Testimony of Julie Robbins, CEO and Owner, EarthQuaker Devices LLC

U.S. Senate Committee on Small Business and Entrepreneurship

Financing America's Manufacturing and Industrial Boom

May 14, 2025

Thank you, Chair Ernst, Ranking Member Markey, and all members of this committee. I appreciate the opportunity to share my perspective on the topic of today's hearing, Financing America's Manufacturing and Industrial Boom. That is a noble endeavor and one for which my background in banking, investments and as a small business owner manufacturing in the USA qualify me to offer my advice. However, without immediate relief from the tariffs and ensuing trade war, US manufacturing companies like mine will not survive the summer and certainly will not contribute to a boom.

My name is Julie Robbins and I am the CEO of EarthQuaker Devices, a guitar effect pedal manufacturer based in Akron, OH. I own the company with my husband, Jamie Stillman, who founded the company and designs the products. Prior to running EarthQuaker Devices, I worked at a community bank – first as a branch banker. Then in the back office for investment services, and finally as a financial planner serving many small business owners. I have a degree in Economics from Baldwin-Wallace University, which was a significant achievement as I had my first son, Gavin, a month after I turned eighteen, and a month before I graduated high school.

I founded EarthQuaker with my husband, Jamie Stillman twenty years ago, and after all the challenges and struggles we have faced over the years, I never imagined that the greatest existential threat to our company would come from our own government.

I am a third-generation small business owner, and both Jamie and I have always had an entrepreneurial spirit. I started my first business, a cleaning company, when I was twelve. He started his first business, a record label named Donut Friends, at the age of thirteen. When we met in our late teens, I was a young single mother, having had my son Gavin a month after I turned eighteen and a month before I graduated high school. We shared a strong work ethic, a do-it-yourself mindset, as well has the strength and fortitude to forge our own paths, rather than simply relying on an employer for a paycheck.

Our company grew very much "by the bootstraps," by starting small and continuously reinvesting in the business. We were never interested in taking on investors, but we did utilize the services of the SBA via a 7(a) loan, our local export focused SBDC at Cleveland State University for export training and matching grants, the Ohio TechCred grant to upskill employees to promote our workforce from within, as well as foster a culture of continuous

improvement. We used the funds from the Payroll Protection Program during COVID and kept our staff fully employed during all the lockdowns. We also extensively use the services of Magnet, a Cleveland based national Manufacturing Extension Partnership program, for consulting, education, and networking.

Today, we have thirty-five employees, and we are a 100% USA-based manufacturer. Our capabilities include CNC routing, powder coating and UV printing enclosures, populating PCBs, assembly and testing of finished products. However, the raw materials used for our products are sourced from abroad. There are no domestic manufacturers of the electronic components used in our products. They come from a variety of locations, mostly in Asia such as China, Maylasia, South Korea, Taiwan, and Thailand but also from Canada and Mexico.

Since the tariffs and escalating trade war have gone into effect, our business has suffered dire consequences. Our costs have increased drastically, while our sales have fallen rapidly. Although we need to raise prices immediately, lack of clarity and uncertainty for the future hinder our ability to plan and execute. Raising prices will undoubtedly contribute to an additional slowing of sales. Our carefully crafted supply chain is disrupted, and we lack the resources to navigate these changes without the resources of a large corporation.

Our small team has spent countless hours crunching numbers, running models, worst case scenarios, searching for suppliers, attempting to set up accounts with new vendors, researching mitigation strategies – only to have the situation change quickly and with no notice. We have delayed product launches as well as completely scrapped plans for new releases because of the increased costs and ongoing confusion.

We have heard of news of exemptions and raced to see if our components were included, only to find that they were added to benefit large corporations. Large technology or automobile companies have departments of lawyers and analysts to help them lobby for and negotiate policies for their benefit. As a small business owner, I feel an incredible sense of frustration as the disparity between large and small businesses grows wider. The trade organization which represents the musical instrument manufacturers has chosen to lobby on behalf of the largest companies in the industry – guitar manufacturers – for exemptions on imported hardwoods. This has absolutely no benefit to companies like mine who have no need for wood.

