

Ep.3.16 - Herb Drayton

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SPEAKERS

Announcer, Herb Drayton, Ed Clemente

A Announcer 00:01

Welcome to The Michigan Opportunity, an economic development podcast featuring candid conversations with business leaders across Michigan. You'll hear firsthand accounts from Michigan business leaders and innovators about how the state is driving job growth and business investment, supporting a thriving entrepreneurial ecosystem, building vibrant communities and helping to attract and retain one of the most diverse and significant workforces in the nation.

E Ed Clemente 00:30

Hello, I'm Ed Clemente. Today, I'm going to have a friend, I would say a friend. We've known each other a short time, but he's a really nice guy, Herb Drayton. He's the executive director for Goldman Sachs 10,000 Small Business for Detroit. Did I get it all correct, Herb? [That is correct.] And that's a mouthful. So why don't you kind of tell us what the Goldman Sachs initiative is and maybe how it started and things like that?

H Herb Drayton 00:59

Sure. Before I do that, thank you, Ed, for having me on today. I appreciate the opportunity. Now, the Goldman Sachs 10,000 Small Businesses program started with its first site being New York City in 2011. So we've been going now for 12 years. Here in Detroit, we've been going since 2014. And the program started, actually, it started with the 10,000 Women's program over in Europe. So it's been going for quite a while. Here in Detroit, we have trained 800 businesses over the now nine years that we've been in existence. So we focus on going after existing business owners that want to learn how to grow anywhere from \$75,000 in revenues, all the way up to \$20 million in revenues. And the program is really designed to give them all of the knowledge, skills, training that they need to get on a path to growth.

E

Ed Clemente 02:02

And so Goldman Sachs did this, I think originally too, because we were in a bad economy, too, I think for the United States back then. And so they were trying to look for a way to grow out of this, I would imagine too, to make sure people survived the tough economy we had.

H

Herb Drayton 02:18

I think that's true, Ed. Also, when you look at their clientele, Goldman Sachs is an investment bank. And so there's only so many Fortune 500 companies. And so as they look to growing their exposure, growing their marketplace, they realized that working with small businesses, was a way to maybe entice companies to use their investment services, as well as helping with their image following the mortgage crash of 2008. [Oh, yeah.] Yeah, that's just me talking.

E

Ed Clemente 02:56

I was in the legislature on the banking committee with the mortgage bankers, when that was all going down. And every bank was sort of nervous back then. [Yes indeed.] They're all looking for opportunities and this was a good opportunity for Goldman Sachs. And like you said, you've done 800 people. And I know, quite a few people on the podcast have probably been people that have gone through your program. It's kind of rigorous. This isn't just like, you go through it. And it's like, just check a box. And I listened to some speakers, right? Don't they have to do some pretty hard work in it?

H

Herb Drayton 03:33

They do have to do some hard work. And it is very rigorous, very intense. It's a 14-week program. And in that 14 weeks, we cover every topic imaginable for a small business that wants to grow. From operations and processes to marketing, to focusing on themselves as leaders, and a number of other things. At the end of the training, we expect them to turn in a growth plan, which is a plan for how they intend to grow their business over the next five years, including a five year financial forecast. Without that they are not considered graduates in good standing.

E

Ed Clemente 04:12

Yeah, I don't even know if I could do that. It's funny, because I came to one of your sessions while you were there one day. Why don't you tell people where you're located, and then actually, who sort of your partners are actually in this operation?

H

Herb Drayton 04:27

Well, I appreciate that Ed because there are a lot of folks that have a part to play in this program. We're located on the Wayne State University campus in Detroit. And our partners include not only Wayne State University, but Babson College, which is up in Boston. They do

our curriculum. We have the Initiative for Competitive Inner Cities, which does our interviewing around the country. Then we also have Macomb Community College and Oakland Community College, that are partners in providing facilities, or excuse me, faculty to us. So along with them, we do have other partners as well.

E Ed Clemente 05:09

So, as these partners, I would imagine, do they help with the screening part of it? Like probably not every business who applies can get it, I would guess, is there some kind of like an interview process? How does it work? I don't even

H Herb Drayton 05:23

Yeah, there is an interview process. And that process is administered, again, by the ICIC, the Initiative for Competitive Inner Cities. And they take them through a part one application, or part two application, they have to submit financial documents, including income statements and balance sheets, and then they have to be physically interviewed by a panel to make it through with a final review by the Goldman side Foundation, by our funder, very rigorous.

E Ed Clemente 05:58

So I would imagine, because of just from doing leadership programs, myself and other things, that is probably both a challenge to get qualified people or organizations or small businesses to do it, but then also of the ones that just apply, then you've also got make sure that they're fundamentally the right candidates probably to go through the program, right?

