

Seth Sieget-Gardner:

If we're going to take it to this next level and require all this more equipment, no one is going to hand that stuff to us for free. And we're already operating on razor-thin margins.

James Robert Lay:

Hey guys, it's James Robert. I wanted to give you a quick heads-up that my Exponential Insight guest today is a bit different because he does not work at a bank or credit union, or even in the industry for that matter. In fact, he is a chef that has worked all around the world. He's received six James Beard Foundation nominations. Plus his restaurant was voted the number one restaurant in Houston, Texas by the Houston Chronicle.

James Robert Lay:

I brought him on today's show for a conversation because the exponential insights that he shares provides a great perspective into the hearts and minds of small business owners that so many financial brands have an opportunity to step up and help. And with the fumbles made by some of the big nationals like Chase, Wells Fargo and BofA with the whole PPP application process this is a time for community financial brands to step up and guide small businesses over the coming months and years.

James Robert Lay:

In fact, Ron Shevlin noted in a recent article on Forbes that more than six in 10 small businesses that currently bank with a mega bank, like BofA, Chase and Wells, or a large regional that's greater than a hundred billion in assets, those businesses said they were somewhat or very likely to look for a new banking relationship in the next year. And that was before PPP. So take a minute and forward this episode over to your business lending and business development teams, because there really is no greater time than now for community financial brands to turn the tide of small business lending and deposit decline.

James Robert Lay:

Greetings and hello. I am James Robert Lay and welcome to another episode of the Banking on Digital Growth podcast. Today's episode is part of the Exponential Insight series, and I'm excited to welcome Seth Siegel-Gardner to the show because he has a lot of perspective to share for financial brands to listen to, to learn from during this post COVID-19 world as Seth is the chef and owner at Para Llevar in Marfa, Texas. Welcome to the show, Seth.

Seth Sieget-Gardner:

Thank you. Thank you.

James Robert Lay:

So I've known you now for probably right around 10 years, if not a little bit longer since you came to Houston to open up a restaurant.

Seth Sieget-Gardner:

Yep.



James Robert Lay:

And just for some context for our audience, can you just give us a little bit of backstory about how you got to where you are today? Because I had never in my wildest dreams would think that I'd be bringing a chef on to talk about what financial services can do. But this COVID-19 world has just transformed I think everything. The old rule books are out and we've got to start putting together some thinking and some collaboration across multiple industries, particularly at the community level. But before we get there, just give us some context into how you got to where you are in this world today.

Seth Sieget-Gardner:

Yeah. How I went from working in restaurants in New York City, and London, and Chicago to a town of like 2000 people. Well, I grew up in Houston, so Houston always will be home. I went to school, got a philosophy degree at the University of Denver, which obviously I'm putting to good use going directly into the restaurant business after that. We lived in, worked in, New York for about seven years, spend most of my time working in fine dining restaurants there. Worked with Marcus Samuelsson at a restaurant called Aquavit. Worked in another Midtown restaurant also, and then helped Gordon Ramsey on the opening team of the Gordon Ramsey restaurant in New York.

Seth Sieget-Gardner:

I opened another restaurant for Marcus in Chicago, then moved to London and worked in London for a year. And then eventually came back to Houston where worked around Houston for a little while, and then opened our restaurant, The Pass and Provisions. And we were open for almost seven years in Houston. And then now I've been working on these projects out in West Texas. One is a distillery project. And then working on a few restaurants, the one that's open now is Para Llevar, a to-go restaurant.

James Robert Lay:


Yeah. So you've seen a lot. You've experienced a lot. And I think right now that's where I want to take the conversation is based upon all of this experience and thinking about your own journey, one of the things that you said when we started this conversation was really two things. You're having to adapt the dream, adapt and pivot. What are you seeing right now with just your peers with this post COVID-19 world and how they're having to adapt and change and pivot their business model? Like, what does that look like from practically speaking on the ground?

