

Mark Cuban: Kick Your Own

Written by Bob Snyder
12 December 2010

Make no mistake: Mark Cuban is **The Reseller Hero**. In fact, he is one of the most successful IT resellers of all time.

From the outside, he doesn't look like us anymore. He's the playboy owner of an American basketball team. OK, he's now married and no longer a playboy but instead he gets to join in on *Dancing with the Stars*.



As well as owning the NBA basketball team (*Dallas Mavericks*), he started the first high-definition satellite television network (*HDNet*)

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). Cuban is co-owner of *2929 Entertainment*, which provides vertically integrated production and distribution of films and video, and owns the *Landmark Theatre* (58 arthouse movie theatres.)

He is involved with numerous high tech start-ups from internet software to high tech toilets as well as being known as a disruptive force in bringing digital content to the public, despite Hollywood.

The **Guinness Book of Records** credits Cuban with the "largest single e-commerce transaction" after paying \$40 million for his Gulfstream jet in October 1999.

His start was humble: when he first moved to Dallas after university, Cuban worked as a bartender. From pushing drinks he signed on to push software as a salesperson for *Your Business Software*, one of the first PC software retailers in Texas. You could say he was one of the originators of the outbound sales business model because less than a year later he was fired. Instead of opening the store on time, he went out to meet a client to get a big order. Without realizing it, Cuban moved from dealer to value-added reseller.

With support from his previous customers from *Your Business Software*, Cuban started *MicroSolutions*, a system integrator and software reseller. The company was an early adopter of technologies such as Carbon Copy, Lotus Notes, Novell and CompuServe. One of the company's largest clients was Perot Systems. In 1990, Cuban sold *MicroSolutions* to *CompuServe* for \$6 million.

During that time and even for years later, Mark Cuban wrote articles about IT reselling for the industry trade journal, *CRN*. His writing on the high tech business has even appeared in our own publication.

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Combining their mutual interest in college basketball and webcasting, Cuban and a friend started *Audionet* in 1995. With a single server, a Gandalf router and an ISDN line, *Audionet* became

Broadcast.com

in 1998. By 1999,

Broadcast.com

had grown to 330 employees and \$13.5 million in revenue for the second quarter. In 1999 during the Dot-com boom,

Broadcast.com

was one of the lucky ones. It was acquired by

Yahoo!

for \$5.9 billion in

Yahoo!

stock...just before the boom went bust.

After the sale, Cuban diversified his wealth to avoid the dot.com bust. In 2010, Cuban ranks 400th on the Forbes "World's Richest People" list with a net worth of \$2.4 billion.

And he made it all happen by being the consummate solutions provider. Enough background, the rest of this article is full of his advice to today's IT resellers...

On stage at *COMDEXvirtual* this year, Cuban told his own story of success. He admits he was lucky enough to spot the trend to LAN, as early as 1981. He was one of Novell's earliest resellers, either third or fourth to sign on in USA. Cuban also was known as an IBM token ring installer.

How the Ball Bounces

When you ask Cuban how to make an IT solutions company work, he tells a basketball story.

In 2000, Cuban purchased a majority stake in the NBA Dallas Mavericks basketball team for \$285 million from H. Ross Perot, Jr. (not the father of EDS fame but the son who sold Perot Systems to Dell.)

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In the 20 years before Cuban bought the team, the Mavericks won games only 40% of the time, with a dismal league playoff record of 21–32. In the next 10 years under Cuban, the team won 69% of their regular season games and reached the playoffs in each of those seasons. The Mavs playoff record with Cuban is 49 wins and 57 losses, including their first trip to the NBA Finals in 2006, where they lost to the Miami Heat.

Historically, NBA team owners play a behind-the-scenes role and watch basketball games from lofty perches in their luxury skyboxes. Instead Cuban sits alongside fans while donning team jerseys. He is often fined by league officials for accosting refs, fans and other teams...but never found guilty of not being intimately involved with his business.

