

Barbara Corcoran: A Shark's guide to bouncing back

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TRANSCRIPT

SPEAKERS:

Roger Hobby Barbara Corcoran

Roger Hobby: Barbara, welcome.

Barbara Corcoran: Thank you.

ROGER: Welcome to everybody to the first ever Fidelity Rewards Event, and we're very very fortunate to have Barbara Corcoran from The Corcoran Group here with us. I've had all sorts of wonderful people tell me that they're super-excited about this opportunity to get to know you and to hear your story about resiliency. I should note, 2020 is kind of the poster child for resiliency, and we're very fortunate to hear your perspective on it. But let's kind of jump right into it, and talk a little bit about, you know, what has it meant. You're the founder of The Corcoran Group, you're on the *Shark Tank*. What has this been like for you, with COVID, and with this virus, and with working remotely? How has that gone for you? Tell us a little about your situation.

BARBARA: I'd be happy to, and thanks for having me Roger, I enjoy being here. Number one, it changed everything. It changed my business, and the different pursuits that I have within the business context. It changed my personal life tremendously, and I'm sure I'm not alone on that. I think everybody would report the same. But to give you an example of how it affected us, and how quickly it affected me, was when March hit, New York City was hit very hard. We were the earliest city hit. Everybody was afraid of us; we were afraid of ourselves. But I was surprised, and frankly shocked that *Shark Tank* planned to shoot anyway; they were not able to shoot in [Los Angeles], and so I thought all bets were off—we would skip a season of *Shark Tank*. But they instead got the opportunity to go to Las Vegas, and flew us all out to Las Vegas with very little notice, because it took over a giant bubble the size of a football field, which was actually built for the basketball players, and it was the size of a football field, and almost as tall. And we found ourselves in Las Vegas being tested every day, staff being tested, some people being thrown out on the staff, in and out, to make sure we were all safe, and we found ourselves on a set that was very much



different than anything we had ever seen. We were about 20 feet apart from each other, each Shark. It was like, what'd you say Mark? Huh, huh? But we had microphones in our ears and at our feet so we could hear things. And when we actually saw the takes and the cuts on real TV, you'd swear we were back in LA doing our usual thing; it was remarkable how they were able to pull that off, and we got the benefit of being one of the few shows that went forward and got shot. And as a result of that, our audience went through the roof on Friday night, so we've stayed as the number one show. And I think that COVID actually helped us. And then there's a little guilt associated with that, of course, for all of us, but we're happy we're doing so well.

With the speeches, I travel typically three, four days a month, sometimes more, and I've been doing speeches, A, from my living room, from my bedroom, from my office when we were able to get back in here, and if we never travel again to give speeches, I'm happy for it. I found that my life is so much nicer without constant travel. In terms of my staff at work and my media company, which is a small company of six people, not a lot of people here, everybody was working remotely, and we were pulling all this stuff out remotely, and our skill sets went to the roof in the production. We could pretty much produce anything today, and so what seemed like a hardship, we got tighter, and we got smarter and better. So on the business end, I have to say that everything just improved across the board.

On the personal end, for me, I felt like I was locked in a prison with not enough yard time, and with no data as to when my sentence was going to end. I sat in our apartment with my husband, my daughter Kate who was sent home from boarding school, and we were able to live there comfortably, and I thank the lord every day that I had a beautiful home to live in, with a terrace to boot. But what was the most shocking thing that happened to me during those many months we were locked up was they built tents in Central Park, hospital tents for the bodies coming out of the hospital across our front lawn. So we were watching every day and bright lights every night. It seemed so shocking, I think that brought the reality home to all of us more than anything else, and the happiest day was when they took the tents down, as the virus numbers dropped, and there was no need for the tents anymore. But it's been quite an amazing experience from where I sat, as I'm sure it has affected every single person, no matter what they were doing.

ROGER: Yeah, that sounds very, very hard, especially looking out at that, and knowing the impact that it's had on your city. I think I speak on behalf of all us around saying that we're very fortunate that you did continue on with your show. We needed the distraction, and we needed the entertainment and the show, so you shouldn't feel guilty; you should feel very thanked.

BARBARA: Good. I'm going to get rid of my guilt right away, Roger, right away.

ROGER: You should. And thank you for that. I mean, it is about resiliency, and we're all going through that at that point in time. Let's dive a little bit into your personal situation. One of my favorite quotes is that, I believe I got it correctly when you said, "I'm good at making money, but not keeping it," and as a wealth management expert, it's antithetical; it made me go, oh my

goodness, that's the exact opposite of what it is that we're wired to be able to do. So would you mind telling us a little bit about that story about sort of your journey towards financial literacy, and sort of how you not only got good at making it, but also keeping it, and growing it over time?

