



**Statement of Mary Kennedy Thompson  
President, Mr. Rooter Plumbing  
Vice Chairwoman, IFA's VetFran Committee**

**Before the House Veterans' Affairs Subcommittee on  
Economic Opportunity**

**Hearing on *Status of Veterans Small Businesses***

**April 29, 2010**

Good afternoon Chairwoman Herseth Sandlin, Ranking Member Boozman 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. Mr. Rooter currently has more than 270 locations across the United States. As a veteran, I am honored to have the opportunity to speak to the Subcommittee on Economic Opportunity about veteran entrepreneurship.

I appear before you today on behalf of the International Franchise Association (IFA). 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. Franchising operates in a variety of industries; including automotive, commercial and residential services, restaurants, lodging, real estate and business and personal services. According to a 2008 study conducted by PricewaterhouseCoopers, there are more than 900,000 franchised establishments in the U.S. that are responsible for creating 21 million American jobs and generating \$2.3 trillion in economic output.

Today, I will talk about a program that is very near and dear to my heart—the Veterans Transition Franchise Initiative, or VetFran. I will also highlight specific legislation, H.R. 2672, the Help Veterans Own Franchises Act, that Congress can act upon to make it easier for veterans to purchase a franchise. But first, I would like to take a moment to share with you the story of how I decided that franchising was the right path to small business ownership for me.

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 and later the rank of Major in the reserves. During my service, I had the honor to become the first female platoon

commander for my Beach and Port unit. When I returned home I made the decision to go into franchising because it provided a model that would help me succeed as a small business owner. I became a multi-unit franchisee in the Cookies by Design system where I earned company awards for Top Performer and Outstanding Customer Service. My success within the Cookies by Design system created wealth and opportunity for my family. I so impressed the corporate office that they later asked me to be 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.

The IFA and its members have long supported the efforts of this Subcommittee and the Department of Veterans Affairs' Center for Veteran Enterprise. 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. The agency is exploring new ways to help the association promote the program. In 2003, the agency honored the VetFran program with a Champion of Free Enterprise Award for expanding business opportunities for veterans and in 2006 renewed its official Memorandum of Understanding with IFA to jointly promote the program.

### **Why Franchising?**

Franchising is the American Dream. It allows people to own a business and teaches them a system to help them be successful. It did just that for me. Owning a franchise gives you control over what you are doing in your life—you are your own boss. At Mr. Rooter we say the business is the means to your dreams. I grew up in a military family and served in the military, we were not an entrepreneurial family, and when I started I did not know how to run a business. However, I wanted that control—to be my own boss and lead others toward a common goal.

When I was in the Marine Corps, I became accustomed to following military systems, 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 business models—particularly for military veterans. Members of the military learn to effectively work within systems and have the discipline to succeed. 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 has access to support, training and expertise from the franchisor. You are also acquiring the rights to use a valuable and recognized name brand that customers trust. 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. Franchising gives small business owners a solid foundation to be successful and a leg up on the competition.

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 and passionate people who have an ingrained trait to work well within systems. They are accustomed to following standard operating procedures, have strong teamwork skills and are dedicated to mission success. That is the main reason why I believe former members of the military make excellent candidates for franchise ownership.

An estimated 250,000 men and women transition out of the military every year. These men and women are looking forward to rejoining their families, going back to school or starting their own businesses. There are more than 85 different industries that use franchising and with the diversity of jobs in the military, veterans reenter civilian life with the skills needed to succeed in the system of their choice. Moreover, 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. I have taught at the Entrepreneurship Bootcamp for Veterans with Disabilities hosted by the Center for New Ventures and Entrepreneurship at Texas A&M University. I also serve as the vice chairwoman of the IFA's VetFran Committee. In this role, I work with other members of the IFA and VetFran participating companies to encourage more systems to offer veterans discounts and benefits when purchasing a franchise.

### **Veterans' Transition Franchise Initiative - VetFran**

VetFran is a voluntary effort of IFA member companies designed to encourage franchise ownership by offering financial incentives to honorably discharged veterans. The vision to use franchising to help military veterans transition to civilian life began nearly 20 years ago. Watching the events of the Gulf War unfold in 1990, Don Dwyer Sr., the president and founder of The Dwyer Group and 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. 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 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 in 2002 and now boasts more than 400 franchise systems participating. Since 2002, over 1,700 veterans have purchased their own franchise business with the help of the program. What began as the idea of one entrepreneur who had served in military

uniform has today become a path to the American Dream for veterans of the U.S. Armed Forces.

I am proud to report that in February of this year, The Dwyer Group topped the \$1 million mark in VetFran discounts awarded to veterans. Since 2002, The Dwyer Group has sold franchises to 233 military veterans. We have also expanded our resources to veterans through our Department of Veterans Entrepreneurship and the introduction of the complementary P.A.V.E. (Program for Assisting Veteran Entrepreneurship) Program, which offers educational and financial resources to veterans and transitioning military personnel who want to buy a franchise.

The profiles of VetFran participating companies, as well as the financial incentives they offer to veterans, can be viewed on the IFA website at [www.franchise.org](http://www.franchise.org).

### **Help Veterans Own Franchises Act**

Congress has the opportunity to make this important effort even more effective. Legislation has been introduced to cement the benefits of a program like VetFran into policy as well as encourage more franchise systems to support veterans as small business owners. I strongly urge the members of the Subcommittee to co-sponsor and for Congress to pass H.R. 2672, the Help Veterans Own Franchises Act. This legislation is co-authored by Representatives Aaron Schock of Illinois and Leonard Boswell of Iowa and currently has over 30 bipartisan co-sponsors. I would like to highlight and thank members of the Committee on Veterans' Affairs who have already agreed to co-sponsor this important legislation. They include: Representatives Michael Michaud, Glenn Nye, Jeff Miller, Ranking Member John Boozman, Vern Buchanan and David Roe. Additional co-sponsors include Representatives Ike Skelton and Buck McKeon, Chairman and Ranking Member of the Armed Services Committee as well as Rep. Charlie Rangel.

The legislation establishes a tax credit for franchised businesses that choose to offer qualified veterans a discounted initial franchise fee. The tax credit would amount to 50% of the total franchise fee discount offered by the franchisor to the franchisee, capped at \$25,000 per unit, and also provide a tax credit for the remaining initial franchise fee paid by the veteran franchisee.

Given the current economic climate, many franchised businesses are finding it harder to access the capital they need to open new stores and recruit new investors. In order to encourage economic growth and to make it easier for veterans to own their business, the IFA supports enactment of this tax credit for those franchise systems that choose to offer qualified veterans a discounted franchise fee. Our veterans deserve this chance after so faithfully serving our country.

### **Conclusion**

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 work of this subcommittee. We strongly urge you to support and 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.