February 9, 2016

Thank you for the opportunity to speak with you today. My name is Doug Barry, I own BarryStaff, Inc. a full service staffing company headquartered in Dayton, Ohio. We have serviced the Miami Valley since 1980. I am here in support of HB205 not because I need the support of our government to grow my business but just the opposite. I need government to remove a barrier so I can compete on the same playing field as my larger competitors who are headquartered not just out of the great state of Ohio but some outside of the USA. My 4 largest competitors are all self-insured for worker's compensation. One of them is headquartered in Tokyo, Japan one in Zurich, Switzerland one in Troy, Michigan and the other in Wisconsin.

BarryStaff, Inc takes our workers safety as a high priority. My motto, "I will never have an employee perform a job that I myself have not done or would not do." You can see by exhibit 1 that the medical costs paid out by the Bureau for BarryStaff, since 2009 are extremely low, especially for a company whose mostly 3000 employees work in an industrial environment. Conversely, you can see the amount paid to the BWC in premiums over the same period is very high.

In the last 6 months I have had to close 2 locations due to the fact I cannot compete on price with my much larger national competition. HB205 if passed, would provide me the ability to take the savings on my premiums and be more competitive. Additionally, it would give me the ability to expand back into markets we could not compete in previously. The last 2 years BarryStaff, Inc. has lost out on bids worth over $25,000,000 that went to my out of state/country competitors. These are funds that will not be reinvested into our great state.

Since 2002 BarryStaff has applied twice to become self-insured, both times we have been denied. We are a service business whose biggest asset is our accounts receivable. Exhibit 2 shows reasons given by the BWC in 2014 for our latest denial for self-insurance. As you will read, a number of the suggestions the BWC makes are just not sound business practices.

I am sure many people look to our legislature to help them fund and pass bills to take some of the burden off themselves and their businesses. I am asking for my government to simply give me a choice to better position my company to compete in Ohio. We need to champion our Ohio businesses and make sure they can compete evenly against companies with no Ohio ties or loyalties. My family has been and will continue to be good corporate citizens. Giving back to the communities we serve and helping make our communities strong places to work, live and play.

Thank you for your time and service.

Doug Barry
President, BarryStaff, Inc.
dbarry@barrystaff.com
(937)461-9732
230 Webster St.
Dayton, OH 45402

Exhibit 1

BARRYSTAFF WORKERS' COMPENSATION

Claim Year	$ Billed by BWC	$ Paid For Medical Bills
2009	$130,807.14	$ 24,186.05
2010	$291,523.91	$ 65,290.16
2011	$322,136.49	$ 90,356.19
2012	$405,668.65	$ 48,548.17
2013	$478,601.86	$141,208.35
2014	$414,867.92	$ 77,847.46
2015	$335,887.01	$ 26,926.63
TOTALS	**$2,398,336.07**	**$474,363.01**

Exhibit 2

To: Ohio Bureau of Worker's Compensation, Self-Insured Review Panel

From: Doug Barry, BarryStaff Inc. and Herb Lemaster, Clark, Schaefer, Hackett & Co.

Re: Appeal #1059748 of BarryStaff Inc. application for self-insurance

Date: September 19, 2014

The purpose of this document is to address the specific concerns as outlined in the attached statement of facts drafted by the Self-Insured Department. We have addressed each of the concerns in the same order as presented to BarryStaff Inc. In support of each of the items noted below, we have attached various documents supporting the actual operations of the entity.

1. **The financial statements are presented on a combined basis with two related entities included. The financial performance of the applicant alone and the financial impact of these other entities cannot be determined as the financial statements do not reflect this information.**

   Response: We have restated the balance sheet and income statement to eliminate the other operating entities included in the reviewed financial statements. Generally accepted accounting principles require the consolidation of related entities in reporting operations.

2. **Approximately two-thirds of the applicants' total assets are receivables and there are little long term assets.**

   Response: The nature of this specific business is a personal service business, not as a seller of inventory or manufacturer. In those types of businesses, the investment in fixed assets or inventory comprises a major commitment on behalf of ownership. BarryStaff Inc. operates as a staffing agency. As with most professional service businesses, BarryStaff Inc. has to invest heavily in office equipment, software, hardware and communication. Over the past five years, the company has doubled its investments in this type of equipment.

   In addition, the owners of Barry Staff, Inc. have purchased the building premises and made significant improvements to the property to support the growth of the Company for the past five years as well. The Building, which was purchased in 2002 for approximately $301,000 in downtown Dayton, has had an additional $52,000 in improvements since that time as well as annual upkeep. The building is titled in a separate LLC under the name of 22 South Jefferson Street, LLC, owned equally between Pam Barry and Douglas Barry.

