

# Leadership Through Uncharted Waters

**BY STEWART HAYES**

*The last 18 months have brought challenges unlike no other. Stewart Hayes, chair of the SFNet 2021 40 Under 40 Awards and managing director, Wells Fargo Capital Finance, sat down with four former SFNet 40 Under 40 Award winners who led their company or group practice during 2020-2021 to dive into how they addressed challenges, what helped prepare them to weather the COVID crisis, and advice on handling the next curveball.*



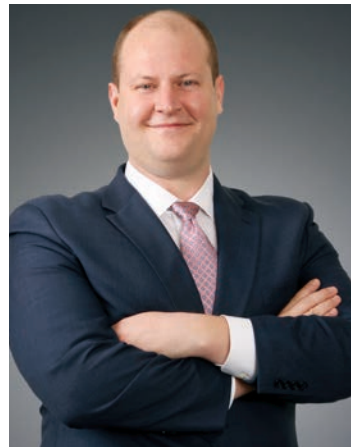
**Stewart Hayes: How did you address the challenges of leading during COVID?**

**Carter:** The majority of our team was permanently working from home even before COVID (we have team members in 13 states) so we had already been using the Microsoft Teams video platform for all internal meetings. We hired seven people during COVID so we had to adapt our onboarding experience to be a virtual one. It was a challenge to think of ways to integrate the new team members into our existing culture. We used tools such as one to one DISC analyses meetings, team-led educational presentations, decision sciences training, and our book club discussions to create and uphold a shared language across the company.

**Meyers:** During quarter two of 2020, we all worked as many hours as humanly possible in a reasonable timeframe. We had every leader and manager in our business on the phone with clients, competitors and other stakeholders to try to extract as much information as possible. Then, as that started pivoting to understanding PPP and helping clients find PPP, it was trying to calm everyone down. We made a couple early-on decisions: We got Zoom for all of our staff, so that they could communicate with their families, and we gave every member of our staff a bonus to get extra toilet paper, which cost way too much money



■ **MEREDITH L. CARTER**  
Context Business Lending



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■ **STEWART HAYES**  
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■ **NNEOMA MADUIKE**  
Otterbourg P.C.



■ **JENNIFER PALMER**  
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when this thing started. We then gave everyone a budget to go buy a desk or a monitor or whatever they needed. Thankfully, most of our business was on remote systems so we didn't have to do a lot of systems work. But we spent a lot of time trying to project some calm. We held daily management calls to carve an hour out every single day to check in with risk, credit, sales, operations, chief executive to see what was going on and what we needed to triage. There was a tremendous amount of communication and group calls. For us, it was a two-pronged attack in making sure our team was okay and trying to gain as much information as possible, that evolved into energy and motivation. There was a period of time in April where I realized I hadn't been out of the house for three days in a row and I found

myself in kind of a negative mood. So, a big part of it for me, particularly with managers and leaders, was listening, and encouraging them to do something that wasn't work. I started to play a round of golf every single Tuesday morning at 6 or 7 a.m., and still do, whenever they'll let me on the golf course. Early on in COVID, I was by myself and I'd play in two hours and 45 minutes and then we were allowed to golf with one other person. I think now it's back to a little more normal. But for me, I just had to be outside, see some sun and listen to some music. I started running and still do, to just make sure I had something to balance the stress. Fast forward to December of 2020 where I was the most tired of my entire life. I was exhausted by Zoom and being present. So, thankfully, at that time some of my other business partners had a little more left in the tank and they did a few more staff check-ins. I took a couple weeks off, not to go anywhere, but to not be in front of a computer.

We grew during COVID a little bit, but we worked hard enough to have doubled the business.

We encouraged people to take time off and made them turn off their cell phones and their e-mail. We just tried to push people as much as possible to realize that it was going to be okay, even if we didn't necessarily know what okay was. We had calls just to have fun, where we might get a team together and two hours were on our business and the last hour we played a virtual escape room game. We sent everyone bottles of wine and did a wine tasting.

