



Business Plan Report: **Trump Entrepreneur Initiative**

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MGMT 102

The **TRUMP**
Entrepreneur Initiative

Section 1. Executive Summary

The Trump Entrepreneur Initiative (TEI) was created with the intention of sharing entrepreneur techniques and strategies from the best of the best, Donald Trump. Trump runs an empire based on the fundamental values of hard work, professionalism, and competitive strategy. By sharing his wealth of knowledge with others, future entrepreneurs can gain invaluable knowledge for their own ventures. While the TEI has genuine intentions, it is still a for-profit company, and this has created certain problems for the company and consumers. TEI currently faces lawsuits from the Attorney General of New York, accusing the company of illegal practices. This has created a negative image of the company, and could ultimately have a negative effect on profits. In order for TEI to remain profitable and sustainable, it is necessary to make changes and implement them into a new and improved management plan.

Section 2. Trump Entrepreneurial Initiative (TEI) and Their Problem

The Trump Entrepreneur Initiative (TEI) was founded in May of 2005 by billionaire entrepreneur and real estate mogul Donald J. Trump. Formerly known as Trump University until its name change in May 2010, TEI was created as a resource for future entrepreneurs. TEI headquarters are located in New York City.

A for-profit company, TEI has made over \$40 million. Through online educational classes, seminars, one-on-one instructional sessions, and promised mentorships, individuals would be provided with Trump's techniques and skills to become successful, prosperous entrepreneurs. The services and three-day seminars start at \$1,500. Students are encouraged to participate in the "Trump Elite" seminar packages and professional mentorships, which range in cost from \$10,000 to \$35,000. Students in the Trump Entrepreneur Initiative are encouraged to

make the investment, as it will pay off in the future and allow them to make that money back, and then some.

Issues regarding the effectiveness and legitimacy of the Trump Entrepreneur Initiative started in 2010. When Trump's web-based school was still named Trump University, many students complained to attorney generals in several states regarding the quality of the programs. The fruits of their labor and money were not given to these students as promised. Trump University was told to change the name of the company and drop the "University" because it did not have the license necessary under New York State law to be a University. After the company became known as Trump Entrepreneur Initiative, problems and complaints still came about. More and more students of the TEI complained how the program was just running them into debt and too many deceitful promises led to disappointment. After many reports of students paying as much as \$35,000 for seminars that proved useless, the New York Attorney General began an investigation of TEI in 2011. On August 24, 2013, New York Attorney General, Eric T. Schneiderman, filed a civil lawsuit against Donald Trump and TEI, accusing the company of making false claims and partaking in illegal business practices. Currently, Trump and his team continue to fight back and accuse Schneiderman of extortion and called the claims made against him "politically motivated."

As seen in Figure 1, these accusations are caused from the reports of consumers' experiences with the expensive short-term programs, questionable quality of the programs and instructors, and "big" promises that were unfulfilled by TEI. The costly programs cause a problem because many of the consumers complain that they were not getting their money's worth out of the program. The "Trump" branding of the program is arguably the main reason why the program is so expensive. Secondly, they were informed they would be given financial

