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Starving to Death on Red Herring By Kenneth Neil Cukier

Starving to Death on \$200 Million: The Short, Absurd Life of the Industry Standard

By James Ledbetter

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To get a dollop of what the dot-com days were about for those of us in the hot new field of New Economy journalism, consider this vignette: In the fall of 1999, when I was working as European editor of a publication called *Red Herring*, I was asked to speak at a conference in two day's time, in Interlaken, Switzerland. I was busy but I acquiesced. The next day I flew to Zurich, where a waiting Mercedes spirited me to the Victoria-Jungfrau, one of the finest hotels in the world. After our panel discussion, the event organizer invited me to chopper with him and a few others through the Alps to the top of a glacier and pop a magnum of champagne. We ended up riding back to the airport in the Bentley of one the British speakers (always a mystery to me how the car came to be in Switzerland).

From Zurich I then puddle-jumped to Geneva for a ten-day telecom trade show, interrupted by a three-day side-trip to Monaco for a venture capital conference, where, to complete the motif of the moment, I helicoptered to and from the airport and stayed at the Hotel Les Bains, where guests receive special passes into the casino. Back in Geneva to moderate a panel at the trade show, I caught a flight to San Francisco for a hastily-called one-day editorial strategy meeting.

This isn't an attempt to impress but to explain. No excess seemed too extravagant during the boom years and no deprivation seemed too extreme when it all fell apart. My two-week jaunt through Switzerland was, indeed, typical in many ways. There was that time in the fall of 2000, when I shared a bumpy ride beside Baron Eric de Rothschild touring Palestinian factories in Ramallah, and then scrambled to a private airstrip in the middle of England for a three-hour interview with Vivendi CEO Jean-Marie Messier. Then to California to speak on a panel and then yet another editorial meeting to talk strategy. I kept detailed journals and records from the time. I figured that if I wasn't going to be the chronicler of the carnivale – that honor would go to others more enmeshed in the era like celebrity investor James Cramer and new media entrepreneur and writer Michael Wolff — then perhaps I would at least be prepared to write the epitaph. Call it my dot-com post-coitum triste.

Others went into it with the same idea. The difficulty—as we all learned and as James Ledbetter points out in his memoir of those years—was that if you ventured too close you got infected, but if you kept your distance you couldn't understand it. Ledbetter had a good seat. As it happens, he was stationed in the same city as me, editing the *Industry Standard Europe* from south of the Thames while I watched the show from Covent Garden. Comparisons between our publications were drawn regularly by London's

digerati (which earns me a cameo on page 200 of Ledbetter's account). We met once, in January 2001, a few days before I left the magazine – and a few months before the Internet industry would completely collapse, taking our branch of journalism with it. The *Standard's* own demise followed in August 2001.

Today the carcass of *Red Herring* litters the landscape as well: the magazine closed down in February 2003, on the eve of its 10th anniversary issue. And now Ledbetter's book arrives as a tangible reminder that for magazines, like rock stars, it's better to burn out than to fade away. More to the point, it reminds us of a time when reporters *were* rock stars.

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Even the most outrageous office anecdotes never became legendary at *Red Herring* because we all took them for granted and they were continually outdone. One reporter, after pulling an all-nighter to complete a cover story, was told to take a week-long vacation and expense it all—whereupon he set out for a private island in the Caribbean and amassed an \$8,000 bill. Then there was the case of the reporter who rode to a private airstrip with some venture capitalists he interviewed and decided simply to continue the chat in the air, and grab a commercial flight back from wherever he happened to land. That one might have been apocryphal, but it seemed natural to me when I heard it in 2000. At the magazine's offices in San Francisco, weekly half-hour back massages were de rigeur. Yoga classes were held at noon. One day some dot-com startup sent lunches over for the entire staff – and instead of sending them back on ethical grounds, employees griped on the internal mailing list over who got what. As the staff grew the magazine's human resources department ballooned, developing its own logo and printing it on pens and post-it notes. They paid staffers \$500 for every person they recommended who got hired, and gave the person who reeled in the most new employees a mountain bike. In fact, they continued to give local delis hundreds of free lunch bags printed with *Red Herring* recruitment ads, even when layoffs were planned.

We held conferences at tony hotels like the Chateau Marmont in Hollywood. Rock stars really did hang out with us. The US ambassador to Britain came to one of my cocktail parties. The fashion photographer Helmut Newton snapped a cover for us. Herb Ritts did another, of a naked, semi-exposed Pamela Anderson, which was said to cost something approaching \$100,000 and which went unused since it was so tasteless (in order to justify the expense, we used the photo on a special, small-run edition). For the annual employee picnic in 2000, the company rented out Pacific Bell Park, the stadium of the San Francisco Giants, where a few hundred employees and guests took batting practice and gorged themselves and gulped made-to-order smoothies along the first-base line. For the Christmas party, *Red Herring* rented out the San Francisco City Hall. Meanwhile, from my London base, I was making around four international trips a month and appearing on television almost once a week.

