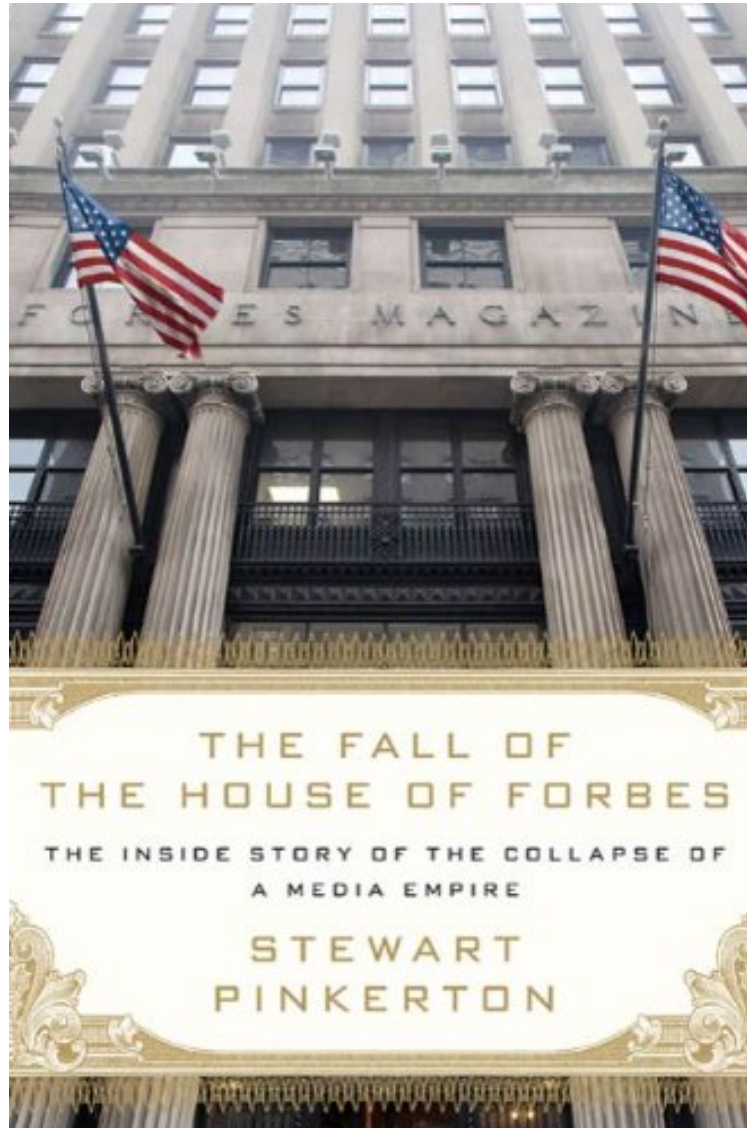


[E-BOOK] The Fall of the House of Forbes: The Inside Story of the Collapse of a Media Empire

The Fall of the House of Forbes: The Inside Story of the Collapse of a Media Empire

Stewart Pinkerton

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before purchasing it in order to gauge whether or not it would be worth my time, and all praised The Fall of the House of Forbes: The Inside Story of the Collapse of a Media Empire:

0 of 0 people found the following review helpful. This was an eye-opener. By Double0buck If you ever wanted to know what happened to the vaunted Forbes brand after Malcolm's demise, this is the book to read. This lays out the transformation from the Parthenon of financial journalism to the bottom of the bland blogosphere in little less than one

generation. Malcolm's adventures were so well known at the time that there's no need to rehash. What wasn't publicly known Pinkerton lays out in sordid detail (the man-hunting enough makes the reader want to take a shower). The Colorado ranch, the Jersey estate, the Manhattan apartment, Highlander, Capitalist Tool, ballooning across China, the Moroccan birthday bash, etc, etc. Who didn't want to be a Forbes? I first went into the Forbes building in 1998, long after Malcolm's death, just coming off Steve's failed (first) presidential campaign and would appear to be just before the beginning of the downfall off the cliff of hubris. If you ever had a chance to tour the museum -- the toy soldier collection, the model boats, the collected art works, the Faberge eggs, the presidential letters -- you would be awestruck. Now, it's all gone. Reading Pinkerton's account of these years, you realize where it all went wrong. Before the 2007-8 recession and the utter collapse of ad revenues, the boys' empire was being flitted away by misbegotten acquisitions (wine? really!), a failure to fully capitalize on the web, and the brothers' inability to focus on their core and instead expand into other publishing areas. Lower revenue plus higher costs eventually equals an asset fire sale or, in this case, selling out to private equity. Well worth the read.

