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Election '08 Lesson: Political Involvement Critical in Coming Legislative Battles

This election season has truly been one for the history books. Rarely has the United States seen a presidential election with as many unexpected twists and turns. The surprises started during the primary season as both U.S. Senators Barack Obama and John McCain came from far behind to win the nomination of their respective parties. When the campaigns kicked off in spring 2006, the war in Iraq was the top issue for most Americans; consumer confidence had reached a four-year high and the Dow Jones industrial average bumped along comfortably above 11,000. Today we see quite a different story, reports IFA Vice President of Government Relations David French.

Final Count: President-elect Barack Obama won the Electoral College with 364 votes out of 538 total, and won the popular vote over McCain by a margin of 52 percent to 46 percent. While McCain kept the race competitive until the very end, Obama's campaign displayed an overwhelming combination of message, grassroots strength and fundraising power. This election was also conducted in an environment with public sentiment running very strongly against GOP candidates. One standard measure of public attitudes gauges whether voters feel the country is headed in the right direction or off on the "wrong track." By Election Day, polling showed that less than 10 percent of voters felt the country was headed in the right direction—a very ominous sign for GOP candidates and incumbents across the board.

The election also proved to be critical for both the U.S. House and Senate. There were roughly one-third of the Senate seats up, with 23 of them belonging to Republican members. Of the dozen most closely contested Senate races, Democrats prevailed in five races, capturing four GOP-held seats and also returning Louisiana Democrat Mary Landrieu by a narrow margin. Three tough races were won by Republican incumbents—Senate GOP Leader Mitch McConnell of Kentucky, Susan Collins of Maine, and Roger Wicker of Mississippi. Four seats remain "too close to call" as the IFA Insider went to press: Alaska, Minnesota, Oregon and Georgia, all are within the margin of error. Georgia Republican Senator Saxby Chambliss may be forced into a December run-off election if the final tally shows that he failed to garner 50 percent of the vote. Senate Majority Leader Harry Reid of Nevada has a minimum of 56 Democrat seats in the Senate, only four shy of the 60 votes necessary to procedurally overcome a filibuster.

In the House, the Democrats picked up at least 15 more seats to bring their total to 251, with 11 seats still remaining in the undecided category. While the Democrats have a substantial advantage on paper, it is very likely that Speaker Nancy Pelosi will face some modest challenges in constructing an effective majority on certain issues. This election continues the rise of Democrats who tend to be more socially and fiscally conservative than many of the established party leaders. Most of the seats picked up by the majority party were moderate Democrats who come from conservative districts and won by narrow margins. Pelosi will have to reconcile differences between these new moderate members and members from the liberal wing of the party.

IFA Involvement: IFA got involved in several key open seat and challenger races. For example, FranPAC made an early decision to back UPS and Subway franchisee John Fleming in his hotly contested primary for an open House seat in Louisiana-04. The election schedule was pushed back in Louisiana's congressional races due to Hurricane Gustav, and Fleming won his primary. He now heads to a general election on December 6, where he appears to be the favorite to win in this strongly GOP seat. Other early FranPAC choices who won close races were State Representative Erik Paulsen in the Minnesota-03 open seat and State Senator Steve Stivers in the Ohio-15 open seat. FranPAC also invested in nearly all of the hotly contested Senate seats this cycle.

As the impact of the changes on Capitol Hill become more apparent, IFA will prepare a more detailed look at the election results and present some information on newly elected officials and anticipated committee assignments.

What does it mean? With an unprecedented amount of money—approaching \$1 billion dollars since 2006—spent by labor unions and trial lawyers to elect more Democrats, the business community faces an uphill battle on Capitol Hill. The trial bar and the labor unions expect results from their investment. Legislation such as the Employee Free Choice Act (or "card check"), further increases in the minimum wage, and measures to spur more lawsuits will receive top billing for action early next year. Look for many of these issues to be advanced under the banner of "strengthening the middle class." Following the first hundred days of the Obama Administration, Congress can be expected to turn to more challenging national policy issues such as the future of health care, comprehensive immigration reform, as well as a debate over taxes.

The one lesson every member of the IFA should take away from the 2008 elections is how critically important each individual's political involvement will become in 2009 and beyond. Increasing participation in FranPAC will be essential in preparation for the 2010 mid-term elections. Active involvement in the growth of IFA's "[Franchise Congress](#)" grassroots program will also prove vital in a political atmosphere where many pieces of anti-business legislation are expected to come before Congress. Your involvement and your ability to help tell the story of franchising will likely be the difference in these coming legislative battles.

