The Disappeared of Silicon Valley

(or, why I couldn't get that story)

by Paulina Borsook

It began innocently enough in early winter 1999. I had been working on a book for three years, and wanted to take a break by doing something shorter and not so wholly excavated from my own grim brain. So I called Kerry Lauerman, then an editor at *Mother Jones*. Lauerman told me they had been kicking around the idea of doing the anti-free-agent-nation story, about the people for whom being way-new-kewl-entrepreneurial just hadn't worked out. I told him he had to let me pursue this: being contrarian, and fond of underbellies, I leapt at the chance to work on such a piece.

I didn't anticipate huge problems: I had been knocking around high-tech since the early 1980s, had written for the trades and for corporations and for *Wired* and had a habit of overreporting, which meant I always talked to 10 people where most folks would talk to one. All of which meant I felt confident that my mesh of connections would serve well enough to find the people who might have revelatory things to say.

So I went to work, tracking down developers from game companies gone broke, founders of companies that died. I talked with bankruptcy lawyers and current employees of Hewlett-Packard in contact with ex-employees of Hewlett-Packard. I even interviewed my boy-friend's father, a worker in Silicon Valley's satellite industry since the 60s, figuring he'd know displaced older electronics industry workers. I was on the case daily and I was getting nowhere: no one wanted to talk to me.

I found this extremely odd, for I had bought into the Silicon Valley myth that it's OK to fail and everyone jokes about it and moves on and we are not hidebound scaredycats like those old smokestack Dow Jones Industrials corporate drones Back East—so I couldn't figure out what was going on. I wasn't on assignment for the *National Enquirer*; I had a reputation for being fair, even if folks didn't always like what I had to say. The only other time I had run into such stonewalling was when I played classic investigative reporter for a *Wired* profile on Microsoft cofounder Paul Allen. In that case, many people had a stake in keeping their sugar daddy pacified and distracted, and not letting certain disquieting facts be known. But as I wasn't focusing on any one particular person, and don't generally believe in conspiracy theories, I was puzzled.

Meanwhile, Lauerman left *Mother Jones*, so I approached the good and wise Scott Rosenberg of *Salon*, then the editor of the publication's technology section, and asked *him* if he would be interested in the story I had come to think of as "the disappeared of Silicon Valley"—for if, as the long-established statistic stated, nine out of 10 startups fail, and many companies limp along as zombies (that is, they never go public but they never abjectly fail and they stumble on for years) or get folded into other companies at rates that in no way compensate founders and original employees for their labor and lost lives—where were these people? Rosenberg agreed to take over the assignment, so to speak, and I kept trying.

I contacted Career Action Center (CAC) in Cupertino, Silicon Valley's main vocational-counseling resource. The counselor I talked to thought the story was a great idea, that it would make her clientele feel less alone, less prone to self-blame. She said she'd ask around to see if anyone was willing to talk. No one was. Same thing happened when I spoke with Alumnae Resources, the well-respected CAC San Francisco analog, and when I talked to a psychologist whose private practice was focused on helping people with career issues and reconstructing themselves after a business failure. Again, radio silence.

Flailing about and getting nowhere, I ran into Heidi Roizen, a former software company founder/CEO whom I had gotten to know as a source when she had been vice-president at Apple, and who had since gone on to be a world-class high-tech professional investor. When I explained what I was trying to do, she agreed that it was a story that needed to be told. Did she think any of her friends for whom the culture of startup and cash-out hadn't worked would be willing to talk to me? No, even though she did know folks who'd lost their houses or faced bankruptcy—but she did suggest I talk to one of her closest friends, a nice man named Tom Koznik, a consultant and business professor who taught entrepreneurship and marketing at the engineering school at Stanford.

Koznik invited me to sit in on his classes—where students worked on marketing plans and VCs gave guest-lectures—and spent a lot of time talking with me and trying to set me up with folks from his vast network who might be willing to talk.

Koznik had been a professor and a high-tech consultant for a long time, but even so, out of his huge network of connections, only two possible native-informants for my piece came forward, each currently one of his students. As background, it's important to know that graduates of Stanford engineering have pretty much been guaranteed their choice of $100,00 per year jobs, plus options and sign-on bonuses. They are young, mostly mortgage- and offspring-free, and are at the time in their lives where when young adults are generally reserved the right to deviate and flounder. Job security just cannot realistically be a concern of theirs.

But Silicon Valley, and Stanford in particular, has been a place where the specter of Yahoo founder/former Stanford graduate student Jerry Yang stalks the land; it's so obvious and it's so easy to make a billion dollars only the morally and intellectually defective can't make it. Never stated anywhere explicitly, it's been a statement of high-tech faith that's everywhere implicit.

