

## 11-17-2015 Zietz Testimony

I am happy to be speaking before you today on National Entrepreneur Day. Entrepreneurship is what built this country through the likes of Rockefeller, Carnegie, Edison, Ford and many others, and entrepreneurship remains the only competitive advantage we have over the rest of the world. I am extremely passionate about Entrepreneurism and actually just came back two days ago from the EY Strategic Growth Forum where I was fortunate enough to be recognized as one of their Entrepreneurs of the Year. I have also had companies of mine appear on the INC 500 list of fastest growing privately held companies seven times and I am the incoming Chair of the Palm Beach Chapter of the Young Presidents Organization.

My company, Touchsuite, is a financial technology company focused on the payment processing space. We provide businesses though out North America with the technology necessary to accept payment. I believe every great company needs to have a purpose greater than themselves and profit. At Touchsuite our purpose is to "Help rebuild America, One Small Business at a time." Through the products we create we help other small business owners to compete with larger companies by giving them the same access to data, marketing and capital that Fortune 500 and big box retailers have long enjoyed. As a result, they are able to increase their business, expand and provide for additional jobs and stimulate the economy.

However, I am most proud of the amazing Entrepreneurs that my wife, Sheila, and I are raising. My oldest daughter Rachel is a passionate lacrosse player and saw a need for improved practice equipment and started her own company, Gladiator Lacrosse, when she was just thirteen years old. She participated in the local chapter of YEA, Young Entrepreneur Academy, which is a thirty three week program for students after school where they learn how to start a business, write a business plan, receive mentorship and ultimately pitch investors for funding. She is now fifteen, and is generating over one million in revenue, is the top seller on Amazon, has created multiple jobs and was recently recognized by Governor Scott with Florida's Young Entrepreneur Award. My son Jordan also participated in the YEA program last year and won the local competition, the regional competition and finished third in the nation out of approximately 4,000 students. With the help of programs like YEA, there is not only an amazing future for my children, but this can be the future for our next generation which can continue the rich history of entrepreneurship we have had in our Country.

Entrepreneurs make something out of nothing. We take a chance, work hard and follow our dreams. Sometimes we are successful and when we are we are typically handsomely rewarded, other times we fail, but even in failure we have benefited with an education, albeit an expensive one, that can be applied to our next venture, thus increasing the likelihood of success.

I grew up in a blue color neighborhood outside Detroit and even though I did not have much, I recognized there was opportunity for everyone regardless of the position you started in life, unlike so many other countries. I always wanted to be an Entrepreneur but figured you needed one of two things, money or know how. I did not have any money so I figured I better go get some know-how and went to law school. After law school I was fortunate to work at Skadden, Arps, one of the largest law

firms in the world. The great thing about working at Skadden was every year you were there they gave you three years of experience! However, this helped foster my work ethic.

My wife had it far worse than I did. She was born in Cuba and came to this country when she was thirteen not speaking the language but managed to work hard and I was fortunate enough to meet her in law school. My wife and I joke that if we had started with nothing it would have been a huge head start because we were both saddled with six figure loans from law school.

In 2001, with two young children and a high paying job, I took a leap of faith and followed my dream of starting my own business. I could have continued being an attorney and cashing a very nice pay check. But, I took a chance and bet on myself and what I thought I could build. As a result, today there are approximately one hundred people with high paying jobs that they love. I made it against the odds because of my legal background and the people I met along the way. If you want to make a decision at the governmental level that will increase the odds for others and make their journey easier, than I would suggest you take the following four actions.

#### ACCESS TO CAPITAL

First, make the capital markets available to everyone not just large corporations. If small business had access to capital there are a million ways they could effectively deploy it to obtain amazing returns for their business. Empower banks, particularly Community Banks, to make loans, their acquisition costs would be significantly lower since they already have the primary relationship with these customers. Banks by their very nature are not entrepreneurial as they want to avoid as much risk as possible, however, if the government were to insure part of the loan by charging a premium on every loan (similar to a PMI insurance in the real estate industry), the premium could go a long way towards offsetting the increased losses that would have to be paid out. Not only would this drive additional revenue through the premiums (i.e. increased interest rate, 2% or so), but by deploying capital into small business will create additional jobs, taxes, capital expenditures, etc. I believe that the Community Banks would be in the best position to make these types of loans as they know the local business owners in their community and with a more entrepreneurial underwriting process can allow them to think outside the box and make loans that make sense in their community.

#### LESS REGULATION

The cost of compliance is very high. There are many valid instances where regulation is necessary; however, we need to be able to remove as many obstacles as we can for businesses to be successful. A perfect example, of anti-business regulation was Operation Choke Point. Additionally, the different levels and requirements of regulations by each state make it impractical for small business to compete with larger companies that can absorb those unnecessary costs. Across the board private enterprise has always been more efficient than government in execution. Less involvement of government in small business affairs equals stronger small businesses, which equals more jobs.

#### FAVORABLE TAX ENVIRONMENT

With the upcoming election we are hearing about different tax plans and I am not here to give you another, however, we need to create a favorable tax environment so people will want to invest. We need to encourage those with money to invest and like any good business person they will run a risk reward analysis on any potential investment that takes into account their after tax return. That return needs to be high enough or they will sit on the sidelines and not deploy their capital. The recent perception in this country is “tax the rich”, “CEOs are making too much money” but that is not the correct question. Instead ask “how many jobs were created?”, how much total tax revenue was generated”. Instead of vilifying these individuals and corporations we should be riding their coat tails. Who cares that they got more, look at what they created and at the end of the day they are the ones who took the chance and risked everything in hopes of the reward they received for executing.

#### PROMOTE ENTREPRENEURSHIP IN THE NEXT GENERATION

As I discussed earlier, Entrepreneurship is our only competitive advantage and we need to continue to foster that in the next generations. Entrepreneurship is as important as any core curriculum and needs to be taught to our children. We need to empower the future generation with the tools to succeed. Technology is rapidly changing at unprecedented levels and that will only continue to speed up. We cannot train them for the jobs of the future since we don’t know what they will be or the skills that will be required. However, we can prepare them with the mindset necessary to be successful. The basics of Entrepreneurism are the same today as they were one hundred years ago; all that has changed is the products, technology and platforms utilized.

#### CLOSING

Our government needs to continue to support what built this country and foster an environment that is pro entrepreneurship. It is my belief, that through the planting of the seeds necessary to foster Entrepreneurship in this country we can harvest everything we need to regain our greatness. A strong culture of Entrepreneurship in this country will solve most of our problems, will create jobs, will help the GDP rise and shrink the deficit. Much in the same way that we rely on the brave men and women of the armed forces to fight for us and protect us, we need to remove the restraints we have placed on our small business community and allow them to win the global economic war we are fighting.