H Herb Drayton 06:25

That's very true, Ed. And also, if you want to look at it numerically, we take metrics. We normally shoot for 120 initial applications per cohort. And we do three cohorts a year. And of that 120, at the end of the day, we'll end up with a cohort size of maybe about 30 to 35.

E Ed Clemente 06:50

Wow, so you whittle it down quite a bit. [Yes, we do.] Yeah. I have known people that have gone through it. And they, you know, reminds me of like, when I was in high school, or in college. Did you do your homework yet? People are like I gotta get this done, I can't really talk to you right now, I gotta finish up what I got to do for your program. But that's really important. I think I told you before, I used to run a chamber of commerce, right? And we had, like, 1500 members. And that was the commonality in businesses that didn't make it. A lot of them, like a restaurant, for example, right? My family owned a restaurant, everyone likes a restaurant, everybody thinks it's going to be fun. But the fun part of the restaurant is maybe 10% of it. The other 90% is you're running a business with a lot of employees. And you gotta make bottom lines, you got food, prices that fluctuate there's a lot of elements. And usually restaurants are

the things that most people open up. I mean, usually, I think for my days at liquor control, you know, a lot of the licensees, they would get in trouble, because they didn't know how to run a small business.

H

Herb Drayton 08:00

Well, you hit the nail on the head there, Ed, that for many, many entrepreneurs, regardless of whether they're a restaurant, or they're starting a machining business, or whatever the case may be, they start because they are good, technically, at something they like to do. But they may have never received education on how to actually run a business. And one of the things I wanted to mention, I'm glad you brought this point up, was that what we do is we really change their mindset, we really change their perspective about what it means and what it takes to be the CEO of a business versus just a worker in the business. Oftentimes, you'll hear them say, as they go through the training, that they're learning how to work on the business, and not just in the business. And it is a change of mindset.

E

Ed Clemente 08:55

Oh, yeah, I could remember all the time when I was a boss for either the restaurant or the Chamber of Commerce. It's like the people that work for you only saw a slice of the pie. Only you as the CEO, or whatever the company is, you have to see the 360, and it's hard to explain the 360 to anyone else, because it is such a much more holistic process than I think, you know, that's why small businesses are exciting. But they're also I think a bigger challenge than a corporation is sometimes.

H

Herb Drayton 09:29

Well, one of the keys is is a topic that we cover in one of our modules on delegation. And as they start to grow, and they get bigger, there's a lot of things that they have to give up control over. Many of the business owners are what we would call control freaks. They feel like they have to have their fingers on everything going on. And you become an impediment to your own growth. We teach them how to get out of that. We teach them how to actually focus on the things that they have to do as the business owner if they want to grow.

E

Ed Clemente 10:07

Yeah, you know, it's funny you say that too, because even, it's not even just a business. But it's almost like a life lesson in some ways. It's not just like business, but like, I think like successful parents, or I used to teach in in high school. It's the triage you do every day, that is really the difference. You could have all the resources, and you could have all the passion you want. But if you can't make those binary decisions, kind of quickly, that's what usually drags it down. Because you have to find out what is the biggest priority? You know, how do I make sure I make the most of this, I can't make it perfect, and I don't want it to fail. So I gotta be somewhere in the middle, you know. And it's hard to benchmark yourself sometimes with that kind of decision making.

H

Herb Drayton 10:54

Well, and also, Ed, I think that you allude to a point that is very important for, especially for small businesses, that sometimes the business owner gets lost in the day-to-day transactional stuff, and they kind of lose their own identity, one of the things that we do work on very hard, is to get the business owners to look at their personal lives, to look at the "you" piece of running a business. There's nothing worse than a sourpuss entrepreneur, as far as I'm concerned.

E

Ed Clemente 11:33

Well, and I think that, it tends to be a lot of younger people that take the risk, sometimes right to start a business, but then all of a sudden, they have kids, or they get married, or they buy a house, or they have some other big purchase or something else, all of a sudden competes with being that entrepreneur. And I mean, I know for my family, like my dad worked, and I worked when I had to in the summer, seven days a week. I mean, there was no option. You had to be there because the business wasn't gonna run itself. But you had to delegate, as you said, you just couldn't do every aspect of it.

H

Herb Drayton 12:13

Well, you know, interestingly, though, Ed, we do keep statistics on this. The Goldman Sachs Foundation wants to know everything about everything. Our average age of the business owners that come into this training is north of 50 years old. [Oh, really?] Yes. And many of them have been, even though we'll accept businesses that have been in business only for two years, many of them have been in business for seven, eight, 10 years. Maybe they got pushed out of a corporate environment, and decided to start something midway through their 30s or something like that. But we do get a lot of, if you want to call them, seasoned veterans.

