

The *Borrow Smart* States: Alabama & Mississippi

GOING ABOVE AND BEYOND THE NORM | BY ROBIN OLIVER AND MAX WOOD



In the fall of 2006, a group of short-term lenders in Alabama came together to combat a newly emerging threat in their state. Although the industry in Alabama had experienced their share of threats over the years, they had dealt with them successfully the traditional way – through government relations. But, the new threats were different. These were not coming from the statehouse, but rather in the form of negative newspaper articles, campaign ads and other public forums.

Over the course of a few months, it had become abundantly clear that the industry was under attack from some group or conglomeration of groups who were using the media to “tell their side of the story.” Worse yet, “their side” was terribly flawed.

Anyone in the industry should be familiar by now with the points they were making here three years ago – the same we’ve seen in the media in every state:

1. High interest rates.
2. Customers trapped in a cycle of debt.
3. Loan sharks benefiting from the needs of the poor and elderly.

The story line was not only off the mark, it was also offensive to us as responsible businesspeople and, more importantly to the thousands of customers who choose our loans every day over higher-cost alternatives such as incurring bank overdraft fees and credit card late fees.

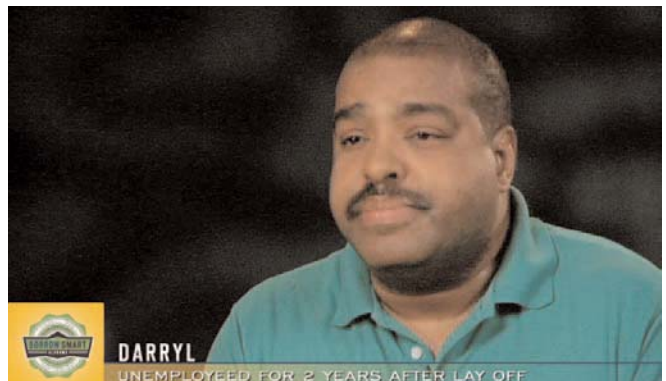
But as much as we knew we were right, we also knew we needed help to tell OUR side of the story without coming across as entirely self-interested. The media certainly knew we had real dollars at stake, and we knew mounting a defense could be tricky, if not dangerous, if done poorly. But two and half years later, we are proud to say that the solution we came up with in partnership with our government relations experts and a professional communications team, has been hugely successful in turning the tide both in the press and in the statehouse.

We call our program *Borrow Smart*. The key to its success is that it doesn’t focus on us as the industry at all. Rather, this program is all about the consumer.

For years if not decades, the industry has treated our customers fairly and has worked hard to ensure they only borrow as much as they can afford to pay back. After all, it makes as much sense to the bottom line as to our customer relation efforts. But, as our Public Relations specialist would tell us, “treating your customers right isn’t a news story, it’s an expectation.” That is, unless you do something that goes above and beyond the norm like creating a branded initiative to protect and educate customers and the community, you don’t have a story.

The core components of the *Borrow Smart* program are to:

- Provide a *Code of Fair Lending* that all *Borrow Smart* member stores would commit to



The Borrow Smart program includes professionally filmed customer testimonials available on the website and used in editorial board meetings.

- Create an identifiable brand for *Borrow Smart* member stores in the form of in-store signage
- Promote *Borrow Smart* as the *Good Housekeeping* seal of approval for the short-term lending industry
- Provide a forum for our customers to speak in their own words about their experience with us
- Establish proactive, grass roots relationships in our communities
- Work with the media to communicate our *Borrow Smart* message
- Establish a community financial education program with our brand

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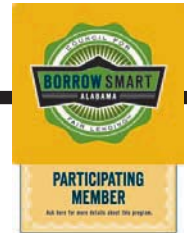
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- Respond to, and immediately challenge, any negative story about our industry in our state

As with any program of this magnitude, the devil is in the details. There are many components of the *Borrow Smart* program that have made it a resounding success. Those components range from branding and the launch strategy to the way we present ourselves to the public. A missed putt in any of these areas could have spelled disaster. Some other groups have tried various components of this program and have not been successful.

The results of our *Borrow Smart* effort have exceeded our expectations in every way imaginable. These results run the gamut

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from positive responses in the press to quite positive feedback from regulators and legislators for doing the right thing. Some *Borrow Smart* members have even incorporated their membership in *Borrow Smart* directly into their advertising to use as a competitive advantage. To see how members have used *Borrow Smart* to their advantage, go to www.CouncilForFairLending.com and click on the FISCA tab to see a few select clips of press coverage.

We continue to get the question: Why apply all of this attention to communications when what really matters is what happens in the statehouse? The answer is simple: We firmly believe that the days of simply having a lobbyist stand up for our industry and for our customers are long gone. Our opponents have taken the fight to the public arena and we have to meet them there. The public not only includes voters, it also includes our customers, legislators, judges, attorney generals and others who influence the health of our industry and the rights of our customers.

And the public – at least those who are not our customers – doesn't care much about our industry. They don't care if we make money, or lose money this year. They care little about our employees and whether or not they have a job next month. But they care enormously about the small business owner in central Alabama who uses a short-term loan to buy materials so he can get started on a job. They care about the couple in Mobile, Alabama – a teacher and a hospital worker – who used short-term loans for

WHAT WE BEGAN ALMOST EIGHTEEN MONTHS AGO HAS DEVELOPED INTO A TRUE BROAD-BASED EFFORT TO CHANGE THE HEARTS AND MINDS OF THE PUBLIC ABOUT OUR INDUSTRY, ONE STORY AND ONE INITIATIVE AT A TIME.

emergency cash after having paid down enormous credit card debt and sworn off plastic. They care about the woman from McComb, Mississippi, who can tell you she saved about \$600 last year by using short-term loans to avoid bounced check fees.

These are all real people, and you can find their personal testimonials at www.borrowsmartalabama.com and on the website of our newly launched sister organization in Mississippi, www.borrowsmartms.com.

Like many of you, we have watched in horror as other states have lost the battle with their state legislators and have shut their doors to customers who deserve access to short-term loans. But we know there is hope in programs like *Borrow Smart* that take the focus off of the industry and rather shine the spotlight on the consumer and their needs. And, we have a moral obligation to stand up for the rights of our customers who depend on, and use our services wisely every single day.

What we began almost eighteen months ago has developed into a true broad-based effort to change the hearts and minds of the public about our industry, one story and one initiative at a time.

And we are doing it with a true grass roots communication effort that is second to none. Judging by the results since we started, this has been an incredibly rewarding experience for our members, our customers and our industry and has paid huge dividends for all our stakeholders.

If we as an industry want to survive, we must think outside the box and use technology and proven communications techniques to communicate the truth about our industry. It is fairly simple; if we do this, we will survive and prosper. If we do not do this, our adversaries will win and we will lose our industry and our businesses. ■

Robin Oliver is the lead PR specialist for Borrow Smart and Max Wood is President of the Borrow Smart Alabama Board and program co-founder. Borrow Smart is an initiative of the Council for Fair Lending of Alabama. For more information on Borrow Smart or for help launching your own state program, contact them through the website www.borrowsmartalabama.com.