Seth Sieget-Gardner:

Because obviously everybody is loves their restaurants and loves to kind of their neighborhood spots, they're watching the restaurants turn into to-go restaurants. So that's the obvious pivot that everyone is making now, is now everyone is a to-go restaurant. And I think that that is that's a necessary evil for a lot of restaurant people because there's never... You know, when we had our full service restaurant in Houston, we hated the idea of doing to-go food, but it was just part of the business and you had to do it. Now it's essentially one of the only parts of the business and I think a lot of people are pushing buy gift cards. I personally have some issue with that. Gift cards are stupid in my opinion. It's like literally setting your money on fire, but I understand that it gives people, I guess, a little bit of comfort in knowing that hopefully I'm helping my restaurant stay there. My question is going to be what happens when you buy all these gift cards for these places that have closed.

Seth Sieget-Gardner:

But then I think that a lot of people are going to digital stuff. So it's like getting your online store up and running as quickly as possible is the only situation right now that I think is going to keep places afloat. Because most people in most major cities are not going to want to come and have that direct interaction



with a waiter or a bartender or something like that. So I think we're turning into this world where it's like, you can't even see the people anymore. So I think a lot of our friends have, I would guess that two, three weeks ago, everybody called whoever was making their website or if they were making it themselves. And the amount of searches that were probably like, how do I set up an online store went through the roof.

Seth Sieget-Gardner:

We had it always in our model that we were going to do online ordering. So I wasn't initially going to push it out for a couple of weeks after we opened. But of course it was like, we needed to get this going as quickly as possible. Seeing a lot of people do that. But I think a lot of restaurants are just going to start, have already started closing, or at least temporary closing. And unfortunately that's what's going to continue to happen until we get some direction on what the next version of normalcy looks like for the hospitality business.

James Robert Lay:

That's where I see probably the biggest opportunity from my perspective of the banking world and working with community banks, working with credit unions, because that is essential to a local community just these local restaurants are essential to the community. From your worldview and your experience, how might a credit union or a community bank might be able to support some of these local restaurants during this time of chaos when we're just trying to figure out what that new normal looks like?

Seth Sieget-Gardner:


I think it's an understanding of how the restaurants, and to maybe even a lesser extent bars, have to pivot their operations because now there's a lot of inventory they needed to take on that was completely unexpected. Like we mentioned, some of our industry friends go into kind of the take and bake model of like here's lasagna, take it home, throw it in the oven. So at least you're cooking, but you're not necessarily doing dishes or anything like that. So I think there's a huge pivot to that. And those dishes, all that stuff, costs money that there's no line item in that budget. You know, the idea that eventually they're going to start enforcing laws about restaurant workers have to wear masks, even if you're to-go. Have to wear gloves.

Seth Sieget-Gardner:

I think that restaurants are some of the safest in terms of food handling out there. But if we're going to take it to this next level and require all this more equipment, nobody's going to hand that stuff to us for free, and we're already operating on razor-thin margins as it is. So now how many pairs of gloves do you have to have per person? How many masks per person, per day? Things like that, that I think are unknown. And you know, if we're just spending that money, it's going to tank us pretty fast.

James Robert Lay:

Yeah. And so it's this new normal. It's new inventory. Also I see there's an opportunity, and you've done this even with your own website, almost supporting our friend. You have a page on your website with eighth wonder, fluff bake bar, so many others. Is there an opportunity for a community financial institution, a bank or a credit union, to almost build a community page to promote these local businesses, these restaurants, these bars, in a more direct manner, because if we truly are in this together, let's put our money where our mouth is. Right?



Seth Sieget-Gardner:

Absolutely. If you think about it, for better or worse, we're in a virtual world right now. And we need to have like a virtual neighborhood too, for all of our close friends. And yeah, people are still going to be using... Amazon is going to be as busy as they've ever been, things like that. But I think that there's going to be a point where if you want a little bit more authenticity, just some of the goods that you're buying, you need to keep supporting those local businesses and those creative people in your community that are trying to stay afloat while we're living in an unknown world of like what next week, what next month? Until there's a vaccine, what that all looks like.

James Robert Lay:

I'm going to hypothesize with you on this because you brought up the idea, the concept of the take and bake. You know, my wife and I, we have four kids. We were talking about this before. It's a lot of mouths to feed, but we've done some of the take and bake concepts now. But I'm a financial brand. I work in marketing, and I'm looking to promote local businesses, local restaurants, local bars. I have this idea to where I want to go and talk to 10 restaurants and see if they'd be open to almost doing like a take and bake, but almost like a Facebook live. How to cook that lasagna and how to make it myself at home. But it gives that restaurant some publicity within the community, the digital community of that financial brand on Facebook. It's something that can be shared and be a little bit more organic. Local, if you will. Is that a concept that you think other restaurants from your perspective might be inclined to collaborating with the local community institution to co-create some content together?

