

Interview

What's Next for Mega-Trump?

An Interview with Donald J. Trump, Chairman, President, and Chief Executive Officer, The Trump Organization, New York

EDITORS' NOTE *The Trump Organization's long-awaited entry into the Las Vegas real-estate market, with the construction of a luxury condominium building, is "just one of many interesting things going on in the company at the moment," President and CEO Donald Trump reports. Another is the unprecedented growth of the company's golf-course division – about to expand into Los Angeles and Bedminster, New Jersey – the success of which Trump credits to his ability to select the most appropriate locations and his original "sense of design."*

However, the most surprising recent development for the flamboyant property developer has been his hit TV show, *The Apprentice*, in which aspiring young businesspeople battle for the chance to work in one of Trump's companies. Playing the role of a tough and exacting mentor has been "a lot of fun," Trump reveals, conceding that the majority of his enjoyment is derived from the fact that the program "ended up being the number-one show on television." "Surpassed only by the Super Bowl," the final episode of the first season drew an audience of "around 41.5 million people," Trump recounts, turning *The Apprentice* "into a great American phenomenon." Moreover, Trump's enhanced TV presence has given the public a chance to reevaluate their opinions about him, the president and CEO believes, noting that he is now widely considered to be "a very reasonable and pleasant person," before the TV show, his image "was much more one of a flamethrower and wild man."

A graduate of the Wharton School of the University of Pennsylvania, Trump is the author of five best-selling autobiographies – *The Art of the Deal*, *Surviving at the Top*, *The Art of the Comeback*, *How To Get Rich and Think Like a Billionaire* – as well as *The America We Deserve*. He serves on the board of the Police Athletic League, on the advisory boards of Lenox Hill Hospital and United Cerebral Palsy, as chairman of the Donald J. Trump Foundation,



Donald J. Trump and fiancée Melania Knauss

and as cochairman of the New York Vietnam Veterans' Memorial Fund.

COMPANY BRIEF *The New York-based Trump Organization is primarily the largest real-estate developer of prime Manhattan real estate in New York, with holdings that include the Trump Building at 40 Wall Street, the Trump World Tower opposite the United Nations, Trump Tower on Fifth Avenue, the 100-acre Trump Place (which will include 16 luxury, high-rise buildings when completed) along the Hudson River, the Trump International Hotel & Tower at Columbus Circle, 50 percent of the General Motors Building at Trump International Plaza, the land beneath the Empire State Building, and the luxury residences Trump Palace, Trump Parc, Trump Parc East, Trump Plaza, and Trump Park Avenue. In addition, it owns the riverboat Trump Casino in Indiana; The Mar-a-Lago Club and Trump International Golf Club in Palm Beach, Florida; Trump National Golf Club in Briarcliff Manor, New York; a major percentage of the publicly traded Trump Hotels & Casino Resorts in Atlantic City, New Jersey; with NBC, 50 per-*

cent of the Miss Universe, Miss U.S.A., and Miss Teen U.S.A. pageants; and Trump Model Management. In 2003 the company reported revenues of \$8.5 billion.

What is the status of your sales-and-leasing business – particularly in Chicago, where you have a new project underway?

I should probably point out that sales and leasing is only a small part of my business. In general, I am more focused on owning buildings, which I either rent or sell as condos. I'm the biggest developer in New York by far – no other developer even comes close. Nevertheless, sales and leasing is part of what I do, and that part of the business has just gone through the roof. It may have been helped by my TV show, *The Apprentice*, which ended up its first season being the number-one show on television. That surprised some people, but it didn't surprise me. The boom in our sales-and-leasing business may also have been helped by low interest rates.

In Chicago, specifically, we are building a 90-story tower, which will be called Trump International Hotel & Tower. We have already sold \$500 million worth of apartments, and we didn't start demolition until October 15, 2004. That level of pre-construction sales is unprecedented anywhere, including in New York. I have never heard of \$500 million in sales before a building started. This building will be a spectacular residential tower with a hotel component and retail space on the bottom level, and when it's finished, it will cover 2.6 million square feet over 90 stories. To put that in context, the Time Warner Building in New York covers 2 million square feet over 50 stories. So this is going to be an amazing building, and I'm really looking forward to seeing it go up.

Are you planning to take that format – hotel plus luxury apartments – into other markets?