FranPAC: Below is an overview of FranPAC's spending in the 2007-2008 election cycle. Also provided for comparison is a breakdown of FranPAC expenditures from past election cycles. Over the past three years, IFA has shifted its focus slightly. While

still emphasizing support for franchise-friendly candidates, the association has maximized its support for key congressional leaders, as well as congressional committees that are particularly important to IFA, notably the House and Senate Judiciary Committees and the Small Business Committees. IFA has also tried to build bridges with key pro-business Democrats and members of the Congressional Black Caucus who are particularly interested in promoting minority business opportunities.

Total FranPAC Expenditures

2007 -2008 election: \$456,500
2005-2006 election: \$350,500
2003-2004 election: \$157,705

Ratio of Support Republican/Democrats

2007 -2008 election: 84.0percent / 16.0percent
2005-2006 election: 86.8percent / 13.2percent
2003-2004 election: 92.2percent / 7.8percent

House Small Business Committee Members

2007 -2008 election: \$40,000
2005-2006 election: \$22,000
2003-2004 election: \$18,000

Senate Small Business & Entrepreneurship Committee Members

2007 -2008 election: \$15,000
2005-2006 election: \$12,000
2003-2004 election: \$4,000

House Judiciary Committee Members

2007 -2008 election: \$31,500
2005-2006 election: \$39,000
2003-2004 election: \$15,205

Senate Judiciary Committee Members

2007 -2008 election: \$10,000
2005-2006 election: \$8,000
2003-2004 election: \$7,000

Leadership PAC's & National Party Committees (i.e. Blue Dog PAC, NRCC, etc.)

2007 -2008 election: \$60,500
2005-2006 election: \$25,000
2003-2004 election: \$11,000

Congressional Black Caucus Members

2007 -2008 election: \$7,500
2005-2006 election: \$4,500
2003-2004 election: \$0

Blue Dog Democrats

2007 -2008 election: \$34,000
2005-2006 election: \$25,000
2003-2004 election: \$5,000
2008 Election Results

U.S. House of Representative

Party	Current	New
Democrats	236	251
Republicans	199	173

*11 seats remain undecided/too close to call

U.S. Senate

Party	Current	New
Democrats	49	54
Republicans	49	40
Independents	2	2

*4 seats remain undecided/too close to call: AK, GA, MN, OR

Franchise Bill Advances in New Jersey

In late October, the New Jersey Assembly Committee on Commerce and Economic Development heard testimony and debated A2491, a bill that would expand the application of the New Jersey Franchise Practices Act to include "mobile franchises" not currently governed by the law. Following opposition testimony by IFA and supporting testimony offered by a representative of a New Jersey beverage distributorship, the committee passed the bill by a 5-to-2 vote. A2491, which will carry over to the 2009 session of the legislature, now moves to the full Assembly for consideration.

Following a brief introduction of the bill by sponsor Assemblyman Joseph Cryan (D-Union), a representative of Briar's USA, Inc. testified in favor of the legislation. Briar's is a locally-owned beverage-distribution company embroiled in a legal dispute with a large

soft-drink manufacturer over the revocation of the distribution rights of a certain product.

IFA focused its opposition on the existing regulatory structure for franchising as well as the negative impact A2491 would likely have on economic development in New Jersey. In response to specific questions about how the act has been interpreted since its implementation, IFA Supplier Member John MacDonald of law firm Stark and Stark, Lawrenceville, N.J., testified that vague aspects of the current law have necessitated extensive litigation over the years. MacDonald also noted that implementing additional regulation on franchised businesses in the state would elevate the level of litigation and likely slow the growth of franchising in New Jersey.

IFA will continue to educate lawmakers on the negative repercussions of this unwarranted effort to further regulate business-format franchises in New Jersey. IFA's testimony can be viewed by visiting the Government Relations section of www.franchise.org. Contact Troy Flanagan at 202-662-0792 or tflanagan@franchise.org with questions.

Election Over, IFA Readies for '09 Nutrition Labeling Push

With the election finished, the composition of the 111th Congress is now taking shape. While the current Congress is returning for a "lame duck" session, the newly-elected members will join their colleagues in January to start work on a new agenda. One of the top issues for IFA next year will be the advancement of federal legislation creating a flexible nutrition labeling system for restaurants.

