

Good Afternoon Senator's and thank you for the opportunity to participate on this panel. We greatly appreciate your efforts in support of all small businesses.

As you know, small businesses create most of the nation's new jobs and employ half of the nation's work force so, any information I can provided will be my pleasure. I hope this discussion will help promote the success of all small businesses.

My name is Scott Logan and I am the co-owner of the Blue Mermaid, a Caribbean inspired restaurant and full service food and beverage caterer in Portsmouth New Hampshire. We are a very small business with 25 employees generating \$ 1 million dollars in revenue. My wife Karen and I are big fans of the SBA and it's various programs and departments.

I will quickly address the key points of our discussion and welcome any follow up questions you may have.

Oh, yes I would be remiss if I did not extend a personnel invitation for you to come experience the Blue Mermaid anytime you are in the area.

How has the economic downturn affected your company and industry?

The air of uncertainty and fear has been unavoidable.

It has become even more important for us to sharpen our pencils and our focus on all aspects of our profit and loss statement. We have seen the need to create value added incentives to entice new and old customers and still experienced a 6% reduction in customer counts and a significant increase in the use of discounts. Corporate Catering which was once 50 % of our catering business is now 15% and social catering has become less elaborate and for fewer guests.

I participate in the National Restaurant Association's Restaurant Performance Index a monthly composite index that tracks the health of and outlook for the U.S. restaurant industry. Restaurant operators continue to report declines in same-store sales and customer traffic in June, and their outlook for sales growth in the months ahead remains mixed. This is the 22nd consecutive month the index has reported a decline.

What has your relationship been with the SBA and its programs (such as the SBDC)?

We would not be a small business if it were not for the SBA. Our business was started in 1993 with an SBA guarantied loan and we purchased our building in 2002 utilizing the 504 loan program. The SBDC has become an incredible resource for us from strategic planning to reviewing business plans for potential new revenue streams. As a result of the time and counseling we received through the SBDC, we will soon launch

a specialty products line increasing revenue, labor hours and creating new jobs. We feel the SBA is an extremely valuable business partner.

What can the SBA do in the future to offer further support to small businesses?

Access to capital and credit are so important to the small business owner. The SBA is critical in that process. I hope the SBA can increase the awareness about available capital directly to the small business community and make the application and approval process quicker and easier.

The SBDCs services have been a key to our success. The workshops, seminars and briefings are valuable tools that all small business owners should take advantage of. The organizations counselors and their depth of knowledge have helped us make the best business decisions during very critical times which have helped ensure our survival. My hope is that the SBDC can continue and if the demand for their services increases they are able to meet that demand with expanded programs and available counselors.

What has been your experience as a small business employer with health insurance and the health care system?

We started our business in the early 90's during the waning years of managed care. We were a very small group but found Health Source to be a very reasonable and comprehensive provider. Over time and after acquisitions premiums increased and coverage decreased to a point where coverage for most became unaffordable.

As an industry and from a small business perspective we hope that health care reform will create a more competitive, affordable and accessible private health insurance market and allow small businesses to remain profitable while increasing coverage for Americans that chose to participate.

Points to consider:

- Taxes and fees aimed at financing health care reform must be sensitive to the economics of businesses and individuals. They should avoid imposing costs that prevent creating new jobs, basic business profitability and the ability to provide private health care options for their employees.

While the association opposes employer mandates, any "pay or play" option must treat employers with high labor costs related to overall profitability fairly. A per capita tax on employers fails to recognize that restaurants employ large numbers of employees across the wage spectrum and operate on extraordinarily thin profit margins. Employer mandates also fail to recognize that many restaurant employees work for multiple employers.

- Mandated minimum coverage levels fail to recognize the widely varying needs of the employee base of the restaurant industry. It is preferable to allow employers to offer benefits that are uniquely aligned with the needs of their workforce. Mandated coverage levels and the costs associated with providing coverage that employees don't need or want ignores the fragile business model that restaurants operate under