

# One dotcom that's still full of beans

Meg Whitman is the driving force behind eBay, the online 'flea market' that has left other internet companies behind. Christa D'Souza meets her

If you have never heard of Meg Whitman, you're probably not alone. But if you have never heard of eBay, the phenomenally successful internet company of which she is CEO, then shame on you. Even the most dedicated Luddite should be aware of this gargantuan online auction house, where you can bid for anything from Rolls-Royces and Barbie dolls to soiled celebrity clothing and vintage Hermès Kelly bags. Yesterday, Nasdaq, the online American technology stockmarket, valued eBay at about \$16 billion, which is around three-and-a-half times as much as the more famous Amazon. No wonder *Fortune* magazine recently voted Whitman the second most powerful woman in business, after Carly Fiorina of Hewlett-Packard.

No wonder, too, that Wall Street, plagued by plummeting share prices and embarrassing accounting scandals, thinks that Whitman – who also sits on the board of Goldman Sachs – is the best thing since annual bonuses. And no wonder, when we meet, that she is a little on the tired side – although that may have less to do with the gruelling demands of her job than her recent decision to give up caffeine. "You know that jolt you get in the morning after a Starbucks coffee?" she confesses. "I really do miss that a lot."

It is four o'clock on a muggy Friday afternoon and Whitman, who is in Europe to look at "operating reviews" at the various outposts of eBay she has set up in the past couple of years, has just returned from a working lunch in Piccadilly. Dressed in a black trouser suit and sensible preppy flats, she looks more like a Connecticut housewife who is in town for a bit of sightseeing than someone who runs the most successful e-commerce business in the world. Apart from those unwavering, ice-blue eyes, that is.

We are sitting in a glass cubicle on the top floor of eBay's west London offices, in an anonymous brick building that shudders when Underground trains pass nearby. On the main floor, 10 or 15 young men and women are glued to their computer screens.

Propped on a shelf in the back of the office is a row of pink Duracell bunnies and plastic M&M men. But there is no sign of a Beanie Baby, the soft toy that has become almost synonymous with Whitman's company. In 1998, the feverish craze for rare and collectible Beanies helped to establish eBay's reputation, as the site proved to be the perfect place for buyers and sellers to contact each other.

"Remember that Princess Diana bear? The purple one?" Whitman asks. "There were times when that would fetch more than \$1,000 on eBay." She assures me that she has a brace of Beanies on her desk at the company's head offices in San Jose, Silicon Valley.

For the benefit of eBay virgins, the website is best described as a very sophisticated and stormingly successful online flea market. Sellers place their weird and wonderful goods in the electronic shop window, along with a guide price; buyers then have a time limit (from 24 hours to several days) in which to place an offer and, they hope, outbid other shoppers.

The company has very few conventional overheads. There are no expensive warehouses to pay for, staff levels are kept to a minimum and overstock is not an issue. The site makes money by taking a small cut of every sale. Given that upward of 10 million items are for sale on eBay at any given moment, and that there are 50 million registered users (a million of whom are in Britain), one can see why it has triumphed where

so many other slick-sounding dotcoms have failed, miserably and publicly.

"A lot of the people who started up those companies were just mercenaries," shrugs Whitman. "There was this tremendous rush to make money, but the businesses just weren't built to last. Let's face it, most of them should never have been formed in the first place."

The difference between eBay and a lot of other dotcom startups, she adds enthusiastically, is that it provides a service that is not available anywhere else. "If you can't find what you want on Amazon, you can still go to a bookstore. But there's no land-based analogue for what we do – we're the last stop." That's why thousands of entrepreneurs run their entire businesses from the eBay site. Its other success, she believes, is that it has tapped so brilliantly into the basic human desire to be part of a community.

"I'm not a collector myself," she explains, "but I have learnt that they don't always do it for the money; they do it because they love collecting. It's like this one user, who told me: I used to collect coins, and my family and all my friends thought I was a little strange. But I'm not strange at all on eBay. I am part



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of a community that connects over a shared area of interest."

Whitman, 45, a Princeton and Harvard graduate of solid New England stock, whose CV lists spells in the marketing departments of Procter & Gamble, Disney and the multi-million dollar toy company Hasbro, is quick to point out that eBay is not her creation. It was invented by Pierre Omidyar, a software engineer, who created the site in order to give his girlfriend a way to add to her collection of Pez candy dispensers.

Whitman admits that she wanted nothing to do with the company when she was first approached by a headhunter in 1997, three years before the bulging dotcom bubble burst. At the time, she and her family were living in Boston. She had just made her mark in the toy business by re-marketing the old-fashioned Mr Potato Head and bringing it to a new generation, and was perfectly happy where she was.

"They wanted me to move from Boston to California for this obscure, no-name internet company. I said to the guy: 'Are you kidding?'" But the headhunter persisted. "He called up three weeks later and said, Meg, this is perfect for you – I'm begging you to get on a plane. Because I didn't want him to get mad – I thought I might need him later – I said, OK, I'll get on the plane, but all the time I was thinking: I can't believe I've actually agreed to do this."

Throughout the late Nineties, while other dotcom executives were flitting between lunch meetings on Lear jets, hiring assistants for their assistants and spending millions of borrowed capital on advertising campaigns, Whitman and her lean team were doggedly working 20-hour days out of a near derelict building in San Jose, honing the eBay website, setting up special categories for "snow globe" enthusiasts and Barbie collectors, and building up a loyal community of Beanie Babies addicts, coin collectors and even glass eyeball experts.

"Oh yeah," she laughs. "There's this one lady who managed to pay for part of her son's college education by hooking up with fellow eyeball collectors and selling her stash for \$10,000!"

Because of eBay's no-frills approach and commitment to keeping its site user-friendly – "The shopping experience at Amazon is so clinical in comparison," she says – the five per cent stock she was given when she joined the company in 1997 was said to be worth in the region of \$900 million last year, which makes her, on paper at least, one of the richest women in the world.

Despite the money, Whitman's modest way of life seems to echo eBay's understated ethic. She still drives a black Cherokee Jeep and the New England-style house she shares with her neurosurgeon husband and two teenage sons in Palo Alto could hardly be described as palatial. She buys her

clothes at the local department store (only twice a year, because shopping for clothes bores her), and of course, she buys all of her children's computer equipment online at eBay. She has enough money to hire an army of staff, but her only domestic help is a cleaning lady (her eldest son does most of the family's cooking). Indeed, her only

indulgences seem to be upgrading to first class on long-haul flights – and keeping her weekends work-free.

The big question, of course, is how long she can continue at this pace. eBay's revenue is growing at an astonishing 66 per cent a year and Whitman has intimated that her next ambition is to increase overseas revenue from the

current 10 per cent of total turnover to five times that amount. But she doesn't plan to do the job for ever. "I've already done five years," she says, "and I've said I'll do five more. But, sometimes, you have to think of the time span in dog years. When you've been in this business for one year, it generally feels like seven."

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