Senate Testimony 10/7/15

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Into:

My name is Jon Sorber and I am one of the original "Stick Men" from TWO MEN AND A TRUCK/International®. I would like to give a brief history of our company, talk about where we are today, how the NLRB decision will affect our business, and then introduce you to one of our successful and long-time Michigan Franchisees.

History:

TWO MEN AND A TRUCK was started by my brother and I right down the road in Okemos back in the early 1980s while we were in high school. We started hauling yard waste and trash in an old pickup truck. Our little business continued to grow with every Customer we served. When it was time for us to go to college, at Northern Michigan University, the calls for our service kept coming in. At that time our mother, Mary Ellen Sheets, decided to keep the business going so we would have a job to come back to when we would return for Christmas, spring break and our summer vacations. The only money Mary Ellen ever invested into the company, out of her pocket, as a single mother, was $350.00 for an old bread delivery truck. Under her leadership, in the late 1980s, she stumbled upon the successful franchising business model to grow the business beyond our small family run moving company here in Lansing. We were the first moving company to ever franchise.

Where we are today:

Today, we currently have more than 325 franchised locations in 39 states in the United States. We are also franchised in Canada, the UK and Ireland. Under our brand, there are approximately 8,000 employees working for our independently owned and operated franchisees in the U.S.. Proudly based in Michigan, we have approximately 2,500 trucks on the road in the U.S.. It is very good for the state to have Franchisors based in Michigan because we collect royalties from our franchisees across the country and beyond bringing revenue into our state. Since we started franchising the system has completed more than 5.5 million moves and we have brought $192 million dollars in new money into Michigan's economy through royalties. From that little pick-up truck we have grown to an estimated system wide sales this year of $414,000,000. Additionally, at our corporate headquarters, here in Lansing, we also employ 160 very talented people, all with very well paying jobs, who support our hard working Franchisees.

Concerns with the NLRB decision from the Franchisor perspective:

The NLRB's Joint employer decision dramatically changes the franchise model as it has been for 50+ years. As a franchisor we provide the tools, consulting, and brand to our franchisees and they make the day to day decisions regarding the people they have hired. If this decision stands as is, we will be responsible for approximately 8,000 employees system wide that we currently have no control over. There is no way we could absorb the cost of the insurance alone for this new relationship. The most logical way around this for us would be to change our Franchisee relationship to a Manager relationship. This is something that neither we as a Franchisor wants nor, as you will hear in a minute, our Franchisees want either.

Now I would like to introduce you to Rob Felcher, our Michigan based Franchisee, with franchises in Grand Rapids, MI and Evansville, Indiana.