The Labeling Education and Nutrition Act was introduced in the U.S. House and Senate in September as a tactic to begin gathering support for the measure going into the next congressional session. The bill, sponsored by Rep. Jim Matheson (D-Utah) and Sens. Tom Carper (D-Del.) and Lisa Murkowski (R-Alaska), requires restaurants and food-service establishments with 20 or more locations to disclose in writing the nutritional content of their food. Importantly, the bill gives flexibility in the manner that information is provided and also offers liability protection for restaurants, recognizing the variation in the nutritional content of food.

As IFA continues to educate lawmakers and their staffs to the necessity of the LEAN Act, restaurant and other food-service members of the association are encouraged to reach out to their federal representatives and senators and urge them to sign on as co-sponsors of the measure. For more information about contacting elected officials, visit www.franchisingvotes.com.

MinorityFran Program Implements Minimum Standards for Participation

IFA's MinorityFran program is accepting applications from all association members who wish to participate in minority franchisee recruitment. The restructured program now requires minimum standards for participation. All previous participating companies must also re-submit applications to continue their participation in the program.

IFA members who are committed to expanding opportunities for minorities and women at all levels including employment, franchise recruitment, and vendor relations, are eligible to participate. Companies must demonstrate their commitment to diversity and inclusion by actively participating in MinorityFran programming.

As a part of the minimum standards, companies must commit to two of the following four activities: participating in the Franchise Opportunities for Women and Minorities Seminars held in major cities across the country; joining IFA's Speakers Bureau and identifying women and minorities who can serve as speakers; designating a company representative to be the liaison for MinorityFran and work with the program to develop an internal minority-recruitment program; and providing IFA with women and minority franchisees in their systems who can be featured in media interviews and articles.

In order to expand franchise opportunities for women and minorities, members are encouraged to make a voluntary donation (minimum of \$5000) to the IFA Educational Foundation to support the MinorityFran Grant Program. The donation is tax-deductible.

To participate in the MinorityFran program members must submit the official application along with a questionnaire. The application and questionnaire can be found at www.franchise.org/minorityfran.aspx. For additional information contact Director of Education and Diversity Miriam L. Brewer at 202-662-0784 or via email at mbrewer@franchise.org.

CFE Program Launches in Singapore and Thailand

Institute of Certified Franchise Executives Chair Melanie Bergeron, CFE, and CEO, Two Men and A Truck International; William Edwards, CFE, CEO and president, Edwards Global Services; and John Reynolds, president of the IFA Educational Foundation, presented a CFE program on international development and growth strategies during the FLAsia conference conducted in Singapore, October 16-18. The conference, presented by the Franchising and Licensing Association of Singapore and BizLink Premium Services, featured an expo and educational programs on a wide range of franchising topics. Reynolds also served as a judge for the international awards competition during the conference.

Bergeron, Edwards, and Reynolds met with Douglas Foo, FLAS chairman, and CEO, Apex-Pal International; General Manager Terry Wong and other FLAS members to finalize plans for the launch of the CFE program regionally in early 2009.

Following the conference, Reynolds met with faculty members at Sripatum University, Bangkok, Thai franchise executives, and government officials during a CFE seminar program conducted at the university on October 20. The CFE program at Sripatum University is being spearheaded by Peerapong Kitiveshpokawat, director of the International Retail and Franchise Business R&D Center. Faculty members are working with Cheryl Babcock, CFE, director of the International Institute for Franchise Education, Nova Southeastern University, to jointly develop franchise educational programs. (See photos below.)



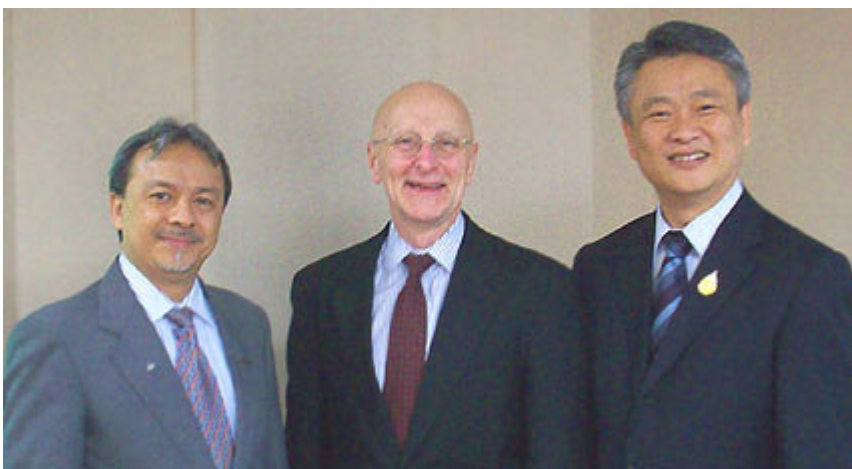
CFE Program Kicks Off FLAsia Conference in Singapore

