

FOREWORD BY PETER DIAMANDIS
INTRODUCTION BY TONY ROBBINS

HOPPING OVER THE RABBIT HOLE



HOW ENTREPRENEURS
TURN FAILURE INTO **SUCCESS**

ANTHONY SCARAMUCCI

WILEY

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*For Deidre,
AJ, Amelia,
Anthony, and Nicholas*

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Foreword

There was widespread panic in fall 2008 with the collapse of Lehman Brothers—the largest bankruptcy in history—but by late-winter/early-spring 2009, the bottom really fell out and there was widespread pessimism and gloom. By March 2009 the stock market was screeching to a 13-year bottom. The Federal Reserve was about to unleash record liquidity, but before that happened, many hedge funds went out of business and there was massive consolidation in the commercial and investment banking sectors. It felt like a precursor to the next great global recession.

There was a small firm named SkyBridge run by a guy that I had never met. His name was Anthony Scaramucci and from what I could tell, they had a small fund that was hobbled by the global financial crisis but they were trying to pretend that they were going to be okay. A partner there named Victor Oviedo reached out to me to see if I wanted to speak at their hedge fund conference, which they were calling the SALT (which stood for SkyBridge Alternatives) Conference. They wanted me on a panel to discuss the future.

“Why me?” I asked.

“Our industry is facing unprecedented turbulence and downturns, highlighted by dire forecasts and unnerving negativity. You, however, are an extreme optimist and we need a boost of positivity.” Victor explained.

It would be another three years before I co-authored *Abundance: The Future is Better Than You Think*, but I was prepared to talk about a future where technological innovation would make it possible to provide health and wealth for everyone on the planet. With that premise in mind, I made the case about the abundant future to a dour group of delegates who were uncertain about the economy and its impact on their businesses. Yet, what none of us knew then was that we were at the beginning of an entrepreneurial adventure for SkyBridge and its founder Anthony Scaramucci.

I first met Anthony at that 2009 event and from the looks of him you wouldn't have known that he—and his business—were hurting. He had confidence and charisma, was a great public speaker, and the consummate salesman. But more importantly, he had a level of persistence and passion I rarely see.

What you will learn from *Hopping Over the Rabbit Hole* is that SkyBridge was teetering and was close to failing. Anthony kept a brave front and pushed on, and the insights he learned are told in the following pages in all their glory, in the most refreshingly honest and thoughtful fashion. I often fear reading autobiographical books about entrepreneurs since most sanitize the facts and forget their failures. Rich and successful people have a tendency to do that. The glory that they have found starts to distort their past in an effort to make their journey look effortless. You won't find any of that here. While the story hits rock bottom on a number of occasions, both the company and the culture never break, they bounce.

Anthony has written an honest appraisal of his firm and his own skills as an entrepreneur replete with personal anecdotes about human weakness and folly. He also loaded this book with advice. If you are starting a business and are buying this book as a roadmap or an inspirational tool, I would suggest that you read it with a highlighter except that you'd probably mark up every page. The material is that good—primarily because it is so honest and raw. You can feel the anxiety and fear of failure mixed in with the overconfidence and unbridled enthusiasm. Anthony grew up in a middle-class family, so while he had a

decent upbringing and lifestyle, there was no safety net to fall onto if things went south. He tells his stories with a level of honesty and graciousness. You can feel his excitement but also his frailty and fear.

In September 2014, Anthony attended the Executive Program of Singularity University (SU), the Silicon Valley-based institution focused on exponential technologies that I co-founded with artificial intelligence legend (and Google's Chief Innovation Officer), Ray Kurzweil. His son AJ had previously attended SU's full 10-week Global Solutions Program (GSP) and he coaxed his dad to come out for the one-week intensive executive version. AJ would eventually go on to become a member of my Strike Force (an apprentice), but back then he was trying to open his father's eyes to the world of disruptive exponential technologies such as nanotechnology, virtual reality, and artificial intelligence. When I had the chance to connect with Anthony at SU and ask him the question I often chide New York financial types with, "Are you changing the world?" he responded quickly by saying, "No, not in the way you guys are." There was no false modesty in that statement, but he missed something big.

