

November 27, 2018

**Ohio Senate
Transportation, Commerce & Workforce Committee
RE: Support HB 494**

Dear Chairman LaRose & Members of the Committee:

My name is Clara Osterhage, and I am the owner of 73 Great Clips salons across the great state of Ohio. I am writing to express my support for House Bill 494. This legislation will go a long way in securing Ohio's friendly business climate to franchising, a vital part of Ohio's and the nation's economy.

I began my franchising journey in 1995 and have since grown to my current number of establishments over the last several years. Across all of my salons we employ nearly 700 people in Ohio. Our franchised locations provide hair cutting services to hundreds of thousands of customers each year. Our focus on the quality of our services is second in importance only to the quality of the careers that we are providing to our team members. Those careers include the provision of great salons to work in that are well-maintained by our maintenance employees. It includes the provision of a great opportunity to earn a great income that allows our team members to live the way that you and I want to live – to be able to afford good housing and cars; to be able to send their children to college. It also includes the opportunity to participate in a retirement plan – something that we all need to have in place. These employment offerings are all things that my husband and I provide for our entire team of 700.

I am writing today to ask for your support of HB 494, which would clarify that franchised small business owners are not employees of their franchisor. Franchising is a popular way of owning a small business while leveraging the strengths of national brands to build local economic activity and create jobs, and we feel that this legislation would better allow franchise owners to do just that.

Franchisees are widely understood to not be employees, since they independently operate their business on a day-to-day basis. As described, it is my responsibility to provide the benefits and earning opportunities for my employees. I make hiring decisions and wage decisions, create marketing plans to bring in new business, and process payroll. Additionally, I pay Workers Compensation premiums and unemployment taxes, and when there are claims, I am the one who is responsible - not my franchisor. My franchisor, Great Clips, Inc. provides support to me and the other 1200 Great Clips franchisees only so that it is able to protect the Great Clips brand.

In some instances, there has been confusion around the relationship between the franchisor and the franchisee in that franchisees have been noted to be employees of the franchisor. As a result, many business owners (franchisees) may be denied small business loans or be subject to any number of

negative impacts of being considered an employee of the franchisor, the most important being that they will not be considered to be owners of their own small businesses. HB 494 is simply an effort to clarify existing Ohio law and ensure franchisees are not considered to be employees of their franchisor.

As representatives of franchisees throughout Ohio, we urge you to support this legislation to clarify the independent status of franchise owners. We cannot allow ourselves and other small business owners to face legal uncertainty, which only hurts their operations and the overall success of the Ohio economy.

Respectfully,

Clara Osterhage
President
R.L.O., Inc. dba Great Clips