

No balls, no babies

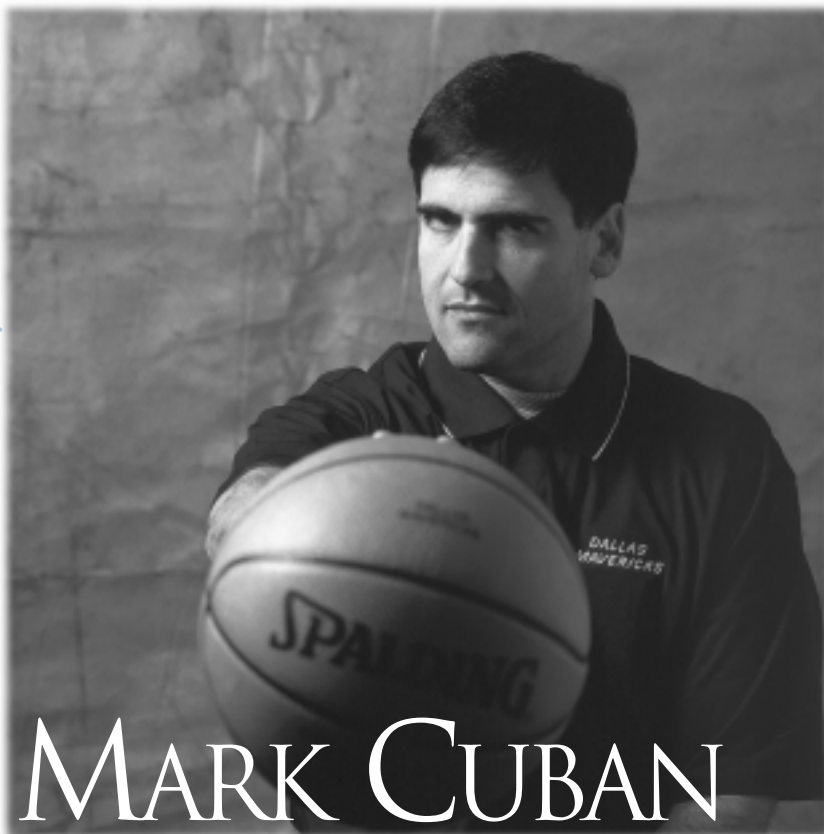


Photo courtesy of Mark Cuban

# MARK CUBAN

by Aliza Davidovitz

**T**urns out you may not have to be a doctor to be a Jewish mother's dream. In fact, businessman Mark Cuban may have upped the ante for other nice boys vying for maternal endorsement. By the age of 30, Cuban was already a self-made millionaire; by age 39 he upgraded to billionaire; at 41 he bought a basketball team for \$280 million, and much to the heartbreak of aspiring mother-in-laws, the enticing bachelor was married by age 43.

If Cuban has been able to grasp more than a fistful of the American dream, it is because he did not indulge in reverie, but rather in hard work. Born in Pittsburgh, Pennsylvania, on July 31, 1958—the eldest of three brothers—Cuban's entrepreneurial spirit was impassioned at age 12 by his burning desire to purchase a pair of suede Puma basketball shoes. Cuban reflects on the evening he walked in on one of his father's poker games and told his dad that he wanted the new shoes. His father, a car upholsterer, told his son that when he'd make his own money, he could buy new basketball shoes, but in the meantime the shoes he had were just fine.

But just as young Cuban's request was shot down, one of his father's poker buddies rebounded with a money-making idea. "You can sell garbage bags," his dad's friend suggested. "Everyone needs garbage bags." Instead of trashing the idea, Cuban began knocking on door after door selling garbage bags. "I was hard to say no to," Cuban reflects. Eventually, he started selling greeting cards, magazines and liquor. He actually has lost count of how many businesses he was running while still in high school.

Although as a child Cuban always wanted to be a ballplayer, the running shoe campaign jump-started Cuban's business drive and set his feet upon the successful road he'd travel. Although he professes that neither he nor anyone is really a natural-born salesperson, he says, "Once I understood that sales was about helping people, then it became easy." In the process he learned to help himself as well. In order to pay for college, the fledgling entrepreneur started a chain letter. Thus when most other teens would check the mailbox awaiting for college acceptance letters, Cuban was awaiting checks, and indeed they came—lots of them. And if those money-making maneuvers were not enough, his next buck-making hustle was teaching disco dancing at sorority houses for \$25 an hour.

