Chapter One

"Our CEO Is Resigning."

Some days, the newspaper gods refuse to smile. The keyboard won't cough up coherent sentences. A crucial source doesn't call back. The wall clock, warning of approaching deadlines, seems to be running a time zone too fast. Within minutes of getting that call on the morning of August 14, 2001, Jonathan Friedland, The Wall Street Journal's Los Angeles bureau chief, suspected it was going to be one of those days.

The caller was Mark Palmer, the public relations chief for Enron Corp., the Houston-based energy giant that the Journal covered out of its Los Angeles office. Normally, Palmer's call would have gone to the paper's national energy reporter, Rebecca Smith, or her de facto backup on the beat, John Emshwiller. But Smith was on vacation and Emshwiller was out of town on a story.

The PR man got right to the point. "Jeff Skilling, our CEO, is resigning," Palmer said. "Ken Lay is going to step up and assume the president and CEO duties."

You're kidding me, Friedland replied. He couldn't believe what he was hearing.

"No," said Palmer. "There'll be a press release in about an hour." There would also be a conference call with Lay and Skilling for the press and stock analysts at about 12:30 P.M. Los Angeles time.

"Why's Skilling quitting?" asked Friedland, still trying to absorb the news. He knew that Skilling had been Enron's golden boy for more than a decade and had just gotten the chief executive's job a few months earlier. It was unthinkable that he would quit so abruptly.

"Purely personal reasons," said Palmer. "The board didn't ask him to resign, nor did Ken Lay. It's got nothing to do with Enron or its future. He'll elaborate on the call." With that, Palmer said a hurried good-bye.

Friedland sat back in his chair in his cluttered corner office, his face furrowed in concentration. After more than twenty years as a journalist, the last ten with the Journal, he'd handled many big, unexpected announcements from companies, but this was Enron, one of America's premier companies, talked about in the same breath as General Electric and Microsoft and IBM. In a decade and a half, it had transformed itself from a sleepy natural gas pipeline company to a trading colossus with products ranging from gas and electricity to space on the information superhighway and insurance against inclement weather. In 2000, Enron's revenues had topped $100 billion, earning it seventh place on Fortune magazine's widely followed list of five hundred largest companies. Revenues for
2001 were on course to hit nearly $200 billion, an astonishing growth rate for a company of that size.

Enron’s management team -- headed by its chairman, Kenneth Lay, who had been chief executive for fifteen years before Skilling took the helm -- was one of the best. Skilling was only in his late forties. Everybody expected him to be running Enron for years. Instead, he’d barely gotten the seat warm.

And what was this about “purely personal reasons”? Enron’s explanation sounded implausible. In Friedland’s experience, almost nothing was more important to a corporate chief than staying at the top once he’d gotten there. Maybe Skilling has some fatal disease he doesn’t want to talk about, Friedland thought. Or, the bureau chief wondered with a pang of professional worry, is something going on inside of Enron that we should know about and don’t?

Even as Friedland mulled over the mystery, he knew he wasn’t the person to solve it. Silently he cursed the rotten timing of the announcement. Why did Smith have to be on vacation this week? Ironically, his energy reporter had been trying to schedule time off for most of the summer, but work had been too hectic. Working out of the Los Angeles bureau, the forty-six-year-old Smith had been covering Enron and about twenty other large energy companies for two years. She had moved to Los Angeles to take the Journal job, but she was eager to move back to the San Francisco area, where she’d lived for fourteen years. The Bay Area was her home; she had worked for the Oakland Tribune, San Jose Mercury News, and San Francisco Chronicle before joining the Journal in September 1999. She had another reason for wanting to move back north. She was divorced, and when she took the Journal job, she promised her ex-husband and her children, at the time ages eight and eleven, that they would treat the L.A. assignment as a tour of duty. At the earliest time possible, she’d get herself and the children back to the Bay Area.

Friedland called Smith on her cell phone and gave her a quick rundown of what had happened. “Can you think of any reason why Skilling would quit?” he asked.

As it happened, the call caught Smith on moving day, in an empty upstairs bedroom of her Bay Area home. She had been up since before daylight -- mopping floors and vacuuming empty rooms. Her first thought when Friedland called was, an exasperated, Can’t I ever get away from work! As she talked with Friedland, she suddenly had the sinking realization that she might be expected to write a story on the Skilling departure while sitting on the hardwood floor with her company-issued laptop literally in her lap. She winced as she imagined the worst-case scenario: By the time she finished, every piece of furniture and heavy box would be in the wrong room, the “strong backs” would be gone, and a carefully orchestrated move -- that allowed nine days for packing everything, getting it all north, and unpacking more than two hundred boxes -- would be in shambles. Skilling couldn’t have chosen a lousier moment to resign.

Normally, Emshwiller would have been ready to pitch in ...
ABOUT THE BOOK:

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Rebecca Smith is a national energy reporter in the Los Angeles bureau of The Wall Street Journal. She joined the paper in August 1999. Ms. Smith won the 2002 Gerald Loeb Award with John R. Emshwiller for their coverage of the Enron story, and the 2001 Loeb Award for beat reporting for her energy coverage in 2000. In 1996, she shared a Gerald Loeb Award for distinguished financial and economics reporting, and received a California Award for Excellence in economic writing. She won a John Hancock Award for distinguished financial writing in 1990. Born in Omaha, Neb., Ms. Smith earned a bachelor’s degree, Phi Beta Kappa and magna cum laude, from the University of Washington in Seattle and a master’s degree from Mills College in Oakland, Calif.

John R. Emshwiller is a senior national correspondent for The Wall Street Journal, who has focused for most of the past decade on covering white-collar crime and related issues. He is the author of Scam Dogs and Mo-Mo Mamas, a book published by HarperCollins chronicling the rise of the Internet stock-trading mania of the late 1990s. Since end of 2000, he has focused his work for the Journal on covering energy-related matters--initially the California electricity crisis and then the collapse of Enron. Emshwiller is a Los Angeles native and received his bachelor’s degree from the University of California, Berkeley.

Our authors are the key investigative reporters in the Enron story. Their coverage has earned them numerous awards, including the Gerald Loeb award, the Scripps-Howard Foundation award, and awards from the Society of American Business Editors and Writers, and the New York chapter of the Society of Professional Journalists.

Both authors have appeared frequently on radio and television, including Nightline, CNBC, Frontline, and National Public Radio.
For 24 days the Police, insistent upon handling the case as a normal for-ransom kidnapping, fail to recognize the anti-Semitic hatred of his abductors. Many opportunities to save Ilan are missed or squandered as his family receive nearly 700 phone calls, insults, threats, photographs and sound recordings of their tortured son. (C) Menemsha. I have 24 days until I will be home. This time in 25 days Iâ€™ll be in my own house, probably sleeping if I havenâ€™t been woken up by my dogs. I canâ€™t wait.Â  Its 24 days till I go to Europe and travel with my best friend for nearly 3 months.. and I am not excited one bit. I still want to die. I still hate myself and Im scared Im not going to make it the 24 days.. #24days #europe #travel #bestfriend #3months #notexcited #wanttodie #suicide #attempt suicide #hate. 1 note. minawholivesathome.