BARBARA: Yeah, of course. You know, it's almost embarrassing to say you don't know what to do with money, but you have to realize when I sold my business after 20 years for \$66 million, I had never had a year where I had cash. And so it was foreign to me, a pile of cash. What do you do with it? But I was at least smart enough, I think on two counts, one to realize what my gift was, and I know I'm a moneymaker. I can hustle my way and find an angle in anything and make a buck, I always have been. But it was very frightening, the prospect of, what do you do with the money? I had never given it any thought. It was certainly a new skill set, and I knew immediately that it was not my skill set. I was also smart enough that I was hit upon by every friend of family, friend, non-friend, pretending-to-be-friend person that came out of the woodwork, and I met with financial advisors probably for the first three months to selling my business, all who wanted to invest my money. I became so frightened by that process that I decided not to invest it, period. And I left it where I had found it the morning after I had sold my business, because I never asked anyone at the closing, where's the money? I know that's ridiculous; I should say where's my money at some point, but all I did was spend an entire day signing documents given to me by my attorneys and the accountants. And it was a shock to me, and I'll never forget it, and I'm reminded of it once a week now, but I went to my usual CitiBank machine in my neighborhood and got it, my usual \$200 a week that I always gave myself for pocket change, for taxes, things of that sort. And when I put in my card, you know that nice sound that you hear when you're getting cash out, like it's being printed, I put the \$200, and then I got my receipt, and right before I tossed it in the garbage, I looked at that receipt, and it said that I had \$44 million in my checking account.

ROGER: Yeah, don't throw that one away.

BARBARA: (laughs) Yeah, it was shocking. And then I got the balance to \$22 million into my checking account, maybe about three months hence. But to see that \$44 million in my checking account was like, (laughs), I didn't know what to do, who to call, who to show it to. I actually showed the receipt to a lady who was in the next booth with a little dog. Look at this, look at this! (laughs)

But anyway, the important thing, and maybe the stupid thing, I mean you're financially savvy; you would probably laugh at me, the idea that I would leave that money in my checking account, no interest paid, for a whole year. And that's exactly what I did before I invested it—a little more than a year. But here's what I did: I came to terms, honestly, with the fact that I needed somebody as smart as I was to do what I was not good at. And so, I only interviewed people with trusted brands, a brand that I immediately knew. That was important to me. I didn't want to just put all my people judgment on a guy or a gal that was pitching me; I wanted to trust the brand, and then fall in love with the person, because they were exceptional. So, for example, when I say a trusted brand, with Fidelity, for example, that's a trusted brand. People hear Fidelity, they've got some financial

relationship with the company, a great majority of Americans, so you trust that brand, because they're entrusted with investing people's retirement funds. I mean, how precious is that? And that's the position I was in. And so I only interviewed people with trusted brands, and in the end, I hired what I thought to be the sharpest guy that I had interviewed. And that has been my secret to making money with my money. And without that, I could have never made money, so it was a clumsy way to get an education, and maybe not the best. But nonetheless, I didn't lose the money by keeping it in the checking account, because I trusted the Citi Bank brand, and I didn't lose the money because I entrusted my financial advisor.

ROGER: Well, I think you're very astute, taking your time to make a smart decision was something that reflects a life's work, or enormous. Not many people get the opportunity to have that ATM receipt, so good for you. What were some of the sixth sense feelings that you had when you were kind of going through sort of your analysis with, from the people that you were talking to? Because obviously, you have a good judge of character. What are some of the things that sort of jumped out at you?

BARBARA: A couple of things I would say offhand. Number one, they had to look the part. If someone came in, they were a mess, or messy in their manners and what they were carrying, the way they presented, the physicality of the person, I was out, first breath. I mean I was polite and listened to what they had to say.

ROGER: Sure.

BARBARA: Not to say that neatness counts, but organization counts, because I've never seen anyone who has done well in anything who wasn't organized. So that was a first test. The most important test was out of my gut, and I do trust my gut, and I test it in the exact same way I do every week on *Shark Tank*. Do I trust this person, right out of my gut? And why do I trust my gut? Because your gut is the culmination of everything you've learned your entire life. And so, if my gut says, yeah, I trust this guy, I usually invest in *Shark Tank*, and the same was true of the financial advisor. I trusted perhaps the great majority of the people I met. But then I was looking for that secret sauce, which is a creative thinker. Someone who really wants to be thorough and investigate this, that, that and that, and doesn't just give an option but says there's a number of ways we could go here, and let me share with you my thinking.

And then the last piece was with a simple communicator. When somebody's above my head, which is easy in the financial area, I don't understand it; I don't go there. I have to have somebody dumb it down, and I don't care if I'm dumb on that, I just need to understand clearly why it works that way. And I feel I can really—I'm smart enough to figure anything out if someone can use the right terminology and keep it simple enough. And so those were the four barriers, and then you just made a shot, and probably in the end, I could have worked with three people, and then I thought, who do I like best? I picked the person I want to spend time with.

ROGER: Yeah, well good for you. I think that's very helpful. Your gut is so well-informed both personally as well as professionally. We should all listen to those components. I think the idea of finding sort of an elegant way to explain maybe a complex thing to make it a little bit more easy to understand, and not saying yes or no, but saying let's tease this out. Those are hallmarks of a good advisor, so I think that's an interesting approach.