One of the two kids who originally volunteered backed down, deciding he didn't want to talk to me about his experience with a failed venture. I promised anonymity, stating the amazing true fact that I have never broken my word to a source and always honored confidentiality. But no, he wouldn't talk, word came through to me a third-party that he was just too worried that what he told me might get traced to him and jeopardize his future. This, from an *undergraduate*, living in the longest peace-time boom the U.S. has seen, in the economic hotspot of the globe. The other young man actually did let me interview him: a Ph.D. candidate, he left graduate school to self-fund his idea; it didn't work out; and he had to spend a year or so working fulltime to pay down his debt before returning to school. Nothing tragic here—but the strange part came when he told me that I was one of the first people he'd told about it all, his friends and family really hadn't known much about it. Failure is too inconceivably shameful in his world.

As I was about to admit defeat on the piece, I was coincidentally given an assignment for *San Francisco* magazine to write about the endless stream of high-tech business books that all seemed to follow the same format where the heroic entrepreneur overcomes all obstacles, asserts individualistic behavior, and is rewarded with scads of money and inflated self-concept. What I realized, and what I wrote about for their September 1999 issue, is that these books were business-porn, as strict in their conventions as emotion-porn is vis a vis Harlequin Romances or action-porn is for Tom Clancy novels.

And thus, I reasoned, if all people were being fed in their media diet can be represented by the business porn that is "Business 2.0" and "Fast Company", and high-tech reportage in mainstream business mags has been just as breathless and celebratory, and newspaper business-reporting on

high-tech equally gushy about what those rich crazy kids were up to next—how could anyone, for whom things hadn't worked out possibly feel anything but a deep personal shame that would require affirmations far beyond what Stuart Smalley could offer?

What I realized is that if you are of the elect, you *can* fail as the Silicon Valley myth has it. But if you are not, it's doubly unbearable because all you've heard is the success stories. It's rather like going through the pain of divorce, but living in a culture where only happy marriages are ever described; or trying desperately and unsuccessfully to have kids when all about you all you hear is about large families. In fact, one of the people who did talk to me about her failed startup, shrugged off the experience as 'that's just life, it's like when a relationship fails." But when a relationship fails, all culture, friends, and family understands, sanctions your right to grieve and suffer, knows it will take time to heal, that you've undergone something wrenching and awful. But not so in Silicon Valley—if you've failed, you can't talk about it, it's no big deal, and it never happens anyway. Never mind that startups demand heart, soul, and life—so if they crash, burn, or drive you away, what has happened to that heart, soul, life?

There was a perverse timeliness to the conclusion I was coming to, for Po Bronson had just published his best-selling "Nudist on the Late Shift", true tales of winning in Silicon Valley. In that summer of 1999, Bronson also wrote a *New*

> But they told me I was *skilled*, that I was doing a *great job*, that they *neeeded me...*

Chris Carlsson

York Times magazine story, "Instant Company," which was a classic of the 'it's all so easy/we strike it rich to beat the band' genre. Bronson, whose prose is graceful, smart, and funny, probably didn't realize what his feature *really* said: that if you worked at a glam startup (such as Yahoo before it went public) or for a major Wall Street i-bank or previously for a VC or have a pedigree that includes an MBA or CS degree from one of the Silicon Valley designated-hitter institutions of higher learning—then all is well. But reading his piece—where all the founders of the high-concept, if unimaginative, epinions (let's use collaborative filtering so that we can make money off other people doing the work/providing the content!) had just such elite pedigrees—was rather like reading C. Wright Mills' *The Power Elite*, updated for Internet Age. Of course these guys can raise money, never need flounder, are damage-proof. How different, really, was their fate from that of George W. Bush, who didn't really have the qualifications for Andover nor Harvard Business School, but got in anyway because he had been anointed?

When I finally gave up—or rather, realized the real story was a meta-story, about how and why the story I had wanted to do couldn't be written—was after a phone interview with one of my long-time excellent sources whom I always keep anonymous. A high-end high-tech headhunter who had been of great help to me in times past, she sympathized with what I was trying to do but told me that someone from *The Wall Street Journal* had tried to do the same story a few years before—and that reporter hadn't gotten anywhere, either.

Just as I had finally let go, someone finally did surface from all the networking I'd done who *was* willing to talk about his bruising startup experience. He was smart, self-aware, rueful—and married to a minister and displayed an overall level of psychological insight and emotional maturity that's very narrowly distributed in the general population—and is kazillion times more rare in high-tech. For in high-tech, introspection and attention to interpersonal dynamics are not fungible assets. In fact, they get in the way of being on

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BY THE PYRAMID

Driving homeward at dawn,
I felt again overloaded
by too much to do—
     too much to do—
too-much-to-do-in-too-little-time.