We are typically planning at least a year in advance, but now all of that is complete mystery. What will happen when the reciprocal tariffs kick back in? If customers think prices will go down, they will wait for the lower price. If they buy at the higher price, they will expect price protection by way of a credit if the price is reduced. And what if more changes that we cannot anticipate happen, and how will we adapt? It is exhausting to keep up with the constant

changes and unpredictability. From week-to-week things are different, giving us whiplash trying to keep up. Businesses rely on predictability and stability to plan and grow. The changes announced on May 12th are a great example of this. Are they official yet? Can I update my planning? I have whiplash and things rarely remain the same from week to week.

All our imported components now have additional tariffs added, recently as much as 185%. On May 12th there were again further changes announced, reducing reciprocal tariffs down to 30% plus the 2018 and 2015 executive actions for a total of 75%. It would also seem to be a temporary plan, and will certainly change again, so it is impossible to forecast and implement a price increase.

Tariffs are taxes paid to Customs and Border Patrol by the small business that imports the product to release the product from the shipper. There are other fees and expenses that accumulate due to the tariffs, such as “material handling charges” and “brokerage fees” that add as much as an additional 10-25% onto the price. The tariff rate can change after the product is shipped, in this case tripling the price of the components with no recourse for the small business. We cannot calculate the impact without clear data, and that has been difficult or impossible to find.

One of my competitors, Robert Keeley of Keeley Electronics, located in Oklahoma City, OK, place an order for components which shipped on March 27. The shipment cleared customs on April 16. The price he paid for the components was $7,700. He paid tariffs of $6489, slight more than 82%, and the following additional fees “Disbursement Fee $131.14, Export Customs Clearance Fee $43.99, Additional Classifications $344, Fuel Surcharge $183.75, AMS Fee $35, Customs Brokerage Charge $145, Ocean Freight LCL $612.50, Harbor Maintenance Fee $18.04, Merchandise Processing Fee $49.95, ISF Filling Fee NVO $50, Bundle Origin $320 for a total of $8,422.37. This represents a 123% increase over the price of the components. These fees are not transparent in origin and difficult to predict.

It is a priority for me to make data driven decisions. My inventory manager has been adjusting the data as the changes roll out, and as our demand falls. We used to forecast for one thousand pedals per week, but due to the decline in sales we are forecasting only 750 pedals per week. Because we have inventory on the shelves it takes us about 6 months to completely turn over our parts and begin use of new stock. The following is a chart demonstrating the weekly impact of tariffs forecasted as of April 14th:

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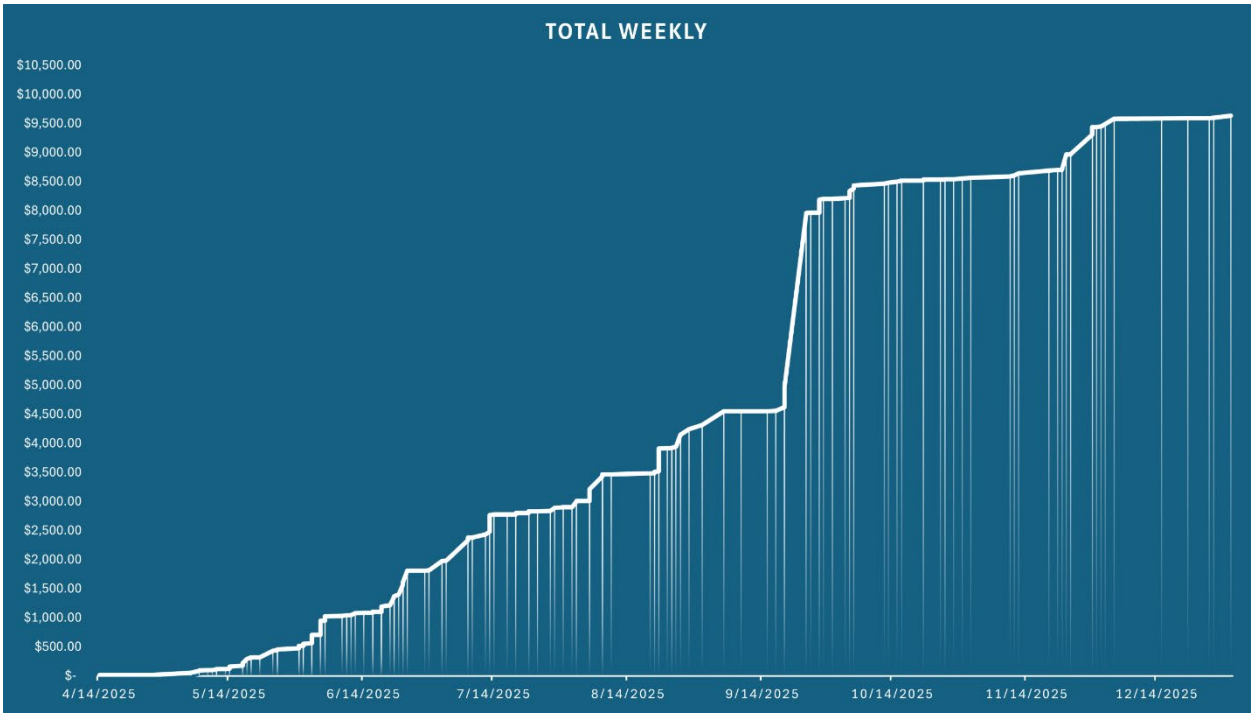

