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Written Testimony

United States House of Representatives

Committee on Small Business

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Mr. Brian Greenley, President of Greenley Enterprises Corp, DBA Maaco Auto Painting & Body Works

Littleton Colorado

Thank you Chairwoman Velazquez, Ranking Member Graves and Congressman Coffman for inviting me to testify today.

My name is Brian Greenley, and I am the owner of Maaco Collision Repair and Auto Painting in Littleton Colorado. Maaco, has 475 stores nationwide and is the largest chain of its kind. My franchise provides an economical choice to consumers for auto paint and collision repair. I purchased my franchise in 1991, at the age of twenty one. I am proud to say that my company has showed growth every year, except one, over the past twenty years. I started my business with six employees, and annual sales of \$400,000.00. Today, I employ 31 full time employees, and my annual sales have reached \$3.7 million. Nationwide there are 900,000 franchised small businesses employing nearly 21 million workers.

It is not my position today to convince you of the importance of small business, but to explain what makes my business successful.

It did not take long for me to understand that my service competes for discretionary income. My customers have a choice of how and where they spend their money. One key factor is to maintain a cost effective service that delivers quality, convenience and, most importantly, value. Positioning value over the years has been difficult, with rising labor costs, payroll taxes, costs of goods, utilities, property and personal income taxes. One way I have overcome these obstacles has been to increase productivity levels through streamline production methods and a strong emphasis on advertising and customer retention. I have always reinvested profits into my business for additional advertising, expansion, and quality staffing.

Early in my career, I purchased a plot of land and constructed a state of the art facility. This was done with the assistance of a SBA 504 Loan in 1997. With this assistance, I was able to achieve my goals of increased revenues, while expanding my staff and adding new products and services, at the same time striving to control costs. I believe SBA is a crucial source of funds necessary in maintaining a growing small business community that can continue to add jobs, which is so crucial to the economy, especially today.

As I have expanded my business, I have learned the importance of positioning and leveraging my brand, personal relationships, and buying power to maintain costs. One area of concern is the rising cost of labor which has more than doubled in the past twenty years. Along with labor costs, higher payroll taxes and workers comp insurance have made it difficult to maintain healthy gross margins.

As a retailer of a most competitively priced product and service, I have had to lower my gross margins in order to increase revenue. One example is maintaining the lowest advertised price for my entry level paint service. In 1991, this service was advertised for \$199.00, today it is advertised for \$249.00. This is only a 25% increase. Advertising and promoting my business is essential in the success I have achieved year after year. I have increased my advertising budget by more than 10% and have managed to increase gross sales by 5% following a record year in 2009.

It's only through my ability to aggressively increase customer count that I can keep my business successful, but constantly rising costs make it more difficult to provide value for customers. I would therefore respectfully ask legislators to understand the impact any legislation has

on the job-creating small business community, for example, higher taxes, national health care reform and legislation such as the Employee Free Choice Act.

Even with increased sales, profit margins remain a challenge to maintain. With small businesses tax incentives, we would be able to invest in our own companies. I have made that choice, to keep my employees who have invested many years of their time. It is not my intention to reduce costs by cutting jobs. Even during the economic slow-down I have not had to reduce my workforce by one person. I strive to find competitive advantages and share ideas with employees and fellow franchise owners, and look forward to continued growth. I ask Congress to embrace those of us willing to invest everything we have to make our companies and grow our businesses. I believe the administration has not placed enough focus on making life a little easier for small business owners, such as myself. A bailout or handout is not what we're looking for. But the policies recently enacted or still being debated, from health care reform to climate change and financial reform, do not from my perspective help small businesses.

Thank you Madam Chairwoman Velazquez, Ranking Member Graves, Mr. Coffman and members of the committee for your time and willingness to hear my testimony today.

At this time I welcome any questions.