

**Congress of the United States**  
**U.S. House of Representatives**  
**Committee on Small Business**  
2361 Rayburn House Office Building  
Washington, DC 20515-6515

**MEMORANDUM**

**TO:** Members of the Committee on Small Business

**FROM:** Committee Majority Staff

**DATE:** May 9, 2025

**RE:** Full Committee Hearing Titled: “A Small Part in A Big Company: Examining the Power of Franchising in the American Economy”

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On **Thursday, May 15, 2025, at 10:00 AM ET** the Committee on Small Business will hold a hearing titled “**A Small Part in A Big Company: Examining the Power of Franchising in the American Economy.**” The meeting will convene in room 2360 of the Rayburn House Office Building. The purpose of this hearing is to examine the value of franchises in the small business ecosystem and assess what issues franchisees face in the modern economy.

**I. Witnesses**

- **Mr. Randy Cross**, Franchise Owner, Fish Window Cleaning
- **Mr. Craig Wright**, CEO, AquaTots Swim School
- **Ms. Jennifer Beaudoin**, Franchisee, Buffalo Wild Wings
- **Mr. Gary Kalman**, Executive Director, Transparency International US

**II. Background**

A large but often overlooked portion of the American small business ecosystem are franchises. The franchise model works by providing a small business, the franchisee, access to the business model and branding of an established company, the franchisor. Under franchise relationships, the franchisee operates one or more locations using the franchisor’s branding and business model while retaining control of business operations such as staff, training, and management.

Franchises, much like independent small businesses, provide jobs and opportunities in local communities, sponsor local schools and sports teams, and help build a sense of community. In addition, franchise businesses face many of the same challenges as independent small businesses with respect to access to capital, hiring, and expanding operations. Despite the often nationally recognized branding, franchisees operate in the same way as traditional, independent small businesses.

Unfortunately, there is a common misconception that franchisees are not small entities but rather operate as part of the franchiser's large business. This has resulted in cities and states implementing laws that require franchisees to comply with laws, standards, and regulations designed for larger corporate entities.<sup>1</sup> Complying with the more rigid scheduling and compensation provisions created in these cities and states puts franchisees at a disadvantage.

To improve franchisees' access to Small Business Administration loan programs, the SBA will reinstate its "Franchise Directory" starting June 1, 2025.<sup>2</sup> This change will allow approved franchises to receive access to the Franchise Directory, giving them streamlined access to the SBA's lending program.

### **III. Conclusion**

Franchises play a vital role in building a robust small business economy. Fostering quality relationships between franchisees and franchisors can ensure that these small businesses have the opportunity to thrive in the Golden Age of America.

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<sup>1</sup> *Franchise Discrimination*, INT'L. FRANCHISE ASS'N (last visited May 6, 2025) available at <https://www.franchise.org/2019/03/franchise-discrimination/>.

<sup>2</sup> News Release, U.S. Small Bus. Admin. , SBA Eliminates Disastrous Biden-Era Underwriting Standards (Apr. 22, 2025), <https://www.sba.gov/article/2025/04/22/sba-eliminates-disastrous-biden-era-underwriting-standards>.