

Every year or two I like to repost some "classic" posts. At least classic in the sense that they are the most viewed and most personal to me. So here you go.

## [Success and Motivation, Part 1](#)

Apr 23rd 2004 9:37AM

### **Success and Motivation**

**I did it too.** I drove by big houses and would wonder who lived there. What did they do for a living? How did they make their money? Someday, I would tell myself, I would live in a house like that. Every weekend I would do it.

I read books about successful people. In fact, I read every book or magazine I could get my hands on. I would tell myself 1 good idea would pay for the book and could make the difference between me making it or not.

I worked jobs I didn't like. I worked jobs I loved, but had no chance of being a career. I worked jobs that barely paid the rent. I had so many jobs my parents wondered if I would be stable. Most of them aren't on my resume anymore because I was there so short a time or they were so stupid I was embarrassed. You don't want to write about selling powdered milk or selling franchises for TV repair shops. In every job, I would justify it in my mind whether I loved it or hated it that I was getting paid to learn and every experience would be of value when I figured out what I wanted to do when I grew up.

If I ever grew up, I hoped to run my own business some day. It's exactly what I told myself every day. In reality, I had as much doubt as confidence. I was just hoping the confidence would win over the doubt and it would all work out for the best.

I remember being 24 years old, living in Dallas in a 3-bedroom apartment with 5 other friends. This wasn't a really nice place we all kicked in to move up for. This place has since been torn down. Probably condemned. I didn't have my own bedroom. I slept on the couch or floor depending on what time I got home. I had no closet. Instead I had a pile that everyone knew was mine. My car had the usual hole in the floorboard, a '77 FIAT X19 that burned a quart of oil that I couldn't afford every week.

To make matters worse, because I was living on happy hour food, and the 2 beers cover charge, I was gaining weight like a pig. My confidence wasn't at an all time high. I was having fun. Don't get me wrong. I truly was having a blast. Great friends, great city, great energy, pretty girls. Ok, the pretty girls had no interest in my fat and growing ass at the time, but that's another story....

I was motivated to do something I loved. I just wasn't sure what it was. I made a list of all the different jobs I would love to do. (I still have it.) The problem was that I wasn't qualified for any of them. But I needed to pay the bills.

I finally got a job working as a bartender at a club. A start, but it wasn't a career. I had to keep on looking during the day.

About a week later I answered a want ad out of the newspaper for someone to sell PC Software at the first software retail store in Dallas. The ad was actually placed by an employment agency. The fee was to be paid by the company, so I gave it a shot.

I put on my interview face, and of course my interview suit, which just happened to be one of my 2 polyester suits that I had bought for the grand total of 99 dollars. Thank god for 2-fer, 2-fer, 2-fer madness at the local mens clothing store. Grey Pinstripe. Blue Pinstripe. Didn't matter if it rained, those drops just rolled down the back of those suits. I could crumple them. They bounced right back. Polyester, the miracle fabric.

I wish I could say the blue suit and my interview skills impressed the employment agency enough to set up the interview with the software store. In reality, not many had applied for the job and the agency wanted the fee so they would have sent anyone over to interview. I didn't care.

I pulled out the grey for my interview at Your Business Software. I was fired up. It was my shot to get into the computer business, one of the industries I had put on my list!

I remember the interview well. Michael Humecki the Prez, and Doug (don't remember his last name), his partner double-teamed me. Michael did most of the talking to start. He asked me if I had used PC software before. My total PC experience at the time was on the long forgotten TI/99A that had cost me 79 dollars. I used it to try to teach myself Basic while recovering from hangovers and sleeping on the floor while my roommates were at work. They weren't impressed.

I was trying to pull out every interview trick I knew. I went through the spiel about how I was a good salesperson, you know the part of the interview where you are basically begging for a job, using code phrases like "I care about the customer", "I promise to work really, really hard" and "I will do whatever it takes to be successful". Unfortunately, I was getting that "well if no one else applies for the job, maybe" look from Michael.

Finally, Doug spoke up. He asked me. "What do you do if a customer has a question about a software package and you don't know the answer?" All of the possible answers raced through my mind. I had to ask myself if this was the "honesty test question" you know where they want to see if you will admit to things you don't know. Is this some trick technology question and there is an answer everyone but me knows? After who knows how long, I blurted out that "I would look it up in the manual and find the answer for them." Ding, ding, ding...Doug just loved this answer.

Michael wasn't as convinced, but he then asked me the question I was dying to hear: "Would you not go back to the employment agency at all, so when we hire you we don't have to pay the fee?" I was in.

What does all this mean? Nothing yet. It was just fun to tell. You have to wait till part 2, if you care, and if there is a part two. Right now, it's much more important that I go play with my daughter.

## [Success and Motivation, Part 2](#)

Apr 25th 2004 3:41AM

So my career in Dallas begins. I'm a software salesperson with Your Business Software in Dallas. \$18k per year. The first retail software store in Dallas.

I have to sweep the floor and be there to open the store, but that's not a bad thing. When I tell my future ex-girlfriends that I sell software and am in the computer biz, I'm not going to mention the sweeping the floor part. Plus, I had to wear a suit to work, and the 2-fer madness specials looked good at happy hour after work. Better yet, the store didn't open till 9:30am, which meant if I had a fun night, I had at least a little time to sleep.

I bet right about now you are questioning where my focus was? Where was my commitment to being the future owner of the Dallas Mavericks? Please. I was stoked I had a good job. I was stoked it was in an industry that could turn into a career. At 24, I was just as stoked that the office was close to where the best happy hours were and that I might finally have more than 20 bucks to spend for a night on the town.

Since I'm talking about partying, I do have to say that my friends and I were very efficient in that area. Beyond living off bar food and happy hours, we literally would agree that none of us would bring more than 20 bucks for a weekend night out. This way we all could pace each other. At least that was the way it was supposed to work, and it did until we figured out the key to having a great night out on the cheap. The key was buying a bottle of cheap, cheap champagne. I can't even spell the name, but it was a full bottle, and it cost 12 bucks. Tear the label off and as far as anyone knew it was Dom. Each of us would grab one, and sip on it all night. It was far cheaper than buying beers or mixed drinks all night, and we never had to buy a drink for a girl, we just gave them some champagne! Of course the next day was hell, but since when was I responsible enough to care about a hangover...

