

Wells Fargo Grants Put “Hope” In Small Business Success



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Announcer:

Welcome to Thrive, a Paychex business podcast where you'll hear timely insights to help you navigate marketplace dynamics and propel your business forward. Here's your host, Gene Marks.

Gene Marks:

Hey, everybody. It's Gene Marks, and welcome back to Thrive. On today's episode, we are talking to Derek Ellington. Derek is the head of small business banking at Wells Fargo. And I had a few specific questions to ask Derek, first of all, about his years in banking and what kind of qualifications he uses when they're evaluating potential small business loans, giving out to small business owners, and the general challenge is facing small businesses, his clients that he sees out there, his customers. So we talked a little bit about that.

Gene Marks:

Plus, Wells Fargo has introduced, they've actually got two big programs going on, but one of them in particular we talked about is called "Hope, USA", where they've been going into 16 communities and providing resources and funding to help beautify the communities.

Gene Marks:

So I live in Philly, and I even see on the ads locally on TV, the 52nd Street corridor in Philadelphia has had Wells Fargo come in there and do a bunch of projects to make the whole neighborhood look a lot nicer. So if your business is in one of those 16 communities, that might be something of interest to you.

Gene Marks:

Before we talk to Derek, let me just say that if you have any topics or guests that you would like to suggest for the show or any comments as well, please visit us at payx.me/thrivetopics. That's P-A-Y-X.me/thrivetopics in that way. Give us all your feedback and your information, suggestions. Anybody or any topic that you think might help run your business, we'll definitely consider it, and we will jump in. And speaking of jumping in, let's talk to Derek.

Gene Marks:

Derek, first of all, thank you for joining me. I'm a Wells Fargo customer. So thank you for your services.

Derek Ellington:

Thank you.

Gene Marks:

Happy to have you on board. So, first of all, let's start with your job first. What does your job entail being head of small business banking? Tell us what your day is.

Derek Ellington:

Sure. Thank you, Gene. And first, I just want to say thank you — one, for being a Wells Fargo customer — and thank you for the opportunity to be on the show with you today.

Gene Marks:

Sure, sure.

Derek Ellington:

And you're right. I'm very fortunate today to be the head of small of business banking at Wells Fargo. And what that means is I'm responsible for the end-to-end client experience for more than 3.2 million clients nationally that are small businesses, just like many of those tuning in to the show today that are very interested in starting a business from an idea, to stabilizing a business, expanding a business, maybe even talking through opportunities to take their business beyond anything that they've imagined individually, and they want to speak with a team like ours to reimagine — particularly in this environment — what their business might become in order to continue to operate in today's environment.

Derek Ellington:

So it's an exciting role. It's a tremendous amount of responsibility. But it's also a great time to be a small business in America, and we're thrilled to support so many small businesses nationally.

Gene Marks:

Yeah, we're going to talk about one of the programs that Wells Fargo is doing. But before we even get to that, I mean, you're right. You talk about it, is it a great time to be a small business? There are so many numbers that are coming up to me right now. There's been an unprecedented number of startups because of COVID over the past two years really.

Gene Marks:

Intuit, the guys that do QuickBooks, they just had a study that they're predicting 17 million more small businesses will start in 2022, which is kind of ... There's only 30 million small businesses in the country, so that sounded like a big number. But a lot of them are gig workers, freelancers, so I get it, a lot of people doing that kind of work.

Gene Marks:

You and I are talking now, it's the very beginning of 2022. We still have Omicron going on all around us, but we're hopefully seeing a light at the end of the tunnel. What do you see with your small business customers, Derek? I mean, are you feeling optimism? Are people complaining about high prices and lack of labor and challenges? I mean, tell me what you're hearing from your small business customers as we are starting off the year.

Derek Ellington:

Sure. Great question, Gene, and really to set the stage and remind everybody, as you mentioned of the just over 30 million businesses in America, 99% of those total businesses in America are small businesses. So

when you think about that, again, 99% of all businesses being represented by small businesses, at Wells Fargo, we have put the mantra out there that small business is big business. And the reason for that is it's a critical part of the economy in the US.

Derek Ellington:

And you are right, we're seeing a tremendous number of new starts where folks have had time at home during the pandemic. They've had a great idea, but they really haven't committed the time or resources until now to flesh that idea out and really get going. And we're seeing a tremendous number of those business starts and great acceleration around a number of those starts across our footprint.

Gene Marks:

Derek, this podcast is listened to and watched by a lot of Paychex customers. And Paychex customers, because they're using Paychex means that they have employees. So they're not necessarily startup companies, they're somewhat established. They, they've been around at least long enough to be able to hire people and scale a little bit.

