

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 I'm smart, I know what I'm doing, that I will figure things out as I go, so it's 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 of people think that if they are picking stocks that keep on going up, it's 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 winter's 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 wasn't our brilliance that to this point had pushed up our TV rights revenues. It was the market. It's our challenge to recognize what we can do to push the value of our programming further. It's a bigger challenge to recognize that it's 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.

It's also our challenge to recognize when 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. It's 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, it's also important to realize that we can't 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.

It's 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, [it's the battle to get people to theaters without spending more than we bring in box office](#). With the Mavs, it's the battle of making our [game experience in the arena](#) and on TV so compelling that it's strong enough entertainment on its own to draw an audience and make our advertisers happy. I can't 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, it's 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. It's not a model I want to copy. It's the ultimate challenge to find a new way to get results.

These literally are the 3 problems that I focus on. They aren't 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. It's an intellectual challenge I really love. It's 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. That's 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. I've 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 won't hire people that have complementary skill sets. Others just are small business and can't 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. It's 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, that's 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 isn't 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 for 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 it's 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