

Testimony of Mary Kennedy Thompson
On Behalf of The Dwyer Group and International Franchise Association
November 6, 2013

Good morning Congressman Flores and members of the subcommittee. My name is Mary Kennedy Thompson and I am President of Mr. Rooter Plumbing based in Waco, TX, which is a proud brand of The Dwyer Group family of service enterprises representing more than 1600 franchisees worldwide and 124 franchisees in Texas employing more than 850 people. I am honored to have the opportunity to speak at this field hearing of the House Veterans' Affairs Subcommittee on "Texas' Innovative Approaches to Jobs and Employment for Veterans." Taking care of our veterans who have faithfully served our country is a subject that is very near and dear to my heart as is the Veterans Transition Franchise Initiative, or VetFran.

In 1985, I received my commission as an officer in the U.S. Marine Corps where I served for eight years and achieved the rank of Captain while on active duty. During my service, I had the honor to become the first female platoon commander for my unit and my service took me around the world, including North Carolina, California the Philippines and Japan. When I returned home to Texas I made the decision to go into franchising. I became a franchisee in the Cookies by Design system in Austin, Texas where I earned company awards for Top Performer and Outstanding Customer Service. After I sold my businesses, the corporate office asked me to join the headquarters as the Director of Franchise Operations, eventually becoming the brand's President. I came to Mr. Rooter in October of 2006 to proudly serve the 40 year old company as its first female President.

I appear before you today on behalf of The Dwyer Group and the International Franchise Association (IFA). The Dwyer Group opened its doors in 1981 with only one brand and has grown to become the holding company of seven service-based franchise organizations: Aire Serv, Glass Doctor, Mr. Appliance, Mr. Electric, Rainbow International, The Grounds Guys, and my brand Mr. Rooter. We are an active member of the IFA and the founding company for VetFran. As the largest and oldest franchising trade group, the IFA's mission is to safeguard the business environment for franchising worldwide. IFA protects, enhances and promotes franchising by advancing the values of integrity, respect, trust, commitment to excellence and diversity.

According to a 2012 study conducted by PricewaterhouseCoopers, there are more than 820,000 franchised establishments in the U.S. that are responsible for creating more than 17 million American jobs and generating \$2.1 trillion in economic output. Franchising operates in a variety of industries; including automotive, commercial and residential services, restaurants, lodging, real estate and business and personal services. One out of every eight private, non-farm jobs in the United States comes from franchising. This is especially true in Texas.

The IFA and its members have long supported the efforts of this Subcommittee and the Department of Veterans Affairs'. For several years, the IFA has maintained an ongoing dialogue with the U.S. Department of Veterans Affairs' Center for Veteran Enterprise, seeking ways to improve program outreach to transitioning veterans.

Watching the events of the Gulf War unfold in 1990, the president and founder of my parent company, The Dwyer Group, Don Dwyer Sr., a veteran himself, decided he had to do more for our service men and women. He considered the traditional ways of support, but saw nothing that captured the spirit on the scale he envisioned. A short time later, while attending the IFA's 1991 annual convention, he conceived the ideal solution: help our veterans achieve

the American Dream by owning their own franchised small business.

Just before Veterans Day in 1991, the program was officially launched during a press conference in Washington, D.C. and soon, more than 100 franchise systems were participating as partners in the effort, providing financial incentives for honorably-discharged veterans. Following the events of September 11, 2001, the VetFran initiative was reenergized by Dina Dwyer Owens, the CEO and Chairwoman of The Dwyer Group and now boasts more than 600 franchise systems participating offering veterans discounts, incentives to help them in small business ownership and connecting them to jobs throughout the United States as well as the great state of Texas. I am so proud that an initiative started right here in Waco, Texas by The Dwyer Group has had such an impact across our nation.

In November 2011 the First Lady, Michelle Obama, partnered with the IFA to launch Operation Enduring Opportunity. She was looking to the business community to help hire and recruit 100,000 veterans as business owners and team members by 2014. Our franchising community pledged to hire 80,000 veterans. To date, I am so proud to announce that a program first started in Texas by The Dwyer Group and then built throughout the nation as ensured that 151,557 veterans and military spouses have been hired through franchising these past two years. Also 5,192 veterans have come into small business ownership through this program. Veterans looking for opportunities in franchising can begin by logging onto to www.VetFran.com to start their journey. VetFran.com includes a veteran tool kit, information on franchising, and a veterans job bank to help match veterans to employers.

I am pleased to report that since 2002, The Dwyer Group had brought in more than 298 veterans into small business ownership with more than \$1.8 million in discounts awarded to veterans. When Operation Enduring Opportunity was launched we pledged to hire 300 veterans throughout the United States as our promise. To date our franchisees combined with our corporate headquarters have hired more than 624 veterans. Some examples include my Vice President of Operations, John Mendel, who joined our company late last year after retiring as a Navy Captain. He proudly served in Bahrain and Bagdad. Jason Lee, the newest member of our marketing team joined us this past July after serving in the Army as an E-4. He is our Public Relations Specialist and at this very moment is in Kansas performing his Army Reserve duty.

