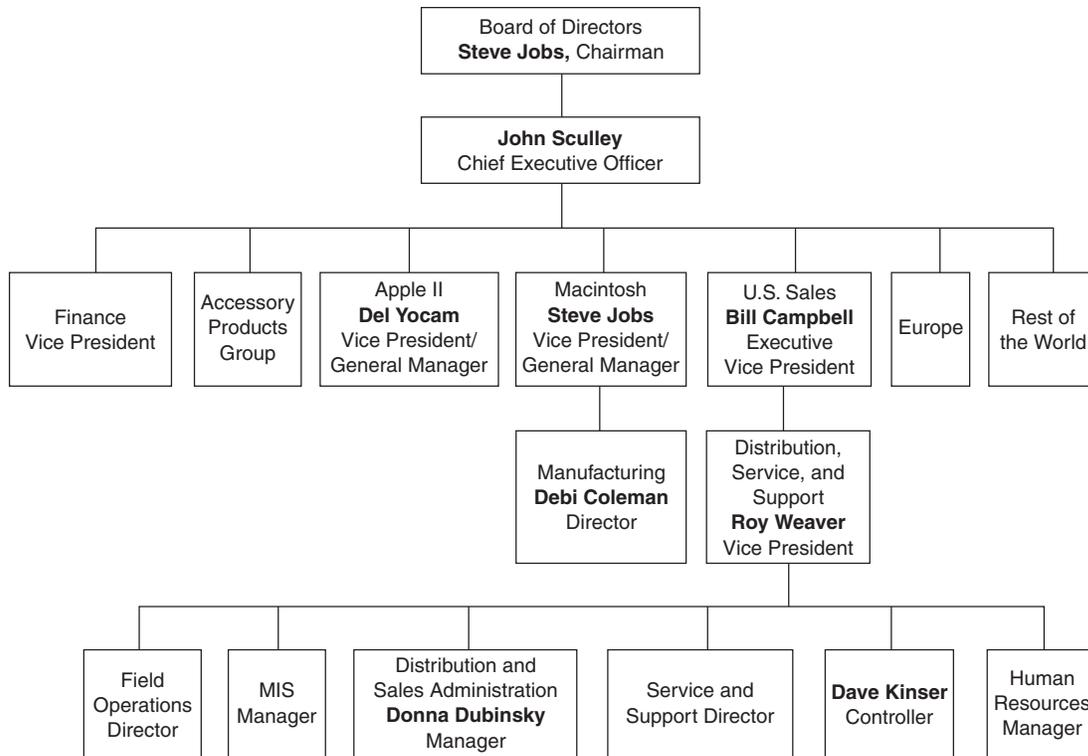
The Macintosh was introduced in early 1984, and although its sales never matched Apple's projections, they were still impressive in that first year. Although actual Mac profits were lowered by high market-entry costs, Apple II sales carried the firm through a record Christmas quarter. By 1985, however, sales failed to reach projected planning levels, causing profitability problems, since expenses had been based on the higher revenue figures. Tensions were mounting between the Apple II Division, which felt its contribution to the firm was undervalued, and the Macintosh Division, whose general manager, Jobs, saw it as the technological vanguard within Apple. Previously, Jobs had split his division off from the rest of the firm, dubbing them "pirates" whose creativity would be unfettered by rules and bureaucracy. By 1985, Jobs and Sculley were beginning to feel the strains in a hitherto remarkably close and interdependent relationship.

Apple's early rapid growth meant a constant influx of new employees. Apple attempted to create and solidify a sense of identity by developing a statement of basic values (see **Exhibit 2**). For a long time organizational charts were not printed at Apple since they changed too quickly. Frequent reorganizations reflected the conflict between product organization and functional organization. When Apple began, it had only one product and therefore its structure was largely functional. As new products began to develop, each team formed its own division, modeled on the original Apple, each with its own marketing, its own engineering, and so forth.

When Sculley joined the firm, he simplified its structure with a compromise format, centralizing product development and product marketing in just two divisions—the Apple II and the Macintosh—with U.S. sales and marketing services centralized in a third division. Nevertheless, this revised format still reflected a mix of functional, product, and geographic organizations. Seven divisions reported directly to Sculley (see **Figure A**). He believed that a coordinated sales and marketing approach was necessary for the firm to present a clear message to dealers and to compete with IBM's highly trained sales force and other firms with larger resource bases and well-established marketing relations and procedures.

