



Stanford eCorner

Difficult Negotiations

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Video URL: <http://ecorner.stanford.edu/videos/53/Difficult-Negotiations>

Hawkins talks about the complicated negotiations with 3COM for the spin off of Palm. Discussions lasted five months and involved investment bankers and board members. Five different proposals were presented to the CEO, including spinning off Palm two years in the future. However, the final decision involved no doors banging, and no storming out of offices. All said and done, Jeff Hawkins did not want to start a company.



Transcript

The question was how much buy-in or conversations did we have at 3Com when we left to form Handspring? More than you care to know about. We worked on this for months - I would say about four or five months. We worked with the CEO and Senior Management Team at 3Com discussing how Palm should be spun out independently. We had multiple scenarios developed, we had investment bankers come and give opinions, we met with the board members of 3Com and we worked out all the scenarios. We worked on five different ways this could happen. And basically, it boiled down to the CEO of 3Com just didn't want to do it. And when the CEO of 3Com says he didn't want to do it, we said how about we don't do it now but we do it two years into the future? We called this the Claris option because in Donna had worked at Claris and Claris did something like this where they basically said you're going to be independent in the future. And the CEO said no. I'm not going to do it, I'm never ever going to spit out Palm from 3Com. And we told him that if he did that we didn't think we could be successful.

Therefore, we weren't going to be around. And so I eventually came down and that was the final decision. There were no big arguments about it. There was no storming out of the office or anything like that but I knew what was going to happen and that was that. I guess the only interesting story there was that the day that we decided to do this, they said, "I actually didn't decide to do it. Donna did." She was meeting with the CEO of 3Com, she comes back one day and she said, "Guess what, you reassigned it," and I go, "Huh?" I was a little miffed actually because we had talked about it but she never asked me. And so we had there a little head-to-head and tit-for-tit on that one and talked about that. So there were a lot of discussions. Again, we did not want to start a company. None of us did.

We just wanted to continue doing what we were doing, why do we set the wheel? I mean, just look at the clock, what's the point of all that? It wasn't a lot of fun.