

**“A Job Creation Roadmap: How America’s
Entrepreneurs Can Lead Our Economic Recovery”**

Testimony of:

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The Honorable Sam Graves (R-MO), Chairman
The Honorable Nydia Velazquez, (D-NY), Ranking Member

Good afternoon Chairman Graves, Ranking Member Velazquez and members of the Committee. Thank you for hosting this important hearing on entrepreneurship and for your invitation to provide testimony. My name is Heath Hall, and I am the President and co-founder of Pork Barrel BBQ, a BBQ sauce and spice rub company, with a newly opened restaurant in Alexandria, Virginia.

Small businesses and the entrepreneurs who create them fuel the engine that drives the American economy and as a result the success or failure of small businesses determines the overall health of our nation. It is an honor to return to Capital Hill where I once served as Senior Legislative Assistant to Senator Jim Talent, a former Chairman of this distinguished Committee, and perhaps more importantly the site where two entrepreneurs converged and the Pork Barrel BBQ journey began.

In early 2006 during a heated Senate budget debate my business partner and Pork Barrel BBQ co-founder, Brett Thompson, and I were two fatigued Senate staffers working late into the evening discussing the limited late night dining options on Capitol Hill. I'm sure you've found yourselves in this position more than once. While we discussed the lack of a good barbecue joint in Washington, D.C. and our desire for barbecue that night the Senate began to engage in a debate over the merits of pork barrel spending. At that very moment the idea for Pork Barrel BBQ was born.

Like so many entrepreneurs it took us several years to transform our idea into a blueprint for what we hoped would become a successful business. In June of 2008 we dusted off the idea to create Pork Barrel BBQ and began to take the necessary steps to move forward. After several weeks in the kitchen we were ready to convene the first meeting of the Pork Barrel BBQ Kitchen Cabinet, a team of friends and family who would be our tasters, and ask them to critique several variations of what would eventually become our first product, Pork Barrel BBQ All-American Spice Rub. After a second meeting we had the recipe for our first product and figured it would be smooth sailing from there. We couldn't have been more wrong, for the challenges of entrepreneurship were just preparing to raise their ugly heads.

There is a critical point where every small business start-up and the entrepreneurs founding it have to make the decision to move forward and invest their own time and money with zero guarantee of getting anything back. For most entrepreneurs, including us, that question presented itself in the early stages when we were confronted with many forks in the road where one direction led to locking the door and heading for the safety and comfort of going no further and the other led down a path filled with challenges including interpreting government regulations, seeking adequate capital, and securing retail outlets and customers.

These challenges can make the heartiest entrepreneurs weak in the knees. There were more times than I can count in the first year of our company when we asked ourselves if attempting to reach our end goal was worth the risk, given the time away from our families and uncertainty associated with moving forward. I say this with the belief that we had it easier than most entrepreneurs as a result of our education as lawyers and

familiarity with the regulatory process as former Congressional staffers. For many, if not most, getting through these challenges means spending precious capital, which is needed for product development or production (essential to elevating an idea to the point it can be considered a viable company) and on advisors who can instruct them on how to make their way through these early and frequent minefields.

After months of combing through state, local and federal regulations to ensure we were in compliance, Pork Barrel BBQ was formally founded in December 2008. Many friends and family members thought we were crazy founding Pork Barrel BBQ at the peak of the economic crisis, but we wanted to prove that a small business could succeed if it was founded by entrepreneurs with a tireless work ethic, who had a great product and a few people who believed in them enough to provide them critical advice and give them a chance. It was our goal to prove that the free market was still the best path to success for entrepreneurs and small business to take on their journey to grab their slice of the “American Dream.”

We sold our first tin of Pork Barrel BBQ All-American Spice Rub on December 4, 2008, and over the next three weeks sold nearly \$2,000 in rub – if you knew any of our friends or family that holiday season you probably received a tin of our rub as a gift. We were flying high and felt like nothing could stand between us and success. That feeling lasted for only a few weeks before the cold reality of the challenges associated with breaking into the retail world hit us square in the face. We were an unknown, undercapitalized business in the land of giants. We needed everyone, while no one needed us. We were once again at a fork in the road where we had to decide whether to expand our risk or pack it up and go home.

