



Stanford eCorner

Strategic Alignment and Negotiations

Jeff Seibert, Twitter

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Video URL: <http://ecorner.stanford.edu/videos/3579/Strategic-Alignment-and-Negotiations>

In addition to exact strategic alignment, Jeff Seibert says Twitter's acquisition of his startup Crashlytics went well because of credible funding alternatives, complete control of messaging on all sides of negotiations, and keeping the rest of the team unaware until the deal closed. "The key there," Seibert says, "is you have to live up to your team's trust."



Transcript

There was also of course opportunity cost. We were excited to go build our own big business and learn a lot from that. And so really what it came down to is were they willing to do this deal, where they willing to make a fair trade of value that made it worth our while to go work on this with Twitter instead of pursuing it on our own. And that's of course when you get into negotiation. And so my co-founder led most of this and went back and forth over countless phone calls over the next four days in that weekend, and actually ultimately kept them up negotiating until 2 AM Christmas Eve. Remember this was late December. And we ended up deciding to go for it and sign the turnsheet at 10 AM Christmas morning. And so that had been an incredible period. In one sense, you're like wow that's an incredible Christmas. On the other hand, it's like OK wow we have way too much to do now, and we need to get back and tell everyone.

Because keep in mind, nobody knew. We hadn't even told the team we were in San Francisco. And so I wanted to talk through again a few things that we got right and wrong. So this I've harped on. We had complete strategic alignment. And I think this is deeply essential to the long term success of the acquisition. We had credible funding alternatives, so we were negotiating from a very strong position. We actually had at least a year of runway already left so we'd had no need to sell. We were already had the B around almost closed. In fact our investors agreed to match any valuation Twitter gave us, and so we had total optionality there, and so that worked very well.

We also because only my co-founder and I knew, had complete control over all sides of the story and this became deeply important. And so the two of us knew exactly who each other talked to and what we said and what the messaging was, so we could control the message, not just to Twitter and not just to our team, but to our investors, to our advisers, to our legal team, et cetera. And so this actually made the process far less stressful than I think it otherwise would have been and far less chaotic because we were able to run it with such as a small core group of people. The key there is you have to live up to your team's trust.