But let's dig in if we could a little bit, because part of the fun of getting to know you is to get to know your story, which is wonderful. You have made lemonade out of lemons many times in your career.

BARBARA: Great expression.

ROGER: I didn't make it up, just for the record.

BARBARA: No, I love that expression.

ROGER: So talk with us a little bit about your journey, some of the things that have really sort of impacted your life, made you resilient, and informed and developed that sort of gut feeling so that you have this ability to connect with people and to kind of understand whether they have what it takes or not. Give us a little bit of a flavor there.

BARBARA: Okay. Maybe I should do it in chronological order, the things that are coming to mind. Number one, foremost, was I was a terrible student in school. I couldn't figure out how to read or write until I was in seventh grade, and that was scarring, as it is on any child. Because, not so much today, but in my day, because I'm older, it labeled me as a dumb kid, and everybody was happy to let me know I was a dumb kid. And my idea of hell on earth was being asked to read out loud, to have to read out loud in front of your peers in first, second, third, fourth grade, and go "the-the-the-the," you were the dumb kid.

Lucky for me, I had a mother who thought I was a genius, and she would tell me not to worry about school. She told me just to use my imagination, and with it, she said I'd learn to fill in all the blanks. And she was right. That's my greatest gift—my imagination. So that set me up very much for a world of being comfortable as an outsider. It set me up very much to be an adult caring less about what people think about me, so I'd be more willing to take a shot, take a chance. And nobody's watching, nobody really gives a darn anyway when, as you get older, you realize that. Everybody's concerned about themselves, right? And so that set me up for believing in my imagination, which helped me tremendously as a marketing person, because that's what it is, and it helped me tremendous backbone to have early insult, so that older insult didn't bother me.

The second thing I think had a tremendous effect on my life's journey happened to me when I was 30. I had built a company named Corcoran Simone with a business partner named Ramone Simone from the Basque County with an accent on each word. Fancy guy, and I had met him

when I was waitressing at a diner, and he convinced me that I should visit New York, see what it looks like. Then he gave me the thousand dollars to start a real estate company and I quit my job then. I was working as a receptionist in New York, my first New York job, and I started a real estate company.

Seven years later after I was raising his three girls and living with him, and he was my business partner and totally trusted him, he came home one night and announced that he was marrying my secretary. I thought it was a joke. I didn't know how I would walk out of there, honestly. It hit me so hard. Everybody (inaudible) heartbreak, you know. Everybody does. You hope you do, because then at least you loved, right? But it was a very hard one for me to take in the gut, especially because he married Tina so fast, and then she took my place in their shared office, and I saw them giggling holding hands every day, and I couldn't stand it. And finally one year later, I ended that business. I just told him we're chopping it up like a football draw, you take seven people, I'll take seven. You pick first, and I was moved out the following Monday. It happened all so fast, but I think I just had had it, all right?

But that set me up, thank god, for The Corcoran Group. And I named it The Corcoran Group because I knew I was going to need the help of everybody to help me make it through. I had so few resources, you know? The other thing that, gosh, my whole career has been nothing but a set of setbacks and bounding back, and that's why I happen to think that is my greatest gift. I know how to bounce back, and I know how to see the opportunity in something that looks like the worst thing that ever happened. I remember needing to get a job, a day job when I had — and was revered in my industry already — I had 60 agents, and I was probably the number four firm by that point, and we had, I think, it was interest rates hit 18%, nobody was buying anything, we had no trades.

And in an attempt to keep my business afloat, I took a job. I went out interviewing for a job, and I worked all day long for a developer on a new development site for a salary, and I ran back at night and did all my duties at The Corcoran Group. I was embarrassed; I was ashamed that I was working for somebody else when I had a successful company; nobody else would do it. But you know, I learned to swallow my pride, and that salary check got that business through; we would have never stayed in business.

And then I had some spectacular feats that I thought of with my imagination we don't have really the time to go into — maybe later on, if we circle around a question — that saved the day always at important junctures when I was overleveraged, owed money, was ashamed, didn't know what to do. And that then, those are the times that I always thought of the insurance policy that old Ramone Simone gave me back when when I left him that Friday morning. And on the way out the door, he said to me, "Oh Barbara, you know you'll never succeed without me." And that's when I leaned back on that insurance policy, my whole life, and it would always make me think of one more thing to try, because I'd be damned if I was going to let him see me fall, you know? And so, all of those setbacks, I think, were the fire that pushed me ahead. But more than anything, I

think it was the power of that insult, if I were to really be honest. I hate to say that I'm motivated by an insult, but that kind of turned me on, I have to tell you, and I leaned on it many, many times through the years, yeah.

