

# SUMMARY

## HOW TO WIN AT THE SPORT OF BUSINESS

**MARK CUBAN**



# **Summary of “How to Win at the Sport of Business” by Mark Cuban**

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If I Can Do it, You Can Do It

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# Introduction

When Mark Cuban was younger, he did the same thing every weekend. He drove through the wealthy neighborhoods and stared at the big houses wondering who lived there and what they did for a living. He would ask himself, “How did they make money?” He knew he would be in those neighborhoods someday, so he read every book or magazine about successful people, he worked jobs he didn’t like, he worked jobs that he loved, and worked so many jobs that his parents wondered if he would ever settle down and find something more stable. Cuban states, “In every job, I would justify 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.” In other words, he was getting paid to *learn*. When Cuban graduated from Indiana University, he wanted a job where he could learn more about computers, so he took a job at Mellon Bank in Pittsburgh where he helped on system conversions. He took old manual systems at small banks and helped them convert to automated systems. He wasn’t that good at it, but he constantly reminded himself that he was there to get paid to learn about how computers work, how big companies work, and how middle managers work - which is a whole lot better than paying tuition to get a business education.

By working temporary jobs in his field of interest, Cuban was able to build his knowledge in the computer and tech world and begin his own business. Throughout *How to Win at the Sport of Business*, Mark Cuban gives valuable tips on how to grow your business, and through his knowledge and personal experience, he can show you exactly what you need to become a great success.

# Don't Dwell on Your Mistakes and Invest in Yourself

When Cuban graduated from college, he struggled to keep a job and always found himself quitting or getting fired just eight or nine months in. So at the age of 23, Cuban moved to Dallas, Texas in search of sunshine and new opportunities. Soon enough, Cuban was living in a three-bedroom apartment with five other roommates. He didn't have his own bedroom, so he often slept on the couch or the floor, and kept his clothes in a pile in the corner. Talk about glamorous!

Luckily, Cuban soon picked up a job as a software salesperson with Your Business Software making \$18,000 per year. It was the first retail software store in Dallas and within about six months, he began building a clientele, and customers began asking Cuban to install, configure, and run the software on their computers. As a result, Cuban was able to charge for consulting help and he began making enough money to move out of The Hill Hotel (that was what they called the apartment). Finally, Cuban had his own space and didn't have to sleep on the floor. For Cuban, however, he needed more.

A few months later, Cuban worked out a deal with a local consultant who paid him referral fees, which then resulted in a \$1500 check. For the first time in his life, Cuban had more than a thousand dollars to his name. So what did he do? He bought the fluffiest towels he could find! With great towels and his own bedroom, Cuban believed he was living the dream. The best part, however, was that he realized his love for working with PCs and technology. But one day, about nine months into his career as a salesperson/consultant, he decided to close a business deal instead of opening the store. As a result, he was fired.

Of course, this wasn't the first time Cuban had been fired; after all, he was a *terrible* employee. This time, however, he knew he couldn't just find another job. Instead, he decided to start his own company. He came up

with MicroSolutions, Inc. and began to make as many phone calls as he could. In his first year in business, Cuban made \$15,000. By year two, Cuban had \$85,000 in the bank, a receptionist/secretary, and a four-room office. That second year was also when he learned a very valuable lesson. His secretary, Renee Hardy, wiped out \$83,000 of the \$85,000 in the bank and got away with it. The bank essentially laughed in his face, he “didn’t have a pot to piss in,” and could sue whoever he wanted, but he was simply out of the money.

In the end, that money didn’t matter and Cuban learned that being pissed at the bank and worrying about revenge was a waste of time and energy. He made a mistake and he could only learn and grow from it. He also learned that investing in himself was the most valuable thing he could do, so he began to read voraciously. He read every magazine and book about software or hardware and gave himself a knowledge advantage over his competition. As Cuban states, “A guy with minimal computer background could compete with far more experienced guys just because he put in the time to learn all he could.”

# The Sport of Business Requires Effort

For Cuban, life is a competition. He loves to compete, which is why he can't go more than a week without shooting baskets. It gives him a chance to refocus and blow off steam. But no matter how much he loves to play basketball or how competitive he gets, it's only a minor release compared to the *real* competition: the sport of business. In sports, you know who your opponents are, you know how long the game will last, and while it's both mentally and physically exhausting, the effort required for business is far greater.

You see, the sport of business isn't divided into games, it's not defined by practices, and it doesn't have set rules that everyone plays by. In other words, the sport of business is the ultimate competition. And like an athlete, the only thing any entrepreneur or salesperson can control is their effort. For Cuban, he had to make an effort to be as productive as he possibly could. Cuban states, that "every hour of the day that I could contact a customer was selling time, and when customers were sleeping, I was doing things that prepared me to make more sales and to make my company better." Ultimately, the one requirement for success in business is effort. Either you commit to getting results or you don't.

With every effort, Cuban learned more. And after just seven years, Cuban sold MicroSolutions for \$6 million. Next came AudioNet, which later became Broadcast.com and allowed people to watch NBA and NFL games online through an internet radio platform. And when he sold that company to Yahoo!, he was able to buy the NBA team, the Dallas Mavericks. It was during his time running the Dallas Mavericks that Cuban learned an important lesson: Connect with your customers. For example, when Cuban attended Mavericks games, he didn't sit at the floor seats or in a comfortable skybox; instead, he sat in a seat that went on sale to the general public. He sat in the very top row in \$2-\$10 seats during the season.