Lavished with such sumptuousness, I tried to run the other way. I went on a wacky spartan diet – most people thought I looked ill because of it – where I consumed only rice, miso soup, and freshly-squeezed juice. I often ate alone, searching for sanctuary in my austerity. In this world of asinine luxuries, my body was reacting the same way as my

mind: rejecting it all from an innate sense of guilt. (My reaction reached its psycho-physiological climax one day during the Cannes Film Festival, when after breaking the regime to dine at a Michelin three-star restaurant, I immediately vomited.)

My behavior wasn't odd. Everyone touched by the torrent of money had to come to terms with it somehow. Some understood it was a transient thing and took it healthily. Others didn't.

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James Ledbetter observes the whirl not as one implicit in the madness but as someone paid to remain outside and above it, i.e., a journalist. This turns out to be more a liability than an asset, since the technology press was going from covering the story to being the story. From the outside, the story appeared mainly to be the matter of insane competition between the "New Economy" magazines, which each bulked up to hundreds of pages per issue as the advertising flowed. From the inside, the story was the historic bid by the tech magazines to move up the media food chain: No longer would they be mere trade publications for the computer industry but mainstream business titles.

James Cramer's *TheStreet.com*, for instance, made no secret of wanting to be the "Dow Jones of the 21st Century" – their executives applied the phrase liberally. *The Industry Standard*, as Ledbetter writes, aimed to be "a younger, hipper *Business Week*." The senior editors at *Red Herring* modeled the magazine on *The Economist*, with a splash of *Vanity Fair* for flavor. *Wired*, the granddaddy of mass-market tech titles, was considered vulnerable since it was more lifestyle- than business-minded. *Fast Company* geared itself to that pathetic stratum of middle managers who fed off the tech industry, flattering its readers as "Road Warriors." *Business 2.0*—with its tagline, "New Economy, New Rules, New Leaders"—aimed even lower, offering formulaic "how-to" articles accompanied by a sausage-shaped mascot. Time-Warner's late entry into the sweepstakes, a publication it unashamedly named *eCompanyNow*, aimed at those middle-aged organization men who knew they didn't "get it" but knew they had to pretend that they did.

For most readers, however, these different magazines smacked as basically the same. What sustained us was myth. The new economy press believed in a sort of media manifest destiny, that we had discovered the pattern of history – technology coupled with capital – that was now driving progress and the world economy. We compared ourselves to other magazines that defined and transcended their era, such as *Playboy* and *Rolling Stone*, but with one big difference: We were not only "present at the creation"; we were the creators, too.

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When a magazine of ambition and self-importance dies, it suffers an "ironic echo and cackling aftermath," in the words of former *New Yorker* writer Renata Adler, as its once-lofty principles are perverted and then turned against itself. No one remembers today and no one cares, but *Red Herring* was actually founded on the precepts of skepticism about the technology industry. The magazine was created in 1993, before tech-talk went

mainstream; it avoided covering the Internet during the initial hype-up of 1995–1998. A 1997 editorial was entitled, “There Is No New Economy.” In 1999, the founding editors published *The Internet Bubble*, a book which foretold the crash and coined the term “dot-bomb.”

Behind all that, though, was a less flattering reality. *Herring* old timers watched aghast as hot pink covers rolled off the presses in the summer of 2000. Where we had once prided ourselves for being sober guardians of the classic Silicon Valley values of hard work and big risk, the new neon hue signaled a gaudy arriviste feeling. Then there was the piece about celebrities who launched dot-com companies, which aimed at retail investors caught up in the bubble rather than the serious venture capitalists we usually targeted. We chided *Business 2.0* for publishing the same article in two different issues (they justified it by claiming they had many new readers since it first appeared); later, we did the same thing – twice. Ledbetter relishes that one in his recollections, justifiably.

By the time the *Herring* was reprinting its own stories I had already left, but I was still able to watch the demise from the inside. I was accidentally kept on the internal email list for months, which provided me a box seat view of the annihilation. The tone of the emails changed dramatically. Where a spirit of cooperation and friendliness once prevailed, now there was panic, anger, recrimination. Someone in the office was stealing things from people’s desks, and the emails started to sound like a police blotter. As the financial situation got worse, more rounds of layoffs came. When the long-serving editor was pushed aside in 2002, he compared his tenure to *The New Yorker* under “Wallace Shawn,” a particularly ironic mistake since William Shawn had been famous for his high standards of accuracy. Then, when they shuttered *Red Herring* for good in February 2003, the co-founder’s final column celebrated the magazine’s “string editorial product.” Sic, alas. Ironic echo had met cackling aftermath.