ROGER: Yeah, well we can all be motivated, and certainly motivated by heartbreak and insult is —

BARBARA: Not the best way. (laughs)

ROGER: It's not the best way, but it's impactful; it's impactful. Barbara, when you do find yourself — you've now gone, been so successful, done so many things — when you do find yourself at a crossroads where things are tough, what are some of the things that come to mind? What is sort of that mental model that kicks in there that allows you kind of deal with resiliency, deal with the challenge, and fall back on a few things? Obviously, we can fall back on not liking Ramone, but in addition to that, what are some of the structural sort of things that you've learned to sort of do to kind of work through it?

BARBARA: You know, what floats my boat more than anything else are the people that I work with. They also have been; they've always been my family. I built a big family. My mom had ten kids, and I felt I needed a big family. And so I built a big business the first time around the real estate field, Roger, and then I continued to build a second business on the heels of *Shark Tank* in the media world. The most important thing to me always has never been making money. When I make money, honestly, it's an accident.

I seem to always make money, but it's because I work so hard, and I do everything I possibly can to push my business ahead as though it's my family. When I ran The Corcoran Group, the first thing that ever came into my mind when we had a hard time, immediately, was my god, what's going to happen to my people? I looked at whether I had eight faces, whether I had 200, whether I had a thousand, I looked at those people who I had hired, groomed, loved, would kill for, and the idea that anything could happen to them, I would kill like a mom for her young. And so that for me was a big motivation to get me through hard times. You know, I didn't mind taking a hit, but I didn't want them taking a hit; I wanted to protect them. And to today, with my smaller media company, that's my most important thing. That's where I get my joy from to see people get ahead, to see them prospering, to see them having joy day in and day out in their work. It fills me up; it's satisfying. And so I think caring for the next guy is always a more powerful motivation than a guy that cares for his own skin. And believe me, there are many successful people in business that care for their own skin above and beyond everything. But I generally find that the best leaders that lead companies and build big businesses, and ones that have longevity and can prosper for so many different reasons, are generally led by people who love their people. That sounds — didn't quite turn out the way I wanted, but you get the point.

ROGER: No, it was elegant, yeah.

BARBARA: But the other thing that has helped me as a female in business, and I never was the kind of girl that said I'm the only girl here, although I was the only girl in my marketplace in New York, was an old boy network inherited from the fathers and the grandfathers, and I was not welcome. But I never walked into any situation thinking I was a woman. I always just thought of myself as a competitor, and I wanted to beat those bastards, and whatever I had to do, you know? That's the way I was in my headset. But when I shied, and couldn't think of what to do, or lost my confidence, or reverted back to the little girl who couldn't read or write, and fearful people would think poorly of me, and I wasn't prepared, what I would think is, what would the boys do? You know what the boys would do? They'd raise their hand, take credit, even if it wasn't to their credit. They raise their hand, take the credit, they speak up loud. I started pretending like, what would a boy do? And I'd do the same thing.

And that got me to speak up and be heard, and I think if I hadn't taught myself how to do that, I probably wouldn't have had my second career on *Shark Tank*, because speaking up and being heard on that show, believe me, is hard. And most of it's edited out when you see it at home. I sometimes have to scream and say, shut the hell up, let me have a word in here. They'll edit that out. I look like I have the stage. It ain't that easy. (laughs) You have to learn to speak up.

ROGER: Yeah, well you know, what I heard you say on a couple of times we've had a conversation, is you do enjoy the journey of the learning process, of the work. It's not about sort of the end result, like you said, it's not about making the money, it's about doing the work, and doing that work and making that journey with the team, and helping people, and being a part of that is a wonderful, wonderful motivation for people. A question that I have, there's a lot of people out there right now that are dealing with resilience. They're at home, they've got younger kids, sometimes they're homeschooling because everything's being done on video. Wives and husbands are working from home; sometimes it's a small type of a location, and it's been going on for a while. There's a little bit—too long, yeah. What advice do you have for them as it relates to resiliency?

And then my second question, I'll pivot back to the business piece is, you've been so successful because you've been a competitor, and you've been smart and a winner, but you've also had this ability to take this longer-term approach at times. I guess, what would you say to some of the people out there that are dealing with some of these personal challenges, as a personal message of resilience? And then could you take us into a conversation about thinking about resilience and success over this longer arc?

BARBARA: Yeah, okay. The first part of the question, for the folks homeschooling, sitting at home, what the major word there is uncertainty. All of us, I think, deal with challenges fairly well when our back's against the wall. We find a way, because we can't go further back, right? What's difficult about what we're going through now, I believe, are two things. One, we're separated, so we don't have the warmth and the support and the immediacy, the physicality of—we have our family, but it's rather isolated, and I think isolation is not healthy for our brains, our hearts, or certainly more than anything else, our spirit, right?

The other part is we don't have an end date. I think we all do well, even with prison sentences, when we know when we're getting out. We don't know when we're getting out. Now we recently have hope about the vaccine. I mean, I'm so thankful as we all are I'm sure to hear that news. We move right on to the question, when do I get mine? I mean I hate to say I'm selfish like that, great, but when do I get mine, you know? So it's a vague end date, but not as clear as we need as people to function well and have a cause to celebrate later.