**Palmer:** I stepped into the role of CEO in January of 2020, so I was getting my footing when we started to see the effects of COVID in our portfolio. I had long been a leader in the company, but this was a unique challenge in addition to working remotely and homeschooling – it took an incredible amount of multitasking. There were buckets that needed attention: our partners, the business and our employees. For our partners, who we were used to sitting across the table from multiple times a year, I had to work with the team to quickly transition to virtual support, and I made sure every customer had my cell phone and knew they could call anytime day or night. In regard to the company, I managed up and overcommunicated to shareholders and funding sources. But, to be honest, my priority was to my team, and sometimes that came at the expense of the business. That is what Gerber is about. We are all about leading with compassion and, at this time especially, supporting the team's physical and mental health was most important. I was intent on maintaining our culture, keeping connection and communication and providing tools and flexibility to adapt to remote work. I put on a brave face, but also tried to be open and honest with my team about when I was struggling as well.



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**Hayes: Nneoma, as co-chair of Otterbourg's Lender Finance Practice Group as of February 2021, did you face any challenges in the new role in dealing with the second wave of COVID in the winter of 2021?**

**Maduiké:** There were definitely challenges. It was very fortunate that I was stepping into a role that was fully backed by the strength of Otterbourg's longstanding reputation and relationships in the asset-based lending industry. However,

the pandemic meant that I had to evaluate my existing practices and figure out what measures to adopt to guarantee that the practice thrived. Specifically, I had to figure out how to successfully grow a practice while providing our clients with the responsive client experience they had grown to expect and all from a fully remote position. I also had the added pressure of being a young woman of color co-chairing a practice in an industry where my counterparts were represented rarely as leaders. In the end, everyone had little choice but to figure it out and, for my part, things were a lot less challenging when I changed my mindset and how I approached my practice during a pandemic. The change in mindset made the year a professional win by any standards; I was able to continue to engage with our clients all while

providing qualitative and quantitative support tailored to their needs.

**Hayes: What were some things during this time that surprised you? Was something easier than expected or harder?**

**Carter:** One thing that surprised me, in a good way, was how quickly the team pivoted to integrating their home lives into their professional lives. It is now quite common for us to see



each other's children, dogs, cat tails, musical instruments, etc. in the background of our internal meetings and these personal touches have bonded us further as a group. One thing that was harder than expected was being isolated from the rest of the secured finance community. We had to make concerted efforts to check in with others in our space to compare notes rather than having these conversations during trade shows. We look forward to seeing everyone again soon!

**Maduiké:** The intensity of a mandatory remote environment was my biggest surprise. I had not expected how integral the workplace social environment was for me to feel fulfilled in my career. Prior to the start of the pandemic, it was easy to romanticize fully remote work because remote work was practiced infrequently by most of us. However, with the pandemic came fluid boundaries between work and my life outside of work; I was greatly affected by how necessary it was for me to have a strict demarcation between my professional life and my personal life. This being said, in the past year, I was surprised with the speed with which we all adjusted and, in fact, thrived. As mentioned above, a big part of this adjustment was due to a shift in mindset and that I learned to prioritize connecting and creating a sense of community in a remote environment.

**Meyers:** I think the easier stuff is when you eliminate travel and entertainment. People are more available. As a result, when we wanted to have a meeting and talk about the deal, you had the expectation that everyone was going to be available. The problem is that expectation started bleeding into all hours of the day. You knew no one had anywhere to go. So, the availability was the biggest surprise to me.

I think the other bit was how important it was to be human and to do extra things for your team wherever you could, even if it was just listening to them talk. We've set up some groups and one was in response to George Floyd in Minneapolis last summer. We've created a group led by two of our 40 Under 40 winners, Denise and Candace, but really, it's just a forum for people to have conversations to read books and process and discuss what has been happening in addition to COVID.

The third thing would be the absolute lack of distressed credit facilities. The PPP reduced the risk and reduced the revenue of every single finance company and bank out there. But, don't get me wrong; hospitality, travel, leisure, retail, there are some industries that were absolutely decimated. But if you take out the obvious ones, or, in some cases, ones that were struggling before COVID happened, I haven't really seen that. Most of the facilities we funded are growth, or they're investments. They might be an acquisition. Maybe the business didn't have a great year, but it's still okay, maybe its cash flow will break even. Everyone tells me, 'Oh, next quarter is going to be the quarter where all the bank workouts are coming.' It hasn't really followed yet. It may not occur this year, but my gut tells me there's got to be some more stress and some more distress than I'm seeing, but not a lot of

that is filtered out yet.

I think that would be the other surprising thing that you're going to hear from a lot of people: a lot of big turnaround consulting firms hired a ton of analysts in quarter three. And I bet, if you ask every one of them, they didn't get nearly the workflow they were expecting. It doesn't mean that there weren't some huge bankruptcies. But a lot of what people were expecting hasn't necessarily come to fruition on that side of the business.

