

Unless we stop watching the news there is no escaping our new president. It seems two-thirds of the front page is devoted to him. There is endless speculation as to what he is actually doing and why. To get a perspective it is helpful to look to his own testament. The Art of the Deal is his rendition of himself as a forty year old real estate developer. A dispassionate, unemotional examination of this book should reveal some of his most essential characteristics. We assume that a lot of what he described then lives on in the seventy year old president. Hence we write in the present tense.

On the first page Trump says clearly 'I do it to do it'. Deals are his art form. He likes the whole process and it is what gives his life meaning. Money provides a mere scorecard. His work is his entire life. He doesn't like social gatherings that involve small talk, he doesn't even go out to lunch. By his own admission he has no overriding purpose. If he were asked ultimately what is the meaning of all his projects he would be hard pressed to answer. 'Life is very fragile' and success can be fleeting. Things can change in an instant, don't take it 'too seriously'. He does not concern himself with what might have been and does not spend a whole lot of time worrying about what might come next. He plans for the future by focusing on the present. 'The real excitement is playing the game'.

This very zen attitude shows up in the ordinary course of his day.



He gets up early, absorbs the news then heads off to the office where generally he has no particular plan for the day. He does not carry a briefcase. He is on the phone most of the time but the day can be punctuated by a dozen meetings, most of them unplanned. Whoever may be in the office, whatever problem might come up can be the occasion for a meeting, which is generally brief and to the point. Trump thrives on this chaos.

He has a low regard for bureaucracy and experts. In his mind he is successful because he can make decisions quickly and does not have to wait as they filter through layers of bureaucracy. A large hierarchical organization also diffuses responsibility. Decisions made here are the result of a mishmash of input coming from people whose only real concern is to curry favor with the boss and who ultimately do not need to take any direct responsibility. These views inform Trump's attitude toward government, its ability to make correct decisions and its capacity for getting things done.

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Experience has taught him not to trust experts. He does not have an elaborate theory to explain it but in his memory marketing consultants, public relations experts, pollsters and number crunchers are usually wrong and he is usually right. Trump makes decisions by consulting with people around him, loyal associates whose judgement he trusts. He also has an ability to consult with people who will be directly affected by his plans. If he is doing a housing project he will spend the day going around the neighborhood talking to residents. How are the schools? What about crime? Is there a shopping district? In the end his advice about making decisions is to 'listen to your gut'.

The Donald is aggressive. (The Donald is a name given him by the press). He likes to create mischief, to stir things up, to test people. Trump is very competitive and it is hard to see him devoting much energy to an activity where there is not a fairly clear standard to judge winning. 'I ... would do anything within legal bounds to win'. 'Fight' and 'fight back' are recurring words in this book. Alienating other people is not a big concern. 'People either liked me a lot', referring to his youth, 'or not at all'. He describes successful entrepreneurs, including himself, as people who can above all focus, focus on a particular project to the point of being obsessive and even neurotic. 'Controlled neurosis' is his description of his life.

Trump sees himself as part of a

## **He likes to create mischief, to stir things up, to test people.**

very small elite of people who create things. 'I like thinking big'. He respects people who don't just excel in their chosen field but who add something new to it. In business his heroes are entrepreneurs and he has especial regard for the big early movie producers like Sam Goldwyn and Darryl Zanuck. They created a new industry, created glamour, changed entertainment. Trump has no especial regard for corporate executives, even CEOs, thinking of them largely as employees who are simply following orders.

Outside of this exclusive circle the rest of us think small. 'Most people are afraid of success, afraid of making decisions, afraid of winning'. Trump gives due regard to the fact that lots of people are trapped by circumstances. But most of us simply do not live up to our potential because of a lack of will, an absence of determination. He does not speak of ordinary people with contempt. Rather he sounds more like a self-help guru who just wants to motivate.

People do, however, admire those who think big and act with bravado. They like to identify with winners, they like glamour. Trump does not pass judgement

on people's desires. His task is to accurately determine those desires, to help shape them, and then to get rich, famous and/or powerful by satisfying them. People do have reasonable sense when you promise them something. If you don't deliver they will abandon you. You 'can't con people for long'.

