

Success Story

# MARK CUBAN: THE BILLIONAIRE'S PLAYBOOK

By Amy Rigby



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Self-made billionaire entrepreneur Mark Cuban calls himself “the luckiest guy in the world,” but that’s not to say he didn’t work to get there. Dig a little deeper, and you’ll find some failure, tons of grit, and more than a few winning plays.

## Success Story

If there’s one rule Mark Cuban seems to live by, it’s that if the rules aren’t working—write your own.

The larger-than-life billionaire owner of the NBA’s Dallas Mavericks, and the richest judge on ABC’s *Shark Tank*, has always done things his way. At 12, he sold garbage bags door to door to make money to buy tennis shoes. In college, he opened a bar even though he wasn’t of legal drinking age yet. At one of his first jobs after college, he was fired for closing a deal with a client instead of opening up the store.

Never one to shy away from the limelight, Cuban is now a popular face on American television, where his appearances span a dizzying variety of topics.

If he’s not tearing up the dance floor on *Dancing With the Stars*, then he’s tearing apart pitches on *Shark Tank*.

If he’s not speaking his mind with political pundits on CNN, then he’s celebrating courtside with his team after a game.

“I love my life,” Cuban says. “You know, I always say someone’s gotta be the luckiest guy in the world—I’m just glad it’s me.”

# Down, But *Not Out*

**O**f course, that's just his highlight reel. No entrepreneur is immune to failure, and Cuban has had his fair share of setbacks. Which one was his most memorable?

In his 20s, Cuban started his first company, MicroSolutions, and had landed \$85,000 in the bank from the two-year-old software firm. After having slogged through job after unfulfilling job, living in a three-bedroom apartment with five other roommates, and gaining 30 pounds from filling up on free bar food, Cuban had finally done it. He had launched his own successful business in an industry he was passionate about. Life was good.

And then it all came crashing down.

"One day we get a call from the bank saying that somebody who worked for us who was supposed to be going and depositing payroll checks ... instead had just come through the drive-through and cashed a bunch of checks where the payee had been whited out and her name had been put in place instead," he recalls.

Just like that, Cuban's receptionist had run away with more than \$80,000 of the company's money. He never saw her again.

"I remember vividly, I was mad initially," he says. Rather than dwell on the anger, though, he got to work to earn that money back.

"We didn't die from that wound," Cuban says. Far from it. In the years that followed, MicroSolutions grew from four to 80 people and hit \$30 million in sales.

"There were times I questioned everything," he says, "but I had my goals, and one of my goals was not to work for anybody else."

In 1990, he sold MicroSolutions to a subsidiary of H&R Block for a reported \$6 million, walking away with about \$2 million after taxes.

At 32 years old, Mark Cuban was a millionaire.

Party Like a  
Madman, *Hustle*  
*Like a Boss*

When he started out, Cuban knew he wanted to retire by the time he was 35. "I didn't have to be the richest guy," he says, "but I wanted to be able to live like a student, travel the world, and party like a madman."

So after he sold MicroSolutions, he did just that. He bought a lifetime pass on American Airlines, flew around the world, and partied to his heart's content—for four years.

But once an entrepreneur, always an entrepreneur. When Cuban finally touched down in the mid-1990s, he noticed the internet was starting to take off and saw an untapped market that he wanted to be the first to seize—audio and video streaming. In 1995, inspired by this insight, he founded AudioNet.

AudioNet became Broadcast.com, and in 1999, was sold to Yahoo for \$5.7 billion in stock.

And just like that, Mark Cuban became a billionaire.

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# In It to Win It: Mark Cuban's Tips for Business Success

After amassing billions of dollars (Forbes puts his net worth at \$3.3 billion), one could, understandably, call it quits and settle into a very comfortable retirement. But Cuban has remained active in the business world, mostly as an investor, using his hard-learned lessons in serial entrepreneurship to find the best up-and-coming companies.

So what rules can we snatch from this billionaire entrepreneur's playbook?

## Know Your Competitors

It can be easy to experience tunnel vision as you double down on growing your business, but don't forget to stop and look around. A key component of Cuban's business wins is that he always keeps an eye on the competition.

"Now, I'm never intimidated by [my competitors]," Cuban says, "and I never slow down. But how am I going to crush them if I don't know what they're doing? How am I going to crush them if I can't stay ahead of them? And in order to stay ahead, I've got to keep on grinding to figure out not only how I can do what I'm doing better, not only how I can make my customers happier, but also how to anticipate what the competitors are going to do."

## Speed Isn't Always an Advantage

Young entrepreneurs with a taste of success often feel an urgency to grow big and grow fast. But Cuban has words of advice for you:

"If you're early in the market, and you don't have a lot of competition, or any competition, then speed is what you need. You want to get ahead and try to own the market." But for everyone else, he says, cool your jets. Gear for profits, not speed.

"You've got to figure out how to sell, and you've got to figure out how to make those sales profitable," he says. "There's never been a company that's ever succeeded without sales, and at some point, you have to be profitable."

While Cuban is all about having a competitive edge, he acknowledges that speed isn't necessarily an advantage. "Unless you're opening up a market and you basically have a monopoly on that market or just some critical advantage, speed isn't necessarily an advantage. Just going fast to go fast usually gets companies out of business."

## Avoid Raising Money

In the startup world, founders dream of seeing their company name in a headline ending in "...Raises \$15 Million." For many, it's the sign that they've made it, and many tech reporters won't bat an eye at a bootstrapped startup.

But Cuban views things differently. "You've got to do everything possible not to raise capital, because the minute you take someone else's money, then all of a sudden, instead of just your obligation being to the success of the company or your customers or your employees, you add another perspective."