¹ Andrew Pollack, "Now, Sculley Goes it Alone at Apple," *New York Times*, September 22, 1985.

Figure A Apple Organization Chart, October 1984



Product Distribution at Apple

In January 1984, Dubinsky became U.S. distribution manager for all of Apple, with dotted-line responsibility for the six field warehouses and direct responsibility for sales administration, inventory control, and customer relations. Organizationally, she was situated within U.S. sales and marketing, although she required ongoing contact with the product divisions.

Apple's product appealed mainly to the home and educational markets whose seasonal and sometimes fickle purchasing patterns placed a strain on physical distribution. Predicting sales patterns was difficult, but it was also imperative that the product be available when requested. In addition, Dubinsky's group maintained relationships with Apple's dealers, a critical factor in the competitive battle for limited dealer shelf space; neither Apple nor any of its competitors could afford to own their dealers. Most dealers started as mom-and-pop organizations and were often undercapitalized, particularly given the growth in the market. Finally, since Apple's operation was primarily design and assembly (rather than fabrication), inventory and warehousing control for parts, works-in-process, and finished goods were potentially costly and critical to Apple's profits and responsiveness to the market.

The distribution group took all Apple products from their respective manufacturing sites (or from their ports of entry for products imported from overseas vendors) to the dealers. For example, Macintosh computers were assembled at the facility in Fremont, California. Based on monthly sales forecasts, the distribution group allocated a specific number of those computers to each of the six

distribution sites: Sunnyvale, California; Irvine, California; Chicago, Illinois; Dallas, Texas; Boston, Massachusetts; and Charlotte, North Carolina. Each of these sites was actually a customer support center that provided warehousing, customer service, credit, repair service, order entry, and a technical group to assist dealers. Individual dealers called in orders to their area support center representative, who arranged to have the requested product sent out. Employees of the distribution group took pride in this system's efficiency and simplicity, although forecasting mistakes often caused shortages or excesses of individual products.

Planning and analysis were luxuries for product distribution as Apple grew. Dubinsky recalled:

I might also mention what was not done: analytical overkill. One incident stands out. My boss needed to request funds from the president to build a warehouse in Boston. He showed me his notes; he merely was going to tell the president the amount of yearly lease cost. As a newly minted MBA, the idea of approaching the president without a full-blown, discounted cash flow analysis was beyond belief, so I offered to prepare one, an offer instantly accepted. After several hours of work, I produced a VisiCalc model that would have been attacked for its simplicity by my B-School classmates, but seemed adequate under the circumstances. When my boss returned from the meeting, he told me that the president had glanced for several minutes at my neatly laid-out analysis, looked up, and asked one question, "What is the yearly lease cost?" After hearing the response he said, "OK. Let's do it." No time for analysis.

The Distribution Conflict: September to December 1984

The conflict over Apple's distribution strategy began in September 1984, when Dubinsky and her boss, Weaver, presented the distribution, service, and support group's 1985 business plan to the Apple executive staff for review. Both Dubinsky and Weaver had presented their plan confidently because of this group's strong performance record. The plan held no real surprises, but it did call for a long-term distribution strategy review to be conducted throughout the coming year, particularly concerning the development of additional distribution centers.

Jobs challenged the plan, however, complaining that he had not received a good explanation for the current distribution, service, and support cost levels and structure. Dubinsky and Weaver were taken aback by Job's criticism. Cost had never been a problem in the distribution area. In a firm that devoted most of its energy and interest to new product development, Dubinsky and Weaver were proud that distribution had never caused a delay in product delivery, and they believed that the absence of complaints was probably their highest praise. In addition, they had just shipped out goods for a record quarter by over 60%, without missing a beat.

A few weeks later, however, Jobs had dinner with Fred Smith, founder and CEO of Federal Express. The two dynamic entrepreneurs found much in common, and Jobs was particularly interested in Smith's discussion of IBM's just-in-time distribution of selected computer components. Jobs saw a potential for reducing costs in this process, which would eliminate the need for Apple's warehouses, carrying costs, and extensive inventory. An Apple dealer would report an order as it was placed, triggering manufacturing's immediate assembly of the requested product. Upon assembly, the product would be shipped overnight, by Federal Express, to its dealer/customer destination.