Truth be told, Anthony and SkyBridge were in fact transforming their industry. Hedge funds were primarily for the very wealthy or for the sophisticated institution. SkyBridge came along with a product that was able to bring the world of hedge fund investing to the mass affluent. Years ago, hedge fund managers were only taking large minimum investment checks. In some cases, the very best managers had a \$10 or \$15 million minimum investment. SkyBridge created a vehicle where investors only need to put up \$25,000. This changed the landscape for the hedge fund community and he and his firm increased the number of people that could invest in these sorts of alternative investments. It also fits into the themes that I often write and speak about: the democratization of products and services that used to be reserved for the ultra-wealthy and are now being made available to the masses.

The life of the entrepreneur is typically only glamorous in hindsight. I often joke that many of my companies have been "overnight successes... after ten years of hard work." The daily grind has countless

ups and downs, and far too many stressful decisions that hold the fate of a company and its employees in the balance. While we glorify the success stories in the media, rarely do we get a true glimpse of what is actually happening day to day. Anthony not only provides that here, but he is willing to share what he learned while eating humble pie and stumbling on the road to success.

That SALT conference that I attended in 2009—which was born from the failures of the 2008 global financial crisis—is now the leading event in the world of alternative investments. More than 2,200 people turn up at the Bellagio Hotel each May to immerse themselves in three and a half days of learning, networking, and entertainment. SkyBridge had created a community that connects Hollywood, Wall Street, Washington DC, technology, and biotechnology in a way that leaves people mesmerized.

While I don't wish setbacks on any of my friends, what I am confident of is if SkyBridge or Anthony ever get into a rut again, something very positive will come out of it. By reading this book you will learn the intimate details and lessons of how Anthony and his colleagues snatched victory from what looked like an imminent defeat. Being an entrepreneur is not easy, and being an entrepreneur with bold dreams takes guts.

I encourage you to turn these pages and find out what drives people to dream big. What mindset enables someone to start with nothing and shoot for the stars, all the while refusing to give up where other mere mortals accept defeat. My guess is you will find yourself somewhere here in this story and by doing so it will radically transform your self and your business.

PETER H. DIAMANDIS, MD

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Introduction

There is no way around it. Business can be brutal. Consider this: Half of all businesses will vanish in only their first year of operation. Eighty percent of new businesses will have failed by their fifth anniversary. At the 10-year mark, 96% will have failed. Only 4% survive a decade! And that doesn't mean you are out of the weeds. Heck, even businesses that have been around 100 years have collapsed (Remember Lehman Brothers?). And yet, for those that find a way to break through the limitations, there are not only economic rewards but deep emotional and spiritual ones as well.

Business owners are Gladiators because the longer they play the game, the greater statistical chance their business will die. It takes a unique psychology to step into the arena knowing the odds. Some might say you need to be a little crazy. But Gladiators don't subscribe to statistics. They simply step up to the challenge and embrace the level of commitment and sacrifice required—day in, day out, rain or shine. There is a kinship that all entrepreneurs share because we know what it takes—Anthony knows what it takes.

This book captures the essence of the Gladiator spirit with Anthony's own inspiring and profound story of reinventing his business after the financial crises to become Ernst and Young's 2011 *Entrepreneur of the Year*. I know you'll appreciate his candid approach to discussing

his own dark days. And yet, he didn't let the dark days define him. He used those challenges as fuel to find a way. Fuel to grow. Fuel to learn. Fuel to think outside the box. Anthony is an extraordinary example of what's possible when you won't tolerate failure or excuses within yourself or others involved in your mission.

So what does it take to become truly successful in business, to grow your company and build true wealth for yourself, your shareholders, and your employees? The answer to this question is simple yet profound. You must become obsessed with one thing: figuring out how you can do more for others than anyone else could possibly imagine! Finding a way to continually add more value. That is precisely why Anthony's SALT conference is off the charts each and every year.

Motive does matter, and if you can remember to fall in love with your client, not your product or service, you are going to win in the long run. Products and services will be disrupted and replaced, but if you always strive to find unique and innovative ways to meet your customers' needs, you will create raving fans, not just satisfied clients. Satisfied clients will jump ship while raving clients will be with you until the end.

Over the past 39 years, I have had the privilege of working with hundreds of thousands of business owners, from time tested billionaires to those just beginning the journey. One thing I know for sure: 80 percent of success is psychology and 20 percent is mechanics. You can teach someone every strategy, but if their mind is dominated by fear, overwhelming anxiety and anger, they will self-destruct or leave a wake of destruction behind them. In the pages ahead, Anthony outlines some killer strategies but more importantly, he reveals the winning psychology.

You have the opportunity to extract as much wisdom from these pages as you possibly can because you're about to learn from a man who walks his talk. I wish for you challenges, enormous growth, and great success.