Gene Marks:

So as we head into 2022, there is going to be a continuing need for capital. As head of small business banking, this is like a disqualification kind of question, when you meet a prospective small business, somebody who comes to you at Wells Fargo and says like, "Hey, we're really looking for financing for our business. Can you help us?" Tell me in your opinion, in all of your years of banking, what are some of the red flags that would come to your mind?

Gene Marks:

If you're talking to me, and I'm asking you like, "Hey, Derek, I'm really interested in financing," and you're finding out information about me and my business, what red flags would come up in your mind that would make you say, "I don't think this guy is going to be a good candidate for traditional bank financing"? I think our listeners would be interested in knowing what your thoughts were on that. Is that okay?

Derek Ellington:

It's a great question, Gene. And my response to that is one that the only thing that would cause concern for me in the opportunity that someone would have a diminished success rate is if, like anything that we do in life, we haven't thought through the preparation. Because in accessing capital, oftentimes, 90% or more of the success potential lies in the preparation, and that is treating your business the same way, in many cases, you treat your health, in having a relationship with a physician, getting proper guidance and advice and diagnosing what your body needs.

Derek Ellington:

Well, it's the same in accessing capital. One, it's very important that a business applicant have financial information on their business readily available. And sometimes when I encounter individuals that really don't have documented financial information, that's going to make it very, very challenging to engage with a capital provider and have a successful opportunity.

Derek Ellington:

But again, if they've prepared tax returns, they prepared maybe a financial statement through a provider, a CPA, then that increases the chances of the evaluator having quality information to evaluate the operations of the business. And then also, that the business has been operating in a net positive, and that just simply

meaning that there are more funds coming in than there are funds going out, and that the business owner has retained some level of cash reserves, either personally or in the business, to support the repayment of some type of capital.

Derek Ellington:

And beyond that, there are other grants available. There are things beyond a loan. Because a lot of times folks think of accessing capital as just being access to loans, but the great thing about being a small business right now in America is there are a lot of great grants that are out there to help small businesses survive and thrive during this very challenging time if those business owners apply in the right areas to access that capital.

Gene Marks:

Which brings me and dovetails into our real topic for this conversation, which is "Hope, USA", and I want to talk a little bit about it. But first, let me ask you to explain what Hope, USA is.

Derek Ellington:

Sure. We're excited here at Wells Fargo to launch our Hope, USA initiative. And that initiative really is one that has focused on about 16 different shopping districts throughout the United States where predominantly those shopping districts are in minority business districts.

Derek Ellington:

And we've worked with local nonprofits in those minority shopping districts to go in and work with nonprofits to identify contractors to help us do painting, help us do repairs to the facades of many of the businesses in those shopping districts. In some cases, we've added beautiful murals to beautify those shopping districts, and really restore some hope in those communities and get people excited about going back into those districts and investing in them.

Derek Ellington:

Because, as we know, the small businesses, in many cases, in those districts define those communities. And they've been there for a long time, and they play a critical role in supporting all activities in those geographies.

Derek Ellington:

So it's been a very successful venture and great to see the transformation that's occurred in those 16 communities across the country, where again, we've gone in, worked with local nonprofits, made the investments, really made a difference in beautifying those geographies and welcoming back in a lot of shoppers to invest in the services and the goods in those areas. It's been a great success.

Gene Marks:

So one of those areas are in Philly, actually, where I live, Derek, so in West Philadelphia is one of the areas. And Wells Fargo's been running ads on TV as well kind of promoting that. I mean, they've been highlighting some of the business owners that have participated in the program. First of all, is that part of the deal, if you participate in the program, you can get some PR and marketing like that for your business?

Derek Ellington:

Well, I'd say the biggest thing is, like in West Philadelphia along the 52nd Street corridor, for us, there was a tremendous opportunity to really zero in on that community and businesses, again, that have served a vital role in that community. So it's good investment from our standpoint, and it serves living our purpose because when we're there for small businesses when they need us the most, we are living our purpose.

Gene Marks:

Right. Do you have to be in that specific area? Like say I'm a business owner somewhere else ... I'm using Philadelphia as an example, but this can be in any one of the communities you've chosen ... But you've got to be in that specific geographic area, correct?

Derek Ellington:

That is correct.

Gene Marks:

Different than some other programs that we talked about on this podcast or that I've written about elsewhere, this doesn't seem to be like a minority thing. It doesn't seem to be like a color of skin thing. It seems to be more of just it's a geography thing.