Franchising and Veterans – a Great Match

Franchising is the great American Dream. It allows people to own a business and teaches them a system to help them be successful. As a franchisee, you have control over what you are doing in your life—you are your own boss. I grew up in a military family and served in the military, we were not an entrepreneurial family, and I did not know how to run a business. However, I wanted that control—to be my own boss—I was successful because I followed the system that the franchise set up.

When I was in the Marine Corps, I became accustomed to following the systems of the military, and it has directly helped me succeed in franchising where systems are the foundation of success. That is why I believe that franchising offers significant advantages over other types of business—particularly for military veterans. As was the case with my experience, we often say that franchising allows you to be in business for yourself, but not by yourself. By choosing franchising, an entrepreneur not only has immediate access to support, training and expertise from the franchisor but is also buying the rights to use a valuable and recognized name brand. Furthermore, the franchisor provides the entrepreneur with a business plan and

operations manual that were developed to help guide and direct the successful operation of the business. Combined with ongoing support and teamwork, the franchise business model gives entrepreneurs a solid foundation to be successful and a leg up on the competition.

Franchising is an interdependent relationship in which the franchisor licenses to the franchisee the right to use its trademarks, intellectual property, and business and operating plans in exchange for a fee. The result is a relationship in which both the franchisor, who is able to develop new units more effectively than through corporate ownership, and the franchisee, who is able to operate an independent business backed by the power of a recognized brand and proven operating system, win. This mutually dependent relationship requires the franchisor and the franchisee to collaborate to achieve mutual success, since neither will be successful without the other.

As a proud veteran of the United States Marine Corps, I can attest to the fact that members of our armed forces are disciplined, hard-working, passionate people who have an ingrained trait to work within systems. They are accustomed to following standard operating procedures, which is very similar to franchising which uses manuals, systems and procedures to maintain the integrity of the brand. That is the main reason why former members of the military make excellent candidates for franchise ownership as well as outstanding employees.

It is estimated that in the next five years more than a million service men and women will transition out of the military. These men and women are looking forward to rejoining their families, going back to school or starting their own business. With the diversity of jobs in the military, veterans reenter civilian life with the skills needed to succeed in franchising whether it's as a small business owner or an employee of a franchisee. Their Military Occupation Specialty, which is the military's way to identify an individual's particular specialty, can help our returning service men and women identify the best franchise system that meets their skills and training.

Helping fellow veterans make the transition to civilian life and realize their dream of small business ownership is one of my passions. In addition to recruiting veterans to Mr. Rooter Plumbing, I am the Director of Veteran Affairs for The Dwyer Group, and from 2010 to 2013 served as the chairwoman of the IFA's VetFran Committee. In this role, I worked with other members of the IFA and VetFran participating companies to encourage more systems to offer veterans discounts and benefits when purchasing a franchise as well as provide employment opportunities for our returning veterans. In that two year period we grew participation in the program by 79% and launched Operation Enduring Opportunity. In addition, I teach the franchising class at the Entrepreneurship Bootcamp for Veterans with Disabilities hosted by the Center for New Ventures and Entrepreneurship at Texas A&M University.

As we at The Dwyer Group and IFA strive to honor our nation's returning veterans I ask this committee to help pass legislation to aid our veterans' investment in their future. The Help Veterans Own Franchises Act (HVOFA) introduced by Representative Aaron Schock (R-III) and Senator Bob Casey (D-Pa.) in the 112th Congress would have provided significant incentives for veterans to own their own franchise business. This legislation establishes a tax credit for franchise businesses offering qualified veterans a discounted initial franchise fee. The tax credit would amount to 50% of the total franchise fee discount offered by the franchisor, capped at \$25,000 per unit, and also provides a tax credit to the veteran for the remaining initial franchise fee paid. Enactment of this tax credit will encourage economic growth and create more jobs. Our veterans deserve this chance after so faithfully serving our country. IFA is engaged with members of Congress to re-introduce the HVOFA in the 113th Congress. Franchising has shown it's commitment to hiring veterans and veterans hire veterans. Let's help

get more veterans into small business ownership and provide more jobs here in Texas and our great nation.

Again, on behalf of the International Franchise Association as well as Mr. Rooter Plumbing and the entire Dwyer Group family of brands, we sincerely appreciate the good work of this subcommittee. We strongly urge you to support and help pass the Help Veterans Own Franchises Act, so that more of our veterans may return home to begin building a bright future for themselves, their families and their communities through small business ownership. The members of the IFA look forward to a continued working relationship with this Subcommittee as well as supporting the initiatives underway at the Department of Veterans Affairs and the Small Business Administration to assist our returning men and women of the Armed Services.

Thank you and God Bless America.