**Palmer:** I underestimated how hard it would be to onboard and train people remotely. We learned how to do many things virtually, and we did get better at training as the pandemic wore on, but this is one of those things that is just better and easier in person.

It was easier to build certain relationships. We met via Zoom more frequently than we usually would and got sneak peeks into each other's lives with kids and pets popping on screen or having meetings during soccer practice. There was a familiarity and casualness that helped relationships flourish.

#### **Hayes: What do you think helped prepare you to weather a crisis such as COVID?**

**Carter:** I am a lawyer by training with a degree in social psychology and an English minor. I think that my organizational psychology education helped me to better anticipate and proactively address some of the team's work-from-home concerns. Logistically, our controller prepared us by ordering extra monitors the last week of February 2020 when it appeared that extended work-from-home was a possibility. As a result, we didn't experience the equipment backlogs that many faced who waited until weeks later.

**Maduiké:** Most of the credit goes to Otterbourg's management team for the efficiency with which they managed the challenges of COVID-19. Our management team knew right from the beginning that one unavoidable aspect to the success of any company during the pandemic was a particular focus on its employees. Key was the willingness of Otterbourg's management to implement processes for inclusivity and to allow employees to remain engaged and connected. Professionally, COVID became manageable and this was in no small part due to my company's emphasis on supporting me and all of its other employees to ensure a successful remote work experience.

**Meyers:** I think most people would tell you, you can't prepare for this kind of crisis and/or no crisis is the same. During 2020, I called a lot of industry leaders and asked them, 'What happened last time? What do you see? What helps you through this? What should I be looking for?' I asked a bunch of those questions, but I wouldn't say I just started asking those questions in 2020. I graduated with an MBA from Kellogg in

2017. So that gave me a lot of framework on leadership and management in different areas, particularly running operations that I didn't have a ton of experience with, combined with a lot of managers who invested in me over my career, whether it was an executive coach, executive development program, sponsoring me to go to SFNet events where I have a big network of people that I can call on that know more than I do or are older than I am, or have different industry experience in a different part of the country.

I'm going to be in this business for another 20-30 years. As a result, I don't necessarily need something tangible out of each interaction. I get to know people, and ask them questions and ask for help, without necessarily needing something. I've found that most people if you ask, or get to know them, are really open and really cool. I think that's one of the most exciting parts of the commercial finance industry. We're all in it together. Yes, we compete. Yes, we have some fun at each other's expenses. But fundamentally, it's a group that's kind of on a journey. And we all do it a little differently, but fundamentally, it's a group supporting entrepreneurs, and private equity on businesses across the country.

**Palmer:** The founder of Gerber Finance, Gerald Joseph, has continuously given me projects outside of my area of expertise since the very beginning of my career, which has helped me learn and grow in unexpected ways. That experience of working outside my comfort zone helped to prepare me for the past year and a half.

And when I started at Gerber Finance, I didn't have any experience in the financial industry. Every step of the way, I reminded myself that I was making decisions with other people's money, so I couldn't pretend to know what I didn't. I asked for help whenever I needed it. Being comfortable with asking for help was a muscle I definitely flexed during this pandemic!

**Hayes: What are you taking away from this experience as we emerge from the crisis? What management or leadership styles will stick with you? What won't?**

**Carter:** One of the lasting changes from COVID is that our Philadelphia-based team will now only be expected to go into the office two days a week instead of five. With team members in so many locations, it doesn't make much sense for a small subset of us to go to the office only to close our doors or put on headsets. When we do go into the office going forward, it

will be for a real reason - meetings where we are collaborating or when guests visit. We can run our business more efficiently this way, saving commute time and creating better permanent work-life balance.

Another lasting effect of COVID is all of the technology upgrades we have made to our internal communication channels as well as our loan monitoring programs. We now have a more organized and transparent communication system across the company and can also better spot trends with our borrowers. Our use of data analytics is expanding by the day, enabling further efficiencies and more targeted deal sourcing.

