

From Media Magnate to Kitchen Magnets

Can a Harvard MBA and multimillionaire media mogul who's used to sharing limos with P. Diddy and Dave Matthews be content hawking tchotchkes for a living?

By Maria Bennett

It's hard to imagine Strauss Zelnick, the handsome, wealthy, intelligent, successful—and powerful—entertainment biz mogul, hawking personalized housewares and kitchen knick-knacks. But that's exactly what the 45-year-old former president and CEO of BMG Entertainment, a \$4.7 billion powerhouse with more than 200 record labels, has been doing since his company, ZelnickMedia, took over the popular but financially foundering Rye-based Lillian Vernon Corporation last July in a \$60 million deal.

Indeed, what's a guy like this doing selling personalized silver-plated chopsticks and life-size plastic ducks with seasonal hats and coats, a guy who resembles a darker, more aristocratic version of Ben Affleck, a guy who, well, what is the male term for “major babe?”

“I was really shocked,” says Gary Goldberg, head of Gary Goldberg and Company Inc., an asset management firm in the Westchester-Rockland area. “After all, his background is in entertainment, not catalog sales.”

It's not the first time the Bedford homeowner and New York City apartment dweller has raised eyebrows—or taken the helm of an apparently sinking ship and made it float.

When he joined BMG in 1994, he was viewed by many as a still-wet-behind-the-ears newcomer whose experience in film and television (he'd previously been president and COO of 20th Century Fox and vice president of International Television for Columbia Pictures) hardly qualified him as a



Strauss Zelnick

music business executive. But when he turned the struggling BMG around, substantially increasing the company's profits—and profile—Zelnick became known in the industry as a wunderkind. The *New York Post* called him a “media empire mogul”—he, however disagrees. “I am not a media builder,” but, he confesses proudly, “I am ambitious. Really, I am more achievement-driven. I like having money; to say otherwise is lying. But,” he continues, “I really don't get the notion of power at all.”

Really?

“I have always tried to create the culture of teamwork where each group has to concentrate on getting the job done, and I'm certainly not the only decision maker at ZelnickMedia or at Lillian Vernon. There's no real magic, just lots of hard work,” he says.

Karl Slatoff, a buddy from the BMG days and now a partner in ZelnickMedia, would beg to differ. “He's fast, he's quick, has the best ethics of anyone in this business,” he says. “He's definitely not your image of a ‘slick music businessman.’”

Smart? Yes. Savvy? Yes. Sophisticated? Yes. Slick? Hardly. “The best time we ever had was when we went to Germany for an annual BMG meeting and stopped in a steam room after a work-

He’s looking forward to turning the struggling, yet beloved, company, which lost \$9.1 million in its last fiscal year, into a profitable one by, among other things, exploring untapped resources. He plans

determined, and has high expectations for the company, the brand and the people who work here.”

ZELNICK WORKS IN A SIMPLE corner office, surrounded by a few of his right-hand men. And despite his high-powered position, he wants to be known as a “regular guy.” But, one glimpse at his CV will tell you he’s no average Joe. His career stints have included:

- Executive positions at Columbia Pictures straight out of Harvard graduate school, class of 1983. (He did his undergraduate work at Wesleyan, class of 1979, where he majored in psychology and English.)

- President and COO of 20th Century Fox from 1989 to 1993. (Remember *Home Alone*, *Die Hard II*, *War of the Roses*, *Speed*?)

- President and COO of Vestron, Inc., an independent motion picture producer and distributor from 1987 to 1989 (remember *Dirty Dancing*?). He resigned to join Fox.

- President and CEO of Crystal Dynamics, a leading producer and distributor of interactive entertainment software from 1993 to 1994.

- President and CEO for six years of BMG Entertainment, the \$4.7 billion music division of Bertelsmann AG, home of superstars like Christina Aguilera, Annie Lennox, Carlos Santana, Kenny G, TLC and Toni Braxton.