Always in a rush to succeed, he was dancing as fast as he could. When his high school didn't permit him to take

business courses, he dropped out and took college-level business courses at the University of Pittsburgh and used those credits to graduate from high school. When it came time to attend college full-time, Cuban picked Indiana University because it was the cheapest of America's top 10 business schools. He took MBA classes in his freshman year and got an A in statistics as a freshman. "I wanted to take the hard classes as a freshman so I could party as a junior," Cuban says with a laugh. The ambitious young man was reading every business book he could get his hands on because he knew that one day he would be running his own business and he wanted to be ready. He says that he loved business because it would allow him to control his own destiny, buy his own shoes and do his own thing—even though he admits there were times he didn't know a thing about the venture he was engaged in.

"Fake it till you make it" was Cuban's post-graduate philosophy. So in 1983, Cuban moved to Dallas where he started his own computer consulting firm with the "minor" deficiency of never having taken a computer class and not owning a computer. He assured clients that he could do whatever they asked of him and then he'd stay up all night figuring out what the heck they were talking about.

"No balls, no babies" is one of Cuban's favorite axioms. With his mother's words—"There is nothing that you can't do"—echoing in his ears and with the gumption of a gladiator, he vanquished his computer ignorance "bit by bit." After seven years of sleepless nights, no vacations, neglected girlfriends, and the self motivation he says he learned from his father, Cuban transformed his company, MicroSolutions, into a leading systems integration company, which ranked in the top 20 of the Lan 100 and on the Inc. 500 for four straight years. Basically, he helped companies network their computer equipment, a specialty that was relatively new at the time. By 1990, MicroSolutions was also grossing \$30 million a year. In 1990 he sold his company to CompuServe for \$6 million.

After taxes he walked away with \$2 million.

The young millionaire, who admits that he is very competitive and loves a challenge, thought that he was ready to retire after selling his company. "That [\$2



Photo courtesy of Mark Cuban

Playing referee.

million] was going to be my nest egg," Cuban once wrote. "My goal was to protect it at all costs, and grow it wisely."

Cuban went about interviewing stockbrokers to help him meet that goal and settled upon a young broker at Goldman Sachs named Raleigh Ralls. Ralls and Cuban got closer after a year's time and Ralls began to ask Cuban a lot of questions about technology and then use that information to make money for his clients. Cuban's feedback was affecting the market. Numbers were going up or down because of his analysis. Ralls eventually persuaded his very conservative computer-whiz client to use that knowledge to his own advantage.

Cuban observed how mere hoopla made dollars. "The entire experience taught me quite a bit about how the market works," Cuban wrote on his weblog in an article entitled "The Stock

Market." "For years on end a company's price can have less to do with a company's real prospects than with the excitement it and its supporters are able to generate among investors... Brokers and bankers market and sell stocks. Unless demand can be manufactured, the stock will decline."

In prior interviews, Cuban has come out against investing in the stock market when he was asked about saving and investing advice for young people. He is quoted as saying, "The idiots who tell you to put your money in the market because it will eventually go up need to tell you that because they are trying to sell you something."

He goes on to question why one would invest his money in something because a broker told him to do so? "If the broker had a clue, he/she wouldn't be a broker; they would be on a beach somewhere," he feels.

While Cuban himself should have been on a beach somewhere, he and a friend stumbled onto his next business endeavor. After moving to Dallas from Indiana, Cuban and an old college buddy found themselves nostalgic for Indiana U. basketball games. They wondered whether they could catch a game through the Internet somehow. Then it dawned on them: "Wow, that could be a business!"

In a 20/20 interview Cuban told the reporter, "Don't dismiss your daydreams. They may be worth money." And indeed his and his friend's daydream was worth a fortune. In 1995, broadcast.com was created. Soon after, a half-million people were listening to radio and TV stations carried live on their website. Broadcast.com used audio and video streaming to enable companies to communicate live with customers, employees, vendors, anyone with a PC. They had the innovative idea such as streaming President Clinton's grand jury testimony and the Victoria Secret fashion show that attracted two million viewers.

Cuban likes to tell the story of how

he sat down with his first 25 employees and said to them that one of two things was going to happen: either they would all be millionaires five years down the line or out of business and simply remain good friends. When broadcast.com went public in 1998, 300 of his employees became millionaires.