But I digress. Back to business. As fired up as I was about the job, I was scared. Why? Because I have never worked with an IBM PC in my life. Not a single time, and I'm going to be selling software for it. So what do I do? I do what everyone does: I rationalize. I tell myself that the people walking in the door know as little as I do, so if I just started doing what I told my boss I would do, read the manuals, I would be ahead of the curve. That's what I did. Every night I would take home a different software manual, and I would read them. Of course the reading was captivating. Peachtree, PFS, dBase, Lotus, Accpac... I couldn't put them down. Every night I would read some after getting home, no matter how late.

Of course it was easy on the weekends. After drinking that cheap champagne, I wasn't getting out of bed till about 9pm, so I had tons of time to lie on the floor and read. It worked. Turns out not a lot of people ever bothered to RTFM (read the frickin' manual), so people started really thinking I knew my stuff. As more people came in, because I knew all the different software packages we offered, I could offer honest comparisons and customers respected that.

Within about 6 months, I was building a clientele and because I had also spent time on the store's computers learning how to install, configure and run the software, I started having customers ask me to install the software at their offices. That meant I got to charge for consulting help: 25 bucks an hour that I split with the store. That turned into a couple hundred extra bucks per month and growing. I was raking it in, enough that I could move from the Hotel (that was what we called our apartment) where the 6 of us lived, into a 3 bedroom apartment across the street, where instead of 6 of us, there were only 3. Finally, my own bedroom!

I was earning consulting fees. I was getting referrals. I was on the phone cold calling companies to get new business. I even worked out a deal with a local consultant who paid me referral fees, which led to getting a \$1500 check. It was the first time in my adult life that I was able to have more than 1k dollars in the bank.

That was a special moment believe or not, and what did I do to celebrate? Nope...I didn't buy better champagne. I had these old ratty towels that had holes in them and could stand on their own in the corner, they were so nasty I needed a shower from drying off after a shower...I went out and bought 6 of the fluffiest, plushiest towels I could find. I was moving on up in the world. I had the towels. Life was good. Business was good and getting better for me. I was building my customer base, really starting to understand all the technology, and really establishing myself as someone who understood the software. More importantly no, most importantly I realized that I loved working with PCs. I had never done it before. I didn't know if this was going to be a job that worked for me, or that I would even like and it turns out I was lucky. I loved what I was doing. I was rolling so well, I was even partying less... during the week.

Then one day, about 9 months into my career as a salesperson/consultant, I had a prospect ask if I could come to his office to close a deal. 9am. No problem to me. Problem to my boss, Michael Humecki. Michael didn't want me to go. I had to open the store. That was my job. We were a retail store, not an outbound sales company. It sounded stupid to me back then too, particularly since I had gone on outbound calls during the day before. I guess he thought I was at lunch.

Decision time. It's always the little decisions that have the biggest impact. We all have to make that "make or break" call to follow orders or do what you know is right. I followed my first instinct: close the sale. I guess I could have rescheduled the appointment, but I rationalized that you never turn your back on a closed deal. So I called one of my coworkers to come in and open up, and closed the deal. Next day I came in check in hand from a new customer and Michael fired me.

Fired. Not the first time it's happened, but it reinforced what I already knew; I'm a terrible employee. I just had to face facts and move on. So rather than getting back on that "how the hell am I going to find a job" train, the only right thing to do was to start my own company.

My first act of business? Pile into my buddy's 1982 Celica, nicknamed Celly, and drive to galveston to party. Of course we stayed in only the best \$19.95 a night, plug the hairdryer in the wall and the circuit blows, motel.

Nothing but the best as I prepared for my journey into entrepreneurial territory again. I could say I was preoccupied with how to get my new business off the ground. That while my friends got drunk, did stupid tourist tricks and ate at greasy spoons, I sat by the pool on the 1 chaise lounge chair with rust on the clean side and wrote up my business plan. I didn't. I got just as drunk and ate the same disgusting food. Then we faced the road trip terror that everyone knows exists, but refuses to admit, the ride home. It wasn't until we pulled up to the apartment that it hit me. No job. No money. No way to pay the bills. But I had nice towels.

Fortunately the hangover didn't last too long, and I realized I had to get off my ass and make something happen.

First day, first task, come up with a name. This was the start of the microcomputer revolution, and I wanted a name that said what the company was going to do, which was sell personal computers and software and help companies and individuals install them. I was going to offer microcomputer solutions. So after struggling with different names for about 30 minutes, I chose MicroSolutions Inc.

Now came the hard part. I had to call all the people I had done business with at my last company, and let them know that I had been shitcanned and ask them if they would come do business with me at MicroSolutions. I got the expected questions. No I didn't have an office. No I didn't have a phone yet other than my home phone. Yes it was just me. No I didn't have any investors. The only question I dreaded was whether I had a computer to work with. I didn't. Fortunately, no one asked.

I made a lot of calls, and got some decent response. We love you Mark, we want to give you a chance. A lot of lets stay in touch. I got two real bites. One from a company called Architectual Lighting and the other from a company called Hytec Data Systems.

Architectual Lighting was looking for a time and billing accounting system to allow them to track the work with clients. I don't remember the name of the software package I told them about, I think it was Peachtree Accounting, but after going out to meet with them it came down to this. I offered to refund 100 pct of their money if the software didn't work for them, and I wouldn't charge them for my time for installing and helping them. In return, they would put up the 500 bucks it would take for me to buy the software from the publisher, and I could use them as a reference. This was my "no money down" approach to start a business. They said yes. I had a business.

My 2nd call Hytec Data, was run by Martin Woodall. I met with Martin at the S&D Oyster House on a beautiful June day, and I remember sitting there and him telling me, "I graduated in Computer Science from West Virginia University. I have 50k in the bank and I drive a brand new Cadillac. I know technology better than you. We can work together". I had a customer, and now with Martin's help, I had some hope. Hytec Data sold multi user systems. The old kind that used dumb terminals. He bundled it with accounting software and he and a contractor named Kevin, would make modifications to the Cobol source code. They were the hardcore geeks that could help me when I needed it. I was still just 10 months from my first introduction to PCs, and had zero clue about multi user systems. If I came across prospects that could use their system and software, I would get referrals. That was good.

