

Testimony of Jason Lam
Owner/Manager/Chef/Waiter/Dishwasher/Toilet Scrubber, Sake Thai and Sushi Bar

U.S. Senate Committee on Small Business and Entrepreneurship Hearing
“The Supply Chain Crisis and the Implications for Small Businesses”

March 30, 2022

Chairman Cardin, Ranking Member Paul, and members of the Committee, hi. My name is Jason Lam. I'm 34 years old and I'm a small business restaurant owner in Stafford, VA. I started working in my family's restaurants when I was 8 years old. I learned how to answer the phone, work the register, and slide credit cards over carbon paper before credit card machines were a thing. I learned to pack orders correctly like Styrofoam Legos into take out bags and how to properly load plates onto a rack. Even when I started taking college classes, I would work after class. By this time my repertoire in the restaurant business was expanding, I was part sous chef; I learned how to cut, chop, slice, dice, julienne, chiffonade, fricassée, and a bunch of other fancy terms you'd find in a French cooking book. I was part line cook, adjusting the temperature on deep fryers during busy hours to maintain a constant temperature. I was the manager, the accountant, and the inventory clerk, managing employees, signing contracts, dealing with vendors, maintaining inventory and making sure that we were in compliance with the laws surrounding the sale of alcohol. Even when I thought I might step away to support our military as a contractor, I worked evenings in the restaurant. There is not a single facet of my business that I have skipped over or not done myself.

At the start of the pandemic, as businesses were closing their doors and shelter in place laws were starting, we closed for 3 days as we tried to navigate the rules and regulations of how to do business during a pandemic. In April 2020 our operating costs exceeded our profit by \$30,000, in May those loses dropped to just over \$10,000, in June we broke even, and by July we finally saw some profit return, from there our sales continued to grow and have kept growing. We reopened for dine-in in October of 2020. With social distanced spacing, we were able to return our dine-in capacity to 50%, and takeout orders continued to account for the bulk of our sales.

As pandemic restrictions have lifted, we find ourselves with a daily volume of ticket sales 15-20% higher than before the pandemic started. With this increase in volume, we now face a new challenge. Over the course of the past year-and-a-half sourcing for inventory has become increasingly difficult, and with a higher volume of sales, we require more inventory. My restaurant's name is Sake but half of the sake on our menu is unavailable due to supply chain issues both here in the US and in Japan. In addition, because we are a Japanese/Thai restaurant, there are items that are unique to the genre of food that we serve which can be difficult to source even under the most optimal conditions. At first the disturbances were minimal but steadily we have seen items consistently unavailable, resulting in purchase limits and price increases when

we do find them in stock. This month, we saw zucchini go up up 68%. Brown paper takeout bags have gone up from \$0.145 to \$0.22, a 66% increase, and chicken has gone from \$1.97/lb to \$3.10/lb – a 64% increase. Vendors used to be able to tell us when a price hike would be on the horizon allowing us to plan ahead of time, to stock up on the supplies we knew we would need soon. Restaurant profit margins are notoriously thin to begin with. When your costs are increasing by over 50% in a short amount of time, there is no amount of planning that can compensate for that. As prices become increasingly erratic the success of restaurants hang in the balance.

Starting a business comes with inherent risks, and restaurants are some of the riskiest business ventures out there. I have been in this business long enough to know that you never take a good year or a good month for granted, but the current climate is making it harder and harder to succeed and not because of lack of funds or lack of business. As I mentioned earlier our volume has increased, but we cannot continue to serve our clientele without product to sell. Over ten years, we have built a loyal community who has taken care of us during hard times, and when they come and sit down at our table it's frustrating to list all the things we are out of, or to have to acknowledge that yes, our prices have gone up again. Those who know us, know that it's mostly beyond our control, but what about the new customer that comes in for the first time – our first impression doesn't look too great. Fixing the supply issues at the core help all business. Throwing money at the challenges that we face today is like putting a Band-Aid on a wound that needs stitches – you might stop hemorrhaging temporarily, drag out the inevitable, but without real change that address the crux of the issue, you going to still bleed out. Our community is small, located far enough outside the DC metroplex that I know my local restaurant owners personally, in fact they come sit at my bar, and I hear them repeat what I have told you today. How many more of them have to close their doors before we provide real solutions to the real problems that they face.