My own downfall similarly mocked my past achievements. I had cashed out of *Red Herring* in February 2001 to become the technology editor at *The Asian Wall Street Journal* in Hong Kong. Old Economy: security; stability; slouching towards suburbia. But being a knowledge worker in the information society still has its risks. Within ten months, I was not only a business-tech writer at a time when The Story was over, but a *Journal*-man made redundant after the quarterly earnings cascaded southward and Dow Jones & Co. had to take bold steps to please The Street.

I remember that in the chaos to leave London for Hong Kong, I scooped up all the business cards I had gleaned over the previous 18 months. I had amassed over 1,300, but I could only recall about two out of every ten people -- and for each card, I had presumably exchanged one of my own. Examining them now, the companies and colors and jaunty logos on the cards seem to me of another world, whooshing past like Gatsby’s shirts.

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Starving to Death on \$200 Million doesn’t nod toward myth, it sticks to *The Industry Standard* itself, and like the times it describes, it steers clear of history or grander

meaning. Created in 1998 by the trade publishing group IDG and John Battelle, the youthful, charismatic managing editor of *Wired* in its early-Nineties heyday, the *Standard* sold the most advertising of any publication in America in 2000. It ran smart and critical pieces on the Internet industry, won awards, and published some terrific minds who turned their attention to the sector. Yet by mid-2001 it was bankrupt. Was its death due to its own extravagances and mismanagement, or because the ad market dried up and its publisher pulled the plug rather than risk supporting it in lean times? Ledbetter admits to a variety of factors, but ultimately finds the blood on IDG's hands: It killed the magazine, he argues, to retain millions in deferred tax-liability assets.

On a purely narrative level, the book could have been better. The characters never appear life-size, and the story never transcends the *Industry Standard* itself to make broader, more substantial points about the dot-com bubble, the tech press or the US magazine industry. The first reviewers – in a few cases former *Standard* contributors – raved to say there was too little sex and too little San Francisco in Ledbetter's account, and they're right. It's a lost opportunity. That's because it was precisely the superficial things that were taken for granted which typified the era, made it distinct, and which are worth documenting. Ledbetter comes close when he describes the London bureau post-layoffs as “some slowly rotting colonial outpost from a Graham Greene novel,” and earlier when Battelle, “practically in tears,” uncharacteristically explodes at a bartender at the magazine's Christmas party in 2000, as it all began to unravel. Where Ledbetter hits it perfectly is, ironically, in a way he probably didn't intend. The description of the magazine's over-the-top, costly conference in Madrid in May 2000 is delicious because he lets it drop that he didn't actually attend. That strikes at the heart of the time: We were all so busy working – even if racing after illusions, be it an IPO or a hot news story – that we ended up missing everything. Sometimes, even our own parties.

But perhaps I may be too close to it all to be fair. In fact, I could pretty much calibrate my life story around the events Ledbetter describes, making the book an uncomfortable cross between the Global Positioning System and an intimate diary. Reading it made me queasy. When Ledbetter recalls that the *Standard's* opulent anniversary party in 2000 wasn't the hottest fete that Friday night in San Francisco because Elvis Costello was playing a private party for AskJeeves.com, I remember flying in from London for the show. Nick Lowe played bass.

Reading Ledbetter's recollections is like looking back at an old yearbook and feeling embarrassed by the dated images and bad haircuts and wide collars and naïve personal reflections – and then noticing it's not your yearbook but someone else's. I expected to savor the inside look at my former rival but discovered instead that I just couldn't give a damn. This has less to do with any shortcoming in the story and more to do with the topic itself: It's tough to muster the “bandwidth” – as we used to say – for dot-com war stories in times of real war.

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As it happens, I never went back to my journals from those days. I considered doing so for this review, but couldn't out of apathy. As it happens, I weighed whether to forget the book entirely and write a review of its blurbs, which come from – who else? – James

Cramer and Michael Wolff. The same people who hyped it all to begin with. Their words, reeking of an unctuous, formulaic glamour, strike as phony as the era Ledbetter tries to debunk. Wolff's language is strait from a book marketer's script: "rise and fall," "sharp and knowing look," and "how it fell apart." Cramer leaves no cliché unturned: "eyewitness," "one of the greatest rags-to-riches stories," "I can't believe the stuff ... but I know I have to," "roller coaster," "one thing's for sure," "business thriller" "start to finish." That Ledbetter's book is meant to expose the idiocy of the time rather than revel in it makes the presence of blurbs insulting. After the irony, the cackling.

Perhaps this is the fate of all things that absorb our passions. When news of *Red Herring's* death broke in February 2003, it provoked an odd feeling for lots of people who used to read it regularly. They hadn't realized the magazine had still been publishing. Surely it, like the *Standard*, had died earlier, they thought. The truth is, it had.

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