Even better was Martin's offer of office space. He and Kevin shared office space with the distributor of the computer systems he sold. They had this one office, that when the CEO of the distributors son wasn't using it to study his spanish, I could use it to make calls, and keep my folders and paperwork. Still no computer, but hey, I had an office and phone. I was bonafide...

At some point I'm going to have to go back and look at my appointment books that I kept from those days to remind myself of who my 2nd, 3rd and on from there customers were. They were small companies that I got to know very well. People that took me under their wing and trusted me, not because I was the most knowledgeable about computers, but because they knew I would do whatever it took to get the job done. People trusted me with keys to their offices. They would find me there when they got in in the morning and I was there when they left. I made 15,000 dollars that first year. I loved every minute of it.

As time went on, my customer base grew. I got my friend and former roommate Scott Susens to help with deliveries. Scott was working as a waiter at a steakhouse at the time. I remember asking him over and over, would you please help me out. I have a customer that had bought a bunch of Epson dot matrix printers from me, and I had to sell Scott on how it wouldn't be hard to learn how to hook a parallel cable to a pc and printer, and how learning all of this would be a career move compared to working at the steakhouse. Unfortunately, I couldn't pay him as much as the steakhouse. My good fortune was that Scott worked nights and weekends and decided to take some time in the afternoons to help me out. Not long after that, he was working fulltime installing PCs, learning whatever he had to figure out before an install.

Martin also began to play a larger and larger role. His company was growing, and he was watching my company grow. I would get the PC based stuff, he would get the accounting system stuff. It was a nice split. The better part of the relationship was based on Martin being the most anal retentive person I had ever met in my life. While I covered my mistakes by throwing time and effort at the problem, Martin was so detail oriented, he had to make sure things were perfect so problems could never happen. We could drive each other crazy. He would give me incredible amounts of shit about how sloppy I was. I would give him the same amount back because he was so anal he was missing huge opportunities. We complemented each other perfectly. It would only be a matter of time before we both knew we had to be partners and work together instead of separately.

That first year in business was incredible. I remember sitting in that little office till 10pm and then still being so pumped up, I would drive over to the gym I belonged to and run 5 to 10 miles on the treadmill going through that day, and the next in my head. Other days I would get so involved with learning a new piece of software that I would forget to eat and look up at the clock thinking it was 6 or 7pm and see that it was 1am or 2am. Time would fly by.

It's crazy the things that you remember. I remember when my accounts receivable got up to 15k and telling all my friends. I remember reading the PC DOS manual (I really did), and being proud that I could figure out how to set up startup menus for my customers. I remember going to every single retail store in town, BusinessLand, NYNEX, ComputerLand, CompuShop, all those companies that are long gone, and introducing myself to every salesperson to try to get leads. I would call every single big computer company that did anything at all with small businesses, IBM, Wang, Dec, Xerox, Data General, DataPoint (remember them?), setting meetings, asking to come to their offices since I couldn't afford to take them to lunch. I didn't need a lot of customers, but my business grew and grew. Not too fast, but fast enough that by the time MicroSolutions had been in business about 2 years, I had 85k dollars in the bank, a receptionist/secretary, Scott helping me out, and a 4 room office that I moved into along with Martin and Hytec Data Systems.

Then I learned a very valuable lesson. Martin had done a great job of setting up our accounting software and systems. I got monthly P&L statements. I got weekly journals of everything coming in and everything going out, payables and receivables. We had a very conservative process where Martin would check the payables, authorize them and then use the software to cut the checks. I would then go through the list, sign the checks and give them to Renee our secretary/receptionist to put in the envelope and mail to our vendors.

One day, Martin comes back from Republic Bank, where we had our account. He had just gone through the drive through and one of the tellers who he would see every day dropping of our deposits asked him to wait a second. She comes back and shows him a check that had the payee of a vendor, WHITED OUT and Renee Hardy, our secretary's name typed over it. Turns out that in the course of a single week, our secretary had pulled this same trick on 83k of our 85k in the bank. As Martin delived the news, I obviously was pissed. I was pissed at Renee, I was pissed at the bank, I was pissed at myself for letting it happen. I remember going to the bank with copies of the checks, and the manager of the bank basically laughing me out of his office telling me that I "didn't have a pot to piss in". That I could sue him, or whatever I wanted, but I was out the money.

I got back to the office, told Martin what happened at the bank, and then I realized what I had to do about all of this. I had to go back to work. That what was done, was done. That worrying about revenge, getting pissed at the bank, all those "I'm going to get even and kick your ass thoughts" were basically just a waste of energy. No one was going to cover my obligations but me. I had to get my ass back to work, and do so quickly. That's exactly what I did.

## Success and Motivation P4

May 25th 2004 11:01AM

You never quite know in business if what you are doing is the right or wrong thing. Unfortunately, by the time you know the answer, someone has beaten you to it and you are out of business. I used to tell myself that it was ok to make little mistakes, just don't make the big ones. I would continuously search for new ideas. I read every book and magazine I could. Heck, 3 bucks for a magazine, 20 bucks for a book. One good idea that lead to a customer or solution and it paid for itself many times over. Some of the ideas i read were good, some not. In doing all the reading I learned a valuable lesson.

Everything I read was public. Anyone could buy the same books and magazines. The same information was available to anyone who wanted it. Turns out most people didn't want it.

I remember going into customers or talking to people in the industry and tossing out tidbits about software or hardware. Features that worked, bugs in the software. All things I had read. I expected the ongoing response of "Oh yeah, I read that too in such-and-such." That's not what happened. They hadn't read it then, and they haven't started reading yet.

Most people won't put in the time to get a knowledge advantage. Sure, there were folks that worked hard at picking up every bit of information that they could, but we were few and far between. To this day, I feel like if I put in enough time consuming all the information available, particularly with the net making it so readily available, I can get an advantage in any technology business. Of course my wife hates that I read more than 3 hours almost every day, but it gives me a level of comfort and confidence in my businesses. AT MicroSolutions it gave me a huge advantage. A guy with little computer background could compete with far more experienced guys just because I put in the time to learn all I could.

