

Opening Remarks by Vinay Patel
President and CEO of Fairbrook Hotels

Before the Congressional Franchise Caucus

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I) Introduction and Personal Story

Chairman Davis, Chairman Peterson, and Distinguished Members of the Congressional Franchise Caucus:

I would like to sincerely thank you for your leadership in founding this important caucus, and am honored to share with you my experiences as a franchisee, a small business owner, and a job creator.

My name is Vinay Patel. I am a first generation American, and a proud small business owner from Herndon, Virginia. I am appearing today not only as an advocate for the franchise industry, but also as a volunteer board member of the Asian American Hotel Owners Association (AAHOA).

AAHOA represents more than 16,500 small business owners who own nearly 50% of all hotels in the United States. Our members are first and second generation American entrepreneurs, and over 70% of them utilize the franchise model to grow their businesses, create jobs, and invest in their communities.

My story demonstrates that a strong franchise model in this country is the true embodiment of the American dream.

I was born in Malawi, Africa, to parents of Indian origin. My family moved to the United States in 1980 and bought a small 27-room motel where we lived on site and did everything from cleaning rooms to maintenance. While most kids engaged in sports or music in high school, my brother and I were responsible for running our motel during nights and on weekends. This is where I learned the most important lessons of my life- the values of hard work, commitment to family, and community service.

After graduating from college, we built a second property from the ground up, a 15- room motel where my wife Tina and I ran every aspect of the business.

Two years later, I decided it was time to take a risk and grow the company, so I began to look for opportunities to expand our operations from independent motels to larger franchised properties.

I knew that if we could display a nationally recognized sign on the front lawn, utilize a user-friendly platform to increase efficiencies for our customers, as well as reap the benefits of a wide-spread marketing campaign promoting our brand, that our potential for growth was limitless. In return, we paid a licensing fee and royalties from the top line. For me, one of the most rewarding aspects of my job is to hire excellent employees who are hard-working, inclusive, and welcoming to our guests.

While my ambitions were high, I quickly faced challenging obstacles in finding the right brand. I was turned down by numerous brands due to my lack of experience in franchise properties before I found the perfect partner who was looking to expand on the east coast. Together, we

opened the first Country Inn and Suites in the State of Virginia in 1995. I am very glad I persevered, because this was the best business decision of my career.

Since then, I have developed 11 hotels in Maryland and Virginia, and partner with major brands such as: Carlson, Hilton, IHG, Wyndham and Choice Hotels. I employ over 150 workers, and place a major emphasis on long term relationship building and competitive worker compensation. I take great pride in fostering an environment in which my employees have continuous opportunities for advancement- There are many examples at our properties where housekeepers become excellent department leaders, and desk attendants grow into successful general managers.

As a first-generation American and minority small business owner, I owe much of my success to the American franchise model, which gave me both the flexibility and the resources to develop my business and create good American jobs.

II) Franchising

There are many integral components of the franchise model that serve to benefit hard-working American entrepreneurs and their employees. Today, I'll touch on just a few.

The first is flexibility. As a franchisee, I have the autonomy to manage the day to day operations of my hotel. I am responsible for taking all the financial and career risks to start, maintain, and grow my business. I am responsible to secure financing to purchase a property and to furnish it. I am responsible for all staffing decisions, and to establish working conditions, including: duties, wages, benefits, promotions, discipline, and accommodations for my employee's needs.

In short, I am a bona fide small business owner.

Secondly, a successful franchise model is one that encourages a myriad of opportunities for expansion. As a hotelier, I welcome the opportunity to grow my business, and make decisions that are in my company's best interest. When brands compete, it spurs innovation, which allows hoteliers like myself to continually improve the customer experience we offer to our guests. Consequently, I work with several brands and sub brands.

Lastly, I am hopeful this new group will find opportunities to preserve, and possibly even strengthen, the franchisor-franchisee relationship. When the franchisor-franchisee relationship is strong, small business owners and their employees prosper.

III) Conclusion

Chairman Davis, Chairman Peterson, and Distinguished Members of the Congressional Franchise Caucus:

Today, thanks to your admirable leadership, we are starting an important dialogue to discuss the amazing power of our industry, as well as fundamental ways to improve franchising in our evolving economy. It is critical that Members of Congress understand the positive impact that franchising has on main street, and that we advocate for policies that allow franchising to flourish.

I believe the American Dream is alive and well, and is manifested through the countless stories of first and second generation American small business owners, like me. As your collaboration exemplifies, the strength of the American small business sector is not a partisan issue. I am honored to celebrate the founding of this caucus with you, and I look forward to working together in the 115th Congress.

Thank you.