



Stanford eCorner

Success Factors of Potential Partners

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May 01, 2002

Video URL: <http://ecorner.stanford.edu/videos/1085/Success-Factors-of-Potential-Partners>

Eric Schmidt, CEO of Google, talks about how real partnerships are a win-win deal. When making a deal, it is important to let your partner win, too, and to form an actual partnership rather than strictly relying on financial gain.



Transcript

It depends on whether it's a partnership or a sales deal. Real partnerships are win-win deals. And it's important when you do such a deal that you will be willing to let your partner win. You have to make them successful. If it's a sales deal, then you have a number of other objective which is to maximize your revenue capturing, increase the likelihood of renewal, and so forth. In the case of both Yahoo and now AOL, our attention when those deals were done was to grow their traffic and their customer satisfaction. In the case of Yahoo if you look, there 's no question that Yahoo site traffic went up as a result of doing the deal with us. And in fact we went back, we have about 120 Web search partners. And it's pretty much predictable that for a relatively small site their traffic can go up by a factor of 10 because of the presence of Google and Google search in conjunction with the value they add brings value to them. That's why we were able to get those deals.

It's very arrogant to sit around and say, "Hey, we're really strong" and we'll just take their money. Because in my experience, the people in the other companies are really smart too. And they're sitting around the same table saying, "How do we maximize our share of the value?" That's what they're paid to do. See, you have to come up with win-win deals. And you can't be wasting their time. I'd like to tell people if you're just using me in order to get a lower price from the other person, I'll just give you a bid and then don't waste my time, right? But if you're serious then let's construct a real partnership. And for me, OK use me as a battering ram for some other reason. But my time is the thing that's most valuable because there's always so many reasons I can construct. It takes a lot of engineering time as well. That's true.