

MoS Episode Transcript – Angela Ahrendts Part Two

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REID HOFFMAN: Hi listeners, it's Reid. Welcome to Part 2 of our episode with Angela Ahrendts, on how to unite a team. If you haven't listened to Part 1 I highly recommend you go back and do that first. You don't want to miss it. But before we dive back in, let me give you a quick refresher. In Part 1, Angela shared some secrets for uniting a team that she learned early. Like this:

ANGELA AHRENDTS: The foundation of any great relationship is looking somebody in the eyes and human-to-human connecting with them and building this incredible trust.

HOFFMAN: Angela was recruited to become CEO of Burberry, where she ultimately leads an epic turnaround. But it started with a big, bold rallying cry to the team.

AHRENDTS: "You need to walk out of here 100% believing in everything we're doing. Or I don't want you on the team and I will take care of you, right? But we can't afford it." I would argue at Burberry everybody felt loved — 11,000 — and that's why we achieved the results that we did.

HOFFMAN: And then Apple came calling. And we flashed forward to Angela's first video memo to her team at Apple, recorded from her desk, using an iPhone.

AHRENDTS: And about one minute in my phone rings. I look down and it's my daughter. I picked it up and I said, "Angelina, Mommy will call you back in like two minutes."

The next day I must have gotten 500 emails of people thanking me for taking my daughter's call.

HOFFMAN: In Part 2, we pick up where we left off. Angela is about to make the move from CEO of Burberry to Apple's Head of Retail. And I'm proving this theory: I believe it takes more than a logo to rally the troops. You need an elevated mission and everyday human contact to unite a team.

[THEME MUSIC]

HOFFMAN: I'm Reid Hoffman, co-founder of LinkedIn, partner at Greylock, and your host. And I believe it takes more than a logo to rally the troops. You need an elevated mission – and everyday human contact to unite a team.

In Part One of our talk with Angela Ahrendts, we looked at her rise through the fashion industry, including the epic turnaround she led as CEO of Burberry, doubling revenue and tripling the

stock price in 8 years. But then Apple CEO Tim Cook came calling. He wanted Angela to lead Apple's retail operations. He had his work cut out for him.

AHRENDTS: I told him, I said, "Trust me, I'm not the right person. You really don't want me."

HOFFMAN: But in the end, Tim convinced Angela she WAS the right person. And Angela had to break the news to her current team.

AHRENDTS: I was over nine years now with Burberry and then I had to go to the chairman, and I said, "I need to take an extra week or two this summer." I said, "I've been called, and I don't want to do anything, but I need to meditate. I need to understand if this is..." And he just looked at me and he said, "It's Apple."

HOFFMAN: "It's Apple." Two words that have meant so many things to so many people over so many years...

[RECORDING]

RICHARD DREYFUSS: "Here's to the crazy ones... the misfits... the rebels... the troublemakers."

STEVE JOBS: "In 1984, we introduced the Macintosh."

"We shall prevail. On January 24th, Apple Computer will introduce Macintosh. And you'll see why 1984 won't be like 1984."

"In 2001, we introduced the first iPod."

"iPod, a thousand songs in your pocket."

"Today, we're introducing a widescreen iPod with touch controls, a revolutionary mobile phone, and a breakthrough internet communications device. This is one device! And we are calling it, iPhone."

"But, there is one more thing..."

[END RECORDING]

HOFFMAN: So, you get to Apple. What did you find your first months to be like, because Apple is in many ways an amazing company – inventive, soulful, caring, but also has a bunch of things that are unusual from a Silicon Valley perspective. It's extremely internal. Like you're not allowed to talk to anyone outside the company. Many groups are working on things that nobody knows

about and it doesn't share between the group. Like there's a bunch of also oddities around Apple. What were those first few months like for you?

AHRENDTS: I hated it. (Laughs)

HOFFMAN: Yes, the first six months. Yes.

AHRENDTS: And the thing you didn't mention was the acronyms. I mean, it's like it's a different language. And realize: I'm a merchant and a marketer. It was actually like going to Mars.

HOFFMAN: When I heard Angela say this, my first thought was, "Yes. That's an authentic answer," right? Because the vast majority of people, when they make a big jump between companies, they find out that it's HARD. You go from saying "Oh my God, this is going to be magical!" to "Oh my God, this is so different, and can I even DO this? I have confidence in myself, but can I win at THIS game?"

So before Angela could rally the troops, she had to rally herself.