Zelnick does have a personal life. He lives in a gorgeous 1883 farmhouse added onto over the years in a “specifically un-Martha-like way” in Bedford with his wife, Wendy Belzberg, a Vancouver native and syndicated advice columnist (“Ask Wendy”) for the Jewish weekly newspaper, the *Forward* (“Her column should be called ‘Don’t Bother Asking Wendy—She’ll Tell You Anyway,’” Zelnick quips) and their three children. “Bedford is so close to Manhattan, but feels like Vermont at the same time because it’s so quiet and country-like,” says Zelnick. “We could never live in a place way up north like Columbia County, where you’ve got to drive half an hour to get to a



It's a deal! Lillian Vernon hands over the reins to Strauss Zelnick.

out, not realizing it was coed.” Says Slatoff. “These two gorgeous, naked young women walked in, and we were kind of embarrassed and didn’t know what to do, so we just kept talking the whole time. When they left, Strauss looked at me, laughed and said, ‘Wow! That was an interesting experience!’”

WHETHER HE’S HAWKING records, films or salad tongs, Zelnick has developed a template for success. The Harvard MBA and JD does not see his acquisition of the 52-year-old, \$259.6 million-catalog and online retailer as a stretch. “I believe catalog merchandising is to magazines what home shopping TV is to network TV,” Zelnick reasons from his office at Lillian Vernon’s corporate headquarters in a woodsy swath of Rye. “This is media. Instead of selling our space to others, we use it to sell goods people want at a very good value. I like that paradigm.”

to focus on QVC and Web sales, develop a retail presence and use TV, print, and radio ads to keep those Lillian Vernon orders coming in. “In the next two to three years, that’ll be our aim,” he says.

In accordance with the terms of the deal, Lillian Vernon, the company’s 76-year-old founder, retains 5 percent of the company, holds the title of founding chairman and will stay on as spokesperson. Despite the nerve-racking process of selling her company (“It was not a lot of fun,” Vernon admits), she maintains a warm relationship with Zelnick. “He’s smart, focused and a gentleman,” she says.

David Hochberg, Vernon’s son and the company’s vice president of public affairs, says he looks forward to a bigger, better Lillian Vernon with Zelnick in charge. “He comes from an industry driven by public relations,” Hochberg says, “so we both have the same goals for Lillian Vernon. He’s focused and

convenience store. If there's no Starbucks around, forget about it."

On weekends, Zelnick spends time at home, often dining in (he's working on perfecting his tuna tartare). When he dines out, he enjoys Luna in Mt. Kisco, Crabtree's Kittle House in Chappaqua and La Crémaillère in Banksville.

Zelnick is also athletic, passionate about cycling, skiing, skating and sailing. He cycles through Central Park from his Upper East Side digs each morning to the tune of 80-plus miles a week. While in Westchester, he works out at the Saw Mill Club in Mt. Kisco and lifts weights four times a week.

In addition to the Lillian Vernon acquisition, ZelnickMedia's latest ventures include stakes in Arkadium, Inc. (which creates Internet game software), UGO Networks, Inc. (Internet-based entertainment); WFX Rights Group (Wireless Fan Access, an entertainment company designed to

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offset the damage Napster and other Internet music services created for the music business), Nippon Columbia Co., Ltd. (a 90-year-old Japanese music company that was ripe for takeover and looking to be a player in the DVD market); Threshold Sports LLC (America's leading owner and organizer of professional bicycle races); Columbia Music Entertainment (formerly Nippon, a company which owns Savoy Jazz, home to Charlie Parker, John Coltrane, and Miles Davis, grossing roughly \$300 million each year) and National Lampoon (including *National Lampoon's Animal House*, which grossed more than \$140 million in North America alone). Whew.

And now head of a...catalog company. Hey, who knows, maybe his entertainment industry connections will come in handy in the future. Perhaps he'll throw in a commercial or two for Lillian Vernon by P. Diddy himself.

Maria Bennett is an Assistant Professor of English at the City University of New York, and her work has appeared in Utne Reader, Daily News, Journal News, and Epicurean magazine.
