



## Statement of the U.S. Chamber of Commerce

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**Making Washington Work for America's Small Businesses**

**Maxine Turner**

**Founder of Cuisine Unlimited Catering & Special Events  
and  
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**Before the Small Business Committee  
U.S. House of Representatives**

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The Chamber's mission is to advance human progress through an economic, political, and social system based on individual freedom, incentive, initiative, opportunity, and responsibility.

The U.S. Chamber of Commerce is the world's largest business federation representing the interests of more than 3 million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations. The Chamber is dedicated to promoting, protecting, and defending America's free enterprise system.

More than 96 percent of Chamber member companies have fewer than 100 employees, and many of the nation's largest companies are also active members. We are therefore cognizant not only of the challenges facing smaller businesses, but also those facing the business community at large.

Besides representing a cross-section of the American business community with respect to the number of employees, major classifications of American business—e.g., manufacturing, retailing, services, construction, wholesalers, and finance—are represented. The Chamber has membership in all 50 states.

The Chamber's international reach is substantial as well. We believe that global interdependence provides opportunities, not threats. In addition to the American Chambers of Commerce abroad, an increasing number of our members engage in the export and import of both goods and services and have ongoing investment activities. The Chamber favors strengthened international competitiveness and opposes artificial U.S. and foreign barriers to international business.

Thank you Chairman Chabot, Ranking Member Velazquez, and Members of the Committee for the opportunity to speak with you today. My name is Maxine Turner and I am the Founder of Cuisine Unlimited Catering & Special Events in Salt Lake City, Utah. I am here representing the U.S. Chamber of Commerce of which I am a Board Member and chairperson of the Small Business Council. I am honored to speak before you today regarding the critical issues that affect our small business members.

The Chamber is the world's largest business federation. It represents the interests of over 3 million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations. The majority of Chamber members are small firms. In fact, 96 percent of Chamber member companies have fewer than 100 employees and 75 percent have fewer than 10. Our Small Business Council works to ensure the views of small business are considered as part of the Chamber's policy-making process.

My company, Cuisine Unlimited, was established more than 37-years ago offering off-premise catering. Today, we are a second-generation family owned business with 120 full and part-time employees offering full catering and events services in our local community, nationally and internationally. We have catered events throughout the country and have been involved with seven Olympic games. We were the exclusive caterer at USA House for the United States Olympic Committee in Athens and Torino.

As chair of the Small Business Council, I have met with hundreds of small business owners to better understand the U.S. small business landscape. Over the past decade, there have been many obstacles to overcome, including the worst recession since the Great Depression and a multitude of federal mandates coming from Washington, DC that have challenged our very existence. We want to grow our companies and contribute to the success of our communities. We find, however, roadblocks to that opportunity. We want to work with you to change that course so that our businesses have the resources to expand, create new jobs, and have a positive impact on our economy.

Sometimes it is overlooked that small businesses comprise 99 percent of all U.S. employer firms and provide almost half the private-sector jobs.<sup>1</sup> An individual employer may seem small, but the collective economic power of small business is very large. Roughly 50 percent of small businesses are women-owned and the small business sector is a job-creation machine, accounting for 2/3 of the net new jobs over the past two decades.<sup>2</sup> These facts reinforce the importance of policies that

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<sup>1</sup> Office of Advocacy, U.S. Small Business Administration, *Frequently Asked Questions* (June 2016), available at: [https://www.sba.gov/sites/default/files/advocacy/SB-FAQ-2016\\_WEB.pdf](https://www.sba.gov/sites/default/files/advocacy/SB-FAQ-2016_WEB.pdf).

<sup>2</sup> *Id.*

encourage and help sustain our businesses so we may invest in our future and that of our country.

As chair of our Small Business Council, I have the opportunity to hear from our members on a regular basis. Their stories are compelling and one cannot help but empathize with the difficulties faced by these business owners.

### **Access to Capital**

The challenge of obtaining capital has been a consistent theme for small businesses. It is, however, the very fundamental component that drives innovation and business growth. Small businesses do not have large cash flows, cash reserves, or emergency funding. Therefore, access to capital plays a paramount role in economic growth and job creation.

While passage of the Dodd-Frank law may have calmed fears of another financial meltdown, an unintended consequence of the law has been limiting small businesses' access to capital.

