

*Terence Thomas Kevin O'Leary has been many things: a businessman, an author, a politician, and even a television personality. From Canada, he co-founded Softkey Software Products in the 1980s–1990s. It was a technology company that marketed software for family education and entertainment. It acquired rival companies like Compton's New Media, The Learning Company, and Brøderbund. Softkey became The Learning Company and was acquired in 1999 by Mattel which is the sale that made him a multimillionaire. He was eventually fired when the acquisition resulted in losses and shareholder lawsuits. He then appeared on several Canadian television shows, mostly business programs including Dragon's Den of which, Shark Tank, is the American version. From 2009, he has appeared on Shark Tank. Since 2011, he released three books about relationships, investing, money, financial literacy, and achieving wealth: Cold Hard Truth: On Business, Money & Life, its sequel, The Cold Hard Truth on Men, Women, and Money: 50 Common Money Mistakes and How to Fix Them. In 2017, he campaigned to be the leader of the Conservative Party of Canada but eventually dropped out.*

Kevin O'Leary on the Successful Pitch

### **#1 Can you articulate the opportunity in 90 seconds or less?**

"All of the companies that got funded in all 23 countries in multiple geographies in multiple languages. All were able to say here's my idea in 90 seconds or less. In most cases less than 60 seconds"

Example:

"Hi, I'm Sarah I crystallize detergent and I eliminate the plastic bottle and I ship it to you, to your home, and we don't waste plastic. That's like 17 seconds."

### **#2 Why you are the right individual and team to execute on the idea?**

"I have a great idea and I have executional skills [the entrepreneur]. So my [Kevin, as the investor] risk is mitigated."

### **#3 Know your numbers.**

Know your numbers. How big is the market? How fast is it growing? What are the gross margins? What's the break even analysis? You **HAVE** to be able to answer those questions.

Talking about Shark Tank: "If you don't know your numbers. I will personally put you in hell myself, because you deserve to burn in hell because you've made it. You have made it past 50,000 applications. Only maybe 300 get considered. Only 220 tape on-air. There you are, with your opportunity. You've beat the odds. And you don't know your numbers?!!"

Question: How much is it person and how much idea, if there was a ratio?

"Well, I'd give 70% to the person [and] 30% to the idea."

Kevin O'Leary doesn't care about your story, "What does that have to do with the investment I'm looking at?...You should be spending your time explaining to me why I'm going to make a ton of money."

### **On the importance of telling the truth:**

"My mother taught me something really great that I didn't really put a lot of value on early in my career, but it's a very simple thing: **Always tell the truth, and you'll never have to remember what you said.**"

"It is very hard to do that. Most people want to please others by not telling them the truth, but that kills you in the context of Shark Tank because it makes you go on [to build] a stupid business. **I'm the only one that says your business sucks...is going to zero.** You shouldn't do this you should come up with a better idea. And then they're crying in front of me."

"I'm never wrong. There you go."

### **On failure:**

"You have to be able to take a few hits. You're going to fail. It makes you better. Makes you stronger."

"Once you're an entrepreneur, and you're infected with that bug, you want to stay an entrepreneur and it doesn't matter if you fail a couple of times. **I would much rather invest in someone that's felt the sting of failure.** Anyways, I can't stand the arrogance of somebody walks in says, you know, I'm 26 years old I've never done anything but give me a valuation of \$10 million dollars."

### **On relationships:**

"The number one reason that people divorce has nothing to do with infidelity. Most marriages can survive infidelity. **The reason they divorce, between five and seven years, and 50% of these marriages fail is financial stress. And what happens is one of the pair, does not have the same objectives financially as the other.** In other words, maybe they outspend, maybe they have huge credit card debts, they don't care. But if you're not in sync with each other about money, It ain't gonna work. And that's what I try and talk about you have to treat it like it's the third person in your marriage. You got to treat it with respect...the money...Great marriages that last 30-40 years, you find that stability."

### **On legacy:**

"I've been married over 30 years. We have a family. That's a business, you know and I don't give money to my kids and they're really pissed at me but I don't care, they're gonna have to go figure it out for themselves but I did guarantee them [that] if they ever have children, I'll pay the full freight from birth to the last day of college because that's what my mother did to me. She hated

entitlement, she hated it. Yeah, she couldn't stay rich kids that had that because when I graduated, I didn't know she's going to do this to me. She said to me that day from college, she said, **'Listen, Kevin, that dead bird under the nest, never learns how to fly,'** and I said, 'What does that mean?' She said, 'No more checks.' And I said, 'You can't do that. I don't have a job.' She said, 'Oh yeah, I paid all the way to this day. You burned a lot of cash of mine, and now you're on your own. Now, go figure it out.'