From left: John Reynolds, President of the IFA Educational Foundation; Douglas Foo, Chairman of the Franchising and Licensing Association of Singapore and CEO, Apex-Pal International Ltd.; Indraneel Rajah, Deputy Speaker of Parliament and MP for Tanjong Pagar GRC; and Melanie Bergeron, CFE, Chair, Institute of Certified Franchise Executives, and CEO, Two Men And A Truck International Inc. Reynolds, Bergeron, and William Edwards, CFE, CEO, Edwards Global Services, and a member of the ICFE Board of Governors, were keynote speakers at the FLAsia Conference in Singapore in October. During the conference plans were announced to launch the CFE program regionally in early 2009 in cooperation with the Franchising and Licensing Association of Singapore.



CFEs in Singapore

From left: Edwards Global Services CEO William Edwards, Two Men and A Truck International CEO Melanie Bergeron, Asiawide Senior Consultant Christine Rovina Cheung, Asiawide General Manager Clarence Nah, IFA Educational Foundation President John Reynolds and Asiawide Chairman and CEO Albert Kong.



CFE Program in Bangkok

From left: Francorp Malaysia President and CEO Affandy Faiz CFE, IFA Educational Foundation President John Reynolds and International Retail and Franchise Business R&D Center Director Peerapong Kitiveshpokawat. Faiz and Kitiveshpokawat are members of the Sripatum University (Bangkok) faculty working to develop the CFE program in Thailand.

VetFran Sales Break Through 1,200 Mark

On Tuesday, Nov. 11, Veterans Day, America will pause to honor its veterans of military service, more than 23 million of whom are still living. In this time of economic uncertainty, many of those are seeking employment; others desire to pursue the American Dream of starting their own small business.

According to a just-completed survey of 352 IFA-member companies that participate in the IFA's Veterans Transition Franchise Initiative, known as VetFran, 1,224 veterans have become small-business franchisees since the program's re-launch in 2002. Another 200 veterans are past the decision stage and have entered into negotiations to acquire a franchise.

In partnership with VA's Center for Veterans Enterprise, IFA offers veterans a path to business ownership through VetFran participating companies that provide financial incentives, typically discounts of the initial franchise fee which in some cases can lower up-front costs by thousands of dollars. IFA receives no government funding for the program.

The award-winning program not only links veterans with participating companies through its Web site www.franchise.org, but also offers comprehensive information that is designed to aid prospective small-business franchisees in investigating a franchise before purchasing.

Veterans may also attend, at no charge, IFA-sponsored trade shows in Washington, D.C., Los Angeles and Miami that feature seminars especially designed to address veterans' questions about purchasing a franchise. Dates and locations are posted at www.franchise.org under "Events."

Franchise systems interested in joining the VetFran program are urged to contact IFA VetFran Staff Liaison Terry Hill at 202-662-0770 or thill@franchise.org. To participate, franchise systems must be current members of the association and offer a financial incentive of their choosing to honorably discharged veterans.

Military Reservists Working-Capital Loan Program Expanded

Legislative changes will make a U.S. Small Business Administration loan program more accessible to small businesses facing financial loss when the owner or essential employee is called to active military duty by extending the application period, increasing the unsecured loan threshold, and raising the maximum loan limit. Changes to the Military Reservist Economic Injury Disaster Loan program became effective October 28.

"The SBA is proud to be able to support the men and women who serve in America's military services," said SBA Acting Administrator Sandy K. Baruah. "Their service is not only honorable and selfless, but it makes them more talented and resourceful employees when they return home. That makes it doubly important that the small businesses they left when they were called to active duty are still operating when they come home. As they have worked to defend their country, the SBA's military reservist loan program aims to support those small businesses by providing the funds needed to cover their expenses and continue successful operations."

Under the new rules, small businesses can apply for the loans on the date the essential employee receives notice of the expected call-up. The application period is extended to one year after the essential employee is discharged from active duty, an increase from the previous 90-day application window.

In addition, the small business is no longer required to pledge collateral to secure loans under this program of \$50,000 or less. Previously, the business was required to put up collateral if the loan amount exceeded \$5,000. The Small Business Disaster Response and Loan Improvements Act, passed in May, also increased the reservist loan cap from \$1.5 million to \$2 million.