Derek Ellington:

Yes.

Gene Marks:

So it's open to all businesses that are in that community, which is great. And so, just drill me down on, say I am running a bodega or a café or a store, a retail store in West Philly on the 52nd Street corridor, whatever, what's the deal with the program? How much money do I get? Do you guys just swoop in and do it? Are you out there and painting the outsides or are you just providing me funding as a business owner to go and hire people? Can you talk a little bit about the particulars, how it works?

Derek Ellington:

Sure, Gene. I mean, great question. And the first thing I'd say is that in those 16 specific geographies, the key mechanism is us identifying a strong, engaged, local nonprofit. In the case of that 52nd Street, we worked with The Enterprise Center. And The Enterprise Center is a nonprofit, again, that's very engaged in that geography, and we direct the businesses to work with The Enterprise Center.

Derek Ellington:

And they're terrific partners in bringing in the resources, identifying the businesses that will participate in our programming, and ensuring that they carry things all the way through to completion. But that's just one program.

Derek Ellington:

I mean, I'd say more broadly, when the pandemic hit, I mean, we stood up our Open for Business Fund as well, Gene, which was a \$420 million fund that was funded completely from the gross receipts from our PPP fund fees. So we took 100% of our PPP fund fees and redeployed those right back into supporting small businesses, helping them keep their doors open, helping them expand, helping them thrive.

Derek Ellington:

And that, again, is done in partnership with local nonprofits. For example, just a few weeks ago in Charlotte, North Carolina, we announced a \$20 million commitment through the Foundation for the Carolinas that's going to benefit about 1,000 small businesses in the Charlotte, North Carolina area. And it's from startups all the way through businesses that are expanding, so again, it covers all stages a small business might be in.

Derek Ellington:

And, again, the idea was to provide funding that would reach a lot of business. So we're targeting approximately 1,000 businesses that will be positively impacted by that \$20 million commitment.

Gene Marks:

And, again, this is Hope, USA this funding is coming through, is that correct?

Derek Ellington:

Well, that program is actually called our Open for Business fund.

Gene Marks:

Different. Right.

Derek Ellington:

So Hope, USA has been a continuation from the efforts we had with our Open for Business fund. And, again, another example of many we're doing to impact as many small businesses as possible.

Gene Marks:

Got it. So there's the Open for Business fund, which is really funding for small businesses of a certain size, up to a certain size, whereas the Hope, USA is help and assistance for beautifying your business-

Derek Ellington:

Yes.

Gene Marks:

... or taking an area, a community, and making it more amenable for customers to come in and shop and all of that. And as far as getting information about either or both, Open for Business or Hope, USA, I mean, first of all, you can Google "Hope, USA Wells Fargo," that's easy enough. Is there a specific website for Hope, USA?

Derek Ellington:

Yes. I would encourage folks to go to our Wells Fargo website, and you will be able to quickly access more detail on the Hope, USA initiative and also see information about some of our other support mechanisms for small businesses. So that's why I would direct them there first because they may find far more resources beyond just these specific programs.

Gene Marks:

Fair enough. So, Derek, how long have you been with Wells Fargo yourself?

Derek Ellington:

Yes, I recently joined Wells Fargo a few months ago.

Gene Marks:

Good.

Derek Ellington:

I've had 28 years in the industry, though, working with businesses of all sizes. I couldn't be more excited right now to be working with small businesses, though, because we've seen unprecedented support from government. The PPP program worked very effectively in saving a lot of businesses and enabling them to survive this terrible pandemic.

Derek Ellington:

And the, you've seen come alongside that a lot of support from the private sector as well, like Wells Fargo, that's added to supporting our small businesses, which again, I said earlier, are 99% of all businesses in America.

Gene Marks:

Fair enough. You joined with 28 years of experience. You know the communities that have suffered the most during COVID and before COVID, and a lot of those problems aren't going to go away. These programs are great, provide funding for some of these businesses, providing beautification in their neighborhoods or whatever. I'm curious what you think, what more you think, corporations, banks like a Wells Fargo, could be doing in the future?

Gene Marks:

I mean, I never thought it was just like throwing money at these business owners or prettying up their neighbor[hood] ... I mean, it's good to do that stuff, but there's got to be more to help because we know that minority business owners, black-owned businesses in particular, are significantly behind the eight ball when they're compared to their white counterparts, let alone even Latino and Asian.

Gene Marks:

And I'm curious, after being 28 years in the industry, what you think: what more needs to be done going forward that you even hope companies like Wells Fargo would consider?