I'm already doing something very similar in Las Vegas. I'm planning a building there that will have super-luxury con-

dos on the top levels and luxury hotel condominiums lower down. Construction is due to start on that building in January or February next year. That's just one of many interesting things going on in the company at the moment.

Many people have wondered for years when you'd go into Las Vegas. What made you feel it was the right time, and do you foresee an increased Trump presence there?

I have a wonderful partner in Las Vegas – a great friend of mine, Phil Ruffin. We have a lot of fun together, and I believe we're going to have great success together with our building. That's one reason I felt it was the right time to go into Las Vegas. The other reason is that I happen to love the piece of property we have there – it's perfect for what we are planning to do. It's right next to Steve Wynn's project. It's across the street from the Fashion Show Mall, where Nordstrom is going to be. So it's really an amazing property for luxury condominiums, which is what we are building there.

You also have substantial holdings in Atlantic City.

My experience in Atlantic City has been very interesting, and I've been very successful there. Over the years, I've made a lot of money in Atlantic City. I approached that market in a very specific way, in that I put a lot of debt on the properties when I owned them privately. This approach is similar to putting a mortgage on a house; you take the money and buy something else. I took the money and bought a lot of real estate in Manhattan, and made other fantastic investments. So my holdings in Atlantic City had a lot of debt, and I'm now in the process of fixing that debt. I think the future looks very bright in that area.

What about your golf courses? Did you foresee that the world of golf would take off the way it has?

I'm really impressed with what has happened with my golf courses. I routinely get \$350,000 and \$400,000 in membership fees, when other golf clubs can't get \$50,000. I have four golf clubs in all. One is in Palm Beach and it's totally sold out. It has been so successful that I'm adding another nine holes. Another club is in Westchester, New York. It is rated the number-one course in the Westchester/Connecticut area, which covers a lot of territory and includes Winged Foot Golf Club and other great courses. My Westchester course has done amazingly well.

I'm opening two more courses: one in Los Angeles and the other in Bedminster, New Jersey. The Los Angeles course will be patterned after the concept of Pebble Beach, because it's on the coast. Like Pebble Beach, this course will be a very high-end, daily-fee course. But, of course, it will be even better than Pebble Beach.

The Bedminster course was designed by Tom Fazio, and it's on John

DeLorean's former estate, which I bought. He was known for having the best piece of land in New Jersey. It covers 525 acres, and the course has been so successful that instead of building housing on the remaining 250 acres around the course, as I had originally planned, I'm going to build another golf course. So the Bedminster course has been an amazing experience. All of my courses are doing well, and not many golf-club owners can say that. In my experience, if you have a great location and a great course,

cussing a similar project with people from China. When I pursue projects outside New York, I prefer to work with partners, because they know how the markets work and who the best contractors and subcontractors are. For instance, building in Asia is very different from building here. Consider the use of bamboo as opposed to the use of steel: Bamboo is every bit as good as steel, or even better, because it's much lighter. In Asia, they use bamboo for exteriors and other parts of buildings in ways that no one would think of in the



it will always do well. But the truth is, very few people have my locations and very few people have my sense of design.

Are you planning to expand your presence in Asia beyond your current interests in Korea?

Yes, I am. We are currently in discussion with some people from Hong Kong, who are talking to us about building a Trump Tower in that city, and we are dis-

United States. It's such a different world. You have to know that world if you want to do business there, and working with partners is one way to do that.

Do you think the increased threat of terrorism will affect the way buildings are constructed in the future?

An artist's rendering of Trump International Hotel & Tower in Las Vegas

The threat of terrorism is having a huge impact on how buildings are being designed and constructed – and how much they cost. I happen to be a big fan of concrete. I believe that concrete buildings offer greater security than buildings constructed from other types of material. Another benefit of concrete is its sound-proofing qualities, and it's also better in cases of fire and impact. Steel melts; concrete doesn't. In fact, I would say that modern concrete is stronger than steel. It's very expensive, but it creates a very rigid building and it's totally flame-retardant. When I first started in the business, concrete looked like the popular idea of concrete. Today, concrete doesn't even look like concrete; it looks like water. But a day after it has been poured, it's so hard that you can't even chop it up.

So concrete has evolved into an amazing building material. Consequently, most of my buildings are going up in concrete. In Chicago, in particular, no other building material has evolved to a greater extent than concrete.