I think for me, what has been very important in this is for me to pretend there's an end date. And now maybe that's stinkin' thinkin' and foolin' myself, but I already have my vacations planned.

ROGER: Good for you.

BARBARA: I might have to cancel them, but I have all the joy of looking forward to them, right? I had a vacation planned with my daughter when she was sent home from boarding school; she's 15 and had a whole month off, and she always wanted to go to London. I always meant to make the time; didn't make the time. And we had the trip planned; we canceled it. But I now have it rescheduled. I have the fun trips with my office prescheduled. Why? Because I'm not fooling myself. But well, first of all, airline seats are so cheap right now, but that's —

ROGER: Might as well, right, yeah.

BARBARA: Yeah. But I'm looking forward to it. I've also learned to put aside fun things that you can actually really do, rather than getting into a doldrum of like, oh god, more of the same, more of the same. It doesn't have to be more of the same. What was such a highlight for me only a couple of weeks ago is I took a car trip to Vermont. Safe in a car, safe with a friend; we were all tested before, and stayed for two days. I saw real cows on green grass. You don't see that in Manhattan. I came back and had the energy of three men when I came back for a week, just 'cause I got a break.

And so I think for a lot of us, we have more power to control what we do, and while we don't have an end date than we think we have. But I think you have to put your focus on what brings you joy. And how can you knit a little piece of it into your life right now, even if it's two months out. Because believe me, I'm already enjoying my vacations thinking about them. Maybe I won't get there, but I'm having a lot of fun thinking about them, and I think chances are good I will get there; it's a question of when it will actually come true. But I have all of that fodder, which is making a sizable difference. That's what I could offer only from my own perspective. I don't know if that fits other people, but that's how I've been dealing with it myself.

ROGER: Yeah, well hope is a very, very powerful tool, and as human beings, providing that hope and I love the idea of scheduling something, even if it doesn't come to fruition, it's to your point, you're on vacation already thinking about it. So thank you for that. I know that there's a number of people out there that are struggling, and I know that there's a number of people out there that value the resiliency message that you're giving.

So let me go back to this question about business. You talked about interest rates at 18%; we've now got interest rates darn near close to zero. How does one run a business, or how do you think about running a business, and how do you think about running it through different market cycles over a longer period of time? As an investment professional, we think long term; as a businessperson, sometimes you have to think in short term, medium term, as well as longer terms. How have you been able to sort of stretch some of these short-term, medium-term, and longer-term success together?

BARBARA: Well, probably not as sophisticated as you just relayed at all. I had my little tricks, which I'll go into in a minute, but I always thought long term. And the long term I was always thinking about was a vision of who I was going to be when I was the queen of New York real estate—from day one. I had an image of myself as I was going to be the queen of New York real estate, which meant I had to be the number one broker in residential sales in New York. And the night that my partner Esther and I did a body count, so to speak, on how many deals in this category, how many deals in that category, I realized we were number one, and I decided to sell the business; my dream had come true, why was I going to continue? I had to think of something else to turn me on, you know? But I think even though I always thought in long term, I want to open two more offices, I want to have 150 people, I need two new sales managers that are fabulous. I was always building for the future. I was always ready to adapt when things didn't work out. And one thing you can count on if you're building any business, there are walls all along the way that you don't expect that you slam into and then you have to regroup. And I think the key to my regrouping well, which I always did, was I was willing to do anything to take the ship through. Just, I would think and think, and work and work, and think and try, and this and that, until I landed on something. And so I was able to come up with some really out-of-the-box thinking that made very important differences along the way to the company and kept me going, but I never lost sight of what my long-term plan was, or I would have never gotten there.

I don't invest much confidence in business plans, and I teach that with the many entrepreneurs that I work with today, because business plans sound cool and all, and I guess if you went to Harvard and you get an MBA they work maybe for those guys, but I don't even think they really work for them. What happens is, the minute you take your business plan into the street, you find out why it doesn't work because reality hits, and you're changing it anyway. So for me, I never had anything like that, but I always had an image plan, a dream plan. And then I would just do everything in my power to make that image in my head come true, and somehow I found those roads to do it with.

Now I'm wondering if I answered your question, Roger. Did I? I feel like I got a little left on that one.

ROGER: No, you did. You provided, if I could play it back to you, you create a north star, you create a goal, you create a BHAG—a big, hairy, audacious goal that I'm going to become the queen of this, or the head of that.

BARBARA: I like your version better than mine, keep it up.

ROGER: Yeah, and then you just break it down into the parts, from what I gather, around how you're going to get there. You're tenacious. I can tell that about you. So yes.

BARBARA: One thing I wanted to mention that I had failed to mention, I think it's smart in every business to have a guidepost, or a cheat sheet, or a trick you use. And I had two tricks that helped me so much through my career. One, I would come in from the country every Sunday night over the East River Drive, and there's a ridge, and you could almost see all the way down Manhattan Island, and I would quickly, within those three or four city blocks, count the cranes on the horizon, as quick as I could. One, two, three, four, five, six, seven, eight, nine, ten, eleven, twelve. I could see clear down, predominantly to the very tip of Manhattan short of Wall Street. And every week, if there was a new crane that went up, and let's say there were 30 cranes the Sunday before, and a new crane went up—well I can't do the math on that. Let's say there were ten cranes the week before, I'm good at the ten times table. And one crane went up, I would immediately go in and increase my advertising budget by 10%, knowing there was more inventory I could sell. That was a great trick that I didn't share with competitors, but held me smart. I was always ahead.