But taking his company public, which he did with Morgan Stanley, was quite an experience for Cuban and his partner, Todd Wagner. Cuban tells how part of the process of taking a new company public is something called a “road show”—the process of trying to sell the idea and get investors. In his article “The Stock Market,” Cuban writes: “Prior to the road show, we put together an amazing presentation. We hired consultants to help us. We practiced and practiced. We argued about what we should and shouldn’t say. We had Morgan Stanley and others ask us every possible question they could think of so we wouldn’t look stupid when we sat in front of these savvy investors.

“Savvy investors? I was shocked. Of the 63 companies and 400-plus participants we visited, I would be exaggerating if I said we got 10 good questions about our business and how it worked. The vast majority of people in the meetings had no clue who we were or what we did. They just knew that there were a lot of people talking about the company and they should be there.

“The lack of knowledge at the meetings got to be such a joke between Todd and I that we used to purposely mess up to see if anyone noticed. Or we would have pet lines that we would make up to crack each other up. Did we ruin our chance for the IPO? Was our product so complicated that no one got it and as a result no one bought the stock? Hell, no. They might not have had a clue, but that didn’t stop them from buying the stock. We batted 1.000. Every single investor we talked to placed the maximum order allowable for the stock.

On July 18, 1998, broadcast.com went public as BCST, and was priced at \$18 a share. It closed at \$62.75, a gain of almost 250 percent, which at the time was the largest one-day rise of a new offering in the history of the stock



With some of his Dallas Mavericks talent.

market. “The same mutual fund managers who were completely clueless about our company placed multimillion-dollar orders for our stock. Multimillion-dollar orders using YOUR MONEY.”

Cuban and his partner subsequently sold broadcast.com to Yahoo! for \$5.7 billion.

In 2003, Cuban was listed by *Forbes* as the 329th richest person in the world and the 179th richest person in the U.S. with a net worth of \$1.3 billion. The result of success was hundreds of women attempting to ingratiate themselves with the onetime very unpopular and pudgy Cuban. He tells how he had to beg a girl to go to a prom with him and that he was well into his teens before he kissed a girl for the first time. But if Cuban was at one time the geeky kid he described himself as being, he has certainly grown into a hunk of man. Indeed, his wife, Tiffany, whom he also

calls his best friend, must have made that flattering observation as well. The two met at a health club. Tiffany, who is an advertising executive, had no idea who Cuban was when she first met him.

But even before Cuban found the woman of his dreams, he still went about making his other dreams come true. He bought a \$41 million Gulfstream V jet off the Internet, the largest Internet purchase in history. An avid fan of basketball, he would always say to himself, “If I owned the Dallas Mavericks I would do things very differently.” So in January 2000, he decided to buy the team. It cost him a mere \$285 million.

Cuban has undoubtedly turned the team around. He bought his band of giants a \$46 million Boeing 757 with very large custom-made seats. He installed flat-screen TVs and Sony Play Stations in each player’s locker. He built a state-of-the-art arena. Cuban also brought in the best trainers and coaches. He remains in e-mail contact with the team’s fans and takes their opinions and suggestions into account, such as

putting in a three-sided shot clock, which allows line of sight to the 24-second clock from anywhere in the arena. But the most special attribute Cuban brought to the team was his unbridled enthusiasm, an enthusiasm that has cost him \$1.5 million in penalty fees for getting too verbally aggressive with the referees. “I was a crazy, screaming fan even before I bought the team,” Cuban tells *Lifestyles*. “Now I’m a crazy fan with the cameras on me, but there’s no reason to change just because they are on me.”

Come fall 2004, the cameras will certainly be on Cuban in his new reality TV show, *The Benefactor*, which airs on ABC. Sixteen people vie for Cuban’s approbation by completing various tasks and challenges he metes out to them. Through their completion of the task, and the means by which they complete them, Cuban evaluates the contestants. The winner receives \$1 million.

Photo courtesy of Mark Cuban

Cuban tells *Lifestyles* that while shooting the show he really got to see the best and worst in people. He says that he is a pretty good judge of character, but that caution is very important. One person tried to totally deceive him, he tells. "Never be intellectually arrogant," Cuban advises. "The minute you think you're too smart, someone will throw you off the pedestal." In business, he would always counsel himself by saying, "When you sit at a business table, always look for the moron or sucker, and if you don't see him, it's you!"