Section 3. PEST Environment

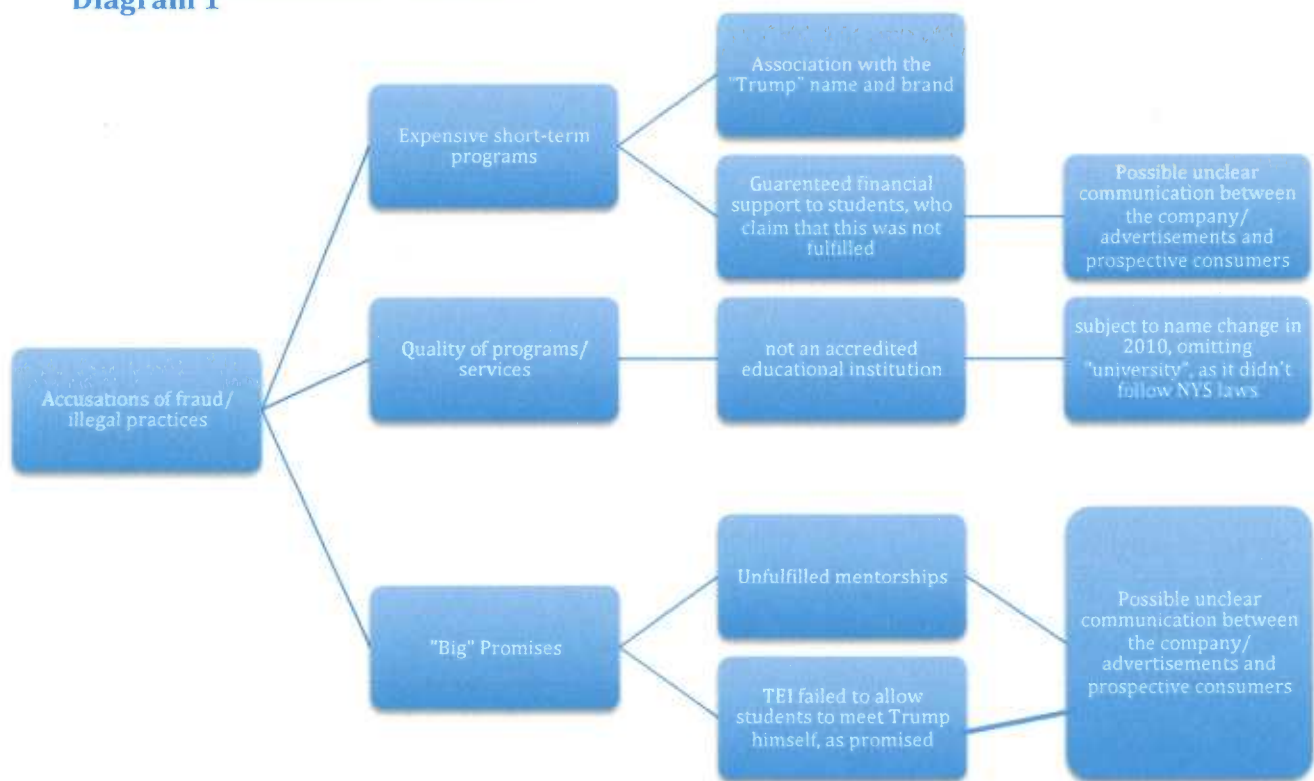
The political and legal environment in TEI is conservative and capitalist. Donald Trump has toyed around with politics in the past. He was in the running to become the republican candidate in the 2012 Presidential Election and stirred up much controversy in the process. While he did drop out of the race, he does not dismiss the idea of running again in the future. Donald Trump's political ventures did not bring positive attention to his name and brand, which could contribute to the problems in TEI. New York is very strict in its laws, especially in the education system. TEI called itself a University for 6 years until the Attorney General told the company to change its name because it lacked a proper NYS license to be a university.

The economic environment surrounding TEI is growing, but only slightly. This motivates people to want to open their own business and make investments, but their funds are still recovering from the economic depression, so it is imperative that their investments will guarantee a profitable return. The unemployment rate in New York is 7.7%, lower than many states. Over the past year, this number has slowly decreased and is expected to continue slightly decreasing in the future.

The social and cultural environment of TEI is built on the foundation of quality education, networking in a competitive job market, and lifestyle choices that will get individuals to the next level in their career faster. In New York especially, young men and women enter the workforce with a high level of education, but are aware that what will get them further in their career is making connections and developing significant professional relationships. This is a reason why so many people invested in the TEI seminars, because they believed their money

support throughout the entire program until they made their first deal. The quality and credibility of TEI is questionable because it is not an accredited educational institution. Furthermore, TEI was required to drop the “University” from the company name because it was not legally a New York State University, which contributed to these problems. TEI participants were promised many things, from professional mentorships to meet and greets with Donald Trump himself. In one report of complaints from students, it was noted that students were told they would meet Mr. Trump and would be able to take pictures with him. When students showed up, the person they were going to be taking pictures with was just a cardboard cut out of Donald Trump. While this is a somewhat trivial unfulfilled promise, compared to financial support or mentorships, it still contributes to problems and deteriorates TEI’s reputation. It is likely that many of these “sub-issues” stemming from the complaints are a result of miscommunication between the company and prospective students, whether it was deceitful conveying of the messages or an honest misunderstanding.

Figure 1: Cause/Effect Fishbone Diagram 1



would give them the opportunity to network with Donald Trump or at least his “brain trust” of entrepreneur experts.

TEI’s technological environment is ever changing. The Internet has become an important and growing resource in business. It has also allowed the increase of people to work remotely and get things done at any place and any time. This has created complications for TEI because consumers are buying into the online program that is conveying a “quick and easy” approach to getting rich like Donald Trump. Obviously, Donald Trump did not make billions of dollars by spending thousands on an online class, but his name associated with the program leads people to believe that in this advanced technological age, it is possible.

Section 4. Competitive Environment

TEI’s competitors include postsecondary educational programs and institutions that are career-oriented. These companies typically combine in-class seminars, online courses, and one-on-one advisement online and by phone. One example of a TEI competitor is the Career Education Corporation. The Career Education Corporation (CEC) offers over 500 courses and 80 degree programs online. CEC is international, as it boasts over 100 programs in 23 states in the United States and 5 countries globally. Services also include instruction through the Career Education Network at several colleges, such as Sanford-Brown and Le Cordon Bleu.

