

Burning down the house

A new-media entrepreneur torches those he met in the Net's early days. BY MARK WILLIAMS

Burn Rate: How I Survived the Gold Rush Years on the Internet
Michael Wolff
268 pages, \$25
Simon & Schuster

IN THE FIRST great television boom of the late '20s—a full two decades before electronic TV made its debut—mechanical-scanning processes like the Jenkins Radiovisor received millions in funding from Wall Street. The devices also broadcast images so indistinct that announcers had to describe what viewers should see. Pundits pontificated that “in a more or less perfect form, television will be common within a year.” As the

French say, the more things change...

Here's Michael Wolff in *Burn Rate*: “In early '94, the simple concept of a magazine that saw this new medium as in need of a programming guide passed for genius....It was, therefore, extremely important, as we set out to convince the media community of the coming age of the Internet, that we discourage [them] from actually [seeing] the Internet.”

In 1994 Mr. Wolff, a journalist turned new-media entrepreneur, published one of the earliest guides to the Internet, the first book in the *NetGuide* series. After selling the

rights to the NetGuide name to technology publishing conglomerate CMP Media for a bundle in 1994, and after raising \$5 million in funding from Patricof & Company, Jon Rubin, and other heavyweights, Mr. Wolff resigned as president of Wolff New Media in 1997, citing conflicts with investors. His resignation came on the same day that CMP killed its online version of *NetGuide* after pouring tens of millions into the Yahoo-like site.

As readers may have heard by now, *Burn Rate* is not very respectful of the technology, financial, and media industries (see “Is Michael Wolff a Little Shit?” below). But if Mr. Wolff's account contains actionable falsehoods, no one has yet filed suit. The satirized parties' outrage perhaps derives more from how



Is Michael Wolff a little shit?

NetGuide's former boss explains why *Burn Rate* irritated so many people.

Are you, as Slate deputy editor Jack Shafer suggested, “a dishonest, scheming little shit”?

Oh yes, that's exactly what I am. In some ways, the unfortunate truth is that compared with most entrepreneurs, at least the successful ones, I'm St. Francis. I assume Shafer

knows this (although, as a writer, perhaps he doesn't; perhaps he's managed a cloistered life). I assume that what Shafer is really saying is, “I'm shocked, shocked.” Shafer is a close friend of several people I characterized unsympathetically in the book. I'd say his review is mostly literary warring.

At one point you smile because CMP, your largest partner, “knows nothing about the Internet,” but you know “next to nothing”—and CMP, you rejoice, is willing to give you millions for



WOLFF MAN: The author of *Burn Rate*.

next to nothing. This is very funny, but it also suggests you are a con artist.

CMP was not my partner [shivers]; they were just some morons who came along and made a bad deal. Was I under any obligation to say, “Hey, can you be any stupider?” I don't think so. They were a \$500 million a year company, and I was \$1 million a year; they had many consultants; they had business plans.

Why does your story include such recklessly venomous descriptions of your partners, investors, and employees?

accurate Mr. Wolff has been: accurate, first, in describing conversations whose participants couldn't have known themselves to be on the record; and accurate, second, about those aspects of the Internet industry that still, alas, resemble a Ponzi scheme more than a coherent business.

THE GREAT PONZIFICATOR

In retrospect Mr. Wolff's idea might seem laughable, and NetGuide online nothing more than shovelware—except that today similar magazines crowd newsstands, and portal sites dominate the Web. Mr. Wolff's numerous critics see *Burn Rate* as a loser's revenge. Yet Wolff New Media wasn't any more ridiculous than much of what floated into view during 1996's Internet initial public offering bubble—or than much of what's out there today. The Net gold rush generated all kinds of proposals and attracted improbable characters to propose them.

In fact, improbability was no bar

to entrepreneurialism. On meeting *Wired* founder Louis Rossetto in 1988, Mr. Wolff judged him "a lost soul...this middle-aged man living his expatriate life while fantasizing about how he could be at the center of a new American era." By the time *Wired* was big, Mr. Wolff found himself remembering that lost

The satirized parties' outrage perhaps derives from how accurate Mr. Wolff has been.

soul and asking himself why the Net shouldn't make a freelance Manhattan writer—say, Mr. Wolff—as rich.

Mr. Wolff's stab at digital tycoonhood makes wonderful comedy. There's his contempt for West Coast technologists. If the Internet was like TV, Mr. Wolff reasoned, it would need content supplied by East Coast media types. "We're the messengers," he claims to have thought. "Not those

guys in Redmond....They're not from the East Coast. That doesn't mean they're not bright, of course, but it probably means that they're not, well, media savvy."

But if Mr. Wolff disliked West Coast technologists, boy did he hate East Coast financiers. He was initially happy with Patricof & Company. "Dress British, think Yiddish" was their motto," he writes. "There were no gentiles in the bank. If the alternative was California and its techno-VCs...New York and its worldly, intellectual class of financiers, whose perspective went back a tad longer than the advent of personal computers, looked pretty good."