With Deep Respect,

TONY ROBBINS

Chapter 1

The Shape of Things to Come

Seeing Around Corners

“You may not realize it when it happens, but a kick in the teeth may be the best thing in the world for you.”

—*Walt Disney*

“I want to thank my good friend Andy for putting this conference together,” Steve Wynn told the packed ballroom at the Encore Hotel. “These are very tough times. And it takes a lot of courage for him and his team to be out here—in Las Vegas—putting on this magnificent event.”

The crowd erupted in applause. But I was distracted. My body tensed up as I looked over at my business partner.

“Did Steve Wynn just call me Andy?” I asked with a plastered smile on my face.

“Andrew,” he paused pensively. “Andrew, on behalf of Las Vegas, I want to thank you.”

More applause.

Yup, he definitely got my name wrong. In front of 500 people. A group that included industry thought leaders, hedge fund billionaires, prominent investors, and friends. People who—until that moment—knew me as Anthony Scaramucci. Maybe the Mooch. Certainly not Andy; and, never as Andrew.

But, it didn't matter. After all, at that very moment I was witnessing what could only be considered a minor miracle.



It was May 2009. Steve Wynn had just made the opening remarks at the inaugural SkyBridge Alternatives (SALT) Conference. His newly opened Encore hotel was opulent, filled with celebrity restaurants, gorgeous bars, and an abundance of fiery-red gaming tables, all of which stood empty as the Great Recession wreaked havoc on America's adult playground.

If you told me that just two months earlier I would be standing in Las Vegas, listening to Steve Wynn speak to 500 members of the alternative investment industry about my firm's courageous audacity to host an event during an economic crisis, I would have said you were nuts.

Flashback to March 2009. The Standard & Poor's (S&P) 500 had hit rock bottom. The world, it seemed, was on the verge of collapse. And, I feared that my investment firm—SkyBridge Capital—would soon be among the casualties. I founded SkyBridge—an alternative investment management company, focused on seeding and partnering with emerging managers and mentoring Wall Street's next generation of Wall Street's entrepreneurs—in 2005. And now, just four years later, I feared it I was going to lose my business—and worse, my clients' money. As redemptions starting flooding in, I knew that if we didn't do something proactive, something aggressive, something strategic, we weren't going to be SkyBridge—we were going to be “NoBridge.” I was beginning to feel hopeless as my partners and I faced an all-but-certain death. I wasn't sure if SkyBridge was going to survive.

I was scared. Actually, I was terrified. But I was *not* panicked. Panic is a different emotion. Panic implies that there is no rational thought taking place. That we are frozen and incapable of adjusting. Powerless to logic, and subject to seemingly unthinkable behavior.

Amid the chaos, my business partner Victor Oviedo came to me with an idea. He explained that a business acquaintance was running an alternative investing summit in Las Vegas and was struggling to fill seats. In addition, he continued, many major financial institutions were scrambling to cancel their upcoming conferences and Vegas-related business travel after President Obama sounded the warning bells on Wall Street and corporate America, saying, “You can’t take a trip to Las Vegas or go down to the Super Bowl on the taxpayer’s dime.” Against this seemingly dire backdrop, Victor had a plan.

“What if SkyBridge threw a hedge fund conference in Vegas?” he suggested.

I smirked . . . thinking he was joking. But, by the look on his face, I could tell he was serious.

He excitedly continued, “We’ll call it the SkyBridge Alternatives Conference, or ‘SALT.’”

Victor is an extremely creative and strategic person. He sees around corners and anticipates trends before other people do. He’s also one of the most deliberate people I know . . . and I mean that in a good way. He doesn’t open his mouth unless he has something important to say. He doesn’t throw things to the wall to see what sticks; rather, he is thoughtful and measured in his approach to business. With that in mind, I thought it was rather strange that—as our business was failing—he would come to me pitching the idea of a glorified party in Sin City.

I continued to look at him in utter disbelief. A conference? In Vegas? During an economic crisis? What would our clients say? After all, we were in the seeding business; not the conference business. Besides, we could barely make payroll and were maybe two phone calls away from closing up shop—how were we going to finance

a conference? The idea—even to me—was outlandish . . . bizarre . . . crazy! Or was it?