The other trick I would do that was so useful is Manhattan is an international city, and over the years that I built my businesses, I had so many different countries come in. The rich people came all from different countries, the Chinese, then the Japanese, then the Germans, we had waves all the time, and then these little countries, Slavic countries. What I used to do is make a habit every weekend of stopping in Bloomingdale's main floor, and walking around the purse section with the Gucci bags and all that expensive stuff, because the foreigners always came into Bloomingdale's and do their shopping there. And what I would do is just listen to the languages being spoken, and when I didn't identify something as Spanish or French, which I got an ear for identifying, I would say to the salesclerk, what language were they speaking? Because many of those salesclerks were international, and spoke so many languages. And she would say, oh, they were speaking German. I'd say thank you, and I would go back and advertise in any local German publication before the internet for German-speaking sales agents, and I would always have the language in my shop, like a giant crayon box, long before anybody else even woke up to the fact that the Germans were in town. And I did that repeatedly, again and again, over the years so I could be ahead of the pack on who I had to hire. And in the end, I had the most international company, thanks to Bloomingdale's purse department. It wasn't as though I took any courses to learn any of that, you know?

But those little tricks I think in every trade, when you drill into the heads of great entrepreneur leaders, I think they learn shortcuts that they could apply to their own trade or industry very much so. I've heard that different versions of those things for many successful entrepreneurs I've gotten to know.

ROGER: I know people are racing out now to create the New York Crane Index and the New York Bloomingdale's Purse Language Speaking Index, because it obviously works, so the jig is up.

BARBARA: Name it after me, don't name it after Bloomingdale's. We don't have to give them the credit. (laughs)

ROGER: No, we'll put your tagline; we'll put your tagline. So, if I could, I'm going to be a little bit of a fan geek here and ask a couple questions about *Shark Tank*. Talk to us a little bit about what does 2021 look like for *Shark Tank*, number one. And then I'm also just—you've got this intuitive instinct, massive amounts of experience. A wonderful story about the crane and the language. That only happens to entrepreneurs. How do you tease that out, and how do you kind of know who's got the right stuff?

BARBARA: You mean like on the set of *Shark Tank*, the doors open, as they repeatedly open 20 times a day when we're filming; we have long filming hours. When that door opens, how do I know what I got?

ROGER: Yeah.

BARBARA: Well sizing up the business is the easy part, I think maybe because I do it very simply, and maybe not as accurately as some of my fellow Sharks who in many regards in terms of business and numbers are much more sophisticated than I am. But what I do is I do a simple litmus test—is it litmus, or litnus, I forget how that goes.

ROGER: Litmus, yup.

BARBARA: Yeah, thank you. And I simply ask myself, does that business make common sense? And then I think of the price for the service, or the product that they're proposing, and I think, would enough people buy it? That's it. If it passes that test, I'm happy. I'm not looking for anything brand new, anything genius. I've bought into businesses that are not new at all, so they're not groundbreaking. But as long as they pass the test, and sometimes those businesses pass the test more easily because there's been a precedent set in the industries already. So, I ask those two questions. If it's yeah, it makes sense, I move the businesses to the side. I frankly have lost interest in it. We ask a lot of questions, we continue to ask questions for the sake of the show, but I'm not so interested.

What I'm zoomed in on is I'm watching the performance of the entrepreneur. And what am I looking for in the entrepreneur? Because I have found that's the gold. I don't care what business they're in; I've gone into businesses that have failed right up on the front side because the business made no sense, and the entrepreneur has flipped and found the silver lining, and built a big business. That's the entrepreneur, not the business model. So what I ask is—I'm sizing up, I should say, is how much energy do they have? I need somebody whose energy is bouncing off the walls for me to invest. You'll never find me investing in entrepreneur that doesn't have high energy bouncing off. Why? Because I've never had a successful business. I've never seen a successful entrepreneur without high energy. And everyone really on the set when they first come on are

pitching; they have the high energy. They're performing, they've been practicing, they want to get the money. But, that energy doesn't last. Once we start doing our due diligence after the fact, getting to know them, doing the contract work, I start to see the real energy level. And when I don't see that energy level, I don't close the deal, because I know I'm going to lose my money. So energy is first.

