

Written Testimony of Chris Holmes, CEO of CLH Development Holdings, Inc. On The Impacts of the NLRB Adopting a New Joint Employer Standard Before the House Education and the Workforce Committee's Subcommittee on Health, Employment, Labor, and Pensions

Chairman Roe, Congressman Byrne, and distinguished members of the Committee, thank you for the opportunity to testify before you today.

My name is Chris Holmes. I am the Area Representative for Firehouse Subs in Northern Florida, South Georgia and Southeast Alabama. I currently own and operate one Firehouse Subs restaurant in Tallahassee, FL and led the development of 30 other Firehouse Subs restaurants in this region of the country.

I am here today to discuss my concerns regarding an expanded definition of joint employer and the very real threat to my business that a new joint employer standard brings. But before I do that, I want to discuss another definition as well. As a small business owner and an entrepreneur who started off my career as a sixteen-year old kid at my local McDonald's, I am the living definition of the American Dream.

From that first job, I pursued a career in the restaurant and retail business, working my way up the ladder of the industry – from dishwasher to manager to district manager and now to a business owner who has the privilege of testifying before the United States Congress. What an amazing journey. But yet, at the same time, what a typically American one! I am here today because I believe that dream may be in jeopardy.

Our story is not unlike millions of other small business owners. My wife and I decided that after numerous roles in the industry, we wanted the independence of owning and operating our own small

business and the ability to take control of our family's financial future. As we looked for those opportunities, we became associated with Firehouse Subs and for the first time, exposed to the franchise business model. For us, this was the perfect scenario. We could run our own independent business while at the same time, participating with an exciting, growing but proven brand that customers clearly loved. The ability to franchise was our entry point into small business ownership.

So we did what so many other entrepreneurs have done - we took out second mortgages, we sold everything that wasn't nailed down, we maxed out credit cards, and borrowed money from our parents. And we put together enough to take the risk. So at 32 years of age, we opened our first restaurant. Things went well for us and just four months later, we opened our second one. It literally wasn't until we went to open our third restaurant that we were in a position to qualify for a normal bank loan. The franchise model opened the door for ourselves and millions of others just like us to pursue small business ownership. Without it, we would never have been able to realize the dream.

Franchising is often misunderstood but actually a very simple and effective model. My arrangement with Firehouse of America is very straightforward. They provide the brand materials, including the trademarks and logos, recipes, significant marketing support and countless other resources to maintain consistency across the brand. But, in all other respects, I operate as an independent stand-alone business, just like a non-franchise small business owner would. I have the autonomy to run my business as I see fit, including on matters such as staffing, labor costs, and vendor relationships, among others.

I do all the hiring, all the firing, and I set the wage rates for my business. Firehouse of America has no role in this. It's my business. I believe, however, the new joint employer standard, if allowed to go forward, will irrevocably change that model. If the

larger franchisor is now liable for the employment decisions of their service providers, franchisees, or other contractors, then they would have no choice but to be completely involved in those decision-making processes. I will have lost my autonomy, my independence, and potentially my investment. Instead of being a small businessman, I would virtually overnight become a manager for a large company. I have played that role before and while I don't criticize that, it is not what I aspired to. I took the risk to start and run a small business and that is what has sustained our family these many years and hopefully many more to come. But I now find myself in the position that an unelected Board in Washington, DC can just unilaterally determine that my American dream is over.

For me, our business is more than just a restaurant. It's a place where we have raised our family and where we celebrated as all three of our children went off to college. It has been the site of a family reunion that has lasted more than 20 years where our children, our brothers and sisters, our nieces and nephews and even our parents and in-laws have all worked at just about every job in the restaurant, collectively building the security of multiple generations of our household. And it's a place where the careers of hundreds of young people began and where they set out on their own journeys. That would have never happened if it weren't our business and our opportunity to pursue our dreams.

While it is quite clear that the NLRB wants to negatively impact the business model of some of America's largest companies through this action, it is ironic that what they will actually be doing is hurting America's smallest businesses. The real effect will be small franchisee operators essentially losing their business to an often larger franchisor – making the large company larger and the franchisee extinct. If your goal was to push small business operators to the curb and stifle investment into new start-up businesses, you couldn't come up with a more effective tool than

this joint employer decision.

Mr. Chairman, it is my hope that you and your committee will do everything in your power to ensure that the NLRB is not able to finalize this decision. My small business and the security of my family is riding on it.