

THE MAVERICK

► **MARK CUBAN**

HAS a REPUTATION FOR BEING BRASH and IMPULSIVE, FOR THINKING BIG and DEFYING the POWERS THAT BE. BUT the REAL SECRET TO HIS SUCCESS? DOING HIS HOMEWORK.

by **TOM FOSTER**

**MAN OF
1,000 FACES**

Over the past 20 years, Mark Cuban's smiling, snarling, dare-you-to-punch-me mug has become a fixture in American life—from boardrooms to

nightclubs to the courts of the NBA, the stage of *Shark Tank*, *Dancing with the Stars*, and even the animated world of Homer and Bart Simpson.

MARK CUBAN HAS JUST FINISHED eviscerating a contestant on the reality show *Shark Tank*, for which he works as one of the judges, or “sharks,” who listen to pitches from aspiring entrepreneurs. I can’t divulge what the contestant was pitching (not before the episode airs), but suffice it to say, it’s something Cuban might find useful.

For a guy known for his outspokenness, he is often a quiet presence on the *Shark Tank* set, sitting serenely in a riveted red-leather armchair, jotting his thoughts in a notebook, occasionally making a pained expression, squinting, or pursing his lips. He doesn’t have an especially good poker face—or maybe he’s broadcasting his thoughts for effect, so he doesn’t disappear from the cameras completely. Either way, Cuban tends to sit back and study the action while his co-sharks engage with a contestant—until, inevitably, the moment comes when he can’t hold it in any longer.

Then, fireworks.

“My bullshit meter is going nuts!” he tells the contestant, who has repeatedly made vague references to academic studies that vouch for his product, or maybe for the general idea of his product. It’s not clear if the contestant—a former Eagle Scout—is being disingenuous or is simply a poor communicator; either way, Cuban is having none of it. Bullshit is one thing he does not tolerate. He tries several times to force a straight answer, and when it doesn’t come, he can barely hide his disgust.

When the pitch session finally ends, the sharks, their handlers, and crew members mass around the snack buffet to hash out what just happened. “It amazes me; people come out knowing Mark’s going to be here and make claims like this guy,” says fellow cast member Robert Herjavec. Someone else

mentions that the show keeps a psychologist on hand for situations like these, when a contestant “gets shit on.”

Every good episode has a high-drama showdown like this one, and Cuban relishes his ability to make the most of them. “I love those. You know me—I have *fun*,” he tells me as he refills his coffee and heads off to get his makeup touched up, leaving everyone else buzzing in his wake. After a mostly tranquil day on set, he has shown, once again, why he is the show’s undisputed star.

Shark Tank is the most popular show on Friday nights among coveted 18- to 49-year-old viewers. The audience has grown to roughly eight million people a week since the 2009 premiere. (By comparison, the last season finale of *Game of Thrones* had just over seven million viewers.) Part of *Shark Tank*’s appeal is that it’s arguably the most *real* show on reality television: The contestants are pursuing genuine business ventures, and the judges are investing their own money. Cuban, who joined the cast in the show’s third season, likes to say *Shark Tank* succeeds because it’s a validation of the American dream. It’s a show about ingenuity, pluck, money, and playing to win. Families watch it together: Parents teach kids about valuations and equity, brand building, and retail strategy.

Cuban himself is a validation of the American dream—a self-made man whose net worth, according to *Forbes*, is around \$2.7 billion—but that’s only part of his appeal. Once roundly considered a blowhard arriviste, the overgrown bro who invaded the old boys’ club of NBA owners when he bought the Dallas Mavericks in 2000, he’s become, over the years, something more like the league’s voice of reason. The Mavs, once perennial punch-line fodder, are now firmly

entrenched in the NBA elite. Cuban, who’s been fined about \$1.7 million by the league over the years, mostly for running off at the mouth, now just as often shapes NBA policy. Among *Shark Tank* fans, he’s loved for being at once brutally honest, competitive, and surprisingly generous—for calling bullshit on bullshitters, yes, but also for the thoughtful advice he sometimes offers entrepreneurs, even when he’s not investing. The frat boy image, it turns out, is true only to the extent that anyone’s life can be reduced to a cartoon. And there’s a lot to learn from his particular brand of success—and notoriety.