I learned from magazines and books, but I also learned from watching what some of the up and coming technology companies of the day were doing. Its funny how the companies that I thought were brilliant then, are still racking it up today.

Every week a company called PCs Limited used to take a full-page ad in a weekly trade magazine called PC Week. The ad would feature PC peripherals that the company would sell. Hard Drives. Memory. Floppy Drives. Graphics Cards. Whatever could be added to a PC was there. What made the ad so special was that each and every week the prices got lower. If a drive was 2,000 dollars last week, it was \$ 1940 this week. For the first time in any industry that I knew of, we were seeing vendors pass on price savings to customers.

The PC Limited ads became the "market price" for peripherals. I looked for the ad every week. In fact, I became a customer. I was in Dallas. They were in Austin.

I remember driving down to pick up some hard drives that I was going to put into my customers PCs. I had no idea up to that point, but it turns out that they had just moved from the owner's dorm room into a little office/warehouse space. I was so impressed by this young kid (I was a wise old 25 at the time), that I actually wrote a letter thanking him for the great job he was doing, and...I'm embarassed to say now, I told him that if he kept up what he was doing he was destined for far bigger and better things.

I kept on doing business with PCs Limited, and Michael Dell kept on doing what he was doing. I dont think he really needed my encouragement, but i have since told him that I thought his weekly full page ads with ever declining prices, changed the PC industry and were the first of many genius moves on his part.

Michael wasn't the only smart one in those days.

One of the PC industry's annual rituals was the Comdex trade show in Las Vegas. Every November, it was the only 3 days I knew I would get away and get a break from the office. It was work during the day. Visiting all the new technology booths. Trying to get better pricing from vendors. Trying to find out where the best parties were. If you could believe it, back in those days, the number one party was the Microsoft party. I sold some Microsoft products, so I could get in.

One particular year, I was on my way to having a memorable night. I had met some very, very attractive women (I swear they were). Got them some tickets to come with me to the big party. All is good. I'm having fun. They are having fun. Then we see him. Bill G. As in Bill Gates dancing up a storm. I'm a Bill Gates fan, so I wont describe his dancing, but he was definitely having fun.

At that point in time, Microsoft had gone public and Bill Gates was Bill Gates. If you were in the business you knew him or knew of him. The girls I was with were in the business. Long story short, I went to the bar to get some drinks for all us, I come back, they aren't there. Come to find out the next day, Bill stole my girls. As I would learn later in life, money does make you extremely handsome. 😊

Bill G also taught me a few things about business. Put aside how he killed IBM at their own game by licensing PC DOS to anyone that wanted it. What MicroSoft did to knock Lotus 1-2-3 and WordPerfect off their thrones was literally business at its best.

At that point in time, software was expensive. WordPerfect and Lotus 1-2-3 both sold for \$495 and their publishers were proud of that fact. In order to be able to sell Lotus 1-2-3, you had to go to special training to become authorized. How crazy does that sound now going to a special class to be able to sell a spreadsheet. WordPerfect wasn't quite as bad, but they had their own idiosyncrasies as well. Meanwhile, Microsoft was on the outside looking in. Excel, Word, Powerpoint were all far down the list of top sellers until lightning struck.

Microsoft decided to go against industry protocol and package those 3 programs as a suite and offer them as an upgrade to competitors' products for the low, low price of 99 dollars. Of course you needed to have and use Windows for it to work, but in a time when people were buying new PCs with every dramatic increase in power and decrease in price, it was a natural move for us at MicroSolutions to sell the bundle. It made the effective price of the PC and software together far, far lower. We loved it. It also taught me several big lessons.

Always ask yourself how someone could preempt your products or service. How can they put you out of business? Is it price? Is it service? Is it ease of use? No product is perfect and if there are good competitors in your market, they will figure out how to abuse you. It's always better if you are honest with yourself and anticipate where the problems will come from.

The 2nd lesson is to always run your business like you are going to be competing with Microsoft. They may not be your direct competitor. They may be a vendor. They may be a direct competitor and a vendor. Whatever they may be to your business, if you are in the technology business, you have to anticipate that you will in some way have to compete with Microsoft at some point. I ask myself every week what I would do if they entered any of my businesses. If you are ready to compete with Microsoft, you are ready to compete with anyone else.

Watching the best taught me how to run my businesses. Along the way I taught myself a few things those come next blog.

## Success and Motivation, almost Part 2

Apr 25th 2004 2:42AM

This isn't quite a continuation of part 1, but I happened to stumble across an interview I did last year for *Young Money Magazine* that covers a lot of the things that I probably would have included in part 2. 😊

**YOUNG MONEY TALKS TO CUBAN:** During an exclusive interview with YOUNG MONEY, billionaire Mark Cuban shared his thoughts on using the fear of failure as a motivator, beating the competition, and why investing in the stock market may not be such a good idea.

**YM:** What is the key to recognizing a profitable business opportunity?

**CUBAN:** Knowing the industry very well. Most people think it's all about the idea. It's not. EVERYONE has ideas. The hard part is doing the homework to know if the idea could work in an industry, then doing the preparation to be able to execute on the idea.

**YM:** What personal characteristics should a person possess in order to become a successful entrepreneur?

**CUBAN:** Willingness to learn, to be able to focus, to absorb information, and to always realize that business is a 24 x 7 job where someone is always out there to kick your ass.

**YM:** Did you set career goals for yourself while you were in college? If so, what were they?

**CUBAN:** To retire by the age of 35 was my goal. I wasn't sure how I was going to get there though. I knew I would end up owning my own business someday, so I figured my challenge was to learn as much as anyone about every and all businesses. [I believed] that every job I took was really me getting paid to learn about a new industry. I spent as much time as I could, learning and reading everything about business I could get my hands on. I used to go into the library for hours and hours reading business books and magazines.