The Donald was born into a family that was rapidly becoming wealthy. From a modest home in Queens they moved to a much larger modest home, also in Queens. It was an unpretentious family, the five children were close, money was spent sparingly and the kids all had to work. 'We never thought of ourselves as rich kids'. His father was a hard charging up by the bootstraps kind of guy. He was a real estate developer of the type who could perform every job on a construction site. He brought his son to work. Trump loved it. Maybe these early circumstances explain his ability to connect with ordinary working people. Maybe they explain his not always flattering view of 'the rich'. Possibly, too, this may explain why he has no sense of noblesse oblige. Nor is there any idea of being above the battle, being so comfortably superior that he need not respond to the slings and arrows of more ordinary mortals.

His father taught him important lessons. One is that he must be personally involved in all aspects of a development. Parts of the work of course can be delegated but the overall project must be centrally coordinated and requires constant daily supervision. 'Leadership' is the word he uses. Next is planning. Every detail of

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a project should be examined and considered before the first shovel hits the ground, and there must be multiple alternative plans just in case.

Trump contrasts his father's, and now his own, approach to that of most developers. He sees them as swaggering gamblers who get ahead of themselves. In a boom market their first concern is to get a piece of property and get started. Their planning extends no farther than the first stage. They know there are major hurdles to be overcome and they know that all sorts of unforeseen circumstances will arise. Architectural plans, building permits, zoning and finance will just have to be dealt with as they come up. They will borrow all they can, make whatever compromises are necessary to keep the project going and not pay much attention to costs. The market is so hot, after all, that the expense is not so important. The end of a real estate boom is always littered with these guys.

Trump distinguishes himself from such developers. 'I am not a gambler'. He would rather buy a sure thing than to pay one-quarter as much on the hope that it will quadruple in price. His book is mostly a series of chapters in which he describes the evolution of each project and limiting risk is a recurring theme. In one project he had to assemble three adjacent parcels to get a buildable site. There were three separate owners and all were mutually suing on another. Rather than trying to buy each

parcel separately, when each purchase would encourage the others to hold out for a higher price, he gathered the three together and offered long term leases with a purchase option. Once they accepted, and agreed to drop their lawsuits, he had the whole parcel for essentially no money down. He then went on to get his building plans approved, an operating license awarded and bank financing commitments made. Suddenly three vacant lots were very valuable. Holiday Inns came along and offered to be his partner. They would reimburse him for a lot of what he had already spent, guarantee some future profit and most important of all take responsibility for the financing. This last is crucial. The one thing about the project that Trump really disliked was that he had to personally guarantee the bank loan. It didn't matter that he would have to surrender half of the future profit, 'no downside for me and a 50% share of the upside—it was an extraordinary deal'.

This attitude extends even to impulsive acts, something he has been known to do. 'Don't act on an impulse...unless you've considered the downside'.

Curiously, his first big failure came when he did guarantee a bank loan. After a few years he bought out Holiday Inns' share via a loan for which he was personally responsible. He forgot his own most basic principle and went on to buy another hotel with a personally

guaranteed loan. When the market turned sour he nearly went bankrupt.

It was not just the economic slowdown which nearly put him into bankruptcy. It was also management. Part of the initial attraction of Holiday Inns' offer was that they would manage the casino, it was something where they had considerable experience. Trump was delighted, 'what the hell did I know about running a huge casino-hotel anyway?'. Again, forgetting his own principle he took over management himself. He says his approach is to buy the competitors' best talent and turn it over to them. But somehow it doesn't work. Perhaps it is his need to be personally involved coupled with his own chaotic style. Whenever he has tried to create a business outside of real estate he has generally failed. Chaos and management don't ordinarily go together.



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One very surprising thing about Trump's method of operation is his patience. When New Jersey legalized gambling there was a rush to buy Atlantic City real estate and he missed it. He was quite willing to wait three years before the initial euphoria wore off and he was then ready to move. There were six years between the time he made his first approach to buying the Commodore Hotel, right by Times Square, to the time it was ready for occupancy. It took that long to get it at a price he was willing to pay, to get the design approved, to get a property tax question resolved, to get permission to build, to arrange financing and oversee the construction. There were nine years between his first inkling that casinos were a good business to the time he finished his first development in Atlantic City. Trump appreciates timing. After all the parts of a project are assembled there is a time to strike, the most opportune moment in which to finalize the job.

Related to patience is persistence. He says he goes full throttle on any scheme but if it does not work out he will drop it and forget about it. 'You do your best', then move on. Maybe so, but a few pages later he claims he can 'never give up entirely'. Trump relates a number of stories where he had nearly given up on a project but was ultimately successful because often 'sheer persistence is the difference between success and failure'.