Jobs and his director of manufacturing, Debi Coleman, investigated this concept, certain that their plant could efficiently incorporate the distribution function. Jobs was proud of the Macintosh

Division's fully automated manufacturing facility and confident in the ability of Coleman, a Stanford MBA who was quoted as boldly stating: "I didn't walk into this job with all the credentials. They picked me because I will grow the fastest with it. I want to be the best in the world – there's no doubt about it."²

And the project was all the more attractive to Jobs because Macintosh sales were down. One manager later observed: "In order to defend themselves, they [the Macintosh Division] went on the attack."

Dubinsky, however, believed the change proposed by Jobs was a mistake. As distribution manager, she was confident that she held the most pertinent perspective, and she suspected the Macintosh manufacturing's motives. The flaws in a distribution plan as radical as Jobs and Coleman's seemed obvious to her:

We were an off-the-shelf business. You've got to have inventory. The dealers couldn't stock the inventory because they didn't have the cash resources to do it, so we essentially played a role as distributor, creating a buffer for them that we could afford and that they couldn't afford. [Jobs and Coleman's idea] was a total nonrecognition of our business as far as I was concerned. It was a manufacturing/logistics/cost-control point of view that had no value in the real world.

Dubinsky was further confused by the rumored interest expressed by Sculley and the rest of the executive staff in Jobs's idea.

Weaver was similarly confused. The fall of 1984 was a difficult time for him, both personally and professionally. In particular, he felt unsure of his relationship with his new boss, Campbell. (Campbell had been personally recruited in July 1983 by Sculley from Eastman Kodak for his teaching ability and marketing leadership. He had previously worked at the advertising firm of J. Walter Thompson after serving six seasons as the popular head football coach at Columbia University.) Shortly after the September business plan review meeting, Campbell's responsibilities had been shifted to include Weaver's group. Weaver had previously reported directly to Sculley. The unexpected distribution issue focused on one of the areas Weaver was most proud of and threatened to remove it from his and Dubinsky's control; thus, Weaver's objections appeared to management as more defensive than well reasoned.

Both Dubinsky and Weaver had difficulty taking this new distribution idea seriously. To a certain extent they chalked it up to Jobs's penchant for "big, elegant things," like a single automated manufacturing/warehousing facility, and to Coleman's personal style. One human resources manager described Coleman as "very aggressive, very intimidating, very bright, and having little finesse." Nevertheless, responding to Jobs's challenges, Campbell and Sculley called for a strategy review and recommended improvements from the distribution group by mid-December.

Meanwhile, Dubinsky began hearing reports of an elaborate presentation, a book-length Distribution Strategy Proposal, which Coleman and her staff were preparing. More and more people were learning about the proposal; furthermore, Dubinsky could see her boss, Weaver, growing more unsure, more certain he could not win. At one point, Weaver decided to try to talk with Sculley himself, but Weaver's boss, Campbell, discouraged him, explaining that Weaver would only appear to be defensive. Dubinsky commented: "I had always looked to Roy for advice before on how to

²USA Today, August 29, 1985.

handle any difficult situation; he always had a refreshing, honest point of view. At this point, however, he was becoming paralyzed by the situation, and I found it harder to turn to him.:

As distribution was Dubinsky's responsibility, the task of preparing a strategy review fell to her. The more she heard about the presentation Coleman was preparing, the more sure Dubinsky became of her own position. She worked with Dave Kinser, controller for the distribution, service, and support group on a research project intended to defend the existing distribution system. Since this was the Christmas season—a very busy time for distribution—Dubinsky was unable to allocate an extensive number of hours or people to the project. Still, she thought, distribution was her area and she knew it best; surely her judgment and past record of effectiveness would carry more weight than Coleman's untested and radical proposal. But, as the mid-December strategy review deadline set by Sculley in September drew near, Dubinsky realized that she was not prepared to defend her area against the sophisticated presentation that Coleman had reportedly prepared, and Dubinsky finally requested an extension.