We reassessed where we were and where we wanted to be and what it was going to take to get there. The first realization was that we needed every ounce of capital we could find, which at the time meant every ounce of capital we could personally contribute. Out of necessity we were forced to be good stewards of our limited funds and do the overwhelming majority of the work ourselves.

Because we had limited funds in addition to limited access to additional capital we decided that we would take nothing out of the company, every cent of profit would be reinvested and allow for greater growth. To this day, even as our company has been much more successful than the vast majority of small businesses, we have reinvested every dollar of profit back into the company. In order to do this we have both maintained full time employment outside of Pork Barrel BBQ, and still do, but this has allowed us and our company to survive. The disadvantage of this arrangement is that we are often forced to miss opportunities because duty calls at our day jobs. We believe this has led to a slower pace of growth than we would have realized by now if we had been able to dedicate our full time and energy to growing the business.

It is important to note here that every extra regulation, requirement, or delay that government imposes is a burden that new small businesses have to overcome. These burdens cost entrepreneurs time and money and often lead to many small businesses

prematurely calling it quits, opting to create fewer jobs and slowing innovation. I'm not saying that none of the regulations were necessary or justified. They often were, but I do want the Committee to understand that they come at a cost in time and money which small businesses must pay and which can not be used to grow a company and create jobs.

Our second realization was that we would need to increase our brand identity if we had any hopes of playing on the same field as the larger and more developed businesses. The challenge was doing this on a shoe string budget. We accomplished this by targeting social media, a rapidly growing and virtually free avenue of marketing that many of barbecues' well known brands had failed to take advantage of at the time. Within a few months we became the most followed barbecue company, which we still hold the honor of today, and one of the 100 most followed food companies on Twitter. This may seem insignificant to a Fortune 500 company, but it was the key that was about to unlock a great deal of opportunity for Pork Barrel BBQ.

In May 2009 we received an unforeseen bit of luck in the form of an inquiry from a producer at Mark Burnett Productions informing us of their interest in having Pork Barrel BBQ appear on Burnett's new ABC reality show, *Shark Tank*. Burnett's team had discovered us through Twitter and thought we were an ideal candidate to pitch our business to the Sharks on national television.

Shark Tank was an opportunity for us that most entrepreneurs will never enjoy. It allowed us to address two of our core concerns at both an accelerated pace and at one time. We were being given the opportunity to acquire much needed capital through an investment from the Sharks. In our case we secured an investment from Shark and New York real estate mogul Barbara Corcoran who remains a valuable business partner to this day. We also gained an unimaginable amount of national exposure that would take most entrepreneurs' years or longer to attain. I sit before you today and can say with no hesitation that Pork Barrel BBQ would not be the national company we have grown into today, with our sauces and rub for sale in over 3,000 stores in more than 40 states, had it not been for our opportunity and determination to take full advantage of our appearance on *Shark Tank*.

I believe *Shark Tank* is one of the greatest things to happen to entrepreneurship in America in recent years. Not only does it provide a few dozen entrepreneurs, like Brett and I, the chance to go from an unknown to a national brand overnight, it is also inspiring thousands of entrepreneurs across America to shake their fears and decide the risk of entrepreneurship is worth taking. I know this because we receive emails and phone calls from entrepreneurs every week telling us how our success and *Shark Tank* has given them the confidence to take their shot at reaching for their piece of the American Dream. This renewed passion for entrepreneurship can only be a good thing for America.

The exposure we received on *Shark Tank* moved us from the 10 yard line to the 50 yard line almost overnight. Access to capital, although not gushing in, became more readily available, retail accounts who once slammed their doors in our face were now reaching

out to us and consumers who had been loyal to a particular barbecue sauce for years were giving us a try. Success was ours and the troubles had passed us, right? Not quite.

Yes we were attaining levels of success that we never quite thought possible only months earlier, but new challenges were revealing themselves and they almost always ended back at the need for additional capital. With our new found notoriety we had gone from 10 stores to 100 stores to 500 stores to 1,000 stores and beyond in just weeks. New stores were demanding our product and old stores were asking for new products. As we began to expand our reach and the number of products we were offering we needed more and more capital to pay for product development, production, marketing, and food demos.