That might sound odd coming from someone who stars in a show about investing in startups. But when you take on investors, you take on a new responsibility to make them happy. "So wherever possible, I always, always, always recommend that you bootstrap."

So if you've got a company in its third or fourth year of business, and it's profitable with steady growth, keep doing what you're doing. Cuban says if you need extra money for equipment or to enter a new market, go to the bank and take out a loan, which if you're profitable, you should be able to pay back. But don't go running to investors.

"Raising money is not an accomplishment," Cuban says. "It's actually a negative in a lot of respects. ... There's enough work, enough obligation, in running a startup or young company that investors just complicate."



## Staying Ahead of the Game

So what's on Cuban's radar now? Artificial intelligence. "Machine learning, deep learning, neural networks. ... They're going to change the nature of work," he says. "It's kind of the new internet for me." In fact, when we caught up with him, he told us he was reading a book called *Machine Learning for Dummies*.

"In the past, we would use technology to be descriptive," he explains, "and then we started using technology to be predictive; you used algorithms and if this, then that, if this, do that. Now with deep learning, AI, and machine learning, et cetera, it's becoming prescriptive, meaning you can feed information in, and the machines now are starting to think and will give you not only suggestions but strong recommendations on what to do.

"That's earth-shattering. That's going to change everything. So if you don't understand machine learning and deep learning, now's the time to get into it, dig into it, and get ahead before everybody else does."

Mind you, it was Cuban's determination to teach himself how to program in the 1980s that led to his \$6 million success with MicroSolutions, and his foresight to pursue internet streaming in the 1990s that led to his \$5.7 billion success with Broadcast.com.

Given his track record, we think it'd be a good idea to keep your eyes on AI.

## You Don't Need a Mentor

In entrepreneurship, having a mentor is frequently touted as a necessary part of success, but Cuban admits he's never been big on mentors, preferring on-the-job training and DIY methods instead.

"I get a lot of requests to be a mentor," he says. "I'll help people where I can, but I really try to encourage people to go through the process of learning on their own. Maybe it takes them a little bit longer, but it gets them in the habit of how to figure out problems, and that's what I do."

So if you haven't found that all-knowing mentor to guide you, don't fret. After all, Cuban's come this far without one.

But don't confuse a mentor with an advisor. Remember, advisors are typically compensated financially, such as when you take on an investor who also wants to serve on your advisory board. So the relationship is different. One is interested in your personal growth, while the other has a vested interest in your business.

Speaking of advisory boards, should your business have one? If you're bootstrapping, Cuban recommends having a general network of people you could call for advice; you don't necessarily need to set up a formal advisory board.

"I never with any of my companies, at the beginning, set up an advisory board," he says. "And even towards the end, it wasn't till we went public that we had to set up a board. So I tend to try to keep it open-ended in general. ... If you've raised a lot of money, chances are the people who have given you the money are going to want to be in an advisory position just to keep an eye on and to help you. I think I'm the exception rather than the rule, so each entrepreneur's got to figure it out themselves."

# 5 QUESTIONS TO ASK IF YOU WANT TO BUILD AN ALL-STAR TEAM

**N**o man is an island, and that rings especially true for founders. Even if you're a champion at programming, marketing, and sales, as you scale your business, you'll need to make key hires to take it to the next level.

"You can have the best product or service in the world, and that's not enough if the people aren't good," Cuban says.

Based on Cuban's process when hiring and managing employees, here are five questions you should ask yourself in order to build a happy, thriving team.

## 1. Are they a good culture fit?

Before considering new hires, Cuban asks himself, "What's the culture of the company?" That way, even if the person doesn't have the best qualifications, they can be trained and add something to the company as a whole.

"Maybe individually they're not the best, but in aggregate as a group, we are, as a company, the best. And so, I really try to take a holistic approach."

## 2. Can they do something I can't?

Look for any missing skillsets in your company that you need in order to help your business thrive. Instead of hiring someone who's similar to you, try to find someone who is complementary. "I don't need more Mark Cubans. I need people who do everything that I don't do and make me stronger."

## 3. Do they reduce stress in the company?

"So often, particularly in startups, you get people that think there's no way the company can live without them," Cuban says, "and those people usually aren't the ones that reduce stress—they're the ones that create stress."

So how can you tell if someone's a "stress reducer"? If they get things done before they're even asked. "If you tell them to do A, B, and C, they do it. And without telling you, they're already working on D, E, and F. Those are the type of people and that's the type of organization I want."

## 4. What's important to this person?

To help support your employees' goals, and therefore increase workplace satisfaction, it's important during the interview process to find out what motivates your potential new hire.

Cuban points out a few different types of job seekers: Those who just want a standard job so they can be home with their family by 5, those who want to rise up the ladder as much as possible, those who like the thrill of working for a startup, and those who see the job as a stepping stone to starting their own business. Knowing where they fall upfront is key to knowing if they're the right fit for you.

"I try to understand what's important to them. Because if I can convey my vision to them, where I see things going, and then convey to them how they fit into there and what I can do to help them reach their goals, then people tend to be happier at work."

## 5. How can I make work fun for my team?

Cuban says he tries to find ways to make work fun so employees like coming to the office, rather than dread it. In his book, *How to Win at the Sport of Business*, Cuban writes about how he used to walk around handing out \$100 bills to salespeople when they had a record sales month, and for two of his companies, he would occasionally take employees to a bar for the company shot, the Kamikaze.



Amy Rigby is a writer who helps startups woo their customers with words. An avid traveler, she has visited Machu Picchu twice, run across the world's widest avenue in Buenos Aires, and eaten her fill of gourmet cheeses in Paris. Amy founded [WhereverWriter.com](#) to help fellow entrepreneurs work remotely and travel freely.