# The Forgotten Founder

Thanks to a never-ending campaign by Apple's powerful public relations machine to protect the myths surrounding the company's origin, almost everyone believes that Apple was started in a garage by "the two Steves," Stephen Gary Wozniak, 25, and Steven Paul Jobs, 21. Actually, the operation began in a *bedroom* at 11161 Crist Drive in Los Altos (the house number changed to 2066 when the land was annexed from the county to the city in late 1983), where Jobs—after having dropped out of Reed College in Portland, Oregon—was living with his adoptive parents, Paul R. (a machinist at Spectra Physics) and Clara (a payroll clerk at Varian). That mere semantic distinction can be forgiven. When the bedroom became too crowded, the operation did indeed move to the garage.

When they adopted Steve (born February 24, 1955), Paul and Clara Jobs lived at 1758 45th Avenue in San Francisco's Sunset district. After five months, the family moved to South San Francisco and then Mountain View before settling in Los Altos. It wasn't until Steve was in his 30s that he met his birth mother. At that time he also learned he had a half-sister, writer Mona Simpson, who subsequently used Steve as a model for the main character in one of her recent books, *A Regular Guy*.
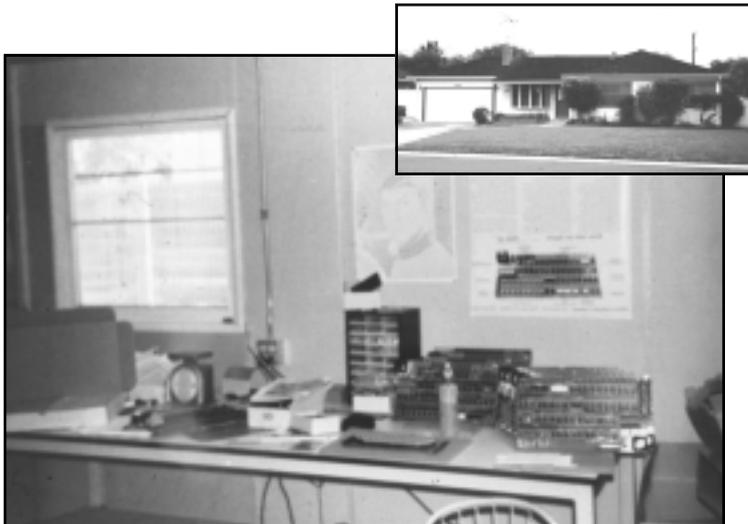
After moving out of Jobs' garage, Apple Computer rented suite B3 at 20833 Stevens Creek Boulevard in Cupertino, then built 10260 Bandley Drive, which became known as Bandley One when occupied on January 28, 1978.

Apple started life in "the garage" of Steve Jobs' parents on Crist Drive in Los Altos, California (inset: the exterior of the house as it is today).

When Apple was founded, Steve Wozniak lived at 1618 Edmonton Ave. in Sunnyvale and Ron Wayne lived at 1900 California St. in Mountain View.

The bigger story here is that the two Steves weren't alone in forming Apple. Just as Soviet propagandists doctored photos to remove party members who had fallen out of favor, Apple suffers from a convenient case of institutional amnesia by routinely ignoring the fact that when Apple was originally founded as a partnership on April Fools' Day 1976, there were three founders: Woz, Jobs, and a fellow by the name of Ronald Gerald Wayne, 41.

Courtesy of Ron Wayne

Ronald Gerald Wayne, Apple's forgotten founder, seen here in a passport photo from 1975 (imprint of USA Department of State seal still evident).

Jobs was freelancing at Atari in the early 1970s when founder Nolan Kay Bushnell hired Wayne as chief draftsman (badge #395) for the video game maker. Despite the difference in their ages, Jobs and Wayne became casual friends and would often have philosophical discussions on the ethics of making money. Desiring a tie-breaker in any potential conflicts with Woz, Jobs enticed Wayne to become a partner in Apple by offering him 10 percent interest in the company.

