

How Goldman Sachs is Educating Small Businesses With Their “10,000 Small Businesses” Program

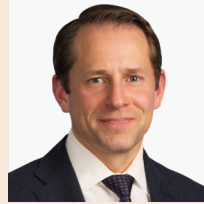
PAYCHEX
Business Series

Coronavirus



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Full transcript

Gene Marks:

Hey everybody. And welcome to the Paychex Business Series podcast. This is Gene Marks. Thanks for joining us today, we are talking to, or I am going to be talking to Joe Wall. Joe is the Managing Director of Government Affairs at Goldman Sachs, but more importantly at Goldman Sachs, he is the National Director of the 10,000 Small Businesses program. Joe is managing a program, these 10,000 Small Businesses Program, which has been around for a few years now, which really serves to educate small businesses about how to better run their businesses.

Gene Marks:

It is a really great philanthropic program that has impacted tens of thousands of small businesses and could impact yours as well. And I think it's a program that you really want to hear about because it might be something you want to be involved with. So Joe Wall is here, he has joined me today. Joe, his official title, Managing Director of Government Affairs at Goldman Sachs, but he's the National Director of 10,000 Small Business Voices at Goldman Sachs. Joe, welcome to the program, I'm really glad to have you on. So first of all, just please tell us about 10,000 Small Business Voices, what exactly is that?

Joe Wall:

Sure. And thank you for having me on today. So, Goldman Sachs launched 10,000 Small Businesses about 11 years ago. So it is sort of our core domestic philanthropic initiative that provides education, capital and support services to small businesses. So we deliver a 10-week, a lot of people sort of think of it as kind of a mini MBA education curriculum, that is a hundred hours of coursework at community colleges across the U.S. And that's dating back to 2010, when we launched the program. So we now have just over 10,000 graduates from all 50 states, that have completed the program. And we announced last November that we were going to double our commitment to 20,000, so we're going to be going forward with a program for I'm sure, the long future ahead. 10,000 Small Businesses Voices was launched last April as a compliment to the program.

Joe Wall:

So, it is an advocacy platform for program participants, so anybody who goes through 10,000 Small Businesses is part of our advocacy platform. We saw over time, just in terms of feedback from our small business owners, that they wanted to be more and more engaged in policy-making, but they didn't really feel like they had a voice in the process. In fact, we've surveyed the question sort of repeatedly over the last couple of years, and most recently in November of last year, when we asked the question, only 9% felt like they had a really strong voice in the policymaking process. Which is obviously a pretty paltry number and one that we're trying to hopefully increase over time. But obviously the timing of launching it in April, it was consequential, we had planned to launch it anyway, but we sort of accelerated our launch as a result of the pandemic and realizing that small businesses were in severe need of help when it came to advocating for their needs in front of their elected officials, in part of the pandemic.

Gene Marks:

Yeah. First of all, it's a wonderful program, I've been aware of it for a few years now and you guys are doing great stuff. I have a bunch of questions about it for starters, when I think of Goldman Sachs, I think of Wall Street, investment banking, big corporations, mergers and acquisitions, that's sort of what comes to mind, I don't think small businesses. I certainly don't think mom-and-pops or anything like that, what was the decision behind doing this?

Joe Wall:

Well, I think the decision was around the fact that, small businesses are the core of our economy and they are the fabric of our communities. And I think a lot of corporations think long and hard about how they want to give back and I think our view is that the most impactful way we could give back was to support the small business community, just because they have such an incredible impact, not only to their employees that they support, but also their communities. And we actually had the first kind of big philanthropic program, we launched a few years prior to the launch of 10,000 Small Businesses, with 10,000 Women, which is largely an international program. But the genesis behind that was we thought the best investment in the underserved sort of world was in women.

Joe Wall:

And that was where we could see the biggest return on our investment and that has ended up being an incredibly successful program. And so 10,000 Small Businesses quite similarly has been an incredible success. We as a financial institution naturally measure them consistently, in the three months after they leave the program and we know within just six months of them leaving two-thirds report that they have increased revenue just over half, roughly say that they've added jobs, just within a six month time span. So, it's something we're obviously very proud of. And I think we also felt like given our pedigree, as an investment bank, we also had a lot to offer in terms of mentoring them and sort of helping them think about ways that they can improve their business.

Joe Wall:

And also the big sort of takeaway when someone graduates from 10,000 Small Businesses, they come up with a growth plan and I hear time and time again from businesses, they're like my growth plan resulted in me opening two new locations of my bakery, or I ended up diving into another side of the business as a result of my growth plan. So I think it's something that, we're obviously very proud of and look forward to continue.

