

What we can all learn from President Trump's debt-ceiling negotiation

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“Art of the Deal” author President Trump cut his first deal Wednesday with lawmakers across the aisle — agreeing with Democrats to increase the debt limit and finance the government for three months, a short-term measure linked to federal aid for Harvey victims.

Trump's deal, hatched in the Oval Office with House Minority Leader Nancy Pelosi and Senate Minority Leader Chuck Schumer, reportedly stunned top White House aides and congressional GOP leaders who'd favored raising the debt ceiling through the 2018 midterms to avoid a politically damaging vote three months down the line. Republicans in Congress were left fuming, according to multiple reports. The Senate passed the bill 80-17 Thursday, the House passed it 316-90 Friday morning and Trump signed it later that day.

The President's surprise move stood in stark contrast to his fondness for undermining Pelosi and Schumer, including taunting “Cryin’ Chuck” on Twitter. But Trump's actions are in keeping with behavior he's exhibited over his entire business career, author and executive educator John Baldoni told Moneyish — after all, he said, the POTUS is a “self-interested person” who “likes to make things happen.” “For all of his things, he's not partisan,” Baldoni added. “He's politically agnostic, so he will do whatever needs to be done to cut a deal.”

So how and when should business leaders use the element of surprise in a negotiation, and what are the risks and rewards to keeping your own team in the dark? We asked Baldoni and Joel Garfinkle, a corporate and executive coach, to weigh in.

Unexpected deals are common in M&A, Baldoni said, including Hewlett-Packard's acquisition of Compaq and the \$130 billion merger between chemical giants Dow Chemical and DuPont. But the element of surprise in business should be wielded “carefully,” he added.

“If surprise comes from the element of, ‘We discovered a new opportunity, a new resource, a new capability,’ by all means employ it,” he said. “But if you're only negotiating with surprises, people are going to get pretty tired of it ... You have to be very judicious and careful about any surprise.”

Garfinkle, meanwhile, is “not a big fan.” “I think being transparent can be beneficial — versus the element of surprise, (which) makes people more defensive, more reactive and less willing to negotiate,” he said. “I know some people might believe differently but that's something I've seen over the years with deal-making.”

One exception might be if you're in “a powerful position where you could walk away from the deal; you're not attached to the deal,” he said. “(If) you're coming from a position of strength, then there's more room to do the element of surprise.” (You know, like if you're the President of the United States.)

Leaving your own team out of the loop, meanwhile, can be tricky. “The benefits are that you can operate undercover,” said Baldoni. “The risk is you alienate people because they will say, ‘Why didn't you tell me?’ And you look duplicitous.” Being kept in the dark can be “disempowering” to employees and make them feel like they don't have a vested interest in the outcome of a deal: “Things are being done to you, not with you,” he said. (In the case of mergers and acquisitions, secrecy around the negotiating committee's decisions can be a legal matter, he added.)

“When there's a lack of transparency, people can feel like they weren't included in the process. It can erode trust,” Garfinkle said. “It can make people feel like they're not special anymore or they're not being included in the inner club, inner group.”

But even though we strive for transparency at work, Baldoni said, “bosses have to make decisions.” “They have to find resources so they have to have the latitude to enable them to do their jobs in the best way,” he said.

Secrecy can also be advantageous when you don’t want news to go public, Garfinkle added, citing as an example Uber’s selection of Expedia exec Dara Khosrowshahi as its new CEO. “At the last minute, they came up with someone that wasn’t necessarily considered,” he said. “I think when you don’t want it to be leaked, you want to keep an inner circle when you trust one or two people ... you don’t want too many people coming in with their opinion, so you keep them closed out until the decision’s made.”

Ultimately, if dealing in the shadows is “in the best interest of the company,” Garfinkle said, “then it’s a good decision to keep people out.” “Sometimes transparency’s not the best decision when making a big decision that could negatively affect or positively affect many people.”

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