
RUNNING A BANK LIKE A CAMPAIGN

by [Steve Brown](#)

No matter what your politics are, you have to admire President-elect Obama's campaign. In less than 2Ys, the man captured the attention of the nation and unseated both the Clinton dynasty and the McCain Straight Talking Express. The tale of his ascendance has several important lessons for the underdog community bank. We boil down 5 lessons that can be applied to banking.

Lesson 5 - The right time. McCain could have been George Washington incarnate and it would have been hard to buck the anti-Bush movement. In similar fashion, the fall of the mega banks have left community bankers with an ideal opening to take advantage of their relationships and local position to expand market share.

Lesson 4 - The brand. Obama not only had the "Hope" message at the right time, he built a brand around it. While many politicians talked about what was wrong, Obama stayed on message and elevated discourse around "what could be." Management that inspires others to take advantage of opportunity will capture the imagination of clients and employees looking for a positive message.

Lesson 3 - Technology. The Obama campaign will go down in history as the first technological integrated campaign. From texting, to an interactive website, to blogs and data mining, the campaign leveraged technology to the fullest. Personal "fundraising thermometers" that tracked your individual contribution, alerts and social networking sites brought a sense of customer intimacy to a scalable platform. Banks that leverage cash management products and information systems can create these same inexpensive connections that allow customers to gain a new level of service without the traditional expense.

Lesson 2 - Relationship profitability. The secret weapon in the Obama campaign from the start was better data and a better sales process and it all revolved around their customer management systems. The campaign built a marketing list of 8+mm people. If you donated a dollar online, you were on the list. Next came an offer to become a regular contributor, then a volunteer and then to a fundraiser or a precinct captain. The campaign marketed to you through a number of different channels and did so in a systematic and quantifiable manner. If you didn't respond to a volunteer message, they tried fundraising. If that didn't work, they stepped back to educate. If they needed volunteers, the system sorted on the criteria and texted you to ask for your participation. Millions of volunteers went from donating \$5 to getting caught up in the revolution. Banks should be working their customers the same way taking unprofitable relationships to new levels by introducing additional checking accounts, debit cards, reward programs and lines of credit. Knowing which customers to market to and for what products can result in landslide profitability.

Lesson 1 - The long tail. While Hillary courted the big donors and the large organizations for their vote, the Obama campaign had to be satisfied with the individual voter. Instead of collecting \$1,000 from corporations, the campaign sought the \$20 donation and then built a balance sheet of a record \$650mm. Because of the scalability, the campaign developed a better base. In addition to money, workload was also distributed. In one famous move, an e-mail brought potential volunteers to a website and then asked for referrals. The site then asked if they could call and furnish each person

with a list of 20 people to call in which to deliver the campaign's message. The simple program was easy for all to pull off and the viral referral program spread the word.

While the Nation gets behind our new President, banks can study his campaign for lessons on how to build an excited customer base. Many of the same ideas that worked for Obama can be put to immediate use in making 2009 a victory.

BANK NEWS

TARP Capital

The next wave of banks are starting to get approved and the process is slowing down due to the volume alone. A recent ABA poll still shows 60% of banks undecided.

Libor

3-month Libor dropped to the lowest since June 9, at 2.51% yesterday as central banks have injected cash. While falling, Libor is still about 120bp

Layoffs

An ADP employment report showed a loss of 157k jobs, the most in 6 years.

Underwater Housing

A new report by First American CoreLogic finds 18% of homeowners (about 7.63mm) owe more on their house than it is worth. Even worse, another 2.1mm would follow if home prices fall another 5%. Overall, nearly 60% of underwater mortgages are in 6 states: AZ, CA, FL, MI, NV and OH.

TARP CAPITAL PURCHASE PROGRAM MODEL

For banks interested, we have updated our TARP cost of capital model and offer it free to community banks. The model allows for dividends, the expensing of option costs (utilizing 2 methods) and ROE/EPS simulation. To receive the model click: <http://www.zoomerang.com/Survey/?p=WEB228FXDCG43W>

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