Cuban flies his private Gulfstream V to attend road games. And if that sounds glamorous, Cuban tells an anecdote that's closer to home. "When I bought the Dallas Mavericks, it wasn't in great economical shape. As a salesman, I went straight to the business of filling seats in the stadium. We had five salespeople in the Mavericks office and I took a desk in the middle of the sales floor. I got on the phone with the rest of the salespeople and we sold seats. I ended up firing two of the sales people and adding 25."

To sell tickets instead of LANs, Cuban had to follow the same mental process that he used in his IT business. He had to ask himself, "What business are we in? What do we sell?"

His conclusion was that his team doesn't sell basketball: they sell fun. To succeed, the sports team needed to concentrate on family entertainment. That became the product that Cuban's sales team offered. They made Mavs basketball more fun and they filled the stadium, giving Cuban the business results he needed to financially build up the team and the franchise.

In IT, Somebody is Always Trying to Kill You

When he tells this story, he turns back to his IT reselling roots: "VARs are always moving. IT as an industry is never static and the market always zigging and zagging. My job as an IT reseller was to make sure the customers knew I was the company to turn to whenever they felt the zig."

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“The more you anticipate, the more you have an edge. You’ve got to try to analyze what’s coming. How do you stay ahead?” In a quote that surely will become famous in IT reselling lore, Cuban sums it up this way: “In IT somebody is always trying to kill you. **You’ve got to always ask yourself: How do I kick my own ass?**”

If you practice kicking your own ass, Cuban theorizes, then you’re sure to keep moving it and your competitor has a harder time trying to kick it for you. Kick your own ass, is the Cuban variation of what IT resellers heard years ago from Intel’s famed Andy Grove: only the paranoid survive.

On stage, recorded so you can still see the interview at COMDEXvirtual, Cuban was asked about The Cloud. How would he as a reseller anticipate cloud opportunities?”

“Cloud sucks as a reseller,” retorted Cuban who is not known for glorifying situations. “But how do companies of all sizes integrate cloud? If it’s tangible, then people can put their arms around it. But there are so many elements to cloud so it could be a gold mine for integrators. Sure, it’s harder to hit the same kind of revenues as hardware, but the real money is what you put in your pocket.”

“Cloud sounds easier than it is. Find your angle...your strength is in integration but how can you apply it?”

How would Cuban approach cloud if he was still in the integration business today? “I would start putting my customers together to discuss the market shift. I would start a user group (as I did years ago when desktop publishing first came up). I would ask them to take some chances and let’s try out some things together. I would work on R&D with customers so they can see I am driving the tech train. When they think about the latest technology, they would think of me.”

The litmus test, the way that you can tell if you will thrive as a reseller (according to Cuban) is to ask yourself this question: “Will your customers turn to your first when technology changes?” It’s all about the trust that your customers put in your skill sets.

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“Every company is scared shitless about how technology will affect their business,” asserts Cuban. “Wherever there’s uncertainty, there’s opportunity. You are screwed if you wait for the customer to discover the benefits of cloud on his own. Somebody like me, a first mover, is going to be approaching your customers. Find out what makes you unique, what your competence is in the cloud and then beat people’s head against it.”

Beating people’s head against it is the Cuban way of saying: after you find your skills set, you develop your message about those skills. Then your sales people, your marketing team repeat and replay that message to drive it into the market, into the minds of your customers.



In his COMDEX virtual discussion, Cuban was also challenged to talk about the Next Big Thing. “The Rule of Thumb on the Next Big Thing,” says Cuban, “is don’t go where everybody else is. “

Several opportunities come to mind for him: social gaming. How can we make social gaming more profitable? “We all need a re-charge. Farmville is a social diversion,” notes Cuban. But he wonders if social gaming can become a wider phenomenon, used by corporates for training, for business development, for customer education and more.

Cuban also sees opportunity in personalized medicine. “Somewhere in the future people will

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ask in shock, 'Really, back then you all took the same medicine?' ”

What would Cuban do today if he had no capital? “I'd sell wireless home. I would go door-to-door, knocking on people's doors and saying to each person who answered the door: 'I know your wireless sucks. Pay me \$100 and I'll make it work.'”

Pay me and I'll make it work. Spoken like a true solution provider. You can take the man out of the solution provider business but not the solution provider out of the man. Especially one who is known to kick his own ass from time to time.

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