

Not So Tickety Boo

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Paul Barry

Rich Kids

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IN 2000, in response to catchy advertisements in the Murdoch press, I rang One.Tel to enquire about rates for telephone calls. When I finally managed to get through, it was suggested I leave my name and number and someone would call me back. I never heard another word. Since the episode hardly inspired confidence, I did not try to make contact with the company again.

It soon emerged that I had had a lucky escape. Thousands of people — individuals and companies — had telephone or Internet contracts with One.Tel. The firm expanded rapidly from its origins as a mobile service reseller for Optus, offering cheap fixed-line calls (at a loss) and an Internet service, and setting out to construct its own mobile phone network across Australia. As One.Tel grew exponentially, the call centre and the billing system were unable to cope with demand. In an effort to hide the waiting time for calls, callers were ‘dumped’ or assured they would be rung back. Customers received wrong SIM cards and poor mobile phone coverage; some were signed up with One.Tel, switched between carriers or disconnected without their knowledge. The staff attrition rate was massive, a ‘Free Time’ promotion for mobile phone users proved an expensive farce, credit checks were abandoned, bad debts skyrocketed, and some revenue and profit results that did not meet wildly ambitious targets were deferred, manipulated or concealed. Three thousand employees lost their jobs, creditors did not receive the money owed to them, and small and large investors, including the Packer and Murdoch families, found their shareholdings worthless in mid-2001, when the administrators were called in.

Paul Barry’s *Rich Kids* tells the story of both One.Tel, the telecommunications company launched by Jodee Rich and Brad Keeling in 1995, and Imagineering, a software company, which was founded by Rich in 1981 and also collapsed. Despite the widespread heartache, Rich, Keeling and some key executives emerged from One.Tel with millions of dollars from bonuses, royalties and selling shares. *Rich Kids* is a tale of breathtaking greed, self-aggrandisement, mismanagement, ineptitude and duplicity.

The One.Tel debacle was bound to be of interest to Paul Barry, an investigative journalist and author of books about

the businessmen Alan Bond and Kerry Packer. The links between the Packer family and One.Tel are obvious, and at least one of Bond’s former associates bobs up in *Rich Kids*. But the book is not really, as Barry claims in his Prologue, ‘the story of an era when huge fortunes were made and lost in the mad dot-com and telco boom’.

Rich Kids is a book produced in a hurry. It has been conceived, written and published within about ten months, presumably with the intention of hitting the streets before the current liquidators’ inquiry into One.Tel revealed too much, and then benefiting from the associated publicity. I imagine an updated paperback edition will be rushed out when the inquiry and other legal processes are complete. This is not a book designed to last. There is little perspective in *Rich Kids*, and no discussion of Australia’s love affair with the mobile phone and Australians’ propensity to embrace new communications technologies, let alone any attempt to situate this within Australian communications history. Businessmen, such as David Lowy and George Soros and the film star ‘Mel’ (Gibson), appear in passing, with no explanation of who they are to aid the reader.

The book is handsomely produced, but there is a sense that some sections have been padded out. While the tale of ‘missing revenue’ (around \$30 million) says something about the way One.Tel kept financial records and drew up budget forecasts, it makes for a very slight chapter. *Rich Kids* could have benefited from a fuller discussion of the firm’s overseas operations. These overseas ventures are periodically addressed, but not in great detail. One.Tel’s foray into

the mobile phone market in the United Kingdom is generally depicted as too risky and too costly, so it comes as something of a shock late in the book to learn that the British operations 'fetched a reasonable price and are still going strong'.

There is also a fundamental problem with sources. In attempting to unravel the very recent rise and fall of a company that had close ties with prominent Australian families, Barry has naturally been constrained by defamation laws. His informants have also had to consider their future employment prospects. In his Acknowledgments, the author notes that he could not individually name many One.Tel employees who spoke to him. However, there needs to be a much fuller explanation of sources than this. I would not expect endnotes in a book like *Rich Kids*, but a list of references that cites a handful of newspaper and magazine articles for little more than half the chapters, and nothing for the others, is barely sufficient. Barry writes about 'One.Man' (Jodee Rich, whom he interviewed), 'One.Happy Family' and 'None.Tel'; as I read the book, I kept thinking 'One.Source' as paragraph after paragraph quoted the recollections of 'one senior manager', 'one accountant', 'one analyst', 'one insider', and so on.

It is apparent from the text that some financial records lodged under statutory requirements and affidavits have been consulted. Nevertheless, there does seem to have been an over-reliance on oral testimony. Barry complains that there is virtually nothing in the public domain about Brad Keeling. He writes that, as Keeling declined to be interviewed for the book, it has not even been possible to ascertain his date of birth or verify speculation that he grew up in Sydney's northern suburbs and attended the Sydney Church of England Grammar School. A cursory glance at the *Sydney Church of England Grammar School Centenary Register, 1889-1989* would have revealed that Bradley William Keeling was born on 20 January 1956, lived in Seaforth and went to 'Shore' from 1968 to 1971. The school's magazine and archives may well have yielded more about the co-founder of One.Tel.

To say that Barry has adopted a colloquial style is an understatement. He tells us that the *Daily Telegraph* adopts a 'golly-gosh approach to Great Aussie Success Stories'; James Packer and Lachlan and Rupert Murdoch were 'hot to trot' to invest in One.Tel; people at Optus were 'caught with their pants down'; Jodee Rich assured market watchers that everything was 'tickety-boo' at One.Tel; Rodney Adler resigned from the board just before 'the shit hit the fan'.

Rich Kids is a lively, colourful, often grimly amusing account of a spectacular corporate collapse. It does not, however, stand up well when compared with another book about how Australian big business was conducted during one decade (the 1980s). In *Heralds and Angels: The House of Fairfax* (1991), Gavin Souter showed that it was possible to write a sophisticated, elegant but still riveting account of how one company was brought to its knees, and, in doing so, produced a classic work of Australian business history.