These competitors are worthwhile alternatives to switch to because they are just as career-oriented as TEI. While the programs are broader and vary in subject from TEI, CEC is just as flexible as TEI for students. It allows students to access education at their convenience, whether in a classroom or on their computer in their home.

Section 5. Mission/Vision

The vision of the Trump Organization is to associate the Trump name and brand with success in a multitude of fields, such as real estate, media, and finance. The mission of TEI is to use the Trump work ethic, strategy, and knowledge to inspire and educate future entrepreneurs.

Projects associated with the Trump brand, no matter what the field of business is, are more often than not very successful and prosperous. By associating the Trump name with a range of different areas in business, Trump can expand his enterprise on a level of being valuable in more ways than just pertaining to money. The fundamental values of the Trump empire will inspire individuals around the world in their own entrepreneurial ventures. Trump's invaluable tactics and knowledge is made accessible to future entrepreneurs through TEI who wish to obtain "Trump-level" success.

Section 6. Code of Business Conduct and Ethics

TEI is a for-profit company, but it still has some social obligations that are beyond the money-making aspect. The initial goal of TEI was to help and support future entrepreneurs in their endeavors, educationally and financially. TEI does not believe that the end justifies the means in an entrepreneurial venture. The actions that TEI takes to help entrepreneurs get to where they want to be are a focus of the company.

TEI's code of business conduct and ethics is a combination of accommodation and proactive strategies. TEI has changed its policies and curriculum to better serve the community, consumers, and to better abide by state law. The company takes responsibility when the need to and are proactive in formulating programs that have the community in mind.

Section 7. Management Style

TEI is a web-based company, so there are directors and managers scattered in different places working remotely. Donald Trump is the owner and founder of TEI. He has appointed experts to be instructors in online courses and directors of seminars. These industry professionals are also appointed to students for individual instruction and entrepreneurial guidance every step of the way. Initially, Mr. Trump did not play a physical role in the curriculum. TEI is always seeking new ways to improve its program and is seeking to bring Trump himself into the seminars more. Trump does oversee and approve curriculum and course work that is drafted and created by his trusted and appointed experts in finance and real estate.

TEI lacks proper management in communication. Many of the problems with TEI and its students are because of communication problems. Students are appointed instructors for individual sessions if they pay for certain programs, but there is no advisor-type mediator in the company, which positions TEI as more of a for-profit company than an educational institute.

Section 8. Management Plan

First, a change in organizational dynamic is necessary for TEI to continue as a sustainable and profitable business. Strategic and frame-bending changes, like focusing even more on the quality of courses, is necessary because it will reposition TEI as a company that genuinely cares about education and helping the careers of future entrepreneurs, not taking their money. This aligns with TEI's code of ethics and the focus on the means, not the end.

Donald Trump runs a business empire and obviously cannot teach all of the seminars, but he should play a more active role in the formation of the program's curriculum. This would ensure that consumers are getting the best of the best in terms of entrepreneur, finance, real

estate, and business strategies. Students don't pay thousands of dollars just to get Donald Trump's advice that they could easily get for twenty dollars by purchasing one of his books. They are making an investment that will give them real knowledge, techniques, and strategies they will actually apply in real life. TEI should continue to tune up the company. This should be accomplished through the implementation of training for instructors. The instructors are professionals and have the knowledge that students need, but they need to communicate the knowledge and strategies in a way that is understandable and tangible.

Reactive changes need to take place to resolve some of the legal problems that have been raised. This would include implementing a clearly defined refund plan and creating the position of a manager that acts as a sort of advisor to students, who addresses any concerns, like a college advisor would. This mediator between the company and students would eliminate the large need for unsatisfied students to take legal action. This would improve the customer service and human resource management of TEI. This change in dynamic would also improve the communication between students in the program and the company/instructors. Communication was one of main causes of the problems surrounding TEI. When prospective students attend free informational seminars, they should get an honest pitch of what they would be buying into. TEI needs to take responsibility and reposition itself as an honest, sustainable company to continue being profitable. People will not pay a company that they don't trust.

The appointed instructors are industry experts, not college professors, so in order to guarantee the best teaching services through them to the students, the instructors need to be motivated. Motivation to perform well is just as important as honing their professional and business skills. Bi-Annual training programs should be required of all TEI employees. Expectancy theories of motivation should be applied to these programs to boost confidence

levels of instructors in their teaching skills, since they are not primarily certified teachers.

Extrinsic and intrinsic rewards further the motivation for the best possible job performance by TEI managers and instructors.

All of the instructors represent the Trump empire and values, but are still leaders. Each instructor is an experienced professional in finance, business, and real estate and is empowered to include their own experiences and knowledge to educate future entrepreneurs. The path-goal theory of leadership is appropriate for TEI because future entrepreneurs have the goal and reward of earning profit and being able to sustain success.

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