IF ALL YOU KNEW ABOUT MARK CUBAN

was that he owned a pro sports team and starred on a hit TV show, you’d probably think he was a fairly busy, high-achieving guy. The reality is that he has his hands in more than 100 companies, including some he owns with longtime business partner Todd Wagner, and others he has invested in and advised. He has a movie distribution company, Magnolia Pictures, and a chain of arty movie theaters. He has a TV network, AXS (formerly HDNet), and more than a few tech companies in his portfolio. And through *Shark Tank*, he has invested in everything from a stand-up-paddleboard maker to a sippy-cup maker and something called the Los Angeles Haunted Hayride. Oh, and he’s got a scaldingly hot wife and three kids.

It’s easy to look at all that and chalk it up to the advantages of being a billionaire: After all, opportunity flows to the wealthy, right? But 30-some years ago, none of it existed, and Cuban was just the working-class son of a Pittsburgh auto upholsterer, putting himself through college at Indiana University. During his senior year, he embarked on his first entrepreneurial adventure, using his



PLAYING FOR KEEPS

THE RECORD-SETTING CAREER OF MARK CUBAN



MONEYMAKER

As Cuban once said, “Money is a scoreboard.” On July 17, 1998, the first public shares of his online streaming service, Broadcast.com, reached record heights on the **stock market**. Offered at \$18 apiece, they closed at \$62 ¼. That’s a 249 percent leap—at the time, the best one-day gain in history.



BIG SPENDER

Soon after selling Broadcast.com to Yahoo for \$5.7 billion, Cuban bought a \$40 million **Gulfstream V jet** on his computer—earning a Guinness World Record for the largest online purchase ever.



MAVERICK

In 2000, Cuban paid a then record \$285 million to buy the Dallas Mavs from Ross Perot Jr. When *Forbes* valued the team at \$765 million in January 2014, Cuban said the figure was “way too low.” He was right: Four months later, **Steve Ballmer** offered \$2 billion for the Clippers.



TRASH-TALKER

In 2002, Cuban received an NBA-record \$500,000 fine for criticizing the league’s director of officials. “Ed Rush might have been a great ref,” he said, “but I wouldn’t hire him to manage a Dairy Queen.” In April, Cuban lost the mark to Donald Sterling, who earned a \$2.5 million fine for his boneheaded racist slurs. Not to worry: Cubes still owns the record for most fines received (20).



HUMANITARIAN

In 2012, Cuban offered to pay \$1 million for a haircut. The catch? The haircut was for his outspoken nemesis **Donald Trump**, who had to shave his whole head. Cuban volunteered to donate the money to the charity of Trump’s choice. “Only 1 mill. dollars?” Trump tweeted. “Offer me real money and I’d consider it.”

student-loan money to buy a local bar, Motley’s Pub, that was going out of business. Cubes and his buddies turned out to be good party promoters, and the place was an instant hit, with lines out the door. He might still be there, tending bar and hitting on coeds, if not for his first brush with infamy: One night the bar threw a wet-T-shirt contest, and the local newspaper ran a story about it with a picture of the winner, who turned out to be a 16-year-old girl on probation for prostitution. Oops.

Motley’s didn’t survive the scandal, and soon after he graduated, Cuban headed west to boomtown Dallas in pursuit of the American trifecta: sunshine, money, and attractive women. He was “poor as fuck” and moved into a three-bedroom apartment he shared with five other guys; he slept on the floor. He landed a job at a software retailer in town and set out to learn the business. He didn’t know a thing about computers but figured nobody else did yet, either—and that meant he’d get a head start.

The job didn’t last—Cuban got fired when he defied his boss and went to meet with a potential client one morning rather than show up and sweep the shop floors—but before he left, he managed to establish two of the hallmarks of his success. One, he recognized a hot industry that would only get hotter (computers, duh), and two, he did more homework than everyone else, in the belief that if he armed himself with more information than the competition, he’d make more sales. (This simple philosophy, it’s worth noting, comes from his favorite quote, courtesy of legendary hotheaded basketball coach Bobby Knight: *Everyone has the will to win. It’s those that prepare to win that do.*) “I’d stay up all night reading the software manuals,” Cuban remembers. If a customer

had a question, he had a ready answer.

By the time he got fired, the cramming-for-finals strategy had paid off enough that one of his corporate clients agreed to put up a few hundred dollars for him to start his own software sales firm. Cuban is the first to point out that he didn’t have an inherent passion for computer systems. It was the sense of competition that drove him to launch MicroSolutions; he wanted to win in what he calls “the sport of business.” Win he did. After seven years, he sold MicroSolutions for \$6 million, which, after he paid taxes and distributed money to his 80 employees, left him with about \$2 million for himself.