In the staffing agency industry, the primary assets under consideration for the value of the business are (1) the available pool of part-time employees who can become available for short and long term assignments in various potential temporary employee situations, and (2) the goodwill created by BarryStaff Inc. with potential clients based on the company's ability to quickly respond to customer needs with qualified workers.

In support of creating the pool of part-time employees, BarryStaff Inc. has worked very hard in creating a responsible company that attracts the unemployed or underemployed individuals who are looking for opportunities. This has been accomplished by driving quality standards in identifying, testing, training and retaining high qualify candidates. Just as these employees become engaged with BarryStaff Inc., they will also tend to attract other acquaintances who also become valuable employees. This "construction" of the employee model,through active and "word-of-mouth" processes, has become the cornerstone of the organization.

Since BarryStaff, Inc. has been in existence, the organization has had to weather both good and bad economic cycles. Even with good economic cycles, the organization has been challenged in the past due to the necessity of financing working capital through the growth of accounts receivable. In tougher times, the company has worked hard to keep the best employees utilized while customers have cut back on their requirements. The strength that has kept the organization going through both of these cycles has been the creation of client loyalty and goodwill. Much of this has occurred through the conscious decision to work with longstanding client relationships by extending payment terms, even at the cost of BarryStaff Inc. in the short term. The critical growth that has occurred over the past five years is due to the consistent delivery of high quality employees to high quality customers.

3 The applicant has advances to shareholders, which totaled 21% of total assets in 2012 and 19% in 2013, and there appears to be no plans for repayment.

The actual percentages of advances to shareholders are 25.5% and 27.2% for 2013 and 2012, respectively. These percentages continue to decrease as the company has improved its cash position and distribution policy. Going back to 2009, BarryStaff Inc. has managed its income tax liabilities at the corporate and individual levels by minimizing the corporate officer and owner salaries. From 2009 to 2011 the corporate officer salaries (two positions) averaged $15,000 per year. Due to their successful business planning, the corporate officer salaries increased to $60,000 each in 2012 and $160,000 in 2013. For a $12,000,000 annual revenue business, this salary level is still slightly below average. Since December 31,2011 the loans to shareholders have not increased by actual distributions but have increased only by imputed interest cost of $2,562.

During 2014, the loans to shareholders are projected to decrease by $190,000 to take into account the recorded increase in shareholder equity as measured for tax purposes. If the same operations occur during 2015 and 2016, the shareholder loan amount should be reduced to less than $50,000.

4 **Concerns with several financial ratios including: Sales growth, change in return on assets and cash to assets.**

Sales Growth: From 2009 through 2013, the sales for the company increased from $3,338,170 to $12,139,825. This is a substantial growth rate (364%) for any company and could become an issue in terms of financing accounts receivable as well as creating a bigger need for an outside line of credit to finance.

However, in the case of BarryStaff Inc., the accounts receivable has grown from $821,519 as of December 31,2009 to $1,494,492 as of December 31,2013. This is a growth rate of 81.9%. Likewise, the Line of credit has increased from $425,759 as of December 31,2009 to $765,759 as of December 31, 2013. This is an increase of 79.9%. In both cases, the change in financing from the accounts receivable management and the utilization of the line of credit reflects the efforts of BarryStaff Inc. to manage the liquid working capital of the business to shorten the revenue cycle, speed up cash flow and reduce the reliance on the line of credit. Days in accounts receivable have been reduced from 89 days (2009) to 45 days (2013). The line of credit will always be necessary due to seasonal fluctuations in the business, but as the business continues to grow, the goal is to continue to reduce financing risk due to a potential change in interest rates.

Change in return on Assets: Starting in 2009, the net income of BarryStaff Inc. was $42,650, a return of 9.4% on the year-end asset values. As of 2013, the net income of the company was $1,019,933, a return of 81.9%. As the company has grown and continues to grow, the actual investment in assets becomes a smaller and smaller amount relative to gross sales and net income. BarryStaff, Inc. hit its "critical mass" when sales of $8 million were achieved. At this level of sales, the gross margin produces income that is greater than required by the fixed expenses of operating the business. Although there will be marginal increases in the fixed costs of operating the business, this growth in overhead will be small compared to the growth in gross margin.

Cash to Assets: The goal of any business is to minimize the need and availability of cash within the organization. First, the existence of cash on the balance sheet provides no rate of return, other than minimal savings accounts. Cash on the balance sheet does not reduce debt and therefore, doesn't reduce interest expense. Second, the existence of cash on the balance sheet subjects the organization to risk from potential unknown litigation. This is the purpose of operating as a Subchapter S corporation or an LLC in protecting the interests of the owners. Assets within the balance sheet of the organization are subject to forfeiture and risk, including the loans to shareholders. Since this risk still exists, the underlying owners are still at risk for the amount of the outstanding loans.