Natalie Kaddas is an example of the unintended consequences of Dodd-Frank. Kaddas Enterprises is an active member of the Salt Lake Chamber of Commerce and I met Natalie through our mutual leadership in Salt Lake City. Kaddas is a 50-year old plastic molding manufacturing firm and a few years ago they secured an international contract for their BirdguarD™ product. Natalie thought this incredible opportunity was the time to take an entrepreneurial leap forward and build a new facility. They immediately filled out bank applications, and worked with a realtor and contractor to begin the process. Hopes were dashed when three banks with Small Business Administration (SBA) guarantees turned them down. Land was pledged, collateral offered, but like so many others, Kaddas didn't make it high enough up the point system for any bank to consider the loan.

Personally, my company faced the exact same problem. We were awarded the exclusive contract for all food and beverage services at our new performing art center that opened in November 2016. It required that we make the investment to equip three on-site kitchens and all the necessary small wares. This annual multi-million dollar contract gave us the opportunity to expand. We would increase from a staff of 50 to well over a hundred within a few months. We met with three banks and our regional SBA representative. We have had four very successful loans through SBA and all repaid ahead of schedule. The bottom line, all three banks turned us away. How could we fulfill our obligation to this contract without financial backing?

We looked for other sources of revenue. We learned of an economic development grant offered by our city. We applied and received 1/3 of the necessary funds needed. We made due, equipping only one kitchen and pulling used small wares from our catering operation. We halted a remodel to our main catering facility to accommodate the additional inventory and servicing the theater. We used much of

our profits from 2016 to purchase the most critical items with the hope that 2017 would be a good enough year to see us through any additional challenges. It left us with little working capital and no reserves. It simply should not be this hard for businesses to get access to the capital they need.

## **Competitive Workforce**

In his State of American Business address, the President & CEO of the U.S. Chamber of Commerce, Tom Donohue, expressed his concern regarding a competitive workforce. He stated, “A well-trained, well-educated workforce is also critical to driving economic growth—and to making sure all Americans have a genuine opportunity to share in that growth. ... [W]e need to help young people, as well as adults who need retraining, obtain credentials—degree, certificate, or otherwise—that are valued in the labor market. We need to encourage work-based learning opportunities and develop more partnerships between local business communities and local educators.”<sup>3</sup>

The lack of a skilled workforce is challenging for all businesses no matter the size. For small businesses, access to job seekers with the skillset needed is a tedious and time-consuming task. When the Goldman Sachs 10,000 Small Business initiative partnered with Babson College to study small business issues, they discovered that over 70 percent of small businesses find it difficult to hire qualified employees.<sup>4</sup> The main reason cited was that potential candidates lack the requisite skillsets.<sup>5</sup>

I commend the U.S. Chamber of Commerce and its efforts to address these issues. A priority for the Chamber is to improve the workforce system by working with Congress to reauthorize the Carl D. Perkins Career and Technical Education Improvement Act of 2006. The law’s reauthorization will help ensure alignment between career and technical education (CTE) and other workforce development laws, such as the Workforce Innovation and Opportunity Act. Also, reauthorization will continue the strong emphasis of developing CTE programs with employer input, that reflect regional labor market needs, and that are relevant and meaningful for students by providing them with a path to a postsecondary degree or certificate or to high-skilled, high-paying jobs.

Another Small Business Council member, Ashok Krish, is a good example of how

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<sup>3</sup> Tom Donohue, *2017 State of American Business Address*, U.S. Chamber of Commerce (January 11, 2017), available at: <https://www.uschamber.com/speech/2017-state-american-business-address>.

<sup>4</sup> Babson College, *The State of Small Business in America 2016* (June 24, 2016), available at: <http://www.goldmansachs.com/citizenship/10000-small-businesses/US/news-and-events/babson-small-businesses/multimedia/babson-state-of-small-business-in-america-report.pdf>.

<sup>5</sup> *Id.*

small tech firms are struggling to keep up with staffing needs. Ashok is the owner of Kaizen Technologies in Edison, New Jersey. There are over 3,000 IT firms in the tri-state area and his needs for highly skilled workers cannot be met without a reliance on foreign professionals who can work for him under the H-1B Visa program. Like many small business owners, Ashok works with his state's labor department and assists in training programs for those returning to the workforce. Even with his networking, good will, and resources devoted to training potential hires, Ashok needs to utilize the H-1B Visa program so he can fill the technical positions he has available to meet the growing demand for these skills.