"Either I was going to be bankrupt or the richest man in the cemetery," Wayne recalls thinking. Since Apple was far from a sure thing, Wayne retained his day job at Atari and worked nights on the original Apple logo and documentation for the Apple I. Meanwhile, Jobs was hustling up customers. At a Homebrew Computer Club meeting (the club met monthly at the Stanford Linear Accelerator Center auditorium in Palo Alto), Jobs gave a demonstration of the Apple I to Paul Jay Terrell, who operated the Byte Shop—arguably the first retail computer store chain in the country, which opened its doors on December 8, 1975 (Terrell's birthday). Terrell was intrigued and asked Jobs to keep in touch.

The original Apple I (shown here in a custom-built wooden case) was little more than a circuit board to which customers were expected to add a case, power supply, monitor, and keyboard.

The next day, a barefooted Jobs dropped in on Terrell at his store in Mountain View and exclaimed, "I'm keeping in touch." To Jobs' utter amazement, Terrell agreed to buy 50 computers for $500 each, cash on delivery. There was only one catch to the $25,000 order: Terrell wanted fully assembled computers.

The Byte Shop at 1063 El Camino Real West in Mountain View, California, was the first retail computer store chain in the world and Apple's first big customer.

"[The Byte Shop order] was the biggest single episode in the company's history. Nothing in subsequent years was so great and so unexpected. It was not what we had intended to do."

Steve Wozniak

The trio had originally planned to produce bare circuit boards for $25 each and sell them for $50 to hobbyists who would populate them with the necessary chips and other parts. They didn't have the money necessary to buy all of the parts required to build 50 complete computers, but Jobs was undaunted. On April 6, he obtained a three-month $5,000 loan from Elmer and Allen J. Baum (one of Woz's co-workers at Hewlett-Packard), then convinced suppliers to extend 30 days' credit on $15,000 worth of parts.

The young, ambitious Jobs had no qualms about going into debt to fulfill the Byte Shop order, but the seasoned Wayne was anxious. He wasn't convinced Terrell would pay for the computers, and the partnership agreement meant that he had unlimited personal liability for any debts incurred by Apple. Just four years prior, Wayne underwent the emotionally painful experience of folding Siand, his own Las Vegas-based engineering firm. Wayne didn't want to risk another financial failure, so on April 12—less than two weeks after Apple's founding—he renounced his 10 percent interest for a one-time payment of $800. "I had already learned what gave me indigestion," explained Wayne years later. "If Apple had failed, I would have had bruises on top of bruises. Steve Jobs was an absolute whirlwind and I had lost the energy you need to ride whirlwinds."

Steve Wozniak (left) and Steve Jobs, showing off the Apple I motherboard that started it all.

Freed from the financial liabilities of the partnership agreement, Wayne spent his free time consulting on projects such as designing an enclosure for the Apple I. Meanwhile, Woz and Jobs got part-time assembly help from Bill Fernandez, who had originally introduced Jobs to Woz in 1968, as well as from Daniel G. Kottke, who had met Jobs at Reed College and had made a spiritual journey to India with him in 1974.

"Steve Wozniak looks like a Steiff Teddy bear on a maintenance dose of marshmallows."

Time *reporter* **Jay Cocks**

Paul Terrell went on to found Romox, Software Emporium, and Sorcerer Computer.

Everyone worked furiously to build the computers by hand. Terrell was a bit dismayed when Jobs showed up on the 29th day to deliver a batch of motherboards stuffed with components. When Terrell asked for "fully assembled" computers, he meant the whole works: a case, power supply, monitor, and keyboard. Nonetheless, Terrell kept his word and handed over the cash, allowing Apple to pay off its parts suppliers in the nick of time.