Seth Sieget-Gardner:

I would think that restaurants and kind of just the hospitality business in general, if you are going through this process narrow mindedly, you're screwed. So I think people need to be open to every idea. I think you've got to figure out how you're going to produce it, are people getting paid for it? I think there's a lot of ways that something like that could work, but also maybe it's to help benefit people in the hospital industry and things like that. I think that now more than ever, we need to create a community that's kind of helping each other.

Seth Sieget-Gardner:

And I think that in the hospitality business, we always want you and your family and your four kids and to come and sit down and escape for a minute in our restaurants. So now we have to figure out how to do that in people's living rooms and in their home offices, but then in a way that they feel good about what they're doing. So if they're spending money to have like a cook at home with your family class or something like that, I think it would be interesting if it could be interactive as well so you could communicate with the chef. Like you're saying with that whole Facebook Live, but being able to... I almost think that it's going to be that personal chef interaction situation.

Seth Sieget-Gardner:

And maybe it's a small amount of money, but maybe it's something that if you do enough of those classes, it makes sense for you to have your cooks there doing the classes and teaching them how to talk to guests. Because I mean just talking to my peers over texts and quick phone conversations about what's next, it's like are you going to rush to a restaurant once they lift some of the mandates? Are you going to go to a restaurant? Are there still going to be open kitchens when you go to restaurants? Are they going to like put plastic screens up? There's so many things that I think that are going to change, the trends that have happened that I think a lot of guests like that probably are going to have to go away. So how do we keep creating that experience for people going forward that isn't just like this really sterile, feeling unsafe when your waiter comes up to you with a mask and gloves on or something like that? So.



James Robert Lay:

That's a really good point. It's yeah, they might lift some of this, but we've been so psychologically scarred, if you will, that it's going to take some time before we build courage to go back up and venture out and be around people. I see this is where, once again, the financial brands can come together and support the local community beyond just giving access to loans, but also being part of the promotion of some of these local restaurant and bar brands. I've even made recommendations to a couple of clients. Work with your local bars to do a virtual happy hour and then bring in like a solo show and everyone can just kind of have that sense of community.

Seth Sieget-Gardner:

Exactly. I think that's really smart. And I think it's part of the direction. Nothing is off the table now.

James Robert Lay:

Yeah. You know, you were talking about community and I know that Chris Shepherd, he, he started the Southern Smoke Foundation. He came early on and y'all were having conversations. Can you talk about what the Southern Smoke Foundation is, what it's doing? Because I think it's another model that looking at it objectively from the outside, you're not even waiting for financial institutions to provide support to the hospitality industry. The hospitality industry has almost created some type of a financial vehicle mechanism to support one another, which I find to be very fascinating.

Seth Sieget-Gardner:

And I think it has to do with a lot. I mean most people that are in the restaurant business are I like to think pretty hard people. They don't like to take handouts. They don't like to ask for help. So I think what Chris has done is he's set it up in a way that it's we're helping each other. We're not just holding our hands out asking for money. And I think that it's changed a lot. I mean it started out as a way to raise money for one of Chris's oldest friends, Antonio, when he got diagnosed with MS. And then when Harvey hit, it was like, "All right, we need to pivot this to helping people affected by Harvey." And obviously now it's like the hospitality business is going to take one of the hardest hits.

Seth Sieget-Gardner:


I mean they took the immediate hit on this. But the supply chain of what happens through the hospitality business with delivery drivers, farmers, it's going to be huge what is going to be affected by it. And so immediately, yeah, your bartender, your waiter, all these people, they lost their jobs instantly. There was no holding onto them for a couple of weeks to see what happened. It was no money in, no money out. And you know, most people don't know restaurants are on 15 to 30 day net. So everyone's bills are coming due right about now probably. So you've got a lot of suppliers that are asking for those 15, \$25,000 checks to cover all your dry goods for the past month or something like that.