And then what's the second thing that is the most important thing as the energy, is does that entrepreneur have something to prove? I'm looking for something that has—not somebody has a burning desire that says I really believe in my product; everybody does. But I'm looking for the guy that has to prove how good they are, you know? I've had a father, and I drill in on this, a lot of this doesn't make the show, because it doesn't make for good showmanship. But I'm asking, tell me about, what are your parents like? What was your dad like? What was—I usually have an instinct that something's wrong and I'm drilling down to get what's wrong. If I can put my finger on a guy that has been damned, and told he wouldn't succeed, or was a loser as a kid, or recovered from some hardship, I throw my money in, and I don't even mind overpaying for it, because I know, Roger, that I'm going to make money on that deal, because that's the kind of person that makes it to the finish line. So I'm really shopping for entrepreneurs I guess would be the short version, more than I am shopping for the businesses.

ROGER: Yeah, and you've said that, I've heard you say that before, that that person that has got something to prove, and has had sort of a dip and is now looking to make sort of the upswing, obviously that works. That also seems to resonate with your resilience and with your story. So is that the connection there you think?

BARBARA: Yeah, you know, that's a good way of putting it that I never thought of. I guess when those doors are open, I'm looking for somebody like myself. That's the insurance policy, you know? I'm looking for the loser, I guess, that is going to be—

ROGER: Oh, that's not what I said. No, not a loser, no.

BARBARA: Well, that in past times felt like they were a loser in some regard, and I'm thinking, that's who I want there. I could actually salivate my mouth when I spot it. It's more than a gut, it's like, I could taste it in my mouth. (laughs)

ROGER: Well fascinating. I've gotten a bunch of questions from the audience. Would you mind if I asked a few questions from the audience?

BARBARA: I love audience questions. No, of course, yes, yes.

ROGER: Okay, great. How do you select companies after you do the partnering with the Sharks like yourselves? And for those that fail or succeed, what do you attribute it to, after you've selected it? When you do it, what does that actually look like, and how does it work, the mechanics of it?

BARBARA: Well you realize on *Shark Tank*, we make a deal, we don't make a deal. We make it solo, or we make it with another Shark. I don't like to go in with other Sharks. I'll make exceptions for Mark, because I love Mark to death. I love all the Sharks, sort of, sometimes, whenever, whatever, okay. But when we make the deal, we really don't sign the deal right there on the set. They leave the set, and then we do our due diligence. So we work opposite to typical investors, who usually do due diligence and then say I'm in, or I'm out. We say we're in, we're out, and then we do the due diligence. Not all of those deals come through; I would say probably 50%. And the reason for that is these entrepreneurs are performing. Very often, they don't mean to mislead, but sometimes their story is better than it actually is when we delve into the numbers. For example, I have a giant order from such-and-such, 50 million units, and what they really had was a conversation with a low-level buyer, a little distance between one story and another. There's a lot that goes on behind the scenes, that we get, the time, luckily, to vet through and learn about the business.

ROGER: How many of them make that arc, make it from sort of the real story to an investment?

BARBARA: I would say about 50%, and not always because it's a wrong story. But interesting, very often, not very often, but often enough, the entrepreneur doesn't want to close, because they go home, think about it and say, wait a minute, I gave 30% away, for how much money? And they have cold feet, and they start not returning our calls. It happens both ways. But usually the cancellation of a deal happens on the shark side, and it's usually for a myriad of reasons, usually number related. There's no room in the deal for a Shark, basically, there's no way to get your money back, because the business doesn't have the verve that it seemed to have on the show, I guess would be a good way of putting it.

But here's what's interesting. On *Shark Tank*, you get, roughly the average is 12 minutes to state your case and to get an investment. In those 12 minutes, what you really get, more than an investment, is you get the *Shark Tank* effect on *Shark Tank* night when you air. When you air on *Shark Tank* night, I don't care what you're selling, you're going to sell stuff. It's a question of how much you're going to sell. I've invested in businesses that have sold \$3 million in one night, when their entire lifetime sales were \$40,000. I remember when I invested in one of my earlier businesses, Daisy Cakes, the most delicious cakes you could ever order in America. She and her mom, Geraldine, bake every one of them. But she had one phone line only. She had sold through the Junior League. I think she had sold a total of 300 and some-odd cakes for a year. And on *Shark Tank* night, she got over a million dollars in orders. And her phone line went down and her website crashed. She hotwired her phone into my office and left me a message night. (with a Southern accent) "Sure hope you hire some of those Southern actresses who could start taking the orders. Good luck!" That's resilience, and we took orders for weeks on her Daisy Cakes.

But that's the *Shark Tank* effect: instant notoriety, lots of sales. But that's not what counts. It's great to have a break in life, and be found, and have the success. But what happens is three months, the most, later, every entrepreneur we've invested in hits their first wall. They can't get the

product. It was mismade. The patent was invalid. Somebody robbed it. All these things happen. Mishaps happen right away. And that's when I learn who I have as a partner, because you have two responses. One response is, that guy did that? He promised me he wouldn't, I have it in writing. Blame. The minute, I have learned — two years it took me to learn this one — the moment an entrepreneur casts blame, it wasn't his fault, that's the first response, I know I have a victim and I will never make money, and I go to my office where I have all my entrepreneurs in frames smiling at me, and I turn them upside down to remind me that this person, I shouldn't spend any time with. They're never going to succeed. Victims don't succeed. But when they can go through the wall and go, I don't believe that guy, well here's what we're doing, ba-ba-ba-ba, that's the guy that always comes through. And so I use that as a test; that's my test. And then from that point on, three months on I decide how hard I'm going to work with my entrepreneurs.