“I started living like a rock star,” he says. “I was trying to sleep with as many girls as I could, drink as much as I could.” One of his first rich-guy purchases was a lifetime pass on American Airlines, a \$125,000 investment that allowed him and a guest to travel anywhere, anytime, for the rest of his life. He’d fly to L.A. to take acting classes and meet women, then hop a plane to Vegas for the night or Barcelona for the weekend. He became a regular in Puerto Vallarta.

Two million was a lot of money—especially in the late ’80s—but it’s not the kind of money that lasts forever, so Cuban started trading stocks. Over the next six years he grew his fortune tenfold, until he was sitting on more than \$20 million. “I *killed it* as a trader,” he says. “I was doing so well that a bunch of guys from Goldman Sachs came to me, took my trading records, and we created a hedge fund that we sold less than a year later.” At which point Cuban was ready to get serious again.

Just as MicroSolutions had caught the PC wave early, Cuban’s next start-up, Audionet (later Broadcast.com), was quick to the consumer Internet. It was 1995, and Cuban recognized that, although the Web was

mostly a text-based tool, people would soon be using it for audio and video (again, duh). Four years later, at the height of the late-’90s dot-com bubble, Yahoo bought the company for \$5.7 billion, of which Cuban was able to keep about a third.

If he was living like a rock star in the early ’90s, he entered the 2000s living like...well, a 40-year-old billionaire. He gave his lifetime airline pass to his dad and bought himself a Gulfstream V, the longest-range private jet on the market, which he snared for \$40 million and paid for, naturally, over the Internet. He added a big empty mansion in Dallas’ toniest neighborhood, bought the local hoops team, got himself fined for “conduct unbecoming of an NBA owner” (for sitting on the floor on the sideline during a game—which he continued to do until the league stopped fining him). He bought his way into the movie business, did a stint on *Dancing with the Stars*, got thrown through a table on *WWE Raw*. And somewhere in there, the act of being Mark Cuban became a very big business of its own.

TO GET A BETTER SENSE OF HOW CUBAN thinks and works, consider the NBA’s clear-path foul rules. It used to be that such a foul resulted in one free throw plus possession for the team that had been fouled. That didn’t smell right to Cuban, so one day a few years ago, he decided to investigate the probability of scoring an uncontested layup versus that of making a free throw and scoring on the following possession. It turned out that it was in the defensive team’s best interest to commit a clear-path foul rather than allow a breakaway—which didn’t make any sense. Cubes presented his case to the league, which subsequently changed the rule so that the foul resulted in two free throws plus possession. That changed the equation

enough that the defense suddenly had good reason not to commit a clear-path foul—clearly a fairer situation.

The lesson, says Cuban: Just because it ain’t broke doesn’t mean it’s optimal. It’s a very Cubesian way of thinking, a data-driven form of dissent. Like so many of his peers in the start-up culture, Cuban looks for weaknesses in the established order and attempts to disrupt them with a better way. And just as he became a successful software salesman by arming himself with knowledge, he creates disruptive change by first doing the research to make a case—then selling the shit out of it.

Today he is excited about another NBA rule he’s been trying to alter. Not surprisingly, he hates *flopping*, the practice of players throwing themselves to the ground in order to incite foul calls from the refs. To Cuban, it’s the equivalent of being a bullshit artist. Rather than just bitch about it, he put down \$100,000 to fund a study on flopping by a team of biomechanical engineers at SMU. The researchers wired a bunch of players with motion-capture technology, put them in contact situations, and analyzed the forces at work to learn the true effects of various collisions. “The answer so far is no,” Cuban says of the early results. “If you run into a guy, it’s not natural for him just to fall on his ass.” He smiles, no doubt imagining how he’s going to use this information to change the game.

Biometrics—the study of data related to our bodies—has become one of Cuban’s secret weapons. Every Mavs player, for instance, has his blood drawn and analyzed four times a year. Cuban does it, too. “If you get sick, that’s the worst time to take blood,” he explains. “It’s one of the dumbest things doctors do. They take your sick blood and

compare it to the general population’s. What we want to know is, if Dirk [Nowitski, the Mavs’ longtime power forward] has had thyroid levels here for the past four years, and suddenly they’re down here, what is going on? And you can’t see that variation unless you establish a baseline.”