AHRENDTS: I got so insecure the first three or four months, but then you have a talk with yourself, right? And in all your meditating and things, and it's like, "No, would you stop it?" There's no way in the world I could possibly learn everything. And they didn't bring me in to learn all of that.

They brought me in because I have gifts and I'm supposed to focus on applying those. So once you get past that first three to six months insecurity, Because again, you come in and you just feel stupid when you come out of sector like I did. And I'm just wired very, very, very differently than most – not all, but than most.

And so, there were a handful of like-minded people, et cetera, that I knew we could work very closely with and we all agreed on the vision, et cetera. But like we said, the first six months everywhere is difficult. But then I also realized that I had to do it my way and they brought me in to do it my way.

HOFFMAN: So Angela set out to rally the troops in her own way. You may be wondering at this point: Why did the "troops" need rallying anyway? After all, Apple was dominating. In 10 years they had quadrupled the number of stores worldwide. But with growth comes growing pains.

Angela's challenge: Maintain the iconic magic of Apple while managing crowds that now include technological late bloomers as well as obsessive early adopters. To pull that off would require a big vision. But it also required everyday, hands-on coordination among retail teams separated by languages, time zones, and geography.

Angela knew she had to show her far-flung team, through words and actions, that each person mattered, and that they were part of something bigger.

AHRENDTS: "I want you to be aware of what our plan is, where we're going, and it's all for you because of you, and I want us to connect. I want you to trust me."

HOFFMAN: This brings us to her weekly videos that we discussed back in Part One. Recorded on the fly, sent from an iPhone directly to every retail employee at the company, these were not the stylized, carefully crafted Apple productions you might expect.

AHRENDTS: "I'm going to do a video and I don't want a studio and I don't want hair and makeup. We have a phone. I'm going to do it like my kids do YouTube videos. It's going to be three thoughts in three minutes or less, no editing, nothing."

HOFFMAN: She recorded these videos every week for four years, from wherever she was in the world.

AHRENDTS: But then I didn't want it all about me. Then it was every other week, then I would have all the senior executives. So we'd rotate. Because it's important that they do it too and that everybody understands who they are and their function in the business.

HOFFMAN: Angela made these weekly messages a top priority because she understood a fundamental truth about team-building: you have to be intentional about fostering cohesion and common purpose. It won't happen just because everyone is wearing the same color t-shirt and a picture of the same partially munched fruit. You need to build in events, rituals, and good old-fashioned human-to-human contact.

AHRENDTS: There is nothing more powerful in driving a vision or turning a company around than just clear, consistent communication. That drives connection, and collaboration, that builds trust. And when you build that kind of trust then, people feel empowered.

HOFFMAN: One innovation Angela encouraged was built specifically to achieve this kind of empowerment across teams. How? Human-to-human contact between retail stores.

AHRENDTS: We ended up creating all types of apps and things so that they could talk to each other and solve problems together. We created an app called Loop, that they had to close the Loop if there was a problem. You can't just complain about it, how fast can you fix it? How fast are you going to close that Loop?

And so while we're in bed, et cetera, problems come up, they could all talk to each other. One store could say, "We just do this or do this." Yeah, so we put a lot of other platforms in place for them to communicate with each other and for us to communicate with them.

HOFFMAN: Giving store managers and employees a way to talk to each other brought a new level of human contact into Apple retail teams. It also empowered them to solve each others' problems. A store manager in Mexico City might have already solved a problem vexing a store manager in Brussels. Solving the language problem was fairly easy once a tool was in place.

The bigger language problem played out at Apple HQ.

AHRENDTS: You know it's funny, I had to learn to talk their language, right? Because there really were not any retailers at all in the company.

HOFFMAN: To be fair, there were plenty of retailers at the company in the literal sense. As we noted earlier, retail actually made up 70% of Apple's 100,000 employees. But not on the senior leadership team, the level at which a company's driving mission gets set. Apple executives, like most of us in Silicon Valley, speak the language of tech. If Angela was going to succeed in rallying her troops, she had to speak the language of the generals.

AHRENDTS: I used to talk about how the architecture was the hardware and the experience that took place inside was the software. So basically what was the OS of the store? And we didn't have one.

HOFFMAN: "The OS of the store." I hadn't heard that before. But it doesn't surprise me that Angela came up with it. Because Angela understands that people use metaphors to organize their thoughts, and to communicate as a group. So she came to Apple, and she was like "Okay, what language do they use? They talk in 'platforms' and 'apps.'"