“Come on, Vic,” I said. But as the words fell out of my mouth, I knew we were on to something. This was the time to take a calculated risk. This was the time to ignore political rhetoric and bring together members of the financial community to identify solutions that would allow us all to capitalize on tomorrow’s opportunities. This was the time to dive in with both feet and hop—actually, leap—over the rabbit hole. Suddenly, Victor’s idea was beginning to make sense. If fact, the contrarian in me suddenly found it brilliant!

If we didn’t change the way we were doing business, we wouldn’t even have a business. We needed to think outside the box. We needed to be creative; adaptable; entrepreneurial. Reinvent ourselves. We needed to play offense, while the rest of the industry was playing defense. And while there was no tangible relationship between the conference business and the hedge fund business, I did, however, recognize the void in the marketplace as well as SkyBridge’s need to move in another direction.

It was becoming more and more clear to me—this conference would give SkyBridge the opportunity to send a message to our clients, our competitors, and the industry that we were hopeful about SkyBridge’s future . . . that we were hopeful about Wall Street’s—and America’s—future. We’d be instilling confidence, optimism, and perseverance—something no government official, policymaker, or central bank was willing to do in 2009. We would be sending a message that we may have encountered a roadblock, but we were going to come together to overcome it. And as a firm, SkyBridge would be leading this charge.

As the founder of SkyBridge, I also saw SALT as a huge asset to help us grow—actually, save—our business. If we were going to survive the Great Recession, the only way to get the message out was to operate on the balls of our feet, not our heels. Call it “fake it ’til you make it.” Call it “smoke and mirrors.” Call it whatever you want. The message was clear—we were not going down without a fight.

Having worked in the industry for 20+ years, I also knew that Wall Street was all about building trust, goodwill, and relationships. And I knew that there was no better way to develop meaningful relationships than by taking the time to meet prospective and existing clients face-to-face. As such, I firmly believed that SALT would introduce SkyBridge to a critical mass of potential investors and peer managers. Furthermore, it would be an opportunity to raise our profile and separate us from our peers. In my mind, SALT had morphed from a non-sensical idea to a no-brainer. A strategy to save our business. But, now I had to convince my partners.



Two months before the proposed first annual SALT Conference, I gathered my partners together in our oversized conference room so I could present the idea.

“Gentlemen,” I said as we began the partner’s meeting. “We have an opportunity in front of us. An opportunity to start a conference. The SkyBridge Alternatives Conference. SALT. It will serve as an industry platform. One that will introduce us to a ton of potential investors, while raising the profile of SkyBridge Capital.”

Silence.

Absolute silence.

“Besides, what is the worst that can happen?” I continued, hoping to inject some levity in the room, “At least we will have a going-out-of-business party.”

As expected, my other partners did not exactly share my enthusiasm. In fact, they thought Victor and I were completely crazy. Our business was on life support. And this event would cost money that we didn’t need to spend. They pleaded: “How is this glorified going-away party going to contribute to our bottom-line?” “What would investors say?” “Besides, do we even know how to put together a conference . . . and in less than two months?” But the more my team kept telling me it was too risky, the more the contrarian in me believed in its promise.

Well, as you can imagine, the vote was five against two—and I bet you can guess the culprits of those two lone votes. There we had it. No conference. No Las Vegas. And, perhaps, no SkyBridge.

I am a team player. I believe in consensus. I believe in a democratic corporate practice, where checks and balances are in place in order to ensure that my partners and I are collectively reaching our business objectives and responsibly propelling the organization while serving the needs of our clients. But, at that moment in time, the stakes were just too high. Our business—and, some would argue, the industry—was on the brink of failure. Besides, I truly believed that the conference was the key to reinvigorating our business—that, and I maintained control through our corporate governance agreement.

“Gentlemen, I hear your concerns.” I paused. “Thank you for your vote. We’re doing it anyway.”

(There was a famous cabinet vote during the Civil War where Lincoln called for the vote: “9 nays, 1 aye, the ayes have it.” Well, it sort of went like that. In times of distress, real leadership means making bold—sometimes unilateral—decisions.)

And with that we started planning.



Truth be told, we had less than two months to gather the relevant industry players, plan a comprehensive agenda, create a web site, and produce a unique event . . . something that would grab the market’s attention. Perhaps more overwhelming was the fact that my lean team had never planned a conference—let alone an event—in their entire lives . . . and we still had our day jobs.

Remember, we were all in the financial services business; not the event-planning industry. What the hell did we know about throwing an event . . . let alone an entire conference! But one thing we all had in common was that we had all been to tons of conferences throughout our careers and understood the needs of the audience as