However, one thing people will see very clearly is the enhanced images on their TVs because of Cuban's latest venture, HDNet, the only network in the country that broadcasts all of its programs in high-definition television. HDNet produces and televises more hours of original HDTV sports, entertainment and news programming each week than any other network. Cuban says the company's success is aggregating even faster than he expected and says that they are getting distribution on almost every satellite network provider there is.



Another thing Cuban is graciously distributing is his philanthropic dollars. Cuban has undoubtedly found other very meaningful ways of spending his money besides *The Benefactor*.

"Philanthropy is very important to me," he says. "I like to help those people who fall through the cracks." Cuban doesn't like to give to charities where he is simply paying people's salaries. He wants the money to reach the target. He receives thousands of e-mails from people requesting money for all kinds of reasons. "Some people will write that they need \$200,000 for a house or someone will write they need \$5,000 for acne treatment," he jokes. But Cuban gives a heartfelt assessment to each request and will help worthy causes with the proviso that they do not mention his name. He doesn't want PR for saving someone's life. He also gives to particular

Jewish causes that are close to his heart.

A cause particularly important to him is the Fallen Patriot Fund of The Mark Cuban Foundation, which was established to help families of U.S. military personnel who were killed or seriously injured during Operation Iraqi Freedom.

"This cause hit me because I realize that it is only because of those people who are giving their lives that I can have the blessings that I have," Cuban shares. Cuban tells how he went to Russia in 1992 to teach young kids how to start their own businesses and it made him appreciate all the more the things that we have available to us in

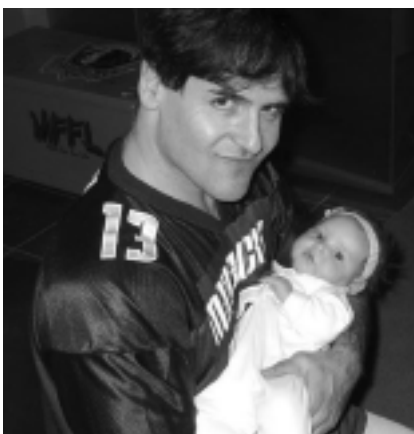


Photo courtesy of Mark Cuban

Cuban with daughter Alexis.

this country."

Cuban says that, essentially, money has not changed him as a person, though it has changed the practical aspects of his life, how he travels and so forth, but not the way he treats people. "My parents always taught me to treat everybody the same whether they were rich or poor." Now that he's rich, why should he behave any differently? If anything, Cuban notes, it has changed how people treat him. "When I used to walk down the streets of Manhattan, people weren't sticking their heads out of taxi windows and screaming my name." He says that he appreciates all the challenges he has had to face to achieve success. "I wouldn't change my middle class upbringing to be part of the lucky sperm club," he says. He says that both he and his wife, who was also raised in

a middle class family, want to teach their daughter to have middle class values. "With challenges comes appreciation," Cuban affirms.

Despite his great success, Cuban really is devoid of all pretenses. He's easy-mannered, affable, funny and down to earth. Cuban says that he and his wife do their own grocery shopping, they have no entourage and they don't even have a nanny. "We believe in staying real," he says. He's so down-to-earth that if this billionaire sees a newspaper lying on the street or sidewalk, he bends down to throw it away. "How could I rationalize not doing so to my daughter," Cuban explains. "In general, I believe in doing the right thing and being a good person."

Other lessons he wants to teach his daughter are about her Jewish heritage. He wants her to have the knowledge and understanding about what her people went through. His own mother lost family in the Holocaust and he has cousins who fought in the Israeli army. And though Cuban himself did not have a bar mitzvah, preferring to play basketball than go to Hebrew school, being Jewish is very much a part of his identity. He even named his cat Meshugah to make sure yiddishisms are a part of his household lingo.

The billionaire who has it all says he is not bothered by people always talking to him about his money. "It's a good problem to have," he says. But when it comes to defining his success, Cuban doesn't speak in terms of dollar bills. "Success for me is being able to wake up and going to sleep with a smile on my face," he shares.

When asked what a billionaire could possibly be jealous of in others, Cuban answers with a laugh, "People who are younger than me." He continues, "If there is one thing that money can't buy, it's time." With the "shot clock" ticking, Cuban has certainly made every minute count. "When it comes to life," this consummate sports lover says, "you can't wait until the last inning!" lifestyles