Gene Marks:

You've got a good reason to be. And it's funny, my misperception of this program is that it's a financing program. It's yet another big company giving grants to small businesses and in return for PR basically, but it's really not that, this is a straight out educational program, right?

Joe Wall:

Correct. Yeah. So it's sort of bucket one, is you go through that 10-week education program, there's a separate component to it, which is capital that businesses can apply through. So we provide our capital through CDFIs and have so for the last decade. So those are two separate distinct, so just because you go through education doesn't mean you get capital and you can get capital without going through education. But when we speak about the 10,000, that refers to the education component.

Gene Marks:

Got it. And about how many of those that go through the education component, wind up getting capital or financing assistance?

Joe Wall:

It's not as many as, I think, we thought when we launched the program and that's largely because most of them, again, I would say this was pre-pandemic, as a result of going through the program and learning about one of the parts of their curriculum that I think a lot of them really take away is how do you adequately access capital?

Gene Marks:

Right.

Joe Wall:

And unfortunately, I'll get to this data in a second, I think the world has sort of changed post-pandemic, but they exit the program being much more, we call it bankable, but much more easy. They seem to have a much more fluid pathway to accessing both traditional financing and also learning about programs, both at the state and local level and federal level that they can also access.

Gene Marks:

I'm a CPA and it amazes me how often I talk to clients and other business owners, people that start up businesses, or even been running businesses for a few years, that really don't have their arms around the basics of running a business financially. They have no accounting or financial background, or they don't understand how to read a P&L or even know what a general ledger is, let alone basic cashflow, things that you should be doing. And I'm assuming the 10,000 Small Businesses Program is teaching them that kind of stuff, right?

Joe Wall:

Absolutely. That's kind of the core of the program is sort of helping them get their arms around and improve, not only their accounting, but also their forward projections. And as I mentioned before, coming up with a real growth plan, whether that's, they want to add two employees or they want to open up two more stores, or they want to continue to get bigger and bigger, a lot of businesses are totally content with where they are and just want to be able to have better financial health. Other businesses naturally have big ambition and want to open up multiple locations. So it obviously, it's a total variety, but that is kind of the core of the program.

Gene Marks:

Got it. And the people teaching these classes are not Goldman Sachs people, they're, like, I'm in Philly, Joe, so I know the Community College of Philadelphia participates in this program. So you take advantage of the resources of the community colleges, correct?

Joe Wall:

Yeah. So, Babson College, which is located in Wellesley, Massachusetts, which is known as sort of the best-of-the-best when it comes to entrepreneurial education, is the ones who actually designed our curriculum and Babson oversees the curriculum. So what will happen is when we go to a new community college, Babson, will teach the first rounds of the class, so the 10-week curriculum is Babson, but meanwhile, the community college faculty are observing and learning the curriculum and sort of beginning to teach it. And then the second class in that location, it's the community college faculty teaching it. So over time, the community college sort of takes it over.

Gene Marks:

Right.

Joe Wall:

But all the while Babson is sort of overseeing the integrity of the program and making sure that the curriculum is taught across the board, because we're at about 18 community college locations scattered across the US and then we also have a national program.

Joe Wall:

So for instance, I'm from Omaha, Nebraska, originally, there's not an Omaha site.

Gene Marks:

Right.

Joe Wall:

And if you're in Omaha and you're like, "Gosh, I really want to go through this program." You can, but you would go through our national program, which is actually housed at Babson College. So you go, it's a mixed learning dynamic, but you basically go in person for the first week of the curriculum, then you're online and working within small groups of your cohort. And then you come back to Babson on the back end for a week.

Gene Marks:

Got it.

Joe Wall:

That's our mechanism of now, over time, we've now have small business owners in all 50 States as a result of the national efforts.

Gene Marks:

So, this is a 10-week course, what kind of commitment would I be making if I sign up for it?

Joe Wall:

A hundred hours.

Gene Marks:

A hundred hours and that's classroom, as well as out of class work?

Joe Wall:

Exactly. It's an intense commitment. And during the interview process, which we take very seriously, a lot of businesses are just like, you know what? My child's getting married, I have a nephew getting married or I've got summer vacation and they have to say, "You know what, we just don't think we can make the commitment right now, but we'd love to go during your next scheduled class, perhaps at the beginning of the next year."

Gene Marks:

Right.

Joe Wall:

We have a lot of businesses, I mean, it is a big commitment, but we're also proud that of the folks that get admitted to the program, about 98 1/2% end up completing it. So we have a really high graduation. The other really cool stat that we love to brag about is that 88% of businesses that go through the program end up doing business with one another in some way, shape or form, which so it really speaks to kind of the community and the fabric of what's been created.