**YM:** Do you consider yourself an innovator? Why?

**CUBAN:** No. I don't really have new ideas, but I manage to combine information in ways most people hadn't considered. They aren't new ideas, it's just that most people don't do their homework about their businesses and industry, so there is usually a place to sneak in and do something a little different. You just have to make sure what you want to do can sustain a business and make it profitable rather than be a niche that can be crushed [by the competition].

**YM:** What advice would you give young adults just struggling to move up in the business world?

**CUBAN:** There are no shortcuts. You have to work hard, and try to put yourself in a position where if luck strikes, you can see the opportunity and take advantage of it. I would also say it's hard not to fool yourself. Everyone tells you how they are going to be "special," but few do the work to get there. Do the work.

**YM:** What types of opportunities would you pursue if you were starting over today? **CUBAN:** I just started a business called HDNet. There never is one area that has a door open to everyone. Try to find an area with something you love to do and do it. It's a lot easier to work hard and prepare when you love what you are doing. **YM:** What would you tell entrepreneur hopefuls who are afraid of failing?

**CUBAN:** It's good [for them]. I'm always afraid of failing. It's great motivation to work harder.

**YM:** What is the most important piece of advice you could offer someone who's just starting a business?

**CUBAN:** Do your homework and know your business better than anyone. Otherwise, someone who knows more and works harder will kick your ass.

**YM:** Did you have to sacrifice your personal life in order to become a business success?

**CUBAN:** Sure, ask about five of my former girlfriends that question... I went seven years without a vacation. (from the time I got fired from a job, and started MicroSolutions) I didn't even read a fiction book in that time. I was pretty focused.

**YM:** Do you have any general saving and investing advice for young people?

**CUBAN:** Put it in the bank. The idiots that tell you to put your money in the market because eventually it will go up need to tell you that because they are trying to sell you something. The stock market is probably the worst investment vehicle out there. If you won't put your money in the bank, NEVER put your money in something where you don't have an information advantage. Why invest your money in something because a broker told you to? If the broker had a clue, he/she wouldn't be a broker, they would be on a beach somewhere.

## Success and Motivation – You only have to be right once!

May 30th 2005 1:46AM

In basketball you have to shoot 50pct. If you make an extra 10 shots per hundred, you are an All-Star. In baseball you have to get a hit 30 pct of the time. If you get an extra 10 hits per hundred at bats, you are on the cover of every magazine, lead off every SportsCenter and make the Hall of Fame.

In Business, the odds are a little different. You don't have to break the Mendoza line (hitting .200). In fact, it doesn't matter how many times you strike out. In business, to be a success, you only have to be right once.

One single solitary time and you are set for life. That's the beauty of the business world.

I like to tell the story of how I started my first business at age 12, selling garbage bags. No one ever has asked if I was any good or made money at it. I was, and I did...enough to buy some tennis shoes 😊.

I like to tell the story of how I started up a bar, Motley's Pub when I wasn't even of legal drinking age the summer before my senior year at Indiana University. No one really asks me how it turned out. It was great until we got busted for letting a 16-year-old win a wet t-shirt contest (I swear I checked her ID, and it was good!).

No one really asks me about my adventures working for Mellon Bank, or Tronics 2000, or trying to start a business selling powdered milk (it was cheaper by the gallon, and I thought it tasted good). They don't ask me about working as a bartender at night at Elans when I first got to Dallas, or getting fired from my job at Your Business Software for wanting to close a sale rather than sweeping the floor and opening up the store.

No one ever asked me about what it was like when I started MicroSolutions and how I used to count the months I was in business, hoping to outlast my previous endeavors and make this one a success.

With every effort, I learned a lot. With every mistake and failure, not only mine, but of those around me, I learned what not to do. I also got to study the success of those I did business with as well. I had more than a healthy dose of fear, and an unlimited amount of hope, and more importantly, no limit on time and effort.

Fortunately, things turned out well for me with MicroSolutions. I sold it after 7 years and made enough money to take time off and have a whole lot of fun.

Back then I can remember vividly people telling me how lucky I was to sell my business at the right time.

Then when I took that money and started trading technology stocks that were in the areas that MicroSolutions focused on. I remember vividly being told how lucky I was to have expertise in such a hot area, as technology stocks started to trade up.

Of course, no one wanted to comment on how lucky I was to spend time reading software manuals, or Cisco Router manuals, or sitting in my house testing and comparing new technologies, but that's a topic for another blog post.

The point of all this is that it doesn't matter how many times you fail. It doesn't matter how many times you almost get it right. No one is going to know or care about your failures, and either should you. All you have to do is learn from them and those around you because...

All that matters in business is that you get it right once.

Then everyone can tell you how lucky you are.

### [Success and Motivation: What I learned from Bobby Knight](#)

Jan 4th 2007 4:48AM

Congrats on more wins than any other coach in NCAA Div 1 Basketball. That's quite an accomplishment.

There are a lot of things I could say thank you for. The great times watching IU Basketball. (even though I wasn't a fan when I got there. I thought any team with Kent Benson should go undefeated).

The first time I met you at IU at the Deans residence where they tried to butter me up with a fancy lunch and we both showed up in sweaters. (At least I got to wear jeans)

The time you spent talking to me down in Miami.

But that's not really what I appreciate most about you.

When I was at Indiana you were on 60 Minutes. In your interview you said one single thing that I took to heart. I reminded myself of it while it was in school at Indiana. I reminded myself of it when I failed. I reminded myself of it before any of the many businesses I have started. I will continue to remind myself before any of my endeavors going forward. It's also the best advice I've been able to give people of any age who ask me for advice.

It's also the characteristic I look for when choosing a partner or hiring. I saw it in Avery Johnson. I've seen it in Phil Garvin. It was obvious in Todd Wagner and Martin Woodall and many, many others that have put me in a position to succeed.

You said, and I'm paraphrasing: "Everyone has got the will to win, it's only those with the will to prepare that do win"

Words for every athlete and those of us who partake in the Sport of Business to live by

Thanks Coach.