ROGER: Yeah, there's a big difference between problem identifiers and problem solvers for sure.

BARBARA: The first part's the fun part. (laughs)

ROGER: Yes, exactly. One more question, because you answered one of the other ones about it, entrepreneurs. Would you talk a little bit about your approach towards mentorship? You mentioned your team, you mentioned your desire to help other people, the journey. Do you mentor people, and what does it mean to be a mentor?

BARBARA: I don't really call it mentoring, and I'm approached so often, and I hate to hear it, "Can you mentor me?" Why would I mentor you? I mean I'll be hit on at speeches when they're in person, 12 people, "Take my card, I really want you to be my mentor," like I got promoted. Why would I want to mentor you? I don't get it. So people thinking that to have success they need to hook on, kind of hook on to a mentor and ride that wave, are rarely successful. What I have done as a business owner my whole life, is I kind of model my mother. My mother wasn't a mentor to us; she hardly had the time of day to put the meals on the table three times a day. Now, think of her: she had ten kids and a two-bedroom flat with one bathroom, a husband who worked two jobs to support us, and I never saw my mother lay down a day in her life, never. I don't even know how she slept. I couldn't even tell you if she slept. And I grew up with the woman.

But what my mother did is she role-modeled. She role-modeled, extreme hard work. She role-modeled organizational systems. She ran that household like a boot camp. We had the smallest house in town with the most kids, or we had the neatest house in town. She had a place for everything. It was like a military camp. When she snapped her fingers, we got everything away. She had the six beds in the girls' rooms back-to-back-to-back, but just left an inch so we could shove the covers, because we had to make our beds every day. It was basically one big bed, when we dove into our bed, it was fun, kind of fun at night.

But what I've done, I think, as a business owner is I like to model what I preach. I work hard; everybody works hard. I'm creative; everybody feels the freedom to be creative. I mention

everything I fail at, it's very public, and everybody feels the freedom to fail, which I think is more important than pushing people to succeed, because if you can create a sense that you had to try a million times to succeed or make the failures public, and nobody's embarrassed. What you wind up with is a super-creative team, because there's no harm in trying and failing. There's no embarrassment; there's no peer pressure on that one.

And so, I also throw enough at people, no matter how inexperienced they are, they walk in right out of college, I'll throw so much on their back until they squeak and say don't do it, not because I want to get extra work done, but I want to see how far I could take them. And you know what, people are amazingly surprising. They will always exceed my expectations, and I have big expectations. You know, I see people grow day in and day out, getting smarter and smarter, and more clever, and more seasoned, and so that if I have someone who's a 26-year-old and they've worked with me for four years, they have the experience of a 40-year-old because they've had the opportunity.

And so I think that's much more powerful than what the word would be called mentoring. Mentoring implies to me you're over somebody's shoulder. Let me tell you the smart way to do it. I have learned with every one of my entrepreneurs, when I tell them a smart way to do anything, they will listen. But guess what, the smart ones, they don't listen to me really, they don't do it. They do exactly what they want to do. And so mentoring would not work with them, but they will role-model me, and that's powerful.

ROGER: Yeah, and you are a wonderful role model. I can just tell that it's infectious; I'm sure people feel inspired and motivated to keep up with that pace. Well, Barbara, I want to thank you again. Your personal story and your success and getting to know you over this period of time has been absolutely wonderful, and we're very, very fortunate to have you be our first guest on our Fidelity Rewards Program, so I thank you very, very much, and just wanted to say that we're very, very fortunate to have heard from you and to continue to watch you on TV and to continue to learn from you, so thank you very much.

BARBARA: Well Roger, it was really an honor, of course, to meet you, and to spend the time on the phone last week. I loved you right away. You must be a phenomenal leader. I almost wanted to ask you for a job, but I have a job already. But I'm also doubly privileged that I was your first speaker. I always feel like, good, I set the pace. So you flatter me in that regard, and I really appreciate that opportunity.

ROGER: You set the bar very, very high, so I'm not sure anybody can kind of meet the bar, but hopefully they can kind of shoot for that BHAG that we talked about for you as well.

BARBARA: (inaudible) Roger, one of those. (laughter)

ROGER: I also wanted to say thank you to our guests that came on here to listen. Obviously, they got the treat of hearing this wonderful story. I wanted to thank them for also being Fidelity Rewards clients, and ask them to take the opportunity to take the survey, to let us know kind of what works and what doesn't work, and how wonderful Barbara was, and I wanted to close by saying, happy holidays, and I thank everybody for the time, Barbara especially, thank you for the time, and I hope everybody has a wonderful holiday season.

BARBARA: Okay, thank you you wonderful guests who listened in, I really appreciate it.

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