So if I use that language to talk about what we're doing in the store, then all of a sudden, they'll say "Oh! We understand that language! We understand that this is a critical thing to invest in. What do you need? How can we help?"

And this brings us back to the elevated mission, the one that rallies the troops, and the generals too. And the one that brought Angela to Apple. Angela kept asking "What if...?" as she sharpened her vision for Apple retail – and the O.S. of the Apple store.

AHRENDTS: Tim used to always say, "Apple Retail has always been about so much more than just selling." So then, what if I could be a part of re-imagining that retail experience? And if it's not just about selling, then what's it about?

There's educators in every community, there's entrepreneurs in every community. There's people that need help. We're going to all live longer. There's a lot of older people who need support. There's a lot of kids where public schools don't teach them to code, right?

And so all of a sudden I thought, "Oh, maybe I can dream and maybe I can help reimagine what that experience should be, could be. How many lives can we touch and transform by the power of our performance?" And I thought, "Wow, what if?"

HOFFMAN: Angela began thinking: How could she offset some of the thorniest problems wrought by technology with a technology store?

AHRENDTS: I was a woman on a mission and in the first six months. I'm a big five-year-plan person. And so very early on we put that five-year plan together. And like I said, dreamed of everything that we wanted to do, from a business side, where are we going to put these stores and why? And so brought in all the data in terms of what would be the top 200 markets in the next 20 years. And so we understood where to invest, et cetera. But then by the same token, what are going to be the biggest things impacting society that we could possibly help offset?

I'm telling you, Reid, I didn't know, I didn't know the problem of isolation. I knew I'd read enough about automation. I did not know a third of the jobs would be disrupted in the next three years now.

I knew it would be disruptive, but when you get facts at your fingertips and you understand the amount of people that maybe need to be inspired to learn something new. When you put a strategy together and you pause and you read and you get some intense outside counsel, again, a third of the white-collar jobs, right? Lawyers, researchers, anything with rote memorization is going away. You can't, you're one company. You've got X number of stores. But I still think that every company has a greater responsibility. Every company needs to do what they can do using their resources.

HOFFMAN: There were a couple of different programs that were created by you and your whole team while you were there. What was the program that you're most like, "Ah! This felt like a great step forward."?

AHRENDTS: Yeah. Tim said he thinks it's one of the greatest launches. The program's called "Today at Apple."

HOFFMAN: "Today at Apple." It was Angela's O.S. for the store, a program of free daily lessons offered in all Apple stores worldwide. It's a way to bring Apple products to life, by unlocking their creative potential. It's also something bigger.

AHRENDTS: It's not a coincidence that "Today at Apple's" number one mission is to encourage connection just with people in communities.

"Today at Apple" is really, just think of it as the operating system in a store. We used to say that if you go to apple.com you get this incredible 2D experience. And it's deep product knowledge, deep learning, et cetera, right? And if you go into a store, you should

have the most incredible 3D experience. And that's about humans. This is about human interaction. Because you can buy it faster, cheaper, anywhere else. You couldn't go to Apple Support and get great service. So what is the purpose of this box that 500 million people walk into every single, right?

HOFFMAN: When Angela asked: "What is the purpose of this box?" what she really meant was "What is the elevated mission that every store manager can get behind?" "Today at Apple" gave the stores that sense of purpose and it also gave store managers a lot of autonomy to decide what "Today at Apple" would look like in their store.

AHRENDTS: We told the teams that "you are the beating heart in your community." More people are walking into you than walking into any other establishment in your community. So I used to tell the store managers, "Whether you like it or not, you're the de facto mayor of your community."

And so with "Today at Apple", with all of the programming we were creating, it wasn't just for individuals. We had Teachers Tuesdays where educators could come in and also learn about great apps they could use. We were starting to build boardrooms in all the new stores so that entrepreneurs had a place to gather and that our business leaders could teach them what they needed to know. So when I said "You're the mayor of your community, you need to know your entrepreneurs, you need to know your educators."

But you also have kids. And so we would encourage them. Instead of kids watching cartoons on Saturday mornings, bring them into the stores and do "Hour of Code."

HOFFMAN: Angela was reenvisioning the Apple store as town square at a moment when town squares are disappearing. Just as she had been working to bring the Apple retail family together, she wanted to invite the customers into that experience too. She wanted the town square of your local Apple store to be a place for human-to-human contact. And it started with naming the store managers as "de facto mayors", responsible not only for implementing "Today at Apple", but helping to create it for their local community. I asked her how she brought that about.