## Success and Motivation:Drowning in Opportunity /Winning the Battles you are in

Dec 11th 2006 11:14AM

There are few things more exciting than starting a business and getting things rolling. The fear, the adrenalin, the excitement, the hope that every entrepreneur feels, are all intoxicating. In fact, very often they are TOO intoxicating. Very often, along with some success comes the feeling of invincibility. I have been in situations where I have told myself that Im smart, I know what Im doing, that I will figure things out as I go, so its OK to take on this new opportunity.

Those were usually the times I made mistakes. In a lifetime of running businesses I have developed a lot of rules that have been almost infallible, here are a couple of them that I use religiously to this day.

### **1. Everyone is a genius in a bullmarket**

A lot people think that if they are picking stocks that keep on going up, its because they are smart. They fail to notice that EVERYONE is able to pick winning stocks when all stocks are going up. (Much like we are seeing in this fall and winters stock market). The same principle applies to business. Entrepreneurs have to be brutally honest with themselves and recognize where they have added value and where they have gone along for the ride. There is nothing wrong with going along for the ride and making money at it, but it will catch up with you if you lie to yourself and give yourself the credit for the ride.

Sports Leagues were the perfect example of an industry that thought they were responsible for growth when in reality it was a bull market for rights fees.

First the advent of cable created competition for sports rights that increased the value of sports rights. Then Satellite TV came along that created increased competition for cable and broadcast for sports rights, so sports rights values went up. Then the competition between rights holders themselves creating regional sports networks increased the value of sports rights. Today, sports are in a sweet spot because of the rise in adoption of TIVO like capabilities by TV viewers. Sports is the most TIVO resistant programming.

Smart sports rights holders, like we are trying to be with the Mavericks, recognize that it wasnt our brilliance that to this point had pushed up our TV rights revenues. It was the market. Its our challenge to recognize what we can do to push the value of our programming further. Its a bigger challenge to recognize that its possible that the bullmarket may end and we have to be sure our programming is of sufficient value to our customers and viewers to be able to maintain or continue to increase in value.

Its also our challenge to recognize whent there is opportunity.. Sports is one of the few TIVO proof programming options to advertisers. We have a unique chance to lever up our viewership to prove our value as a TIVO proof option to advertisers by integrating value for our advertisers into our games and by working to increase our viewership. Its critical not just because we want to protect and increase this revenue stream, but because across our revenue streams it has the most upside. Advertisers want a way to stay in front of the largest possible TIVO proof audiences, with the unique experience of HDTV, congregating at the same time, rather than picking them off one at a time as in an on demand universe. One gives you a number the next morning, the other takes a long time to aggregate into an audience size of value. That makes it a unique opportunity the Mavs have to work hard to leverage with our partners.

**For the Mavs, its also important to realize that we cant raise ticket prices forever without pricing ourselves out of the market. In fact, we lowered the price of all tickets in our upper bowl and created a TWO DOLLAR (\$2) ticket for 10 of our games. Fans can get 10 games for 20 bucks. That lowering ticket prices is the most powerful, least expensive marketing we can do. It leads to a more positive brand value and commitment to the Mavs, which helps us create new products that leverage the live nature of our product.**

Its not easy, but we recognize that much of our past increases in revenues were the result of industry trends as much as our efforts. We have to make sure to do whatever we can to focus on winning the battles in case the bullmarket does not continue.

### **Which leads to rule #2**

#### **2. Win the Battles you are in before you take on new battles**

Everyone of my businesses has a make or break battle going on and so do yours. There is one battle in your business that you are not winning, or are battling to stay in front.

In our film business, [its the battle to get people to theaters without spending more than we bring in box office](#). With the Mavs, its the battle of making our [game experience in the arena](#) and on TV so compelling that its strong enough entertainment on its own to draw an audience and make our advertisers happy. I cant control how a game on the court goes, but I can make sure that if you come to, or watch a game you have a great time doing it. On HDNet, its how to keep on raising the bar and find or [create programming that our subscribers](#) feel committed to and take ownership of. I can spend as much money on a show as a big network, but they are wrong 95pct of the time. Its not a model i want to copy. Its the ultimate challenge to find a new way to get results.

These literally are the 3 problems that I focus on. They arent issues that just popped up. They have been challenges in these businesses for years and present a moving target that require my ongoing and continuing focus, today and most likely for years to come. Its an intellectual challenge I really love. Its truly the sport of business. Sure, I deal with operational issues, but pretty much every other strategic element of my businesses I have learned to delegate. Thats not easy for an entrepreneur to do. In my past, I would have taken on everything and anything that I thought could add value to. I had to be in the middle of everything. No longer. Ive learned to hire people that I can build trust in and let them take the ball and run with it.

Of course not every business has bench strength. Some entrepreneurs wont hire people that have complementary skill sets. Others just are small business and cant afford it yet. For those businesses, this rule is all the more important. If you are the main engine behind your company, taking on new challenges will only dilute your ability to win the wars you are in and of course increase the risk of injuring your primary business or core competencies.

In fact, this is the biggest issue I have with the NBA and our international efforts. Its not that I think there is no opportunity internationally , there is. The problem is that the "CEO" of the NBA is in the front and middle of every effort. His efforts are diluted on both fronts and we risk losing multiple important battles. If the metrics for the lines of our business that drive 75pct or more of our business were skyrocketing, thats one thing. But we aren't winning the battles we are in. We aren't losing, we just aren't winning, we are treading water.

International isnt going anywhere. China as an example has great potential and it always will. If we were dominating in our core revenue lines, I could easily be the biggest proponent of an International NBA effort (minus contributing our players to competitive enterprises) . The NBA needs to find someone who can lead and win each of the battles. Trying to use one person as the leader for both is a huge mistake that is not worth the risk fto lack of execution it exposes us to.



I have used the same logic with HDNet. HDTV is taking hold all over the world. In many areas its booming. We sell those markets content via salespeople, but I have said no to offers to bring HDNet to the rest of the world as a linear or online network. Why? Because dealing with the rest of the world takes a lot of time and focus. It takes going out and hiring people to run it, and training them and then being available to help support their efforts on an ongoing business. Every minute that I spend, or our top people spend dealing with the rest of the world is a minute not spent fighting the battle to make HDNet and HDNet Movies the best networks they can be here in the US. We are not a business that has maximized our growth here, we are just starting to accelerate. Taking any resources away from that battle would be a huge mistake.