Jobs was excited. Apple had made roughly $8,000 profit, and he was planning to expand the business by going farther into debt with parts suppliers to build even more computers. Jobs' ambitious plans required more money than the Apple I orders were generating, so in August 1976, he approached his old Atari boss, Nolan Bushnell, who recommended he meet with Don Valentine of the venture capital firm Sequoia Capital. At the time, Valentine wasn't interested, but he in turn referred Jobs to Armas Clifford "Mike" Markkula Jr., 34, who had retired a year prior after making a small fortune on his stock options at chipmakers Fairchild Semiconductor and Intel.

"Why did you send me this renegade from the human race?"

*Venture capitalist **Don Valentine**, complaining about Jobs, then just a kid with ripped jeans and bare feet*

Markkula wrote several early software programs for the Apple II and freely distributed them under the alias Johnny Appleseed.

Courtesy of Michael Swaine

Armas Clifford "Mike" Markkula Jr. stepped in when Ron Wayne bailed out of Apple.

In November 1976, Markkula came out of retirement to help Jobs devise a business plan. With the Apple I computer boards being sold through just ten retail stores in the U.S., Markkula boldly set a goal for sales to grow to $500 million in ten years. Recognizing a chance to hitch a ride on a rocket that was about to take off, Markkula invested $92,000 of his own money and secured a $250,000 line of credit at Bank of America. Now properly funded, the three of them filed for incorporation of Apple Computer on January 3, 1977. To avoid any possible legal complications, in March the corporation purchased the partnership for $5,308.96 and Wayne was sent a check for a third of that amount to make certain he would have no future claim against the company. Wayne, who had walked away voluntarily for $800 less than a year ago, was thrilled to receive this unexpected windfall.

Jobs set the list price of the original 4K Apple I at $666.66 by doubling the cost of manufacturing, allowing dealers a 33.3 percent markup on the wholesale price of $500. Fundamentalist Christians were quick to complain that 666 was the "mark of the beast." Jobs blew these people off with a concocted story about how he had taken 7 (the mystical number seven), subtracted one (another mystical number), and arrived at a perfectly innocent price. Actually, Jobs wanted to charge $777, but Woz insisted that was too much.

Reflecting on the situation, Woz understands Wayne's decision to bail out early. "Steve had no money. I had no money, and the creditors were going to wind up coming to him for the money that was going to be owed. So he decided it was better to get out of it. At the time it was the right decision." To someone who was there to witness the events firsthand, it may have made sense, but in retrospect, it's hard for an outsider to see Wayne's decision as anything but a mistake of colossal proportions.

Granted, Wayne would surely have had to give up some of his interest in Apple as the firm grew. If Jobs' initial 45 percent stake in Apple translated into 7.5 million shares when the company went public in 1980, it's reasonable to assume that Wayne's 10 percent would have equalled more than 1.6 million shares. Following a two-for-one stock split on May 15, 1987, such a holding would have been worth approximately $244 million (not including dividends) when the stock peaked at $73.25 on April 12, 1991, and would still be worth over $42.5 million at $12.75 per share, the lowest price since then. Does Wayne ever regret relinquishing his supporting role in one of the greatest American business success stories ever told? Amazingly enough, 20 years later Wayne convincingly stated, "I have never had the slightest pangs of regret, because I made the best decision with the information available to me at the time. My contribution was not so great that I felt I had been diddled with in any way." A person of lesser character might be paralyzed with bitterness and self-doubt after walking away from such fame and fortune, but not Ron Wayne. He put it behind him and got on with his life.

Although Jobs tried over the years to convince Ron to return to Apple as an employee, Wayne continued working at Atari until 1978, at which point he took a job at Lawrence Livermore Labs. In 1980, Wayne opened a small store on Dempsey Street in Milpitas. Dealing in stamps, coins, and other collectibles, Wayne's Philatelics became so successful in just two months that he quit his job at Lawrence Livermore Labs. Following the collapse of the stamp market and two break-ins, Wayne closed the store in 1982 but continued operating the business out of his home. After a brief stint working on documentation and drafting for Scientific Technology Systems, in 1985 Wayne took a job working on slot machines at Thor Electronics of California. The Salinas-based manufacturer subsequently shifted its focus from slot machines to military electronics. On August 1, 1998, Ron Wayne formally retired as chief engineer of Thor. He now runs an Internet-based stamp and coin business (http://www.thestampman.com) from his home in Tucson, Arizona.