HOFFMAN: Now you're going to be the mayor of an aspect of your community. You're going to not just learn to say, "Hey, this is why these products bring delight and joy to you," but also, "you're going to help integrate them in the various aspects of their lives."

AHRENDTS: You have a greater responsibility.

HOFFMAN: You have a greater responsibility. That's a new set of thinking. That's a new set of skills. How did you help them get there?

AHRENDTS: The tenure of Apple employees, specifically management, is strong. I mean over five years. I think that they were longing to take on something else, right? We would then get together 1,500 of these senior leaders across the world. And I would stand on stage and talk to them and then we'd interact. What does this mean and how are we going to do it?

HOFFMAN: The significance of that face-to-face human interaction amongst 1,500 senior leaders cannot be overstated. It takes the far-flung, global nature of Apple and makes it immediate, tangible, and concrete. It creates a sense of being connected to a whole. Almost like a family reunion. More on that, after the break.

[BREAK]

HOFFMAN: We're back! And we were just talking about how important it is to meet in person, when you're trying to unite a global team. The all-hands meeting, the team retreat, the annual company picnic, these are not new concepts in business. But if you do them well, you can use them as more than just an opportunity to swap business cards, a practice, by the way, Angela doesn't even like.

AHRENDTS: I never handed out business cards. Because I'd always find that on a plane, if you handed out a business card, it totally changed the conversation. I've met so many amazing people on planes and I had no idea who they were and they had no idea... I had to Google them afterwards. I mean, one time I called my husband and I said, "I just sat next to the guy who threw the Super Bowl touchdown." I had no idea. No idea. Right? 'Till long after. But it would have changed the conversation. I prefer just to keep it basic.

HOFFMAN: Be human.

AHRENDTS: You bet.

HOFFMAN: "Be human." It's the over-riding lesson of Angela's work uniting teams. And whether your team is 70,000 – or seven – it works. To show you what I mean, I want you to hear from someone whose organization could not possibly be more removed from the polished glass boxes of Apple's retail stores.

ERIC TRIGG: The house is an old rock house and the water system comes from an old spring. So when we were kids and my grandmother lived there, you would open the faucet and it would dribble a little bit of water out.

HOFFMAN: That voice, belongs to Eric Trigg, a rancher we discovered through the annual Cowboy Poetry Gathering. Eric and 22 other members of his family are co-owners of the Trigg

Family Ranch in New Mexico. It's a functional cattle ranch operated and managed by his sister Kristen, though all 23 owners still have a say.

TRIGG: The ranch is set up through a trust, and all of the heirs are beneficiaries of the trust. We've set the trust up so that we can't sell the ranch unless 85% of the heirs agree to do so.

HOFFMAN: Many family farms don't survive once the original caretakers pass away. The inheritors sell, or simply let it fall into disrepair. It's hard to feel a sense of belonging to a piece of land you never see. That's why the Trigg Family took steps to make sure that didn't happen to their ranch.

TRIGG: We knew that we had to come up with a plan if we wanted to keep it together.

HOFFMAN: With everyone spread out across the country, the Trigg Family came up with two solutions that might sound familiar to you. One: they gave themselves a mission statement to rally around.

TRIGG: To operate the Trigg Ranch in a manner that is ecologically, socially and financially sustainable so that all Steve and Bess Trigg descendants may access and enjoy the land's gift and to manage our lands for healthy, diverse, productive, and naturally beautiful landscapes, so that we Triggs may live and in our dying rest in peace with our mother earth.

HOFFMAN: That's quite a statement – and Eric has it seared into his memory.

TRIGG: Actually, I'm reading it off my computer.

HOFFMAN: Oh. The next step they took was a face-to-face, human approach. Something to make sure all family members could keep their connection to the ranch – to make it more real to them – as well as uphold the family's mission to keep the ranch together. Enter: The Trigg Ranch Work Week, an annual seven-day gathering of the family to tackle a construction or repair project right on the ranch. Remember that old rock house Eric told us about? That was their first big undertaking.

TRIGG: It's been concentrated on my grandmother's house, Nonna's, which is an old rock house built in the 1920s, and it was totally falling down in the late '90s when we decided that we would start putting it back together.

You've got to have water. So we dug a big underground, big well house and put in a 1,200 gallon fiberglass tank. The spring runs into that fiberglass tank. Then we have a regular pressure pump that pumps the water under pressure and to the pipes in the house.

HOFFMAN: Getting the water running was only the beginning. Fixing Nonna's house would take many years, but it was just one of the many maintenance, repair, or ranch hand projects the family has undertaken during Work Week.