Its the same with Landmark Theaters. We could go international, but winning the battles here are far more important and again, every minute our leadership spends on the rest of the world is time and focus lost on Landmark here in the US.

Its a huge lesson for entrepreneurs. Win the battles you are in first, then worry about expansion internationally or into new businesses. You do not have unlimited time and/or attention. You may work 24 hours a day, but those 24 hours spent winning your core business will pay off far more. It might cost you some longer term upside, but it will allow you to be the best business you can be. To use a sports metaphor, get the fundamentals right and then add to your fundamental skills before you try to take on the trick shots.

Rule 3 is the natural extension of rule 2.

### **3. You can Drown in Opportunity**

Few businesses only have one opportunity. Every entrepreneur's mind goes crazy with the new and exciting things they can do beyond the new and exciting things they are already doing. The risk is that you can drown in all these opportunities. Far too often when an entrepreneur hits a rough patch or competitive challenge, the temptation is too "turn on the thinking cap" and find something new for the company to do. Don't fall to the temptation. As an entrepreneur you have to know what the core competencies of your business are and make sure that your company focuses on being the absolutely best it can be at executing them. Bottom line is this. If you are adding new things when your core businesses are struggling rather than facing the challenge, you are either running away or giving up. Rarely is either good for a business. In fact, by chasing these opportunities, you may be assuring that you drown in them.

These rules are things I check off against before I undertake new elements of a business. Hopefully if you are an entrepreneur it will

## **The Best Equity is Sweat Equity**

Jan 2nd 2008 9:59AM

### **The Rules of Success**

As MicroSolutions became more and more successful, and as I paid attention to the common traits of businesses that I saw succeed and those I saw fail, I came to realize that there are "Rules of Success" that I saw in companies that excelled. Where companies failed to follow those rules, inevitably, they failed. I found myself checking with "My Rules" before I made decisions. When I traded stocks or considered investments in companies, I applied The Rules to their business before I made a decision.

The Rules are not infallible. They have their limits. I'm an entrepreneur. My businesses have had hundreds and now more than a thousand employees. My world has been limited to starting, building, growing and running businesses that are never going to make the Fortune 500. My dreams were never to build the biggest corporation in the world. So, if you are a middle level manager in a Fortune 500 company, these rules may not help you manage your department. If you are the CEO of a Fortune 500 company with tens of thousands of employees, some rules will apply, some won't, but where they will help you is to know how little guys coming out of nowhere are going to disrupt your business.

Where The Rules will help you is if you are considering starting, or currently run your own business. There are always exceptions to any rules, but I can assure you that those exceptions will be rare. Entrepreneurs that don't follow the rules are far more likely to fail. There is no doubt about it.

**So let's start at the beginning.**

### **Rule #1: Sweat Equity is the best start up capital.**

The best businesses in recent entrepreneurial history are those that have been started with little or no money. Dell Computer, MicroSoft, Apple, HP and tens of thousands of others started in dorm rooms, tiny offices or garages. There weren't 100 page long business plans. In all of my businesses, I started by putting together spreadsheets of my expenses, which allowed me to calculate how much revenue I needed to break even and keep the lights on in my office and my apartment. I wrote overviews of what I was selling, why I thought the business made sense, an overview of my competition and why my product and/or service would be important to my customers, and why they should buy or use it. All of it on a piece of yellow paper or in a word processing file, and none of it cost me more than the diet soda I was drinking while I was writing it up.

I remember the foundation for each of my businesses. MicroSolutions was very simple. To use microcomputers and software to help our customers become more productive, profitable and gain a competitive advantage. [AudioNet, which became broadcast.com](#) was simple as well: use the internet to enable real-time, worldwide communications of entertainment and business applications. [HDNet](#) is to create great entertainment, originated in High Definition format to allow our distributors to compete for the highest margin customers.

Once I could put the idea on paper, I gave the company a name. From there, I took the most important steps: I tried to find people to shoot holes in it. When we started AudioNet, I remember getting an appointment with Drew Marcus of Alex Brown (it could have been Larry, but I think it was Drew 😊), an investment banking company. Drew followed the radio industry and I wanted to see if there was anything he saw from his experience that would blow up the concept. He loved the idea. We took it to Dan Halliburton of Susquehanna Radio. He was an executive in charge of several Dallas area radio stations. We discussed how he could broadcast his stations over the Internet using AudioNet and reach the in office market where there weren't many radios on desks, and few of those could pick up the AM signal of his stations. He loved it. I took it to Tim and Eric Crown, who ran a newly public company called Insight Enterprises. I asked them if it made sense to broadcast their quarterly earnings conference calls over the internet so their investors and the research analysts who followed them could easily



listen to the calls and get up to date information, or listen to an archive of the call if they missed it. They thought it would help them reach their Investor Relation goals less expensively.

Each step cost me next to nothing to get great feedback. Each enabled me to check the foundation of my business idea to see if it was easy to shoot holes in it, and most importantly, they all served as sales calls. Each company eventually became a customer of ours.

I went through this in each of my businesses. The step gave me confidence that my business idea was valid. That there was a chance of success. At this point, many entrepreneurs think the next step is to take all this feedback, update their 100 page business plans and go out and raise money. It's as if the missing link for success in a business is cash to get started. It's not. Far more often than not, raising cash is the biggest mistake you can make.

Most entrepreneurs tend to think in terms of what raising money means to them. How it can get them started? How many people they can hire? How much they can spend on office space? How much they can pay themselves? They forget to put themselves in the position of the person or company they are asking for money from. They think they are considering that person's position by making up numbers and calling them expected returns for the investor. If you only give me X dollars, you will get X pct back in X years. You will double or triple your money in X years. Any investor worth anything knows you are just making these numbers up. They are meaningless. Worse, if you tell a savvy investor that the market is X billions of dollars and you just need one or some low percent to make zillions, you are immediately kicked to the curb.

These investors, including myself, know what you don't, and they are not telling you. The minute you ask for money, you are playing in their game, they aren't playing in yours. You are at a huge disadvantage, and it's only going to get worse if you take their money. The minute you take money, the leverage completely flips to the investor. They control the destiny of your dreams, not you.