The Mavs employ an in-house psychologist who travels to each game with the team for a similar reason. Historically, Cuban says, when players had personal issues, they had to take them up with the coach. “But you can never be totally honest with the coach, because the coach controls playing time! So we just have someone there for whenever they need to talk—and the number one rule is that I have no idea how many sessions the players have, or what they talk about.”

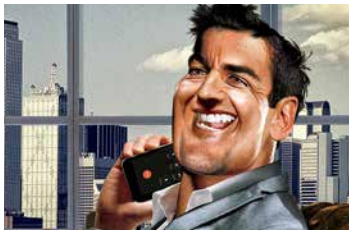
I should mention that Cuban is peeing during part of this conversation, and I’m standing awkwardly a few feet away with the door open between us. We’ve just returned from lunch in a hangar-size building a few hundred yards from the *Shark Tank* soundstage, and we stopped in his little trailer just off set. The sharks wear the same clothes all season long, so that shoots from different days can be spliced together to create seamless episodes, and Cuban desperately needed to change into an identical crisp white shirt—the one he wore all morning had turned orange around the collar. It was a little odd as he stood bare-chested in front of me, and odd again as he fumbled over and over with his cuff links and I offered to help. But none of that seemed to register with him, so I shouldn’t have been surprised when he stepped into the next room and started whizzing. I mention this because it illustrates Cuban’s particular brand of (pardon the pun) cockiness. For all the homework he does and

the data he gathers, he can still give off the air of a dude snapping towels in a locker room.

Also, I can confirm the dude is a well-taken-care-of 56-year-old—no doubt partly because of his constantly monitored biometrics. He takes thyroid medication these days because his blood work showed an inconsistency. He had a hip replaced a few years ago, and he’s about to do the other one. He gets steroid shots in his back so he can keep playing hoops with his buddies. He stopped drinking beer in 2012—to avoid “wheat belly”—and now sticks to Tito’s vodka and soda. He’s also weirdly ageless, with an almost complete lack of wrinkles on his face.

LAST SPRING, AT THE HEIGHT OF THE controversy surrounding then-Clippers owner Donald Sterling’s racist comments, Cuban made headlines for his own insensitive remarks. At a conference for entrepreneurs, he professed to having “bigoted” thoughts, describing a hypothetical situation in which he crosses the street at night when he sees a black guy in a hoodie and again when he sees a white guy with tattoos and a shaved head. It was a poor choice of words (Cuban later apologized for the hoodie reference, which evoked Trayvon Martin). The tweet-storm that followed added copious fuel to an already raging national debate, and Cuban watched, for the millionth time, as a quote of his took on a life of its own and defined him in a way he thought was deeply unfair.

The episode came at a moment when Cuban had become increasingly worked up about privacy. Late in 2013 he won a five-year court battle with the SEC over insider-trading allegations. His e-mails and blogs and social media posts were all subpoenaed in the (CONT. ON P. 00)



(CONT. FROM P. 00)

process and, he says, the prosecution used many of his quotes out of context and distorted them. He spent more on legal fees than he would have if he'd just settled the case, but for him going to battle was a matter of principle, just as it had been when he was fined \$100,000 by the NBA for sitting on the floor, cross-legged, during a Mavs game. "I am glad this happened to me," Cuban told reporters after the jury sided with him. "I'm glad I can afford to stand up to the SEC."

Ever the entrepreneur, Cuban decided that this experience of having his private messages used against him presented a business opportunity. He launched a new company called Cyber Dust, which makes a messaging app that works something like a combination of Twitter and Snapchat, but with the key difference that nothing gets stored on the company's servers—when the message disappears, it's gone forever. He's also invested in a company called Xpire, which allows users to select the time when their Facebook posts and Twitter messages will self-destruct.

Over the course of our conversations, Cuban steers the subject back to privacy again and again. "Man, you've got to shrink your digital footprint," he says. "The minute you hit send on a text, you don't own it anymore, but you're still *responsible* for it. Think about what that means. What you create on social media, who you follow, the information from your e-mails, how you write, the pictures you save on Dropbox... All that together creates a profile that's even more detailed than how you know yourself. People should be freaked out about that."