18 of 20 people found the following review helpful.

Encore at the House of Forbes

By Jeff and Kristin

Pinkerton's version of the Forbes story is exceptionally well written, amusing, and provocative, as one would expect from a Jim Michaels trained editor. But the thesis is misleading, and anyone wanting to know what really happened will have to look further. Apart from money and fame, it's not a simple task to decipher the reasons for writing a book. Pinkerton's *raison d'être* may be obvious in that he tells a story of decline and decay from the perspective of a romanticized vision of the past. The truth behind the Forbes legacy is that the sons did what they had to do to survive the tumultuous aught years of this century--just as they previously did what they had to do to thrive in the go-go '90s. My role in this colorful saga was as the magazine's publisher from 1990-1998, when Forbes was the leading magazine in America - today I am founder of Directorship Magazine where the bulk of this review was published ([...]). I reported directly to Steve and Kip Forbes, the CEO and vice chairman, respectively (at the time), and later indirectly to Bob and Tim Forbes as well. I count those years as an infinitely better business education than a Harvard MBA mixed in with a Tony Robbins refresher course.

For directors looking for a tale of rags to riches to rags in three generations (Malcolm's father, B.C. Forbes, founded the magazine in 1917), you're in for a surprise: this third generation has actually gone from advertising-driven riches to a more diverse set of riches with far less risk. Others looking for the inside story behind the Forbes legend and its alleged downfall will need to keep in mind that the author's real beef is a longing for the good old days of paradise publishing under Malcolm Forbes. What makes the Forbes story so interesting--and one that Malcolm would be proud to realize--is that he ultimately passed on something other than flamboyant, literary, cultural, political junkie, bon vivant, collector and adrenalin rush (as in fast vehicles) genes. He passed on a survivor's instinct. The sons are criticized roundly in the book for pawning cultural icons for wads of cold cash. But the Forbes were looking at a business that had huge risk and no downside protection. Magazine products such as BusinessWeek could be worth a \$1 billion one decade and \$5 million the next. I see it as pragmatism that fell not far from the root. Malcolm was once overheard saying that if all else fails, his sons could sell the Faberge *écureuil*; eggs. Eventually they did--to a Russian oligarch, at the height of the Russian playboy billionaire philanthropist era under Boris Yeltsin. Similarly, they partnered with global media companies to produce low-risk, high-gloss overseas versions of Forbes. They sold off most of the other collections, including paintings, autographs, toy soldiers, palaces, islands, eventually the Highlander itself and the Boeing 727 Capitalist Tool. That cash-- plus the \$500 million valuation with half up front from Elevation Partners, rock star Bono's private equity firm--made these sales the smartest moves in the magazine industry. But the question begs asking, was selling off assets and diluting the Forbes mystique the right move or the only move? As George Kennan, the famed global strategist, once said about statecraft, "There is more respect to be won...by a resolute and courageous liquidation of unsound positions than by the most stubborn pursuit of extravagant or unpromising objectives." There is special glory in staying afloat while others are sinking. Ask Bill Gates or Warren Buffett. Another reason for the lopsided storytelling in Pinkerton's account is that he never spent much time in the back office. This was part of the genius of Malcolm S. Forbes: he compartmentalized like a mad dictator, but his madness was actually pure common sense. No employee could truly understand his Byzantine way of keeping everyone on a flotilla that pointed to Malcolm and allowed each of us to shine although not eclipse his reflected glory. Malcolm knew you, and you knew he knew you, and he knew you knew it. It made him omnipresent and omniscient, which only increased his magnetism as his fame spread and his iconic stature grew. The sharing of duties fell to the sons as well. Steve was groomed to become the CEO and the editor-in-chief, mirroring Malcolm's own rise to the family throne, which Pinkerton covers ably. Steve keeps his own counsel and can at times seem sphinx-like in demeanor, but his prophetic gifts and dynamic qualities emerge when he writes his column or stands before a podium talking politics or the economy. Pinkerton calls Steve's two runs for president the \$75 million sales call. This is pure balderdash from those who weren't there. Steve believed in his cause, which was to bring back the tenets of Teddy Roosevelt's bully pulpit mixed with Adam Smith's free-market capitalism using common sense in place of needless regulation, and adherence to the gold standard to avoid inflationary levels of money supply. Like the way he ran Forbes, Steve's political vision was to set firm boundaries, invoke a moral force to guard against overreaching, and then let the natives do their thing. Kip Forbes, the vice chairman at the time, has the virtues of a professor of Renaissance studies combined with an aristocratic bearing