Seth Sieget-Gardner:

So with Southern Smoke, I think it was an amazing way that Chris and his team that he's grown through just the initial idea of let's throw a party and raise some money into this juggernaut of basically help they're providing. It just transitioned. But I think it's going to continue to grow, and I think a lot of people are going to look at that model and understand this is how you can really help a community.

James Robert Lay:

Yeah. I mean, if I was working at a financial brand and I was committed to supporting the local community, this is an example. For context, and this was late March, Southern Smoke Foundation had



received 3,500 applications for hospitality workers that were either laid off or furloughed because of COVID-19, and that number has grown to 17,000 in just a few weeks. But I know that the Restaurant Workers Community Foundation out of New York vowed to give half of its fundraising to Southern Smoke. So it's generating millions of dollars that are then being transitioned back into the hospitality community. Any financial brand could look at this and say, "Wow, that's something that I could get involved with and support either financially or in other ways, just promotionally wise, because it's about really people helping people at this point."

Seth Sieget-Gardner:

Exactly.

James Robert Lay:

As we wrap up, you've got an audience of financial brand marketing teams, sales teams, leadership teams, listening to this. What is one recommendation that you can make to them from you in the hospitality industry, because 12 months, 18 months is what I'm projecting and what I'm making recommendations around strategically, operationally for financial brands. And then what happens after that? It's still too fuzzy, but that's what a lot of people are projecting for us to get through this together. What's one recommendation that you could make to help someone, like your community, from their perspective of financial services?

Seth Sieget-Gardner:

I think it's creating a model so that businesses can pivot on that model and start seeing some growth again. I think that a lot of like full service restaurants that are in the takeout business like here. Let's say you're only operating at 20% of where you need to be, like where do you need to be to bring back the number of employees that make sense to get you at least a 50% or something like that?

Seth Sieget-Gardner:

I mean, yeah of course, if you can get businesses whole again, that would be amazing. And I do think some are seeing that because they're just saying like, look, maybe was a barbecue restaurant or something, I stand in line at the barbecue place. I don't get to sit down in the barbecue place, but I still know that they're doing like a start to finish. They're filling their smokers and emptying their smokers at the end of the day. And they're done. Yeah. Maybe they're not selling as much beer on site, or soft drinks, or something like that. But I just think figuring out a way that you can help the pivot into like a digital world without upfront cost to them.

James Robert Lay:


That's huge right there, Seth. I think that's such a great key takeaway to end on. And I'm going to summarize that. Almost pulling together, for lack of a better word, a community innovation collaboration project facilitated by the local financial brand to bring together different people from different businesses to solve real problems for a digital first world. Is that a fair summary of that thinking?

Seth Sieget-Gardner:

Absolutely. And I think a lot of us come from the old school where this isn't like anything that we ever thought we'd have to wrap our heads around. And now...

James Robert Lay:

Yeah. Yeah. Well, speaking of now wrapping our heads around this. It's happening so fast. Continue.



Seth Sieget-Gardner:

Yeah. Yeah. It's just never in my wildest dreams would I think that restaurants that I love going to with my wife for special occasions now are going to be selling a hundred percent of all the food they sell online. It's a crazy thing to think about.

James Robert Lay:

It really is, and it's almost like what happened two years ago when like the Blue Aprons of the world came out. It wasn't take and bake. It was almost like ship and bake. But that's happening almost at a local market level now. So it's strange times for sure. But I see a lot of opportunity for those, to really use your words, those that can adapt and can pivot and not get stuck in that old thinking because the world's never going to be the same again.

James Robert Lay:

Hey Seth, thank you so much for the conversation today, man. Always good hearing from you.

Seth Sieget-Gardner:

Absolutely. Thanks for including me.

James Robert Lay:

Yeah. If anyone has questions for you, because you just bring such a unique perspective, and they want to connect. They want to say hello. What's the best way for them to do that.

Seth Sieget-Gardner:

Obviously emailing, I think I've provided some of that stuff. And then, social media, Instagram, Facebook. I mean I think my perspective is limited, but I've been in the restaurant business my entire life and kind of gathering as much information from fans as possible to just try and understand like the problems we're going to face and look into that magic eight ball.

James Robert Lay:

Yes, sir. Seth, thanks again for joining me on another episode of Banking on Digital Growth.

Seth Sieget-Gardner:

All right. Thank you.

James Robert Lay:

Until next time be well, do good, and wash your hands.