Then I thought
of going at this hour
to set chokers in the snow and dark
above Granite Falls,
lunch-bucket with one broken snap,
rubber calk-boots two-sizes-too-big and more clownish
with their patches of red or yellow or blue —
and of walking toward my Hotel
after Night Shift at Warehouse 4-A in San Jose,
tossing grapes that arced like pearls
under streetlights,
catching ones in my mouth
with a crunch of teeth and squirt of juice,
biceps sore from throwing boxes—
both those jobs 14 years ago.

You could be one
of hundreds millions, I thought—
  bent in some field,
    repeating tasks in a line,
      poor as the earth you rend,
    tired unto deadening and soon
tired unto death—
instead of among the many
hurrying here,
worried about phone-calls and money,
In the shadow of this Pyramid.

by Don Paul

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on on all the time and selling all the time to investors and potential employees and maybe even customers and and and…

My Deep Throat had worked on Wall Street and did have the requisite Stanford MBA. He told me the sad complex story of how his startup did well initially then got screwed over by bad management. He spoke of the damage to health and relationships and family life of going the start-up way. He reminded me that most startups are not high-tech and are not venture-funded. He emphasized that you can lose your savings, your salary, and your sanity. He went on about the looting and lying that often characterize startups and that the heroes of a new company—the unsung techies or managers who actually get the work done—often get screwed when the company folds or gets acquired at a discount or goes public then tanks. He had put his life savings into the company, and was still in deep personal debt when I talked to him (his parents had needed to help him out with his wedding celebration).

I admired him for talking to me, but I couldn't figure out how to use one person to peg an entire piece. And professionally, I got overtaken by other projects and needed to be working on other things. As mercifully quirky as *Salon* is, I just couldn't see how a story about how a story about how I couldn't get the story, could interest them. And that was that.

But the failed entrepreneur who had come through for me checked back in the late autumn of 1999, wanting to know what I'd been able to do with his so-valuable confession. I told him that a story about how I couldn't get that story would only matter to cultural-studies types and journalism professors; that the concepts of self-censorship and the importance of what's there but that you don't hear about were too abstract, and not what most people want to read. He was sorry that the piece wouldn't run.

But the more I thought about it, as *The Industry Standard* was growing ever fatter and Time Inc. launched a new magazine solely devoted to the New New Economy, "E-Company", the more important it seemed that I did try to

talk about what no one wanted to talk about. That the stigma of failure exists and is cruel in Silicon Valley, maybe more so because no one admits it's there. Folks may not have filed bankruptcy petitions but may have taken on an impossibly burdensome second mortgage; or have sacrificed their personal life to no end; or had to move away because it didn't work out—these are the disappeared of Silicon Valley.

What I thought was the validating, if bittersweet, coda to my failure came at the monthly dinner I attend from time to time in San Francisco peopled by an ever-changing cast of sweet smart nerds. There, I ran into a guy I knew from one of his earlier lives as a telecommunications policy wonk. He's since cycled through the public sector to academia into think-tank land and is now into startupsville. As a consequence, he's now involved with Silicon Valley's Entrepreneur's Forum (self-help and mentoring for the startupiste on the go). When I mentioned to him about my unfinished business writing about the shame-ridden disappeared of Silicon Valley, he nodded in recognition.

"We've tried to get those guys to come talk to our group about how they've dealt with failure."

"I know," I said, "They won't talk until they're back up on top."

"No,", he explained, "they won't talk to us at all about their failures, even when they've succeeded once again."

"Even the billionaires?"

"Even the billionaires."

But the story didn't end quite then. This very same tale of media collusion and market-timing in post-Netscape IPO irrational exuberance was eventually commissioned for *Brill's Content*. But alas, it was killed as it was heading from fact-checking to galleys by its Bright Young Editor-in-Chief (newly arrived from Tina Brown mentorship) in June 2000, because the first stories had started appearing in the national media about the shakeout from the NASDAQ crash of March 2000. Fashion (and timing) is everything.

EPILOGUE: Of course, in spring 2001, the stories of dotbombs and dotgones and vulture capitalists have replaced in the media the earlier techno-utopian free-market fairy stories. A website deadpool, www.fuckedcompany.com, allows people to rant and rave about the specifics of the collapse of the Ponzi scheme high-tech economy of the roaring 90s, how paperthin and Potemkin-village it has been. But when I read those postings on FC's Happy Fun Slander Corner, I have the disquieting feeling of reading daily transcripts from the trials of French war criminals. It's been said that when the Nazis invaded France, 90 percent of the French collaborated. But by the time the Allies invaded Normandy, 90 percent of the French were with the Resistance. No one much spoke up or out when their friends and neighbors were hauled away and the trains kept running East during the War, but everyone after the War proclaimed it was all such a pity, about the Disappeared. ❧

Hugh D'Andrade