Gene Marks:

You know, it's funny, when you see a program like this, that's put on by a private business like Goldman Sachs versus academia, not to knock on academia, but the goal of this program is not to get some kind of a certificate at the end or a degree. The goal of this program is to actually learn the stuff that you need to learn to run the business, whereas, you take a class like the typical academic environment, it's just sort of all about getting the certificate or the degree at the end of it with not as much practical experience.

Gene Marks:

Joe, what's the demographic of the business that you see, for example, I have clients that own mom-and-pops, but I also have a lot of clients in my practice that are B2B companies. Some of them are as many as they could have a hundred or 150 employees, some of them have 10 or 20 employees. Some of them have been in business for a few years, others they are family-owned businesses, they've been in business for a couple of generations. So does the program apply to them all? Is there a specific demographic that you've been seeing among the business people that sign up for this?

Joe Wall:

It's really all of the above, kind of everything you just outlined, that's sort of the composition of what we have. I mean, it's a wide variety of every sort of industry and type of business that you can fathom, has graduated from the program. The median employee, since the pandemic, so dating back to last March, we've done seven surveys or every two months, we basically do a survey and we've been measuring them in terms of where they are. And we ask about 55 to 60 questions in every survey and they vary a little bit, but naturally one question we ask is what's your current employee number then we get the median. So we know it's very consistently right around 10 is the median employee number, so they are true small businesses. There are some that have grown over time and are in a much bigger scale, but for most of them, they are kind of on the very small end and are the businesses that you would see when you're driving through town, whether it's the accounting firm, the bakery, the coffee shop, the dry cleaner, - it's a wide variety.

Gene Marks:

The 10,000 Small Business Voices Program kind of surprises me a little bit, mainly because you just said at the beginning of this interview that business, a lot of the business owners, they need somebody to represent them as an advocate. And I don't know, it just seems like there's so many different advocacy groups out there, there are a lot of nonprofit groups that represent small businesses. There's the U.S. Chamber, the National Federation of Independent Business and then there's industry associations. I mean, pretty much every one of my clients belongs to their industry group and those industry associations advocate for their members, both with both local and federal. So I'm curious why you still felt the need and you still heard that there was this need to start up the voices program?

Joe Wall:

Yeah. So we did, I mean, we're in the data business, so we did a ton of data work in terms of really gauging whether or not it was necessary. And a couple of things stood out to us. Number one, when we asked our population, do you belong to a trade association, chamber of commerce, rotary, any kind of group that would fall under that bucket, it's less than 25%.

Gene Marks:

That's amazing, that's amazing.

Joe Wall:

Yeah. So I think there's obviously, and I sit in Washington D.C., So my perception of reality is often off, but I was once from the Midwest and so I've got a little bit of bearing, but I do think there is just been over time and this is just my own observation, just based on the data, there's a lot of perhaps the next generation of business owners, just aren't joining trade associations or groups like they used to 20, 25 years ago.

Gene Marks:

I got to interrupt you there and say, it's funny, I'm in agreement in that, because I mean, I do a lot of speaking at these trade associations all throughout the year. And I got to tell you when I go out and I speak, I'm pretty much speaking to a room full of men in their fifties and sixties. You know what I mean? They're never really a diverse group and they definitely trend older than younger. Why do you suppose that is, why don't the younger people realize the importance of their trade association? You think it's a money thing or is there another reason?

Joe Wall:

We haven't dug into it, so I don't have data that sort of speaks to it, but I think part of it's the financial commitment and I think some of them just, I can tell you what we do know from our data, is that they're just very skeptical that from at least an advocacy perspective, that it's going to make a lot of difference. I think it's 7% believe that elected officials prioritize small business over big business. So while everyone says, 'Oh gosh, I love small business', at the end of the day, they don't feel like their voices are heard.

Gene Marks:

Right.

Joe Wall:

And so, we also tracked, if you look back at the 11 democratic primary debates, and then we had two presidential debates plus a vice presidential debate, so you add all that up, that's countless hours of debate time over the last two years.

Gene Marks:

Yeah. How much time is spent on small business?.

Joe Wall:

Guess how many small business mentions there were?

Gene Marks:

Not a lot.

Joe Wall:

Two, two.

Gene Marks:

Right. Yeah, it's very true and again, as somebody in the media who covers small business, the only time, if there's interest is when there's something really bad, that's going on, like the pandemic and then, that interest kind of wanes. So I think that is true, but don't you think that it's beneficial for somebody to belong to their industry association? And when my clients leave the office, if they have to get on a plane and go somewhere, it's generally to their annual industry conference. Because they're not only networking and getting education, but they're around people that's in the same business as them?

