

To Our Congress, House and Senate Leaders,

I am the senior partner and CEO of Cogent Analytics. We are a small to mid-market business management consulting firm operating in 25 states, which has been consistently ranked as one of the fastest-growing privately held firms over the last four years, documented in Inc. 500/5000. Our sole mission is to represent Entrepreneurs and their companies in areas of Business Development, Human Resources, Operations Management, and Financial Performance; all in the spirit of improving their bottom lines and creating a healthier environment for the small business community.

I write this today out of great concern for some of the initiatives that have been proposed in the last couple of days. I laud the effort and am in full support of any initiative which clearly benefits the American worker while also being mindful that Entrepreneurs and small businesses are the highest risk group in a tough economy. There appear to be proposals that conflate the protections for employees with purported help for the businesses. Offering small business owner loans but then tethering to employment retention or wage standard seems counter-intuitive. The results are conflicting, and the reality will see no business standing for workers to go back to once the storm abates.

Case in point: If I am a small business owner operating on slim margins with standard healthy debt levels, I'm most often operating on limited cash once satiating the obligations to tax and debt service. If I then have a new world order in which my immediate revenues drop by 50% or more and my receivables, which I was counting on for goods I produced or sold 30-60 days ago, don't come in, I am immediately in a position of a full failure. The cycle is compounded as my receivables are my customers' payables, which they can't afford either for the same reason I can't afford mine.

Further, the direct cost side of my business is comprised of predominantly manpower and material, and must be adjusted. If I, as an entrepreneur, cannot adjust these direct costs, I will be forced to default on immediate traditional debt as well as any additional fixed costs I have as obligation (i.e., rent, lights, insurance, etc.). In this model, entrepreneurs are faced with a circumstance that regardless of how much relief is provided, there is no separation between grants to maintain employment or wage levels and grants to cover other fixed obligations to keep the business open. We must have a solvency litmus on SG&A, and indirect costs or the business will fail, and, by virtue of unintended consequences, put the employees out of work regardless.

If we are willing to keep payroll rolls solvent through grants to entrepreneurs, the next portion of the conversation must consider that 941 tax, as well as withholding from employees, would put an undue burden on the amount of relief that would actually end up in the employee pockets. Functionally we would be loaning taxpayer dollars to subsidize additional tax being paid into the system. Structurally this would have a number of adverse effects where good intentions were the goal.

I am more than happy to speak to this should you choose. I can appreciate that in our current environment, we are working toward expedient solutions for the American public, I can only hope that through this relief process, we don't end up with painful 20/20 hindsight.

Respectfully,



Robert D. Braiman  
Principal, Managing Director  
Cogent Analytics