A

Announcer 12:55

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E

Ed Clemente 13:11

So how did you get involved in this? What is your story? I know you're not from Michigan, originally. You're from the Midwest, but pretty far west of here.

H

Herb Drayton 13:20

Yeah, I came from Kansas City, Missouri. That's my adopted hometown. And I went to school at Michigan State University. But as what happens with many of us, there was some tug on my life that brought me back this way. And I've been in Michigan now for about 30 years. I got started

with this program in 2014, at the very beginning. I actually started working with small businesses in 2009 as a volunteer mentor. So I've been in the field for 15 years. trudging along with the small businesses trying to help them grow, prosper and realize their dreams.

E Ed Clemente 14:04

You skipped over a couple of things, though. I think your background of your family being in the military. I said this to you, but I found that a lot of people who were sort of Army brats or Navy brats. You're Navy, right?

H Herb Drayton 14:20

Actually Air Force. My father was in the Air Force.

E Ed Clemente 14:21

Sorry, sorry. But I mean, they sort of have a better real world perspective on things because a lot of times they couldn't just count on being in the same city their whole lives, right, and jumping around and so how did that affect you and did that help you for this job? You think a little bit?

H Herb Drayton 14:39

Oh, no doubt. I think what the biggest thing that I got out of being an Air Force brat was that flexibility, that gregariousness that allows you to get into any situation and feel comfortable dealing with people dealing with different cultures and different and industries and so forth. It has helped quite a bit. So I feel that it was a big contributor to where I am at this point in time. By the time I was 18, Ed, we had lived outside the country 12 years.

E Ed Clemente 15:14

What countries?

H Herb Drayton 15:16

I lived in Canada, Africa, and Japan.

E Ed Clemente 15:20

Where did you live in Africa? Which countries? [Morocco.] Oh, Morocco. Wow. Is there a military base there then or an Air Force Base?

H Herb Drayton 15:28
Still there. It's called Sidi Slimane.

E Ed Clemente 15:31
Is it by one of the big cities or no?

H Herb Drayton 15:34
It's not too far from Casa Blanca.

E Ed Clemente 15:36
Okay. Close to the coast even. [Yeah.] But another thing, too, is you were pretty driven. I'm not really outing you, but you had a really You came originally to Michigan State for a scholarship, educational scholarship. Right?

H Herb Drayton 15:55
That's correct.

E Ed Clemente 15:56
But then you drifted into what?

H Herb Drayton 16:00
Well, I drifted into being a basketball player at Michigan State. I'm a proud member of the 1976-77 Michigan State University basketball team.

E Ed Clemente 16:12
Yeah. And that was, who was it? One of the Kelser brothers?

H Herb Drayton 16:16
Yes. Greg Kelser. [Yeah, yeah, yeah.] One of my best friends. At the time, we had Greg, Ronald "Bobo" Charles, Terry Donnelly, and Edgar Wilson, Benny White, these are guys that kind of, along with me, kind of made the way for them to get to their national championship in 1979.

E

Ed Clemente 16:45

I imagine you probably met Magic quite a few times, too, probably over time.

H

Herb Drayton 16:49

A few times, but he's younger than I am. So, when I left, he was just coming. So we did meet a few times.

E

Ed Clemente 16:57

And you were under Gus Ganakas, then?

H

Herb Drayton 17:00

Yes, I started under Gus Ganakas. And then my year on the varsity squad was with Coach Jud Heathcote. And that was his first year at Michigan State University.

E

Ed Clemente 17:14

You're still playing at Jenison then. [Oh, yeah.] Yeah. They called it the barn or whatever it was.

H

Herb Drayton 17:21

Yeah, the big Old Barn.

E

Ed Clemente 17:23

Yeah, I remember it, I used to usher there when I was at State. Probably ushered for some of your games. So, a couple more things, but any other sort of future trends, because I think you've already highlighted quite a few with how small businesses are evolving. But anything else you'd like to take a mention about? Future trends?

H

Herb Drayton 17:45

Yeah, I don't spend a lot of time, Ed, looking at trend data. But I will say this, that given what's going on with a lot of the major corporations, we see a lot of people being laid off and people shed from the corporations. And what I'm seeing is a surge, particularly in the women side of the world, to start and own their own businesses. And I think that's going to continue for at least the next five to seven years, as well as I think that we'll continue to see is that some of these businesses will actually grow pretty explosively. And pretty quickly, as they begin to fill the void, left behind by some of these corporations. And that's kind of what I focus on, what we

focus on in the training is to teach people how to grow explosively. How to really explode the business up and make it something that not only rewards you personally, but rewards your community that gives people jobs that allows people to be a participating person in this country that we live in. That's what I see happening.