(it helps that he is, in fact, an aristocrat)--ideal for wining and dining all manner of VIP, which he does beyond brilliantly. But few know how precisely trenchant he can be about things, sizing up people and situations instantaneously. He is the ultimate consigliere to the high and mighty and instinctively knows their weaknesses and their tastes, which make him both compelling and a confidante. Steve and Kip make a great team, and in the past decade Bob and particularly Tim also came into their own and pushed the business in very important directions, such as launching Forbes.com, one of the most highly trafficked financial websites, and Forbes Life, a glossy publication whose tagline might well have been "living well is the best revenge." So, what ultimately cost the sons part of their patrimony? It wasn't bad management, as Pinkerton alleges. In fact, like so many other challenged empires from Rome to Britain, in the end it was timing. The Internet was meant to liberate us, but it also liberated us from one another and, in many respects, from our long-cherished habits. Magazines no longer had a call on people's time because there were now so many other things to do, watch and listen to. As for Forbes.com, it did move the needle significantly, but the loss of magazine revenues and prestige could not be undone in the span of only several years. Which is why, as of this writing, Elevation is understandably taking a harder look at the asset and its lofty valuation, and the Forbes brothers have had to step aside even further. Who knows where that ends? Covenants will always trump common sense. But the sons are still associated with the business that carries their name, and the business itself is well regarded by a new generation not wedded to the gilded era of magazines. Steve still writes his column. Kip travels the world on behalf of the company. Noblesse oblige. Sometimes you accept the role graciously and wait for another day, and if the timing still isn't right, sell another asset. Be grateful you have assets to sell. Malcolm would agree. 0 of 0 people found the following review helpful. Last chapter in progress ...By Fred Forbes Based on my name, this is a tough title! I met Steve at an investment conference and had a few minutes to chat. My Forbes forbear arrived in the 1600's, his in the mid 1800's so our relationship is lost in the mists of Scottish history. I enjoyed the story of B C Forbes and the antics of son Malcolm. Stories told by a magazine insider were interesting. Good read, sad ending which is still in process.

Forbes: the legendary name in finance journalism. Synonymous with wealth, grand excess, glamour, and fun as well as style, insight, gossip, and hard-nosed reporting, the media empire and the family behind it form a remarkable story that has never been told. Now, in *The Fall of the House of Forbes*, veteran journalist Stewart Pinkerton reveals the hidden machinations, disastrous decisions, and personal foibles of a century-old dynasty that rose to glittering heights and crashed just as spectacularly. Writing from an insider's perspective and first-hand sources developed over his twenty years as a writer and editor at Forbes, Pinkerton takes us to the ritualized formal lunches inside the mansion-like headquarters at 60 Fifth Avenue in Manhattan; the lavish advertiser parties on board the family yacht, *The Highlander*; the sybaritic private life of Malcolm Forbes and the family's increasing discomfort with its patriarch; and the glory days of the magazine, with its news-making stories, high-rolling expense accounts, and bar-setting standards for anyone who aspired to wealth and its trappings. But as the media business changed, Forbes was slow to react, and found itself burdened by Malcolm's immense personal expenses, Steve Forbes's bumbling, self-financed presidential campaigns, and the family's hubris and hesitation in the face of reality. A series of devastating business decisions and an internecine struggle for power forced the sale of the Faberge eggs, the vintage toy collection, the homes, the private island, the yacht, and finally the sale of 40% of the company itself to outside investors; a collapse of shocking speed after decades of unsurpassed success. A compelling narrative account of a powerful family's dysfunction, *The Fall of the House of Forbes* is a parable of capitalism at its best and worst, and a metaphor for the current state of digital turmoil in media.