Many small businesses have partnered with trade schools offering their students paid internships. Large corporations are offering recent high school graduates good pay with on-the-job training with a guarantee of a high-paying job upon completion of their education. Small business owners are feeling the pressure that their future workforce will no longer be available.

## **Regulations**

A supportive regulatory environment is essential to protect the general public and help guide sound business practices. Over regulation is burdensome and the recent upsurge in regulations over the past several years has left business owners overwhelmed and concerned.

As noted by J.D. Foster, Chief Economist for the U.S. Chamber of Commerce, "Regulations have costs that go far beyond the simple calculations presented. They also create uncertainty among affected businesses as they wait for the regulations to come out, become final, and then become internalized within the business. Perhaps even more important, when businesses are subject to such an onslaught of regulations in complete disregard to the economic damage they inflict, and especially in combination with other policies such as the administration's enacted and proposed anti-growth tax policies, the net result is to create at least the appearance of an antagonistic attitude toward businesses. Businesses can then become overly cautious and defensive and these consequences appear in the declining business investment in [the middle two quarters of 2016]."<sup>6</sup>

The Chamber has heard loudly from its small business members about the problems with the torrent of federal regulations emanating from Washington, DC. Research conducted by the U.S. Chamber of Commerce Foundation probes into the costs of red tape on small business and spells out how the \$1.9 trillion annual cost of federal mandates is a drag on the American economy. The Foundation study includes a

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<sup>6</sup> J.D. Foster, *Declining Labor Productivity; Both a Symptom and a Warning*, U.S. Chamber of Commerce, *Above the Fold* (August 11, 2016), available at: <https://www.uschamber.com/above-the-fold/declining-labor-productivity-both-symptom-and-warning>.

survey of leaders from local chambers of commerce who are alarmed by the slump in new business startups and insist that federal regulations are largely to blame.<sup>7</sup>

I am proud of the members of the Chamber's Small Business Committee for voicing concerns to agencies and to Congress about problems with red tape. From the overtime rule to the fiduciary rule to minimum wage thresholds and problems with the Affordable Care Act, we have worked with policy committees at the Chamber and have testified before your Committee and others to try and bring some "Main Street common sense" to regulatory policy decisions here in our nation's capital.

I also greatly appreciate this Committee's work to address the problems associated with unnecessary, duplicative, or excessive federal red tape by guaranteeing that small business stakeholders like me have a place at the table when regulatory decisions are made. That is the concept embodied in H.R. 33, the Small Business Regulatory Improvements Act that passed the U.S. House of Representatives. I hope the Senate takes up the measure soon.

### **Closing Remarks**

In closing, Tom Donohue, in his January State of American Business Address, said, 'If we are able to move our economy from 2 percent growth to 3 percent growth, that's not a one percent increase in our performance—it's a 50 percent increase. Yet ultimately, growth is not about numbers. Growth is about people. Increasing our growth rate 50 percent or more would have an extraordinarily positive impact on jobs, incomes, and opportunities—not just for the few, but for the many.'<sup>8</sup>

New opportunities for entrepreneurs, beginning with tax reform, regulatory reform, and other priorities, would result in an economic vigor that would benefit every family across this country. A health care program that meets the needs of our citizens with reasonable costs would spark new optimism. We understand the serious work that must be done to solve many of these issues. We are here to support and work with you to stoke an economy where opportunities abound.

Thank you for the opportunity to speak with you today and I look forward to any questions you may have.

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<sup>7</sup> Michael Hendrix, *Regulations Impact Small Business and the Heart of America's Economy*, U.S. Chamber of Commerce Foundation, *Above the Fold* (March 14, 2017), available at: <https://www.uschamberfoundation.org/blog/post/regulations-impact-small-business-and-heart-americas-economy>.

<sup>8</sup> Tom Donohue, *2017 State of American Business Address*, U.S. Chamber of Commerce (January 11, 2017), available at: <https://www.uschamber.com/speech/2017-state-american-business-address>.