Derek Ellington:

Sure. I would say, Gene, the number one opportunity in our industry for all financial institutions and even nontraditional financial providers to do to help minority businesses in particular is create an environment where all our business owners can have access to having a banker just like we all have a physician, ok?

Derek Ellington:

And no matter where you are along the spectrum in developing your small business, you need advice.

Gene Marks:

Yep.

Derek Ellington:

And you need to come in and either virtually sit down with a banker or physically sit down with a banker, talk about your business, understand what's going on among competitors and peers in your industry group, understand the trends around what's changing, that you need to be certain you've changed, again, to move to where the cheese is now, so that you give your business the best support mechanisms for not only surviving, but thriving as your environment will constantly change.

Derek Ellington:

But building those types of environments where the dialogue can take place, the recommendations can be transferred back and forth, and then there's an open door for ongoing discussions, that that really is what makes a tremendous difference in businesses continuing to sustain success, is having that dialogue with a banker on a regular basis.

Gene Marks:

Yeah. I spoke just a couple weeks ago just recently with a guy named Lee Henderson, who he's a partner in charge of the private practice group for EY, for Ernst & Young, and they have a program where they're helping minority small business owners as well. And one of the things that he, it's similar to what you just said, was saying, it's so important to have a network.

Derek Ellington:

Yes.

Gene Marks:

And I find that minority business owners in particular, they've got their own small community, but they don't reach out outside of their community, you know?

Derek Ellington:

Yes.

Gene Marks:

And I think about a guy like me who grew up in Philadelphia, I have a network of people all over the place, you know?

Derek Ellington:

Yes.

Gene Marks:

I'm a CPA, and that's just the way, because that's just that's my background. You know what I mean?

Derek Ellington:

Yes.

Gene Marks:

And that's what happened. So, I guess, what is needed more probably from organizations like Wells Fargo is to provide that network to help those business owners. Do you agree with that, and do you have any thoughts on that?

Derek Ellington:

I totally agree. And, again, just like they're seeing their physician, they would see their banker, get that advice, continue to evolve, and the banker's going to always be able to introduce them to similar companies in their industry that, in many cases, they've never met.

Derek Ellington:

I can think of an example recently where I worked with an individual that operated a number of McDonald's restaurants. And there was a gentleman who operated a number of Five Guy restaurants. And they lived in the same community, and they had never met each other until I introduced them. So many can, and they have benefited from the dialogue. And they both approach their businesses differently, right? But they're learning both ways.

Derek Ellington:

And, as bankers, we often have relationships with other business owners, with other CPAs, attorneys, other critical individuals, and what we call centers of influence in those geographies where those small businesses are operating, and we're able to facilitate those engagements, and it's always mutually beneficial.

Gene Marks:

So final question, Derek, is — and I posed the same question actually to Lee from EY — and the question is why. Why is Wells Fargo doing this? And there is nothing wrong in saying we're doing it because we're looking for future customers here. There's nothing wrong with that. And, in fact, that's exactly what Lee said. That was one of the reasons why they were doing it. So is it 100% altruistic, or is there motivation for Wells Fargo and other big brands to do this same kind of thing?

Derek Ellington:

Well, thank you for the question, Gene, and I'll start by saying we're doing it because it's part of living our purpose. And our purpose is to serve clients and help them succeed to the best of our ability. So that is the first thing.

Derek Ellington:

And then, second, reiterating what I said earlier, small businesses are just like the water on the earth. They're essential to the health of our U.S. Economy. So what better investment can we make in our own future than investing in our small businesses and supporting their success? Because that will lead to our success as a financial institution.

Gene Marks:

That's great. Derek Ellington is the head of small business banking at Wells Fargo. Derek, thank you for sharing this information. The programs that Derek is talking about, "Hope, USA" — again, go to wellsfargo.com and you can find more information about Hope, USA, if you're a small business in one of those 16 communities around the country where you can get help and resources to beautify your business. And what was the other program, Derek, that we talked about where there was funding from Wells Fargo?

Derek Ellington:

Our Open for Business fund.

Gene Marks:

Open for Business, right. And that is still available, and again, you can find that on wellsfargo.com. Again, Derek, thanks so much for joining.

Derek Ellington:

Thank you so much. Have a great day.

Gene Marks:

You too.

Gene Marks:

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Gene Marks:

Paychex can help manage those complexities while you focus on all the ways you want your business to thrive. I'm your host, Gene Marks. And thanks for joining us. 'Til next time, take care.

Announcer:

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