Woz and Jobs' first commercial venture was peddling illegal "blue boxes" designed by Woz based on information contained in the October 1971 issue of *Esquire*. These hand-held electronic circuits allowed phone calls to be made free of charge by emulating signals used by the phone company. Jobs supplied $40 in parts and sold the boxes door-to-door in UC Berkeley dorm rooms for $150, splitting the profits with Woz. In keeping with the spirit of "phone phreaking," Woz assumed the name Berkeley Blue and Jobs, Oaf Tobark. During one demonstration, Woz called the Vatican posing as Henry Kissinger and asked to speak to the pope. Informed that the pope was sleeping but would be awakened, Woz lost his nerve and hung up.

Who would have dreamed that these two would go from making pontifical prank calls to actually meeting world leaders? But that's exactly what happened. In February 1985, Woz and Jobs received the National Technology Medal from President Reagan at the White House. On May 19, 1993, Woz presented a PowerBook to Poland's President Lech Walesa, the former leader of the Solidarity movement. During the Clinton administration, Jobs slept in the White House's Lincoln Bedroom after making a $100,000 donation to the Democratic National Committee.

Woz met his first girlfriend through a popular Dial-a-Joke operation he was running from a bank of phones in his apartment. Normally his answering machine played a Polish joke that he had recorded earlier, but Woz happened to be home when Alice Robertson called, so he picked up the phone, identifying himself as Stanley Zeber Zenskanitsky. The two hit it off and were married soon after their playful start.

The Apple Logo

One of Ron Wayne's first duties after co-founding Apple was to design a logo for the infant company. The logo he created was a pen-and-ink drawing of Sir Isaac Newton leaning against an apple tree with a portion of a William Wordsworth poem (*Prelude, Book III, Residence of Cambridge*) running around the border: "Newton … A mind forever voyaging through strange seas of thought … alone."

> "One of the deep mysteries to me is our logo, the symbol of lust and knowledge, bitten into, all crossed with the colors of the rainbow in the wrong order. You couldn't dream of a more appropriate logo: lust, knowledge, hope, and anarchy."
>
> *President of Apple Products*
> **Jean-Louis Gassée**

Apple's original logo was designed by Ron Wayne.

In late 1997, interim CEO Jobs decided that future products would be adorned with solid-colored Apple logos. The first Mac to receive this treatment was the revised PowerBook G3 introduced on May 6, 1998. It featured a large, solid "crystal white" Apple logo on its lid.

Wayne's logo was used for a short time, but Jobs eventually came to feel that it was too cerebral and not easily reproduced at small sizes, so in April 1977, he instructed Rob Janov, an art director at the Regis McKenna public relations agency, to come up with a better logo. Janov started with a black and white silhouette of an apple, but felt something was missing. "I wanted to simplify the shape of an apple, and by taking a bite—a byte, right?—out of the side, it prevented the apple from looking like a cherry tomato," explains Janov.

For a touch of class, Janov added six colorful, horizontal stripes that paid tribute to the Apple II's impressive color capabilities. Although separating the green, yellow, orange, red, purple, and blue bars with thin black lines would have reduced registration problems during reproduction, Jobs nixed the proposal, resulting in the Apple logo as we know it today, which former president Michael M. Scott calls "the most expensive bloody logo ever designed."