Eric believes the real glue holding the family together is the hard work they put in, side by side, to build something meaningful, or fix something that's broken. It's not just a lesson in teamwork, but in team-building, team unifying, as each person becomes more invested in the outcome.

Like the time Eric's son Colton wanted to paint one of Nonna's house doors.

TRIGG: The house is a rock house with blue trim. There's a door that needed painting real bad and Colton wanted to paint it red, and some people were just horrified that we'd have this one red door in this blue trim house. So we took a vote that one of the evenings when we were eating dinner at workweek and Colton won the vote. So he got to paint the door red. So that's his door.

HOFFMAN: Having a red door all your own that you can point to and say, "I did that," is a perfect example of how individuals can feel connected to the central mission, whether it's a family ranch or an Apple Store.

That brings us back to Angela Ahrendts. There were other changes Angela brought to the Apple stores – and they weren't small. Like the elimination of the checkout counter, replaced by roving customer service agents, any of whom can help. Also gone: the Genius Bar with its inscrutable timeframes and implacable wizards at the back of the store. Instead, you can now schedule a service repair request remotely and bring your device in at the appointed time.

But Angela maintains that "Today at Apple" was her signature achievement. It was the culmination of her best strengths as a leader: the ability to project a grand vision, and then see the work through with face-to-face, human interaction. It was a project team members could invest themselves in, put their own stamp on – paint their own red door. Best of all, it could continue to evolve and improve beyond what she'd initially conceived.

HOFFMAN: Frequently when you do a startup and you do a product launch or a mission, there's this original conception, then there's things that you learn as you're getting the product/market fit. So you had this idea, you went and did this launch, what were some of the things that you learned along the path of it to tune it, to refine it, to make it better?

AHRENDTS: We had moved a couple of people from marcom over –

VOICE: Marcom: Marketing communications.

AHRENDTS: And then they hired a whole team of people because we didn't have in Retail, we didn't have a huge marketing department to even create this. Right? We spent a tremendous amount of time and I was so clear on my vision. It's iOS live. And if it's iOS live, it has to replicate every single thing on the phone because it's the 3D live version of it, right? So if it's the number one camera in the world, and that's what everybody knows when they walk into a store it's got to be intuitive that those classes courses are all about photography. Or if it's music, Apple Music or the App Store, everything about creating app, right?

I wanted it to just go right off of. And I was so clear over and over, but there were a handful of them that were like, "No, no." Steve was also about art and creativity and, right? But there's not an art app, right? I mean I was being so black and white and so linear and pushing hard on it. But they finally convinced me that I shouldn't be so black and white, that there should be some of this other stuff.

But I had this vision that had just lined up so perfect. And so, they convinced me and some of the best classes today are some of those on art and design, creating tree houses on iPads. Yeah.

HOFFMAN: Yep, which aren't necessarily a specific app on the phone. Yes

HOFFMAN: What's interesting to me about this moment is that Angela wanted a logical, direct correlation between the app on the iPhone and the class being taught. And it was her team that convinced her to let the class topics be more intuitive. If you remember, in Part One we talked about balancing the analytical and the intuitive in leadership.

AHRENDTS: I didn't understand back then that I was half right brain and half left brain. I didn't even know what it meant.

HOFFMAN: Angela wanted to cultivate the logical and the intuitive in herself, and in those around her. The proof that she had built the right team, and the right approach, is that when it came time to make a critical decision, they showed her the right answer. They had adopted the elevated mission as their own.

That's how you unite a global team. You inspire them with a guiding mission, you connect them face-to-face. Give them a reason to buy in – to think big and think different – and then watch them take ownership of the mission itself.

Angela left Apple in early 2019. But she hasn't left leadership. She sits on the boards of directors for Ralph Lauren and AirBnB. When I asked her about her leadership style, she dropped a few hints at what might be next.

HOFFMAN: What role has intuition and instinct played in your leadership, your strategies, your decisions?

AHRENDTS: Everything. No, and I mean that from the bottom of my heart. I think it's one of the greatest God-given gifts that we're given. And I think, you didn't ask me, but if anybody ever asked me your dream job next, I would create curriculum, from kindergarten on up, teaching kids to use and unlock their instincts, because they're not going to win with memorization. And there is nothing, unless you get to Stanford and design thinking, there is nothing. It's the greatest thing we have. And it has never ever failed me.

HOFFMAN: I'm Reid Hoffman. Thank you for listening.