Why? He wanted to experience what the customers experience. “If the nachos are slow to come and the beer is warm,” he wants to know about it, and the people sitting around him let him know! Additionally, Cuban ensures that every customer service email gets forwarded to him. He states, “If someone is complaining, I want to know about it, and I want to get it fixed quickly.” In fact, the best focus groups are your customers telling you what they think.

# Sweat Equity is the Best Startup Capital

When it comes to starting and running your own business, certain rules come into play. Of course, there will be some exceptions to these rules, but those exceptions are rare. Entrepreneurs who don't follow The Rules are far more likely to fail, so let's get started with the first and most important rule of all for anyone starting a business. Rule #1: Sweat equity is the best startup capital.

When you look at the best businesses in recent entrepreneurial history, you'll see companies like Dell computers, Microsoft, Apple, HP, and more. Each of these companies has one thing in common - they began with little or no money. For Cuban, he didn't begin with 100-page-long business plans; instead, he simply started by putting together spreadsheets of his expenses and calculated how much revenue he needed to break even and keep the lights on. He then put his ideas to paper, gave the company name, and then took the most important step: acquiring sweat equity.

You see, most people assume that they need investors to get their business off the ground. But what these investors don't tell you is that the minute you ask for money, you are now playing in their game - they aren't playing in yours. "You are now 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." And the worst part? Investors don't care about your dreams and goals. They only care about how they are going to get their money back and then some.

According to Cuban, you shouldn't take money from anyone. Businesses don't have to start big. In fact, the best ones start small. Cuban started MicroSolutions by getting an advance of \$500 from his first customer. The business didn't grow quickly in the first couple of years - only up to four people, and they all worked for almost nothing. There is nothing wrong with that! "It's okay to start slow. It's okay 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."

# Don't Lie to Yourself

Cuban will never forget a meaningful conversation he once had with the coach and GM of the Mavericks, Don Nelson. When talking about the players, Cuban asked Nelson why he didn't talk to a specific player about something that was going on. Nelson replied, "The worst evaluator of talent is a player trying to evaluate himself."

He applies the same principle to businesspeople and entrepreneurs. Oftentimes, these people tend to be less honest with themselves about their strengths and weaknesses. For Cuban, he remembers believing that he needed a certain level of confidence in his abilities to be successful, and he didn't want to believe that there were things that he couldn't do. Instead, he only wanted to believe that if he tried hard enough, worked long enough, and got a little lucky, that the sky would become the limit! The problem, however, is that he let his confidence cloud his judgment of what he truly knew about himself.

Today, Cuban admits that he is one of the least organized people that he knows. Therefore, he has an assistant and others to help him run his life. He states, "If you ask me where I'm going to be in three days, I have no idea. I do know that I have a kick-ass assistant who is going to make sure that when I wake up that morning, I know where I'm going and how to get there." Unfortunately, when he started MicroSolutions, there was no assistant. In other words, there was no organization and his accounting was a shoebox of receipts. But he lied to himself and said that he could deal with it all and take the time to get organized. That never happened.

In the end, Cuban had to choose between lying to himself and pretending he could suddenly become a detailed person, or accepting the fact that he's not. Therefore, he partnered with someone who is. Continuing to lie to himself meant that he would probably lose his business someday. "Every entrepreneur faces comparable choices. Each of us has to face the reality of who we are and what we are."

# **It's Okay to be a Whiner**

When Cuban was in high school, he whined about business classes being offered to underclassmen, so he took classes at the University of Pittsburgh instead. Once there, he whined that the classes weren't challenging enough, so he snuck into the MBA program and took graduate-level statistics when he was a freshman. When he finally got a job selling software, he whined to the owner that he shouldn't sweep the floor of the store and should go out and close sales. Are you noticing a pattern here?

Ultimately, Mark Cuban is a whiner, but that's not necessarily a bad thing. In fact, whining has led to some of Cuban's greatest ideas. For example, when hanging out with his friend Todd Wagner, they whined together about how they couldn't listen to Indiana Basketball or hometown sports in Dallas, so they created AudioNet, which later became Broadcast.com. He whined to his friends on opening night of the Mavs 1999-2000 season that there was no energy in the building. So he bought the Mavs.

According to Cuban, "whining is the first step toward change. It's the moment when you realize something is very wrong and that you have to take the initiative to do something about it. Sure, criticism usually comes along with the territory. But who cares?" As the owner of the Dallas Mavericks, Cuban whined a lot about things in the NBA, from marketing to officials, all of which led to change. For example, they changed the way games are sold and marketed, how games are presented, and even how some departments are organized and managed in the NBA.

"People who don't whine are punching bags. They just go about their days, their jobs, their lives, knowing there is nothing they can do to change a darn thing, so why say a word? They see no reason to whine because they know they are incapable of effecting change." Whiners, on the other hand, spark change. They whine about what they don't like, they raise concerns about injustices, and they figure out ways to solve problems. So what will you choose to be? A whiner or a punching bag.

## Final Summary

One of the first rules for starting a business is to only start one if you have a true passion for it. Only then will you be willing to give up your time and energy to make it a success. So if you have a passion, you too can turn your dreams into a success like Mark Cuban. Cuban started from nothing, he slept on the floor of his friend's apartment, but he worked hard and he never stopped learning. Remember that time is more valuable than money, so use it wisely and learn how to be productive. Don't let fear be a roadblock. Everyone is scared when they go out on their own, but use that fear as motivation. If you fail, get back up and go for it again. After all, Cuban was fired from many jobs before starting his own business! Finally, expect the unexpected, and always be ready. Life is unpredictable, so be ready to take on new opportunities when they present themselves.



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