The Distribution Task Force: January to April 1985

The conflict sharpened when, unexpectedly, on a Monday evening in early January 1985, Weaver called Dubinsky at her home, the first time he had ever done so. He anxiously explained that he had just learned from Campbell that Coleman would be presenting her distribution proposal at a three-day executive meeting, scheduled for Wednesday, Thursday, and Friday of that same week. The meeting would be held off-site at Pajaro Dunes, the regular Apple retreat, and it was originally planned as an opportunity to evaluate new product developments. Only executive staff, division heads, and one engineer from each of the Apple II and Macintosh teams were supposed to attend. Dubinsky could not understand why Coleman's presentation on the distribution issue was even on the agenda, and if this issue was to be discussed, she felt that as distribution manager, she should be the one to address the topic.

Weaver had just learned of the agenda change from Campbell, who explained that Sculley had heard Coleman's presentation recently and had asked Campbell if she could be included in the Pajaro meeting. Weaver thought Campbell should have refused since distribution fell within the authority of Campbell, Weaver, and Dubinsky, but Campbell had agreed to Sculley's request.

Weaver called that evening asking Dubinsky to drop everything and put together a counterproposal, an overview that he would deliver at Wednesday's meeting. Dubinsky agreed, and in one day, completed a presentation that was hand-delivered to Weaver in time for the executive conference.

She learned later that Coleman's and Weaver's presentations triggered an emotional and very difficult discussion that day. The vice president for human resources, Jay Elliot, criticized the executive meeting process, pointing out that, counter to Apple values, this was an all-too-familiar instance of top management stepping around its own middle managers and engaging in top-down management. Why was Coleman presenting to Sculley instead of to Weaver, and why was Coleman instead of Dubinsky presenting the distribution issue at Pajaro? Coming at a time when Jobs and Sculley were facing growing disagreements and when Jobs was pressuring Sculley to accept Coleman's proposal, the executive staff took this criticism to heart.

It was resolved to entrust the distribution problem to a task force composed of the parties involved and a few "neutral" individuals. The task force would report to Campbell, and as a

demonstration of its confidence and commitment to the Apple team, the executive staff pledged to accept the task force's recommendations.

The Distribution Task Force included Dubinsky, Dave Kinser (controller), and Weaver; all of the distribution, service, and support group; Coleman and Jim Bean, from Macintosh and Apple II manufacturing respectively, and both supporters of the just-in-time proposal; and Jay Elliot, Joe Graziano (vice president of finance), and Phil Dixon (management information systems) as the "neutral players."

Most of those at the Pajaro meeting applauded this task force solution. Campbell, who was dissatisfied and embarrassed by the presentation his group had mounted, saw it as a way to force analysis. He thought his group "hadn't done its homework" and that its presentation did not reflect a thorough reexamination of the distribution process. For Weaver, it was a kind of reprieve.

But Dubinsky was angry and disappointed: "I didn't know why there should be a task force at all. Distribution's our job. . . . I couldn't get out of this mentality that what we had was working so well. The thing had never broken down. . . . Now I was supposed to go back and do this strategy, and I couldn't figure out what problem I was solving."

She had always assumed that she would continue to gather ideas from the field for suggested improvements in the existing system. But Coleman's proposal was much more than simply suggested improvements; in fact, Dubinsky thought, it was more than a new distribution system. It was a total change in distribution and manufacturing strategy, taking Apple from supply-driven to demand-driven procedures, and reducing the distribution and warehouse centers from six to zero.

The longer Dubinsky, Weaver, and Kinser thought about it, the more problems they found in Coleman's proposal. As the task force began and continued over the next four months, weekly at first and then less frequently, the members raised objections: for example, the proposal failed to consider the more than 50% of Apple products that were manufactured off-shore; it focused only on central processing units, ignoring Apple's other products; there was no provision for customer complaints and product returns; multiple product line orders would be inconvenient for dealers who would be required to split their request between the two product divisions and their respective directors of manufacturing.

Coleman consistently stressed the point that her proposal would save money, because it got inventory out of the pipeline, thereby eliminating storage costs and inventory obsolescence. Dubinsky tried to reframe the issue, explaining that the inefficiencies were not in the warehousing and the physical distribution but rather in the forecasting process. She also pointed out discrepancies in Coleman's figures and assumptions.

