



The Art Of The Broadband Deal

By Bryan Rader ■ *Media Works*

Did you get hooked on the reality TV show called “The Apprentice” this spring on NBC? You know, this is the show that took 16 young candidates who were vying for a top job in one of Donald Trump’s organizations, and were given tasks each week to see who could move on to the next round.

The show was a huge success—both throughout the country, and in my own household. There was a big resurgence in popularity for Trump, and now millions of people have begun reading his books again, particularly the first one from 1987 called “The Art of the Deal.”

I enjoyed reading this book recently, and found his discussion of his very first real estate deal to be quite impactful. It’s actually a key story for PCOs to think about when negotiating “deals” with property owners.

Let me outline the story. When Donald Trump was still in college back in the early 1970s, he and his father bought a 1,200 unit apartment development in Cincinnati called Swifton Village. When Trump acquired the asset, there were 800 vacant units, and many of the current residents were not paying rent. The prior developers were history, and their lender was now in charge.

According to Trump, this was not an old property in a bad part of town, but a two year old development in a modest section of town. The previous owners didn’t respect the place, and neither did the current residents.

So Trump invested in an upgrade. He felt that if his community looked physically better, and residents saw that the new owners respected the property, they too would be more respectful. Or they would find a new home.

Trump added beautiful white shut-

ters for the windows to give the cold red brick buildings a feeling of warmth and coziness. He ripped out the awful aluminum doors and put in beautiful colonial white doors. He painted the hallways, stained the floors, and landscaped the grounds. Word got out in Cincinnati that the new owners of Swifton Village were upgrading and it was once again a beautiful, clean attractive community.

Trump knew exactly what he wanted to do, and set out to improve the quality of life at Swifton. Within a year, the property was 100% occupied. This real estate investment for Trump was an early success for him.

The element of this story that I like is that real estate owners like Trump almost always have specific plans or strategies for their properties. And, as service providers to their customers, we can best determine how to be effective and successful by asking about those plans or objectives.

Some property owners are turn-around artists like Trump was in Cincinnati. Others may desire to be the “top-of-the-market” leaders. Some owners simply want to maintain cash flow and hold onto a good investment. Others want to lease it up and flip it to another property owner. Every good owner I know can, and will articulate to you what his primary objectives are for his real estate. Just as Trump did at Swifton Village.

And from that knowledge, a PCO can better prepare to win an owner’s business, and better prepare what and how it may offer services to an owner’s residents.

Recently, I met with an owner who told me “I want the best in technology. I want it all,” he explained. “I don’t care if my customers want it, or use it. I just know I want it. This will help me sell a real high-tech image.”

That’s fine. It’s good to know at the beginning what the objectives are from your client. And that, I strongly believe, is one of the keys to the “art of the deal.”

Just as Donald Trump outlined what he wanted to do with Swifton Village thirty years ago, we should obtain similar plans and objectives from our property owners today. This will give you significant insight into what you can do for him. It will help you better structure the right of entry, the economics and general deal terms.

Sometimes during this objective-setting process, you may determine (as my company has on occasion) that this is simply an owner you do not want to work with. That’s okay too, because you may walk away from an unprofitable or undesirable deal.

I know it may seem strange to look toward Trump for ideas in our business. After all, at one time he was \$9 billion in debt to 95 banks with significantly overvalued real estate. But he did survive that down turn in the early 90s and has once again become a huge success in real estate, casinos and other businesses.

“The Art of The Comeback” may be another good book for our industry to read! Especially as we now begin our industry’s comeback. ■

About the Author

Bryan Rader is President of Media-Works in Atlanta, one of the fastest-growing telecommunications providers serving multiple dwelling units. Mr. Rader is also President of the Independent Multifamily Communications Counsel (IMCC). He may be reached for questions or comments at 678-366-9900.