Military-reservist loans are direct working capital loans, and the funds may be used to cover operating costs until the essential employee or business owner is released from active duty. An "essential employee" is defined as an individual (whether or not the owner of the small business) whose managerial or technical skill is critical to the successful daily operation of the business. The interest rate on these working capital loans is 4 percent, with terms up to a maximum of 30 years.

Businesses can apply online by visiting the Web site at www.sba.gov/services/disasterassistance. To get an application by mail, or for other questions about the loan program, contact SBA's Disaster Assistance Customer Service Center at 800-659-2955 or by e-mail at disastercustomerservice@sba.gov.

Travel Business Roundtable Merges with Travel Industry Association

The Travel Industry Association plans to merge with the Travel Business Roundtable, effective Dec. 31, following a vote during the TIA's board of directors meeting in December. IFA Pres. and CEO Matthew Shay serves as a member of the TBR board.

Pending the TIA Board's approval, the TBR organizational structure will cease to exist. The new entity will be renamed the U.S. Travel Association and will be the leading voice for the travel and tourism industry beginning in January.

The IRS is Looking for You

The Internal Revenue Service is looking for franchisees. Relax, the agency wants to help small businesses with tax tips by making available a new newsletter, IRS e-News for Small Businesses. The free, bi-weekly newsletter alerts small businesses and the self-employed to news items that pertain to their interests. The specialized content consists of important upcoming tax dates; what's new on the agency's Web site irs.gov; reminders and tips to assist small businesses with tax compliance; IRS news releases and special announcements; direct links to a variety of Web sites and resources; and the availability of IRS products, services, and training opportunities.

Business owners and the self-employed may also want to take a look at the e-newsletter IRS Tax Tips which provides tax information via e-mail from the IRS daily during the tax-filing season and periodically the rest of the year.

To subscribe to e-News for Small Businesses, visit IRS.gov at these links.

<http://www.irs.gov/businesses/small/article/0,,id=154825,00.html> or other IRS e-newsletters at <http://www.irs.gov/newsroom/content/0,,id=103381,00.html>

Welcome New IFA Members!

Franchise Systems: America's Best Franchising Inc., Atlanta, Ga., Contact Chip Elbers; Certified Restoration Drycleaning Network, LLC, Berkley, Mich., Contact Jeff Schultz; The Coffee Office, Inc., Windsor, Ontario, Contact Gordon Moore; Don Pablo's, Madison, Ga., Contact Kurt J. Schnaubelt; IKORUSA Inc., Kennett Square, Pa., Contact Patricia Maisano; Kennedy's All American Barber Club, Altamonte Springs, Fla., Contact Bryan Glass; LewisStyle, Littleton, Colo., Contact Linda Hilton; Maid-Rite Diner, Des Moines, Iowa, Contact Tania Burt; MyLife Hearing Aids, Newington, N.H., Contact Marie Quinn; Property Damage Appraisers, Inc., Fort Worth, Texas, Contact Katherine Slate; Rubbish Truck Holdings, LLC, Mercer Island, Wash., Contact Jordan Johnson; Proximo Games LLC, Doral, Fla., Contact Kevin Baqai; Sportball, Thornhill, Ontario, Contact Jon Mallinick; Topper's Creamery, Valrico, Fla., Contact Greg Sausaman; Tossed Franchise Corporation, Fort Lauderdale, Fla., Contact Eric Schmitt; Total Testing Solution, Colorado Springs, Colo., Contact Mary Jamison; Union Ergonomics, Toronto, Ontario, Contact Dr. Shawn Pourgol; Wings Etc., Inc., Fort Wayne, Ind., Contact Dennis A. Witte; Yes! Solar Solutions, Roseville, Calif., Contact Miriam Mayer.

Supplier Forum: BroadSpire, Inc., Los Angeles, Calif., Contact Steve Huot; Cynergy Data, New York, N.Y., Contact Dane James; Franchise Company Solutions, Glenwood, Md., Contact John Jorgenson; The Graham Company, Philadelphia, Pa., Contact Tom Morrin; IBM Corporation, Cincinnati, Ohio, Contact Michael A Flood; SnagAJob.com, Glen Allen, Va., Contact Tim Clark; Studio Center Total Production, Virginia Beach, Va., Contact Robin Russ; Web.com, Jacksonville, Fla., Contact David Srochi.

Find this article at:

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