The task force meetings continued to hit stalemate after stalemate. Coleman made proposals; Dubinsky raised objections. The distribution issue had taken on enormous proportions because top management had seized on it as an opportunity to demonstrate its faith in middle management decision-making ability; but middle management could reach no consensus. Campbell was frustrated because he knew that Jobs was pushing Sculley to accept Coleman's plan, and Campbell had no alternative plan from his group to offer Sculley; Weaver was weary, and Dubinsky, who had never understood why the reins had been taken from her hands in the first place and given to a task force, was beginning to consider jobs in other companies.

She also found that the meetings and counter-meetings were taking all her time; she spent less time with her own staff. The task force, in still one more attempt to find some middle ground, finally

reported its agreement to Campbell that the just-in-time concept was the best direction for Apple to pursue, but it had not agreed on a feasible implementation plan. Dubinsky recalled: "It was like a dripping faucet. There was all this pressure to agree. You wanted to agree so you found a ground to agree on. . . . But you know what? I never really believed it.:"

During the final task force meeting, Campbell restated this conclusion for the final time, saying: "So you all agree that this is what we should work toward?" And Dubinsky, despite herself, could not choke back her late but very definite "No." Campbell ended the meeting angrily and Dubinsky, thoroughly depressed, was ready to just walk away from it all.

The "Leadership Experience" Seminar: April 17-19, 1985

In April 1985, Dubinsky was asked to attend an Apple "Leadership Experience" meeting, scheduled for three days at Pajaro Dunes for a group of 40 upper-middle managers. Its purpose was to break down barriers, to encourage communication and creativity, and to challenge participants to find new perspectives and new solutions for old problems. Being skeptical of such programs, she went merely to be out of the office for a few days. As she put it, "I had no intention of getting anything out of it."

The program was fast paced and imaginatively designed. Many of the exercises required participants to break into preassigned small groups, and much to Dubinsky's surprise, Coleman showed up in almost all of these groups. To Dubinsky it seemed that Coleman was using the three-day workshop to lobby for her cause, while Dubinsky herself was questioning [her] own judgment.

To Dubinsky, the whole "Leadership Experience" seemed ill fated. She wondered how she could be self-reflective and thoughtful when she felt incapable of expressing feelings to anyone without being totally negative. How could she design an action plan for her group, as one exercise required, when she did not even know if the distribution group would still exist?

As the seminar progressed, however, Dubinsky recognized that everyone felt confused, demoralized, and critical of the company. She saw the morale problems as fallout from the Macintosh/Apple II rivalry. During one exercise, for example, participants were asked to draw pictures that reflected their perceptions of Apple. One manager drew a picture of two men (Jobs and Sculley) both trying to steer a single boat, but one man (Sculley) appeared to be totally controlled by the other. Someone else sketched a caricature of Jobs with two hats – one as operating manager and one as chairman of the board, and he had to choose between them. A third participant drew a picture of the manager of the Apple II Division, out at sea, alone on a wind surfer, looking to see which way the wind was blowing. Dubinsky began to feel less isolated with her frustration, and she began to see the distribution issue as part of a much larger problem.

On the second day of the workshop, Sculley spoke to the group. He talked generally of Apple's goals, stressing the need for both individual contribution and team effort, likening the Apple mission to the building of a cathedral. Dubinsky raised her hand and charged that Apple employees could not build that cathedral when they were not receiving any direction from him. She was beyond caution at that point, and she proceeded to question the contradictions she heard in his speech, issue by issue. Sculley responded angrily, charging that it was Dubinsky's job to make decisions, that executive staff could not hand them out on a silver platter. Before other managers could speak to the issue, time ran out. Many people ran up to Dubinsky immediately after the session and praised her

for having the nerve to say what needed to be said. But somehow Dubinsky felt as if she was “alone on the boat as it pulled out, as my friends and colleagues waved from the shore.”