E

Ed Clemente 19:03

Yeah, I always tell people, even when I worked at the Chamber is that you've got to know when you've got windows, because they don't stay open forever. So if you're going to explode, you better explode. Because I think some people are just normally reluctant sometimes, but in general, the opportunity might never pop up again, you know. And when you're new, I think you get more opportunities, because you're not defined as much yet, maybe.

H

Herb Drayton 19:28

Well, and the key is being able to know which opportunities to pursue, and which ones to leave alone. And so we spend a lot of time, that's one of the key tenants of the program. Your business is the case study, but we have them focus on an opportunity, which they may or may not pursue at the end of the training, but what they get is a method for how to approach growth going forward. And it's very, very valuable.

E

Ed Clemente 20:01

Does Goldman Sachs look at sort of traditionally underserved populations, too? Is that something to look at, or they just look at all businesses with no specific criteria or is that some of the criteria they look at?

H

Herb Drayton 20:13

Pretty agnostic in terms of which businesses they bring into the training. However, they do keep track of what they call early-stage businesses, and underserved communities based on where the final applicants come from. They like to they do like to know, if they're making a presence in all aspects of community.

E

Ed Clemente 20:38

So you're kind of like a living algorithm?

H

Herb Drayton 20:44

Yes, indeed.

E

Ed Clemente 20:46

E Ed Clemente 20:46

Yeah, you probably have seen it all, right? [Yes, indeed.] I'm gonna ask you just a couple more questions. But what would you do if you talked to the young Herb living in Kansas City? Would you give him the same career advice for today?

H Herb Drayton 21:05

Oh boy. If I were talking to a young me in Kansas City, I would probably tell me to not give up on your dreams. There's been times that, I'm sure we all go through this, where we have what I call the FUD factor: fear, uncertainty and doubt about what we're doing and where we're going. But don't give up on your dreams, they can be realized. And my dream when I left Michigan State University was to enter the world of business. I didn't know what that looked like. I wasn't sure where I was going to go or what I was going to do. But my dreams have been amazingly realized over the years. So don't give up.

E Ed Clemente 21:54

I think it's really cool, because, I was a walk-on football player at a small school, not Michigan State, like up north, but that really sort of says a lot about somebody because I remember every coach, even though I wasn't like someone that was recruited, they always counted on you to have actually more passion sometimes. Because you had a little harder road to find, you know, to get to that point. [I agree.] It's good. Yeah. Makes you driven. So you've sort of adopted Michigan as your home now. You've been here for quite a while, actually. But what do you like best about the state? It could be anything from what you do with your family, or what you do for travel or whatever?

H Herb Drayton 22:39

Well, the the biggest thing that I like about, and it really isn't about the state. But it's about the people that you encounter and surround yourself with. I have found that people here in Michigan, for me, have always been welcoming. They've always been people that I think are really genuine. And I have a really good group of friends and associates, as well as the people that have come through our training. I feel like I have 800 baby entrepreneurs, so to speak. And so they call me all the time and let me know what's going on with their businesses. For me, it's been a great community. Now beyond that, I actually, when I left college, I was not real pleased with the weather here. However, Ed, I'd say now, the weather hasn't been that bad.

E Ed Clemente 23:39

Well, just give it a short amount of time it will change again. We have one other friend, a common friend, Faris, who actually is one of the people that worked with you quite a bit. And he's been on the podcast before, too. And I know that you must be friends with all the people that help mentor and do all those other things, too, right?

H Herb Dravton 24:01

Herb Drayton 24:02

Yes, the the economic development ecosystem in the Detroit and Southeast Michigan area is relatively small. And you get to know all of the folks, like you mentioned Faris, we first met in 2009 at a Troy Chamber of Commerce event, and we've been colleagues, we've worked in the same organizations and he now works as a business advisor in our program since 2014. So Faris and I have been together a long time.

E

Ed Clemente 24:36

Wow. Yeah. And I've worked with them on the Global Ties board, Global Ties Detroit. Well, anyway, I want to thank our guests again, Herb Drayton. He's the executive director for the Goldman Sachs 10,000 Small Businesses here in Detroit. And thanks, Herb, you're a great guest, and I really appreciate you taking the time to talk to us today.

H

Herb Drayton 24:55

Well, thank you, Ed. And if I could plug, if you're thinking about applying for our training. It's very easy. You go to 10ksbapply.com. And that will lead you through the first part of our application process. You'll get into our orbit, and we'll help you take it from there.

E

Ed Clemente 25:14

Everybody I know that's gone through it always recommends it even if it's hard, so it's a good sign. So keep up the good work, Herb. [Thank you, Ed.] Join us next week, we'll have Roberta Dall'Olio. She's the director of EURADA, the European Association of Development Agencies, working primarily in economic development issues.

A

Announcer 25:35

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