We were fortunate to meet Hunt Burke of Burke and Herbert Bank, an Alexandria, Virginia bank that believes in the entrepreneurial spirit and was as excited about Pork Barrel BBQ as Brett and I. To this day, as we grow, we continue to expand our relationship with Burke and Herbert and know that our growth is in large part to their partnership. I urge the Committee to encourage banks to support the endeavors of small business and entrepreneurs and complement them when they do. But again, banks must deal with their own regulations. After the financial crisis, the government became very concerned about banks assuming risk and passed new laws and regulations designed to minimize risky loans. That was understandable, but again, it came at a cost: fewer banks are willing to take a chance on companies like ours.

To support our rapid growth and continue to increase our available capital we have taken on additional investors over the past two years, an often necessary move that is difficult for entrepreneurs. It is hard to give up part of the company you have fought so hard to build with your bare hands. That being said, had we not made this decision there would have been times where difficult decisions would have potentially led to the end of our company.

I would be remiss if I failed to let the Committee know that there are many large businesses in America who support the entrepreneurial spirit of small and local business. In our case Harris Teeter grocery store took a chance on an unknown barbecue sauce, well before Men's Health magazine named it the best barbecue sauce in America and one of "The 125 Best Foods for Men" and put us on their shelves. Costco began selling our product less than a month after they first tasted it and is truly one of the great American cultivators of small business taking brands such as Visio and Stacy's Pita Chips to million dollar companies. Safeway has been among our biggest supporters since we first met in 2010 supporting us with unsubsidized promotions and ads. I believe it is important to note that America's big businesses often play a vital role in the success of America's small businesses.

In the three years since we founded Pork Barrel BBQ we have been forced to confront many challenges. Challenges that presented different paths that could have led to the dissolution of our company, but armed with the entrepreneurial spirit we fought to stay above water and inch towards our goal of proving that the free market is alive and well and the best way for an entrepreneur to grab their piece of the American Dream. Today

you can find Pork Barrel BBQ products in 3,000 stores in over 40 states, a number we believe will reach 5,000 and all 50 states and several foreign countries this year. We have also opened our first Pork Barrel BBQ Restaurant in Alexandria, Virginia, and invite all of you to come dine with us in the near future. The accomplishment that I am most proud of is that we have created more than 40 jobs with the opening of our new restaurant and will likely see this number rise in the coming months as we open two additional restaurants in Del Ray, a sushi bar and Asian fusion restaurant.

We have attained much success, but know that challenges still await us as we continue on our journey, for the entrepreneur can never rest on their past laurels, they must always focus on the future.

Although I do not have specific policy recommendations for the Committee I would say that in my opinion, the average small business entrepreneur doesn't expect or want to be unregulated. Pork Barrel BBQ takes quality and safety very seriously. We take pride in offering an affordable gourmet product that is high quality, good tasting, and safe for people to consume that is produced by manufacturers that are current and have scored high on all required inspections. We all want safe workplaces, clean environments, and food safety to name a few areas where regulations impact small businesses.

The problem in my view is that there is no effective safeguard in the system to make sure that regulations are written and enforced in a way that minimizes the burden on honest, well-intentioned small business entrepreneur. One approach I would encourage the Committee to look into would be for the government to adopt a partnership approach to regulation whenever possible. Allow entrepreneurs and their businesses to show that they want, in good faith, to comply and cooperate. In these cases it seems far more productive and less costly to all parties to partner with these business rather than adopting an adversarial attitude that leads to costly fines for mistakes that were made in good faith and that had no impact on public health and safety. Small businesses like ours do often feel like the government has a "gotcha" attitude towards our efforts, lying in wait to penalize us for paperwork violations or other errors that really have no relationship to the important goals regulations are meant to advance.

I would like to reiterate that America is still the land of opportunity and when given the chance an entrepreneur's idea combined with the power of the free market can lead to amazing things. If America is to emerge from its economic woes it will be on the back of the entrepreneur and the entrepreneurial spirit that has defined America for generations. It takes courage to be an entrepreneur, in addition to a solid work ethic, a great idea, determination to see that idea become reality, and the encouragement and support of a few people.

Elected officials should keep in mind the sacrifices and risks entrepreneurs take when considering ways to increase the number of successful small businesses in America. Entrepreneurs hope to make a lot of money by providing something of value and provide a lot of people with jobs that allow them to take care of their families in the years to come. But, it is the entrepreneur who has taken all the risk and invests his or her time and

money into their endeavors with no guarantee of return. If small businesses are not allowed to enjoy the benefit of success when it happens, they will never take the risk of failure.

Thank you and I look forward to your questions.