Trump is never above trickery

to further his goals and he relates with pride some of those maneuvers. One amusing anecdote is about a project which was in the early stages of construction. He wanted an outside partner to provide the financing but that potential partner wanted to see the job done soon. The Donald instructed his general contractor to bring all of his men, regardless of where they were working, and all of his equipment to the construction site on the day the targeted partner was to visit. Sure enough, the guy and his team saw a very fast moving construction job and decided to do the deal.

Trump's mother had a flare for glamour and he claims he got it from her. Wherever he got it he learned early in his career that glamour, notoriety and fame sell. The difference between an ordinary development that earns an ordinary profit and one that brings fabulous returns is the aura, the mystique. Various things can create an aura; innovative design, associating famous people with the project or getting some civic recognition that the development has larger value. The main thing, however, is publicity. From this comes Trump's often troubled relationship with the press. Favorable press is good but bad publicity is better than none at all. The press is necessary, whether it is evil or not. 'The power of the New York Times is just awesome'. News media have their own requirements and rather than bemoan that fact

he simply works with it. The press pays attention if you are 'a little different, a little outrageous'. The press 'thrives on confrontation' so he gives it to them. Accusations, well founded or otherwise, lead to publicity and possibly to public support. The press likes a good narrative and he is happy to provide it. Probably most important of all, reporters are not interested in the substance of a story. Instead they care about the sensational aspects of it. Naturally, if they don't care about substance why should he?

The press is the most important tool in dealing with politicians. Although his campaign made much of the idea that politicians are bought by their moneyed supporters the Donald does not make much of it in his book. He attends political dinners and gives modest amounts of money but this is more the price of admission than anything else. The elected official will take him into account and might, all other things being equal, do him some favor. But the politician's bottom line is votes and the news media is his direct connection with the voter. 'The only thing guaranteed to force them into action is the press—or, more specifically, fear of the press'.

Trump does not see politicians as motivated by any idea of the public good. What they want is to be elected. He relates many stories of his conflict with Mayor Ed Koch. The Donald bested him in a dispute over a tax abatement, when Koch had initially denied the request.

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Trump took it to court and after many appeals finally won. He had publicly embarrassed the mayor and from that point on he was an enemy. Trump wanted the city to locate a convention center on his property, the mayor chose another locale. Trump wanted a building permit. The mayor positioned himself as the little guy's champion, saying it would be bad for the neighborhood, and denied the application.

For all his love of the game, for all his claims that he does not take opposition personally, he does have an Achilles heel. If he feels he is being dealt with 'unfairly' he will devote any resource and take any risk to overcome the resistance. No matter how minor the importance of the matter to the overall project he will fight. He cannot accept being bested by what he considers unfair means. When some rent control protected tenants sued him, 'unfairly' claiming harassment in an attempt to get them out of the building, he was prepared to walk away. He actually settled the suit but if he had lost he would walk away and 'let it rot'. It isn't clear just what he would consider 'fair' or 'unfair' opposition.

Critics may suggest that Trump is not at all as he describes himself. Maybe so, but the Trump who wrote the book can be described as follows. He has a zen attitude toward life and its meaning. He loves chaos as an operating principal but underlying it is a definite plan,

one that is worked out step by step, and a goal. He does not trust bureaucracy or experts and wants a hands on involvement in his plans. He only trusts advice from people who have worked for him and who he knows personally. It is very important to him that he deliver on his promises. He is flexible but persistent. He can change the plan in pursuit of a goal and indeed he even understands that the goal itself may be altered by the change in plans. He will not stand on principal if some modification is needed in order to finish a project. 'In the end I am pragmatic'. This should be read to mean that as a politician he will not be bound by ideology.

He is not above using creative hyperbole to convince people of his schemes' desirability. The press and politicians are self-interested institutions which must necessarily be dealt with and used. A big undertaking must have an aura in order to succeed. He himself must have an aura for his projects to succeed. Fame is far more important than that people like him.

By his early training and by experience Trump is very careful to guard a plan's downside. Even acting on impulse, at least according to him, he is mindful of what can go wrong. Let's hope he abides by this principal when dealing with international affairs.

Over the course of his term we will see how these

characteristics work out in the political arena.

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