Joe Wall:

That's one of the value points of our program, is that it ends up that these classes and by the way, our classes are pretty small. So it's usually around 30 to 35 small businesses per class. So, they get to know each other because they're spending - if you're at the Des Moines Area Community College and our cohort there, you're spending 100 hours with those 30 people. So, you're naturally going to get to know them well, and they become an incredible resource to you in terms of bouncing ideas off, talking about problems you're having in business, whether it could be with employees or your balance sheet, but they end up being sort of a therapeutic resource just in terms of helping you navigate some challenges that other, whether it's your family or friends just don't understand because they're not in the business.

Gene Marks:

That's right.

Joe Wall:

And so I think, there's obviously a lot of value into having the support system and I think in particular, within your industry because that's something you can probably learn a lot from. But I think over time, there's just so many resources like I just joined and I haven't really used it yet, but Clubhouse, I don't know if you joined Clubhouse yet. You can join a Clubhouse chat with restaurant owners and probably learn a lot that's totally free. And that just like with modern technology, I think, a lot of people just decide to deploy to some of these very free and amazing options that are now available. Just because we've advanced so much over the last 20, 25 years.

Gene Marks:

And Clubhouse is particularly good because I believe you can create your own group, but you've got to be invited to join the conversation, correct?

Joe Wall:

You do. Yeah.

Gene Marks:

Yeah. And that's what makes it particularly good for a lot of business owners, so it's not just anybody can come.

Gene Marks:

Another question on the education program and then I do want to get some of your thoughts overall, on the economy with small businesses. But we have been talking about industry and I know one question I would be asking is, if I'm going to go and sign up for the 10,000 Small Business Program, and I'm going to sit in a classroom, or spend a hundred hours of my time, Hey man, I'm a retailer, what will be specific to my business? Everybody is sort of pigeonholed into their industry that they're in and a lot of businesses have this perception that their industry is so unique or their business is so unique, so how could they get value from a program like 10,000 Small Businesses, that's going to be more generic, how would you respond to that question?

Joe Wall:

Well, I mean, I think that the curriculum is diverse, so you're going to learn a wide variety. So it's everything from the balance sheet, accounting, marketing, how to think about the new digital world, and how to market effectively to your customers. So that could be useful if you're a dentist or a retailer or an accounting firm. I mean, I think we could all use probably an upgrade in our digital skills, but you're going to come away with a fresh set of skill sets across the board. And we've actually had quite a few business owners that have gotten MBAs that end up saying after, actually, in hindsight, this was just so much more practical because when you get your MBA, you're doing case studies of other companies. When you go through 10,000 Small Businesses, the case study is your own business.

Gene Marks:

That was my point from earlier about getting a certificate or a degree versus actually getting real life meat and potatoes knowledge for running your business. That's the kind of education you're getting with 10,000 Small Businesses.

Gene Marks:

I think the 10,000 Small Business Program is one of those programs that I do think that a lot of businesses in the low to moderate income areas need to be more aware of because it will provide to them the education that they need to not only better run their business, but to also understand all the availabilities of capital that's out there. And frankly, Joe, give business owners in those areas, the confidence because the money is out there. And there are so many organizations that are looking to lend money and provide help to businesses in low to moderate income areas. But, they just can't drop bags of money off on their doorsteps, you got to hear from them. And I think programs like what you guys are doing at Goldman Sachs, would really be a big help to businesses in those areas. Joe, where do I sign up if I want to apply for the 10,000 Small Business Program?

Joe Wall:

Yeah, if you just go to our website, gs.com under citizenship, which is just one of the top sort of menu options, you can see as our 10,000 Small Businesses Program, the application page is right there. So it's pretty simple, or much more, even simple than going to our website and doing it is just Google, Goldman Sachs 10,000 Small Business application and it'll be the first item that pops up.

Gene Marks:

Fantastic. Joe, great information. Thank you. And thank you for all the great work that you're doing. How many years you've been doing this with this program?

Joe Wall:

Well, I've been at the firm 11 years, so I sit in Government Affairs, so I've largely just been involved in sort of creating the advocacy platform over the last few years. So I've been at Goldman for north of a decade, but I've really only been dug into the program probably for the last three and a half years or so.

Gene Marks:

Fantastic. Well, you're doing great work and I hope that the program continues on and continues to succeed. That kind of education is just really where it's at for small businesses and it's really putting your money where your mouth is, so thank you. Joe Wall is the Managing Director of Government Affairs at Goldman Sachs and he's the National Director of 10,000 Small Business and 10,000 Small Businesses Voices Program, which is a new advocacy program for small businesses that belong to or have participated in the 10,000 Small Businesses Program. Joe, thank you again for your time. My name is Gene Marks, you've been listening to the Paychex Business Series podcast. If you'd like more help and advice for running your business, join us or visit us@paychex.com forward slash worx. That's W-O-R-X again, thank you for your time, everyone. And we will see you next time.

Speaker 3:

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