Apple II Timeline

1976
Jobs, Woz, and Wayne found Apple · Apple I prototype completed

Jobs seeks funding · Apple I introduced ($666)

Markkula writes business plan

Jobs, Woz, and Markkula incorporate Apple

1977
Scott becomes first president · Apple II introduced ($1,298); Janov designs new logo

Apple II installed base = 570

1978
Apple occupies Bandley One

Disk II introduced ($495)
Apple II installed base = 8,170

1979

Apple II Plus introduced ($1,195)

Apple II installed base = 43,270

1980

Apple II installed base = 121,370

1981

IBM PC introduced ($1,565) · TV commercials starring Apple II spokesman Dick Cavett begin airing
Apple II installed base = 301,370

1982

Woz throws first US Festival;
Apple II installed base = 580,370

Apple's first president, Michael M. Scott, brought a lot of professional experience when he was hired in May 1977 from National Semiconductor. One of his first attempts at imposing a little organization was to issue numbered identification badges, based roughly on each employee's date of hire. "Scotty" gave himself number seven because that's his lucky number, and he issued badge number one to Wozniak because without his brilliant design of the Apple I, there would be no company. This didn't sit too well with Jobs, who rushed to Scott asking him to reconsider. Scott held his ground. "Jobs would be unbearable if he was number one," felt Scott. Realizing Scott wasn't about to name him employee number one, Jobs suggested a compromise: He'd accept number zero instead. That seemed only fair, so to keep the peace, Jobs got badge number zero, but Apple's official personnel records list him as employee number two because the Bank of America check processing software wouldn't allow zero. To this day, a low employee number is a badge of honor in the corridors of Apple.

Hoping to recreate some Woodstock magic, Woz sponsored the US Festivals, three-day "celebrations of contemporary music and technology." The first was held Labor Day weekend in 1982 at the Glen Helen Regional Park, just north of San Bernardino, California. Over 20 different entertainers performed, and there were exhibits on the impact of technological developments. The event was marred by low paid attendance, 340 arrests, and about 12 drug overdoses. Woz tried again Memorial Day weekend 1983. Woz lost an estimated $20 million on the two US Festivals, but he had fun and still considers them successful.

Apple II Timeline (continued)

The one millionth Apple II was awarded to Ellis Elementary school in Sunnyvale, California, on July 18,1983, as part of the "Kids Can't Wait" program.

Q. What's the difference between PCS (Personal Computer Systems; the Apple II division) and the *Titanic*?
A. The *Titanic* had a dance band.

After resigning from Apple in 1985 over the lack of support for the Apple II, Steve Wozniak eventually returned to college to complete his degree. He enrolled in Berkeley under the name Rocky Raccoon Clark and earned a bachelors degree in electrical engineering in June 1986. Woz's pet dog at the time was named Rocky.

Forever = 6,072 Days
The Apple IIc was introduced on April 24, 1984, in San Francisco's Moscone Center during a celebration called "Apple II Forever." Incidentally, the pre-show setup was interrupted by an earthquake measuring 6.2 on the Richter scale. On November 15, 1993, more than 16 years after the original Apple II was introduced and with over 5 million units shipped, Apple quietly dropped the last of the line, the Apple IIe, from its product list. As a token gesture to the faithful, for a while Apple continued to offer Apple II technology through an expansion card for some early Mac LC and Performa models.

1983
- Lisa ($9,995) and Apple IIe ($1,395) introduced
- Apple II installed base = 1,000,000
- Woz throws second US Festival

1984
- Apple III+ introduced ($2,995)
- Lisa 2 ($3,495) and Mac ($2,495) introduced
- Apple IIc introduced ($1,295); Apple III discontinued
- Apple II installed base = 2,000,000

1985
- Apple IIe (enhanced) introduced
- Apple IIc installed base = 400,000

1986
- Woz earns electrical engineering degree
- Enhanced Apple IIc, Apple IIGS introduced ($999)

1987
- Platinum Apple IIe introduced ($829)

1988
- Apple IIc Plus introduced ($1,099); GS/OS introduced ($39)

1989
- Apple IIGS System Software 5.0 introduced