



**TESTIMONY OF IRIS MITROPOULIS**  
**ON BEHALF OF**  
**AMT – THE ASSOCIATION FOR MANUFACTURING TECHNOLOGY**  
**Before the**  
**U.S. HOUSE COMMITTEE ON FINANCIAL SERVICES**  
**FIELD HEARING IN BOSTON, MA**  
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*“Seeking Solutions: Finding Credit for Small and Mid-Size Businesses in Massachusetts”*

Thank you for holding this hearing today and for giving me the opportunity to be here and participate.

My name is Iris Mitropoulis. I am Chairman and Chief Executive Officer of Kingsbury Corporation located in Keene, New Hampshire. In 1996, I formed Ventura Industries, a Massachusetts limited liability company, to acquire manufacturers of custom machinery. In 1998, I purchased Kingsbury Corporation with funds provided by BankBoston and CIT Group Equipment Financing. For the last five years, Ventura Industries has been in the Top 100 Women Led Businesses in Massachusetts according to Babson College and the Commonwealth Institute.

I also serve on the Government Relations Committee of AMT – The Association For Manufacturing Technology. Pursuant to House Rule XI, I am obliged to report that AMT received \$225,100 from the Commerce Department’s Market Development Cooperator Program for a technical center in China – \$207,254 of which was disbursed in 2005 and \$17,846 in 2006.

AMT is a trade association whose membership represents more than 400 manufacturing technology providers located throughout the United States – almost the entire universe of machine tool builders who manufacture in our country. Seventeen of AMT’s members, including Kingsbury, are located in Massachusetts. Most AMT members are small – an estimated 78 percent of them have less than 50 employees, many of which are family owned. But what they contribute is huge.

AMT’s membership covers the full range of manufacturing – design, automation, material removal, material forming, assembly, inspection and testing, and communications and control. We are the companies who build the machines that make things work. In fact, everything in this room except the people, of course, was either made by a machine tool or made by a machine made by a machine tool.

Mr. Chairman, I mention all this because my industry is really the foundation upon which all other American manufacturing rests. We provide the manufacturing technology essential to a wide array of industries -- from cutting, grinding, forming and assembly machines to inspection and measuring machines and automated manufacturing systems. There can be no cars, airplanes, washing machines, air conditioners, or medical devices without our member companies. Furthermore, they are a critical part of our defense industrial base.

As crucial and necessary a part of our American manufacturing sector as they are, however, they are in danger of not surviving the current economic chaos – and in no significant part because lack of credit is endangering the continued existence of virtually all of our companies.

Over the past few decades, these companies have faced significantly increased competition from abroad and seen a decline in their domestic market. But we have weathered the storm and emerged stronger. The depth of this current economic crisis, however, is threatening our very survival. The meltdown of the financial services sector has basically frozen credit to companies like mine. For the last twenty years, I have been the CEO or owner of small businesses that belong to AMT. I have raised over \$100 million for these businesses. I have never seen a more difficult time than the present for small businesses in our industry to obtain credit.

Small businesses historically have been debt-financed, with much of that debt personally guaranteed by the owners. For the last three years, however, it has become increasingly difficult to obtain financing for businesses such as Kingsbury, whose largest customer has been automotive. Regulated banks have been reluctant to lend into our industry, forcing many of us to turn to finance companies who charge exorbitant interest rates. And that was before the tightening of the credit markets in the last several months.

I applaud the government for including the Small Business Administration (SBA) and its programs in The American Recovery and Reinvestment Act of 2009. However, higher guarantees and lower fees alone will not enable many small businesses, including my own, to obtain urgently needed funds to stay in business and preserve jobs.

The recent global economic collapse has resulted in a severe curtailment in capital spending. Many AMT members have seen a dramatic decrease in orders. Some have suffered through months without a single order. Although many of us have sought bank loans to stay in business, NO ONE is lending in this environment – **NOT EVEN** the SBA Preferred Lenders, who must rely on a level of credit scrutiny that many cannot pass due to the unprecedented recent events.

A recent survey of the AMT membership on the credit crisis – specifically, if and how they are affected by the tightening of credit throughout the financial sector – showed that three quarters of the respondents believe that credit has tightened over the last six months and more than half have altered the way they do business as a result. Additionally, most report that banks have changed their terms and nearly 60% are or have considered self-financing. But perhaps most significant – even heartbreaking – are the comments given by many respondents in the open-ended question at the end of the survey. These comments came from company owners from states across the country, many from the New England area, and they paint a profoundly bleak picture of what is really going on in the heart of American manufacturing now. I have included those comments with my written statement.

My own story is just one example of how small business has been profoundly affected by the credit crisis. I met with the Director of the New Hampshire Business Finance Authority and the New Hampshire District Director of the Small Business Administration last week to pursue financing options for my company. The BFA already has a 90% guaranty program, and the SBA District Director was anticipating that certain SBA programs would see their guaranty increase to 90%. Even with 90% guarantees, I was most discouraged to hear both say that they do not expect to see an increase in lending.

In the case of SBA loans, the SBA states, "Repayment ability from the cash flow of the business is a primary consideration in the SBA loan decision process." Given the extreme downturn in the economy, however, most small businesses have suffered a dramatic decline in business and will not, in the near term, be able to meet normal credit standards. We must reprioritize the

metrics by which decisions to provide 7(a) loans are made away from cash flow as the primary consideration to other elements like backlogs, assets, employment levels, and historic performance.

I also met last week with the New Hampshire Economic Development Authority. While sympathetic to our plight, they were frustrated that even with funds coming to the state from the Financial Stability Act, there were no programs available to them to assist companies such as Kingsbury. A company founded in 1894 that employs 100 highly skilled engineers, machinists and electrical and assembly technicians and is one of the few remaining U.S. custom builders of highly engineered mid to high production metal cutting and assembly systems.

I appreciate that this is a hugely complex issue that legislators are dealing with and I do not presume to know the correct answer. As a small business owner who has run up against obstacles, recently, to obtaining financing, I see two areas that may help critical and immediately needed funds flow to AMT members and others. In the case of the SBA, I suggest that SBA Preferred Lenders be allowed to make loans without regard to repayment ability if the loan is needed in order to save jobs and other considerations have been met. Even if this modification were only allowed until September 30, 2009, it would be a tremendous boost for small businesses. With respect to funds going to states under the Financial Stability Act, if the states were allowed to reallocate up to 15-20% of the funds allotted their states, they may be able to use their discretion to save companies and jobs that are vital to their state economy.

Mr. Chairman, America's small businesses have proven more nimble at adapting to changing market needs. Every member of AMT manufactures products in the United States and our products are located in factories around the world. Each is fiercely competitive and determined to ensure that American manufacturing technology remains preeminent. They continue to invest time and money and jobs in their family businesses to grow their share of the American Dream for themselves and for their employees and their families. But in this economic crisis, most of them are struggling not for that share of the American Dream but to simply stay alive.

On February 24, in addressing a joint session of Congress to outline his recovery plan, President Obama said that "the flow of credit is the life blood of our economy." He also noted "credit has stopped flowing the way it should. With so much debt and so little confidence, these banks are now fearful of lending out any more money to households, to businesses, or to each other. When there is no lending, families can't afford to buy homes or cars. So businesses are forced to make layoffs. Our economy suffers even more, and credit dries up even further."

Mr. Chairman, the only way to break this cycle is to provide small businesses – this country's job generation sector – the cash flow to continue doing business and securing American jobs.

Thank you for allowing me to testify today.