hile much of this chapter originally appeared in my book, "The Mac Bathroom Reader," it has recently been updated and expanded exclusively for Apple Wizards. I retain all rights to this material and no part may be reproduced in any form without my express-written permission. I encourage you to visit my home page at http://www.netcom.com/~owenink/ .

on Wayne: 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 and Steven Paul Jobs. 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). Jobs was living with his adoptive parents, Paul R. (a machinist at Spectra Physics) and Clara (a payroll clerk at Varian) after having dropped out of Reed College in Portland, Oregon. But that mere semantic distinction can be forgiven. When the bedroom became too crowded, the operation indeed moved to the garage.

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 (check out "The Commissar Vanishes: The Falsification of Photographs and Art in Stalin's Russia" by David King at http://www.amazon.com/exec/obidos/ISBN=0805052941/oweninkA), Apple suffers from a convenient case of institutional amnesia. It routinely ignores 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.

on's Beginnings with Apple

Jobs had been freelancing at Atari when Nolan K. Bushnell hired Wayne in the early 1970s 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
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 next day, Jobs dropped in on Terrell at his store in Mountain View and exclaimed, "I'm keeping in touch." To Jobs' utter amazement, Terrell promised to buy 50 computers for $500 each, cash on delivery. There was only one catch: Terrell wanted fully-assembled computers.

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 friends Allen J. and Elmer Baum, then convinced a supplier to extend 30 days credit on $15,000 worth of parts.

on Opts Out

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 in the company 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."

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 Daniel G. Kottke, who had met Jobs at Reed College and traveled to India with him in 1974.

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 paid cash. Apple was able to pay off the parts suppliers just in time.

Jobs was excited. Apple had turned a decent profit and he had plans to expand the business by going further 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 venture capitalist Don Valentine. At the time, Valentine wasn't interested, asking "Why did you send me this renegade from the human race?," but he in turn referred Jobs to Armas Clifford "Mike" Markkula Jr., 34, who had recently retired after making fortunes on his stock options at chipmakers Fairchild Semiconductor and Intel.

Markkula came out of retirement to help Jobs devise a business plan. He was so impressed with the potential of Jobs and Woz that he 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 incorporated 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.

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.

Ten percent of all outstanding shares in Apple would have been worth $875,000,000 when the stock peaked at $72.75 in 1991, and would still be worth over $150,000,000 at $12.75 per share, the lowest price seen in 1997. Granted, Wayne would surely have had to relinquish some of his interest in Apple as the firm grew, but his equity would certainly have still been sizable enough to make you wonder if he ever regrets relinquishing his supporting role in one of the greatest American business success stories ever told. Amazingly enough, Wayne says "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."

Although Jobs tried over the years to convince Wayne to return to Apple as an employee, he 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. By late 1997, the Salinas-based manufacturer had shifted its focus from slot machines to military electronics, and Ron Wayne continues to work there as chief engineer.

The Apple Logo

Wayne's first duties when he

to design a logo for the

One of Ron

joined Apple was

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 (the Prelude, Book III, Residence of Cambridge) running around the border: "Netwon...A mind forever voyaging through strange seas of thought... alone." 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 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 & white silhouette of an apple, but something was still 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.

or a touch of class, Janov added six colorful, horizontal stripes. Although separating the colors 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 Apple president Michael M. Scott calls "the most expensive bloody logo ever designed."

For further information on the history of Apple Computer, watch this space in the coming months, or pick up a copy of "The Mac Bathroom Reader."

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