The SEC experience prompted this outrage, but lately it has bled more into his private life. "I started thinking about every text I've ever sent. I don't know who kept it or what they might do with it. It could have been the most innocuous thing, a joke to a friend. 'Oh, you motherfucker, you son of a bitch, I'm going to kick your ass.' What if that friend gets pissed at me for something, and kept that text? Boom, I'm done with. I think about my 10-year-old daughter. She doesn't text yet, but the day is coming when she sends the most benign text to some idiot kid, and he is going to fuck with her."

Cuban's expanding celebrity, thanks largely

to *Shark Tank*, has also contributed to his cautiousness. "Mark doesn't go out in Dallas much anymore; it's just too crazy," says Brian Dameris, a longtime buddy and employee.

At heart, though, Cuban is still a jock from Pittsburgh, a man of the people, so he avoids the easy temptation to insulate himself from the world. He sits in the stands with regular fans at Mavs games, buys microwave dinners at 7-Eleven, answers his own e-mails, doesn't employ a publicist. "We don't have servants, we don't have butlers—at home it's just us!" he says. "My biggest fear now is that my kids are going to be assholes. I don't want them to be entitled jerks, so we try to do everything as a family, try to keep as normal as possible."

Does he have a driver, I ask him, so he can sit in the back like most moguls and wrangle player contracts? "Fuck no, I don't have a driver," he says, offended that I'd even suggest it. "I have a Lexus, I drive myself."

MARK CUBAN IS A LOT OF THINGS, BUT chief among them is that he's a businessman. He wants to make money, a lot of it. It's not altogether surprising, then, that despite his concern about digital privacy and high hopes for Cyber Dust, one of his other companies, Motionloft, tracks pedestrians as they pass stores, providing retailers with info they can use to target customers. It's the kind of thing that gives privacy advocates fits. Forget digital footprints. Now our *actual* footprints can be monitored for commercial reasons, too.

Cuban shrugs when I ask him if he's being a little hypocritical by investing in Motionloft. "Of course, yeah. I'm playing both sides against the middle," he says. "If people don't care and Cyber Dust doesn't do as well, Motionloft takes off." Similarly, he recently invested in a digital publishing start-up called Ratter, conceived by ex-Gawker editor A.J. Daulerio, that aims to be a network of aggressive, salacious local tabloids.

That Cuban invests in companies that traffic in things he says he hates is a perfect illustration of what makes him such an enigma. It's easy to view the contradictions as evidence that he's amoral and impulsive, even reckless. He sees it as evidence that he's cautious and calculated. "I tell people all the time I'm not a crazy risk taker," he says. Sometimes that requires hedging his bets.

Sometimes it means passing on opportunities with limited upsides. At one point during the *Shark Tank* shoot, he declines to back a pair of entrepreneurs because the investment they're seeking doesn't jibe with the potential payoff, despite the decent likelihood that the company will triple or quadruple his money. As Cuban explained to me later, it would have been a "no-brainer" if he thought the deal would gain him a twentyfold return.

In general, though, Cuban's protection against making bad bets is, as always, to do more homework than anyone else. "You can't get anything over on him," says Dameris. "His gift is consuming information. He takes it all in, reads a thousand e-mails a day, runs the Mavs and all these other businesses, and manages to process it all. If he asks you a question and you try to fake an answer, he knows. He'll be like, 'I read that yesterday in the *Journal*, and the reality is this and this and this.'" Whenever Cuban looks like a playboy—say, when he signed the free agent forward Chandler Parsons in a nightclub this past summer—you can bet a good amount of preparation went into the moment.

As the long day of shooting winds down, Cuban agrees to act out a few stock lines that can be used to punctuate the footage of the day's pitches. It starts with some subdued, rehearsed-sounding quotes. He squints his eyes just so, miming intense deliberation. "I should have been out earlier. I'm out now," he says. "I don't see any way you're ever going to be profitable. I don't see a path to profitability. I'm out." He starts building in intensity, the lines getting more bite as he goes. "I have no interest in this area at all. I'm out. Time is my most valuable asset, and I'm giving none of it to you. I'm out." He lowers his eyes in mock scolding. "This is a bad idea. I'm out."

He starts hamming for the camera, a rapid succession of facial expressions that might get edited in at some point—a raised eyebrow, a deep sigh, a belly laugh, an eager lick of the lips. He's on a roll now, having fun, just Cuban being Cuban, regardless of the cameras and recording equipment.

"I'm out, you bitch-ass motherfucker.

I will kick your ass!"

He stands up to go.

He has work to do. ■