**Meyers:** I will never travel as much as I used to travel. I've just loved some extra time having breakfast with my kids

and cooking dinner most nights, and bike rides. Our oldest is two and a half and our youngest is one. For the first 10 months of our youngest son's life, I was there every single day. That was not the experience with our oldest. What bugs me the most about this pandemic is not business-wise, it's more on the personal investing side. It was little things like when we bought all of our staff Zoom memberships, I wish I would have thought, 'Hey, we might not be the only people that would do that. Maybe go buy some Zoom stock.' It would be just spending a little more time thinking further ahead than what was in front of me.



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**Palmer:** The first is to trust your gut. Over the past year and a half, I made many mistakes, but I was never wrong for the big decisions where I listened to my gut. Second, as past leaders have said, “Never let a good crisis go to waste.” I’m taking the time to look back and assess what worked and what didn’t and apply that moving forward. For one thing, I learned that our team is fully capable of working from home, but also missed the collaboration and culture. I’m working on a solution for the future that allows the team to work smarter.

**Hayes: What advice do you have for others who are moving up the ranks in the industry about preparing for the next curve ball?**

**Carter:** The further along I get in my career, the more I realize how futile planning is. Sticking to a plan that you made in the past could close the door to unanticipated opportunities presented in the future. I would encourage people starting out in their careers to not set concrete goals for themselves. As James Clear points out in his New York Times bestselling book, *Atomic Habits*, “True long-term thinking is goal-less thinking. It’s not about any single accomplishment. It’s about the cycle of endless refinement and continuous improvement. Ultimately it is your commitment to the process that will determine your progress.” He also notes, “The most effective way to change your habits is to focus not on what you want to achieve, but on who you wish to become.”

**Maduiké:** The more flexible and adaptable one is, the likelier success is. When the COVID-19 pandemic hit, I was a relatively new partner at my company and still carving out a niche. Overnight, there was suddenly so much uncertainty and upheaval and I had to change my goals and my immediate expectations to stay ahead of the curve. Professionally, last year turned out a lot more positively, all things considered, than it could have and I attribute that partly to a relatively early decision to accept the uncertainty that came with the pandemic, take things one step at a time, and pivot whenever and however necessary. Essentially, I learned that, for a year like last year, a goal and a general outline was sufficient and I had to be flexible and okay with going back to the drawing board as often as was necessary and adapting frequently. Similarly, any company that will best handle another scenario similar to COVID-19 will do so based on a recognition that flexibility and adaptability are crucial aspects for success during a pandemic.

**Meyers:** It’s the same approach I always took with underwriting deals: I’d ask a billion questions. Why do we do that? How do we get around this? What’s the workaround? What’s this? I would suggest in 2021, that you call five or six people that were leading businesses during this and take notes of your conversations and write them down because those things will help form a framework for what you might be able to do in the future. I would say have those conversations

now. Don’t wait until you need a plan. I’d start thinking about what you do when this happens next, and it might be a recession, it might be a depression, it might be hyperinflation, or another virus; all of these things have different effects. It’s important.

**Palmer:** First, if there is an opportunity to ask for advice, do it! In most cases, someone has already been through something like what you are going through. Obviously, with a situation like this pandemic, nobody had, but others were going through it at the same time – reach out to them. I often called my peers and even competitors and asked how they were faring and what they were doing – often people are willing to help and are rooting for each other to succeed.

Second, always think about how you can improve your organization for the future. I decided to experiment with going paperless in the fall of 2019, which helped immensely when we went remote. It never seems like a good time for a new project or major transformation, but the best time to shore up your business is before a crisis. 📄

*Stewart Hayes is a senior vice president and managing director of the Lender Finance division of Wells Fargo Capital Finance, based in Dallas. The Lender Finance division is a leading provider of credit facilities starting at \$20 million to specialty finance companies throughout the U.S. and Canada, including asset-based lenders, factors, equipment leasing and finance companies, and other specialty finance companies. Stewart has over 30 years of experience in the asset-based lending industry, including significant experience in lending to specialty finance companies. Stewart joined Wells Fargo Capital Finance in 2000 as one of the original team members of the Lender Finance Division (“LF”), the leading provider of credit facilities to commercial specialty finance companies. Stewart is extensively involved in all facets of the LF business, including leading origination efforts for LF. Hayes previously served as the portfolio manager for the Lender Finance division. Prior to joining Wells Fargo, he worked at Bank of America Commercial Finance for 16 years, holding executive management positions at both its Business Credit and Factoring divisions. Stewart is on the Executive Committee of the Secured Finance Network and is a member of both the International Factoring Association and the Equipment Leasing and Finance Association.*