The old Delmonico Hotel on Park Avenue in New York is a great addition to the Trump portfolio. Have you been happy with how that project has taken shape?

Yes. I bought the Delmonico Hotel three years ago and then gutted it entirely. The only thing I left was the frame and part of the exterior wall, because it's so beautiful in its ornamentation. And the building is almost completed now. We've already sold about 70 percent of the condominiums, so it has been a real success.

Earlier, you mentioned your TV show, *The Apprentice*, which has just finished its second season. This project has taken on a life of its own. Are you enjoying it as much as you seem to be?

The Apprentice has been a lot of fun. But I think part of what has made it such fun is that it ended up being the number-one show on television. Around 41.5 million people watched the final episode of the first season. That was surpassed only by the Super Bowl. It turned into a great American phenomenon. And now it's in 32 different countries, and it's breaking rating records in many of those countries. So *The Apprentice* has turned out to be a big monster. Because of that, I'm having a lot of fun doing it. If it were number 43 in the ratings, or even number 25, I don't think I'd be having a good time at all. But when I have the number-one show on television, I have a lot of fun.

What do you look for when selecting young people for the show?

I look for a number of things. First, I look for intelligence. One of the reasons *The Apprentice* does so well is that everybody on the show is really smart. So, the number-one ingredient is brain power.

One of the things I've learned from

my experience with *The Apprentice* is that these kids suffer. They go through six weeks of hell. And at the end, I pick somebody who is really good, like Bill, who's involved in my Chicago project. He's really good. For me, the show is a much better system of recruitment than an average interview, where somebody comes in, I interview them for 10 minutes, and then say, "You're hired." By the end of six weeks, I really know these people.

So, it's very interesting and I enjoy it. And because I have 103 different companies, the show could go on for a long time. Of course, I don't want other people to run all of those companies, but there are plenty of companies where I could really do with somebody very smart and very good.

Everybody seems to have an opinion about Donald Trump. Are there any misconceptions about you that you find particularly frustrating?

I think that any misconceptions that existed have been largely cleared up by the tremendous success of *The Apprentice*. I think some people used to think that I was



not a very nice person, and now they think that I'm a very reasonable and pleasant person. Before the show, my image was much more one of a flamethrower and wild man. But that's not me. I don't discourage that image, because it's fine. But I do think people believed I was a much tougher and nastier guy than I really am. I

went to the Wharton School. I was a good student and I'm a smart guy. It's funny: On *The Apprentice*, all I did was fire people, but people now think I'm a nice guy. I guess my image must have been pretty lousy before!

***The Apprentice* shows the importance of having guidance from mentors. In your career, have there been one or two people whom you particularly looked up to?**

The person I looked up to most was my father, Fred Trump, who was a builder in Brooklyn and Queens and a great guy. He really knew building, and the thing I do best in life is build. I understood building from the time I was four years old. I learned just by being at my father's side. So my father was not only my best friend, he was also a great leader in this profession. He knew how to lead people – and construction people can be pretty tough. He really led beautifully.

Do you think your father could ever have imagined the enormous success you now enjoy?

No, my father would not have been able to believe what has happened to me. My father was very smart, but he was also a very down-to-earth guy. When he was alive, he'd watch me appear on television programs and he wouldn't be able to understand how I could do it. It was simply beyond what he thought was possible. But even though he couldn't understand it, he had great respect for it.

You're known for being a hands-on leader. A lot of your time must be taken up by *The Apprentice*, not to mention the rapid growth of your other businesses. Is it difficult to remain hands-on as your endeavors expand?

The Apprentice requires six weeks of very intensive work. But even so, it accounts for only 20 percent of my work-week, because I have tremendously talented people working on it. It's very intense work, but the hours are not as long as some people might think. And the production people have it down to a pretty good science. I walk into the boardroom and start ranting and raving, but the fact is, the show is filmed in a pretty efficient way. And let's not forget that the boardroom is only an elevator away, so it's not like I have to travel to downtown Manhattan or to Brooklyn or Queens to do a boardroom shoot. It's in the building where I work.

I would say that the growth of my company has had more of an effect on the way I work than *The Apprentice*. Because my company has become so big, I now have to delegate more than before. And that's okay, as long as I have the right people to delegate to.

Who are the right people?

The ones who know who's boss. ●

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