Investors don't care about your dreams and goals. They love that you have them. They love that they motivate you. Investors care about how they are going to get their money back and then some. Family cares about your dreams. Investors care about money. There is a reason why venture capitalists are often referred to as Vulture Capitalists. The minute you slide off course from the promises you made to get the money, your dreams fall in jeopardy. You will find yourself making promises to keep investors at bay. You will find yourself avoiding your investors. Then you will find yourself on the outside looking in. The reality of taking money from non family members is that they are doing it for only one reason, to make more money. If you can't deliver on that promise, you are out. You will be removed from the company you started. You will find someone else running your dream company. If this sounds like a scene out of the Sopranos or an episode you would watch on TV about a loan shark, you are right. The only difference is that it's all legal.

There are only two reasonable sources of capital for startup entrepreneurs, your own pocket and your customers pockets. I personally would never even take money from a family member. Could you imagine the eternal grief and guilt from your mom, dad, uncle or aunt because you blew your nephews college money or the money for grandmas last vacation... I cant.

You shouldn't have to take money from anyone. Businesses don't have to start big. The best ones start small enough to suit the circumstances of their founders. I started MicroSolutions by getting an advance from my first customer of \$500. The business didn't grow quickly in the first couple years. We didn't grow past 4 people in the first couple years, and we all worked dirt cheap.

So what's wrong with that? It's OK to start slow. It's ok to grow slow. As much as you want to think that all things would change if you only had more cash available, they probably won't.

The reality is that for most businesses, they don't need more cash, they need more brains.

## The Sport of Business

Mar 12th 2005 12:58AM

The Sport of Business.

I can't go more than a week without shooting baskets. There is something about the feel of the ball coming off my hand, and the sound of the ball going through the net. It just feels good.

If I'm just standing in the gym, I can shoot pretty well. Playing in a game. Well it's not quite what it used to be. I used to have a spin move that would work for me no matter who I was playing against or what level they were at. If I could get a pick and the defender went under, I didn't have to think about it, I could hit the shot. These days, my mind knows what to do, but my body just laughs at me. Put me up against 20 year olds, and I won't embarrass myself but it's only because I know how to set a pick and hit an open, a very wide open jumper, and spend the rest of the game getting out of the way.

I love to compete. I always have. Playing basketball was just something I had to do no matter how good I was and it's something I will always do, no matter how old I get. It gives me a chance to blow off steam. It gives me a way to refocus.

But no matter how much I love to play the game or how involved and competitive I get during a Mavs game, it's only a minor release. Real competition comes from the sport of business.

In sports, you know who your opponents are. You know when you are going to play a game. You know pretty much how long the game will last. It's mentally and physically exhausting if you are at the top of the game, but it still pails at the effort required to be successful in business.

The sport of business isn't divided into games. It's not defined by practices. It doesn't have set rules that everyone plays by.

The sport of business is the ultimate competition. **It's 7x24x365xforever.**

I love the sport of business. I love the competition. I love the fire of it. It's the feeling of the clock winding down, the ball is in your hands, and if you hit the shot you win...all day, every day.

Relaxing is for the other guy. I may be sitting in front of the TV, but I'm not watching it unless I think there is something I can learn from it. I'm thinking about things I can use in my business and the TV is just there.

I could take the time to read a fiction book, but I don't. I would rather read websites, newspapers, magazines, looking for ideas and concepts that I can use. I spend time in bookstores because 1 idea from a book or magazine can make me money.

I'm not going to go to dinner with you just to chat. I'm not going to give you a call to see how you are. Unless you want to talk business. Other guys play fantasy sports. I fire the synapses to get an edge.

That's what success is all about. It's about the edge.

It's not who you know. It's not how much money you have. It's very simple. It's whether or not you have the edge and have the guts to use it.

The edge is getting so jazzed about what you do, you just spent 24 hours straight working on a project and you thought it was a couple hours.

The edge is knowing that you have to be the smartest guy in the room when you have your meeting and you are going to put in the effort to learn whatever you need to learn to get there.

The edge is knowing is knowing that when the 4 girlfriends you have had in the last couple years asked you which was more important, them or your business, you gave the right answer.

The edge is knowing that you can fail and learn from it, and just get back up and in the game.

The edge is knowing that people think your crazy, and they are right, but you don't care what they think.

The edge is knowing how to blow off steam a couple times a week, just so you can refocus on business

The edge is knowing that you are getting to your goals and treating people right along the way because as good as you can be, you are so focused that you need regular people around you to balance you and help you.

The edge is being able to call out someone on a business issue because you know you have done your homework.

The edge is recognizing when you are wrong, and working harder to make sure it doesn't happen again.

The edge is being able to drill down and identify issues and problems and solve them before anyone knows they are there.

The edge is knowing that while everyone else is talking about nonsense like the will to win, and how they know they can be successful, you are preparing yourself to compete so that you will be successful.

That's what makes business such an amazing sport. Everyone plays it. Everyone talks about how good they are or will be at it. Just a small percentage are.

Every single day someone has an idea. Every day someone talks about some business they want to start. Every day someone is out there starting a business whose entire goal is to beat the hell out of yours. How cool is that.

Every day some stranger from any where in the world that you have never met is trying to come up with a way to put you out of business. To take everything you have worked your ass off for, and take it all away. If you are in a growing industry, there could be hundreds or thousands of strangers trying to figure out ways to put you out of business. How cool is that.

The ultimate competition. Would you like to play a game called Eat Your Lunch. We are going to face off. My ability to execute on an idea vs yours. My ability to subvert your business vs your ability to keep it going. My ability to create ways to remove any reason for your business to exist vs your ability to do the same to me. My ability to know what you are going to do, before you do it. Who gets there first? Best of all, this game doesn't have a time limit. It's forever. It never ends. It's the ultimate competition.

It's the sport of business. It's not for everyone, but I love it.

I'm fortunate. I have done well enough financially that I don't have to play 24x7x365. I can and have cut back to 18x7x365. Family first now.

But in those 18 hours, you can bet I'm competing, and loving it.

But that's me. You have to figure out what works for you.

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