

Election Lessons for Bankers

by Charles Wendel

What lessons can senior bank management take away from the unexpected outcome and Trump's approach to the election?

Operate with a consistent message. Post-election day, ABC News reported that during the campaign Hilary Clinton had gone through 85 different slogans; Trump started with "Make America Great Again" on day one and kept repeating it until he switched to "Drain the swamp."

Banks need to be able to succinctly describe what differentiates themselves from others. Many may have a focus but then they change it every year or two as they try to capture the latest trend. A self-evaluation question to ask is "Has your bank or business consistently maintained its focus, or does it shift its focus too often?"

Involve fewer, not more, people in decision making. Trump's campaign manager said that they had a group of fewer than ten people making decisions. Many banks have teams or exec committees of 20 or more people. Involve more people if you do **not** want to make a coherent and quick decision.

Change the people. Trump's triumphant campaign manager was really the third leader of the effort, but the one who got it right. If people are not getting it done, replace them. Banks allow the mediocre to remain too long.

Expand your group of advisors. There are many banks at which mid-level managers package their messages to fit what they think top management wants to hear. Fear, the fear of disappointing their bosses, the fear of being held to account, the fear of being fired drives this. The Wikileaks memos suggest some of the same thing was happening in the Clinton campaign. That may occurred in the Trump campaign as well, but, given the lack of Clinton voter enthusiasm, it was a fatal flaw. The decision to stress 40 years of experience when many voters were tired of the old order needed to be rethought.

Banks too suffer from this phenomenon. Too often, top bankers say they want the "unfiltered truth," but the reality differs. I know of multiple instances in which an employee expressed a view to a top manager (and was correct) but suffered dismissal because of it. Employees learn that they should not tell the emperor that he has no clothes.

Distribution and organization do not make up for a poor product and low customer interest. All the politicians praised Clinton's organizational power (at least until some backtracked after the election). Her vaulted ground game was set to overwhelm the *ad hoc* nature of Trump's approach. But, if the offer does not match up to the hype, it is likely to fail. For example, we see many banks touting their small

business or wealth capabilities, but the reality of what they can provide a customer fails to back up the hype.

Don't believe your own BS. Many reporters and commentators seemed almost giddy on Election Day as they anticipated a great Democratic victory. Even many Trump voters thought he would lose; after all, the press had been saying that for days. It was fun watching reporters slowly realize that they actually had been wrong. But, since they were operating in a bubble in which they only communicated with each other, they had no chance to see they were wrong until it was too late.

Big data has limits. Duh! When I saw Nate Silver on TV late Tuesday night, a pollster who had previously been given close to genius status, I thought he might stroke out. His hair was askew, his outfit untidy, and his numbers were off the mark.

Read the signs...sometimes literally. The day before the election a colleague called and described driving through western Pennsylvania. He said he had not see one Hillary lawn sign during the many miles he had driven. But, of course, that was meaningless since lawn signs and the size and enthusiasm of crowds are meaningless. Or, at least that is what the media said.

Rethink how much money you need and how you spent it. Banks need to evaluate how to use guerrilla marketing and social media versus traditional ad spending. Trump spent about half the dollars Clinton spent.

Stay in front of your priority customers. He may have spent fewer dollars, but Trump spent 50% more time than Clinton in the key battleground states during the last 100 days of the campaign. He picked his priority states and went after them with focus.

The lesson here (not for the first time) is that bankers need to get out from behind their desks. When is the last time a Chairman has spoken to consumer customers or small businesses? How frequently?

Put little weight on surrogates and celebrity endorsements. Gary Busey was one of Trumps' major celebrity endorsers. Clinton had hundreds of top tier names, everyone from Cher to Bruce Springsteen to George Clooney. The big Ohio concert with Beyoncé and Jay Z (whom Hillary kept referring to as "Jay") days before November 8th was meant to cement the state by delivering star power. But, she lost Ohio by a large measure.

Similarly, banks should be careful about endorsements. One client bank that shall remain nameless signed on a major sports figure as an endorser. This was part of their program to build visibility in a new market. But, the bank was unaware how vilified this player was in that market and in the hearts of local fans, being viewed an overpaid underperformer. Rather than helping the bank, wide exposure of that

linkage might have embarrassed the bank. Endorsements can be a tricky area for banks.

Push back against the critics when appropriate. Much of the media decided that Donald Trump was dangerous to democracy; some commentators even categorized him as Hitler-like. Trump then attacked the press. As it turned out, many voters agreed with Trump and saw the election in part as a way to repudiate the press.

Unfortunately, when the press attacked the banking industry during the last financial crisis, the industry rolled over, never effectively describing the excellent services it performs or its value to the economy. Industry leaders allowed community banks to be lumped in with Goldman Sachs as bad guys. It was a big mistake for the industry not to fight back and has resulted in bankers being distrusted by many customers to this day.

Sexism still exists and needs to be addressed. Wednesday morning I was at LaGuardia having my shoes shined before an early flight. The shoe shiner, a young black man, started talking about the election. He said there would never be a woman President in his lifetime. I said that I expected there would be one in my (much shorter) lifetime. But his comments underscored that for all our progress, sexism still exists everywhere, including in business.

Take the blame. Who did Hillary blame for her defeat? Not herself but James Comey. One of the reasons that banks have too many committees and too many people on those committees is to avoid taking the blame when something does not turn out as expected.

At last week's Source Media American Banker Small Business Conference many bankers felt the Trump election could be good for banking and the economy. Hope so, but in any case considering how the election was won and lost provides bankers with some valuable lessons.