Later that day at lunch, Dubinsky sat beside Del Yocam, executive vice president of the Apple II Division. She respected Yocam as a manager—he was one of the few seasoned executives around—and she decided to confide in him, hoping to get a reality check on the whole distribution issue. She could no longer get such a perspective from Weaver because of his closeness to the situation. She hoped that Yocam’s distance might provide a clearer view. Dubinsky asked him whether he thought the just-in-time strategy was appropriate for Apple. Yocam responded that, from his standpoint, he could not judge; that Dubinsky was in the position to know what impact this strategy change could have on Apple; and that if she truly believed it was wrong, she had better stop it. He also added sharply that he would hold her responsible if she failed.

Something clicked in Dubinsky’s head as she listened to Yocam. He was so serious, and he looked at this issue not as a turf or charter battle or as a question of who was right. He saw it as a question of Apple’s fate. Dubinsky recalled: “I truly believed the proposed distribution strategy to be so radical that it would shut the company down. Yocam’s reaction really brought home to me the high stakes involved in the issue.”

She had critiqued and reacted to Coleman’s proposals, detail by detail, but she had gone no further. This was Thursday afternoon, April 18, 1985.

The Ultimatum, April 19, 1985

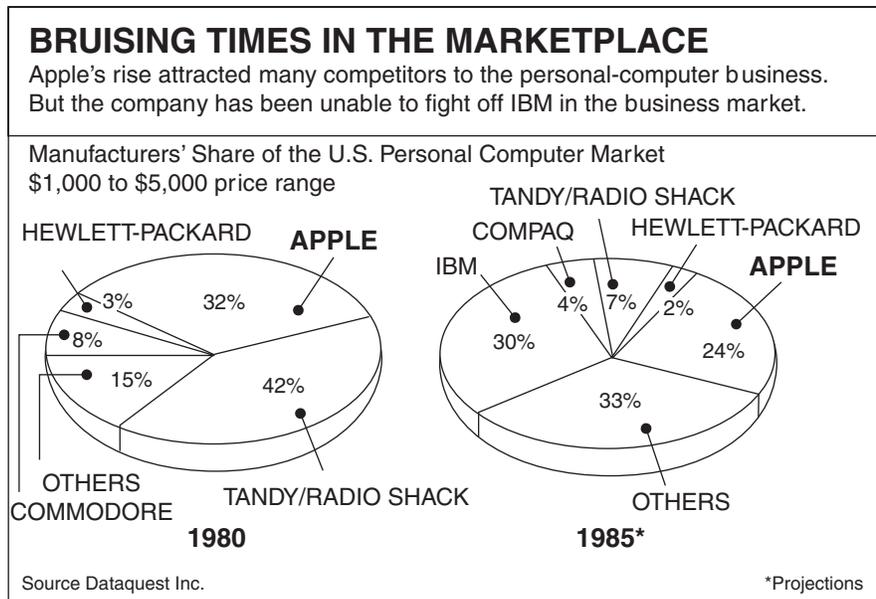
After her 7:00 a.m. call to Campbell the next day, Dubinsky awaited the completion of the Pajaro Dunes seminar before returning to Cupertino to meet with him. Driving back to the office, Dubinsky flashed upon a memorable piece of advice that she had received from one of her Harvard Business School professors almost six years earlier. He had told students that the first thing to do after graduating was to start pulling together their “go-to-hell money.” Dubinsky took that to mean that she should never put herself in a situation from which she could not walk away. Dubinsky had followed that advice, and now she had her savings stored away, and no prohibitive obligations. The time had come to test her independence.

Campbell and Dubinsky met for two intense hours late that afternoon. In their meeting, Dubinsky acknowledged her previous blind spots. She asked for an additional 30 days to get her own distribution strategy presentation together. “But,” she added, “distribution is my area, and I will evaluate it myself, without the interference of an outside task force.”