However, Mr. Wolff soon felt differently: "Up close the senior partner resembled a mental patient. Once, an Internet demonstration had been carefully choreographed, but Patricof snatched the mouse from my hand, waving it in the air... 'It doesn't work! It doesn't work!'"

Robert Machinist, an executive banker at Patricof, is even more the

Reckless is your word. I would say my descriptions are dead-on precise. "You've nailed them" is the phrase that occurs most often in the emails I get from readers.

Granted a certain comic exaggeration, your portraits may be fairly accurate—but they're also very mean. How can you ever hope to work in the business again?

I don't necessarily hope to. On the other hand, if people think they can make money with me or from me, I'm sure they'll accept the opportunity.

Maybe you're thinking of Jerry Kaplan's *Startup*. [Mr. Kaplan's book retells the unfortunate history of the pen computer company Go, including the mistakes of his venture capital firm, Kleiner Perkins Caufield & Byers, which is now

the largest investor in Mr. Kaplan's successful new venture, OnSale.] But where Mr. Kaplan's exposé of Go has been forgiven, *Burn Rate* is seen as beyond the pale. *Startup* somehow finds a boyish excitement in entrepreneurialism, while *Burn Rate*'s tone is all writerly contempt. You may not be a good businessman, you seem to be saying, "but I'm smarter—and a keener, more honest observer than these bullshitting MBAs."

Most good books do go beyond the pale. Anyway, *Burn Rate* is meant to be not only a true story but also a good story. It really has no other constituency than its readers—it's not meant to make me look good; not meant to help me raise money again; not meant to say aren't we all swell. That, I assume, is why readers are responding to it with such enthusiasm and mirth. How many times did you

laugh reading *Startup*? It's an admirable and earnest book, but it's certainly not subversive. I'm proud that *Burn Rate* gets under people's skins. Most of all, I'm proud if it makes people laugh. Damn, this business takes itself so seriously.

Burn Rate has irritated so many people in the business because they're humorless, self-important asses?

God, yes. Generally, they're irritated because I hold them up to public ridicule. I suppose too they're not so happy that I pick apart some of their most asinine, but dearly held, business assumptions. Or that, in general, I've had a very good time—and many readers have had a very good time—at their humorless, self-important expense.

—Jason Pontin

object of his ire. Described by Mr. Wolff as a "shamanlike" figure of "manic grandiosity" who "effortlessly slipped out of giving the money that I would have sworn he'd offered," Mr. Machinist could also manifest "his Suge Knight side." He too, Mr. Wolff claims, evinced a limited grasp of the technology business. "What's that guy's name...Netscape...super gentile?" Mr. Wolff has Mr. Machinist asking after announcing that Wolff New Media needed a new CEO (not Mr. Wolff) to sugarcoat the IPO. Jim Barksdale, he was told. "I want a Jewish Barksdale!" Mr. Machinist said.

But Mr. Wolff's real enemy was financier Jon Rubin, "a wire-thin, almost feminized JFK Jr. look-alike." At first Mr. Wolff, in reference to Mr. Rubin, was "relatively confident that, as a good entrepreneur, I could balance my visceral dislike with my longer term goals." But as Mr. Rubin attempted, "with the work done, the

system built, the product brought to market, to squeeze out the founders (i.e., me)," the two men became "truly astounded by the contempt each felt for the other." The crisis came when Mr. Rubin tried to withhold the year's salary that Mr. Wolff had deferred—not realizing that Mr. Wolff, as CEO and paymaster, could sign his own check and walk.

WOLFF IN WOLFF'S CLOTHING

If *Burn Rate* is only half true—and granting that, by the author's own account, he was an opportunistic weasel—one would still have to say that Mr. Wolff can't easily be faulted for not holding back his hand. Indeed, it should be noted that, besides the East Coast investors, nobody in *Burn Rate* really gets skewered. CMP Media is made to look ridiculous—but then it seemed so even before Mr. Wolff's exposé. The portrait of Mr. Rossetto, so

withering on first read, actually makes *Wired's* achievement seem the more extraordinary (nobody believed in Mr. Rossetto, not even Mr. Wolff!).

Yes, America Online's Ted Leonsis is, regrettably, described in unflattering physical terms. But Mr. Leonsis, a grown man earning good money, can endure it, and Mr. Wolff must know he himself is vulnerable in this regard, being a funny-looking little fellow who in a Hollywood film version of *Burn Rate*—which he claims is under negotiation—might best be portrayed by Wally Shawn or Danny DeVito.

No, Mr. Wolff doesn't take Silicon Valley as seriously as it takes itself, and, for all the reviewer knows, he may be a worthless businessman and human being. But he's written a wonderfully funny book. ●

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