

# Steve Jobs v. George Lucas: The standoff

In late 1985, Steve Jobs had launched NeXT and wanted to buy a unit of Lucasfilm that made special-effects software for the movies. Jobs envisioned melding Lucasfilm's cutting-edge technology with NeXT to enter new markets.

But finalizing a deal meant haggling with George Lucas, a notoriously hard negotiator. Then 41 and at the top of the Hollywood food chain after *Star Wars* and other blockbusters, Lucas rarely negotiated in person. Instead, he sent underlings to represent him.

This allowed him to impose a delay in the decision-making if it suited his interests. It also put his adversaries at a disadvantage because they couldn't control the tempo of the negotiation.

Lucas sought to sell the Graphics Group, his special-effects unit, because he needed the money to fund a costly divorce settlement. But Lucas demanded tens of millions of dollars for the group, while Jobs only wanted to pay as much as \$5 million.

Jobs knew that other potential buyers pursued the Graphics Group, including huge global corporations such as General Motors. But he also knew that Lucas was trying to extract top dollar from them as well—and they were reluctant to agree to his terms.

Despite his eagerness to seal the deal, Jobs was patient. He waited in the wings as proposed deals kept collapsing between the Graphics Group and its corporate suitors.

Eventually, the balance of power shifted toward Jobs. He realized that Lucas needed the money and would compromise—and that's what happened: Jobs paid \$5 million in cash.

Over time, the deal to acquire what became known as Pixar made Jobs a billionaire. And it was his willingness to wait—and walk away from a transaction that didn't meet his parameters—that helped him attain his goal.

— Adapted from *Becoming Steve Jobs*, Brent Schlender and Rick Tetzeli, Crown Business.