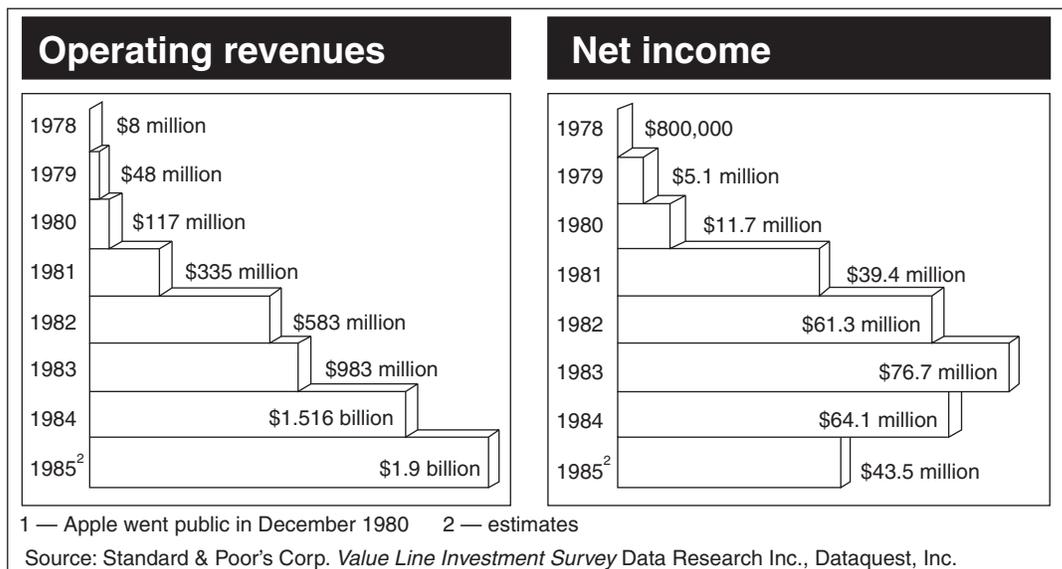
Campbell demanded: “Why can’t you defend what you’re doing to others if you think it’s right?” But Dubinsky snapped back that she did not have to if it was really her job. They wrestled on over this point until Dubinsky finally took her stand and delivered her ultimatum: If Campbell did not agree to her terms, she would leave Apple. Campbell promised to talk with Sculley and to let her know Monday.

Over the weekend, Dubinsky wrote her letter of resignation. On Monday morning she told Weaver about the ultimatum that she had delivered to his boss the preceding Friday. She then waited for Campbell’s call.

Exhibit 1 Apple Financial Performance and Market Share, 1980-1985



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Exhibit 2 Apple Values

Achieving our goal is important to us. But we're equally concerned with the WAY we reach it. These are the values that govern our business conduct:

Empathy for Customers/Users We offer superior products that fill real needs and provide lasting value. We deal fairly with competitors and meet customers and vendors more than halfway. We are genuinely interested in solving customer problems and will not compromise our ethics or integrity in the name of profit.

Achievement/Aggressiveness We set aggressive goals and drive ourselves hard to achieve them. We recognize that this is a unique time when our product will change the way people work and live. It's an adventure, and we're in it together.

Positive Social Contribution As a corporate citizen, we wish to be an economic, intellectual, and social asset in communities where we operate. But beyond that, we expect to make this world a better place to live in. We build products that extend human capability, freeing people from drudgery and helping them achieve more than they could alone.

Innovation/Vision We build our company on innovation, providing products that are new and needed. We accept the risks inherent in following our vision and work to develop leadership products which command the profit margins we strive for.

Individual Performance We expect individual commitment and performance above the standard for our industry. Only thus will we make the profits that permit us to seek our other corporate objectives. Each employee can and must make a difference; for in the final analysis, INDIVIDUALS determine the character and strength of Apple.

Team Spirit Teamwork is essential to Apple's success, for the job is too big to be done by any one person. Individuals are encouraged to interact with all levels of management, sharing ideas and suggestions to improve Apple's effectiveness and quality of life. It takes all of us to win. We support each other, and share the victories and rewards together. We're enthusiastic about what we do.

Quality/Excellence We care about what we do. We build into Apple products a level of quality, performance, and value that will earn the respect and loyalty of our customers.

Individual Rewards We recognize that each person's contribution to Apple's success, and we share the financial rewards that flow from high performance. We recognize also that rewards must be psychological as well as financial and strive for an atmosphere where each individual can share the adventure and excitement of working at Apple.

Good Management The attitudes of managers toward their people are of primary importance. Employees should be able to trust the motives and integrity of their supervisors. It is the responsibility of management to create a productive environment where Apple values flourish.