And I had a tough couple of years, but when I finally was successful financially, I built a trust, that was designed based on her wishes. Birth to last day of college. A generational skipping trust. And my kids were four and seven. Many years later, when my son was failing in high school, he came to me one day said 'Dad, how does my trust work?' I said, "Well, if mom and I go out for dinner tonight and we get run over by a truck, you don't have to worry, because it's going to pay for you to finish high school, because it doesn't look like you have the marks to get into college. You don't have to worry about that.' And he said, 'Okay, what happens after that?' I said, 'Well, I'm dead and you have no money. Because this trust only works until you finish schooling.' 'What! Are you kidding?' I said 'No, it's written in stone. It's run by a bunch of guys that I don't even know. It's the deal.' 'You must be kidding!?' I said 'No, I'm not kidding, that dead bird under the nest never learns how to fly' is what I told him. It must have been the darkness that he felt...the uncertainty...the abyss that he faced. He went downstairs and he cracked the books from that day on. He's now working at Tesla as an engineer. He became an engineer. I thank my mother for that. That was her idea."

### **On decision-making:**

Question: How important is when you look at something? How long you spend it to make a decision? Is it fast?

**"I have a lot of experience now and I feel I live by that intuition.** I'll tell you a story that I'll never forget, and I told you that I now guest lecture at places like Harvard, MIT, Temple and Notre Dame. I love doing it, I love doing it. And I always tell them this story because I remember it. I remember nothing from my MBA. I went. My stepfather said, 'All you did is take classes in art and psychology and you just wanted to hang with girls in university and now you don't know anything. You're gonna starve to death.'" And he had a point there. So I went to business school for two years, and on the last day, there's 86 people in my class and to my right, because the guy that I've been sitting beside for two years, Barry was his name. In comes the guest lecturer for the day. And he just looks at us, like for a minute and didn't say anything. It was a weird vibe in the room and you could hear a pin drop. And he finally says to us. 'You people think you're so damn hot. Here you are, MBA, that you're gonna go out there and make it happen and everybody can't wait to see you because you know so much,' and he said 'You know shit! You haven't done anything.' And I leaned over to Barry and I say 'What an asshole, tis guy is.' And he went on to explain that:

**The reason you become valuable in life is when you do something, you achieve something and you'll get experience doing that, but you're worthless until you get that done.**

## **It doesn't matter what you learned in school. It matters what you do.**

That's why many successful people never go to college. It doesn't matter. It's really hard to make something work in business, and I thought to myself, 'This guy's such a dick.' Now, fast forward 30 years, that guy is me. I just said that this week. I did the virtually. I gave a speech for the Harvard graduating class and I said the same thing. And I said to them, 'I hope you guys sitting wherever you are and all these countries are thinking what a dick I am. Because then I've done my job. One third of you are going to fail. You're just not going to make it, even though you have a hot MBA. Who cares. The world's going to chew you up and spit you out. They don't care.' And the truth is I don't remember a single thing about any of what I learned in those two years, except that people like Barry, who sat beside were now bankers all over the world. So I talk from all the time. And that guy taught me an important lesson. It humbled me."

Question: So when you're looking at if you were going back to college today...would you be going for the education or would you be going for the connections?

**"Connections.** You're not gonna remember any of this crap, but all the people that are sitting with you, that you work with for two years: the connections. That's why you do it, because you're not gonna remember shit."

### **Connections and trust are key in business:**

"Business is all about deeply respecting people, trusting people. That's why this idea of lying to people [is important]."

**When you have a relationship of trust in business or in marriage with somebody and you, it's very powerful. Because they trust you and they're willing to give you the benefit of the doubt. When you get caught in the lie, or you get caught cheating in business or in a relationship, you lose 50% of the equity of that relationship, forever.**

And so, it would be better if you cheated on your wife, to get up in the morning, get out of bed, and call her up and say I just cheated on you. I just know that I made a huge mistake. It will alter the relationship but at least she'll trust that you told her the truth. You're weak in that moment. People never do that. And they destroy their relationships.

**In business, it's worse. Once you lose trust with somebody. Once you do something that was dishonest with them, word gets out real fast, and you can never get it back."**