And here is the data expressed as a table:

Ending date	Month	Weekly increase	Weekly pedals	Cost per pedal
4/27/2025	April	$ 15.57	750	$ 0.02
5/31/2025	May	$ 510.76	750	$ 0.68
6/30/2025	June	$ 1,810.72	750	$ 2.41
7/31/2025	July	$ 2,898.48	750	$ 3.86
8/30/2025	Aug	$ 4,239.44	750	$ 5.65
9/29/2025	Sept	$ 8,200.76	750	$ 10.93
10/31/2025	Oct	$ 8,552.41	750	$ 11.40
11/30/2025	Nov	$ 9,435.59	750	$ 12.58
12/28/2025	Dec	$ 9,598.23	750	$ 12.80

EarthQuaker Devices
350 W Bowery St
Akron OH 44307 USA
www.EarthQuakerDevices.com

We have consistently been net exporters, where our exports exceed our imports by two times. In fact, the SBA awarded EarthQuaker Devices the 2019 Exporter of the Year. This year our exports are down as much as 50% to 100% in some countries. Our customers say this is due to anti-American consumer sentiment and the global financial fallout from the chaotic rollout of US tariffs. It is devastating to see America's reputation fall so swiftly.

If our primary objective were to make the highest amount of profit, it would have always been a more affordable option to outsource our manufacturing to another country. It would have minimized complexity as well. However, our values are to create and maintain good jobs in our hometown, so we absorbed the extra expense to make this work. Akron suffered after rubber manufacturers moved their operations abroad in the 70s and 80s and growing up in that environment shaped our mentality on this.

We are considering for the first time offshoring manufacturing to reach our export markets, something we would never have considered if these tariffs had not been implemented. The increased cost of continuing to manufacture our products in the USA will make them uncompetitive in the global marketplace. We could manufacture in China to serve other markets and remain competitive and relevant. With our income declining so rapidly, I fear I have no other choice.

Our domestic sales have also slowed rapidly. We sell primarily to music stores. The feedback I am receiving is that they are loading in heavily on imports before the reciprocal tariffs kick back in and prices go up. Just another example of how this is backfiring, and American small businesses are paying the price.

Overall, our sales are down 15% year to date. April was down 33%. We already operate on a thin margin to pay our employees' living wages and competitive benefits such as health insurance, 401k match and paid parental leave. If these losses persist or widen beyond the next month, we will have no option but to scale back benefits and reduce our workforce. This would have devastating consequences for our employees who have worked so hard for us and rely on their jobs to support their families and provide health insurance.

Today, we have perfect credit and have never missed a payment, but sustained losses threaten our ability to repay our debts and put us at risk of bankruptcy by the end of the year. We have approximately $1.2m in loans from a local community bank. The loans have financed the purchase of two manufacturing facilities in downtown Akron, a state-of-the-art PCB assembly line as well as a line of credit to even out cash flow. We are rapidly running out of liquidity. Banks typically attach a covenant to their lending which requires the borrower to maintain a minimum Debt Service Coverage Ratio. As our sales decline, we lose borrowing power and

could soon find ourselves under the required ratio and considered to be in default – without even missing a payment.

Another concern is that our home is collateral for the bank so if we default, we will lose everything we have worked for, just as our two daughters are in college. I do not see more debt as the answer, and I do not know why a bank would loan money to a business without a clear path to success. To be truthful, the suggestion that I borrow money and pay interest to finance taxes and fees abruptly imposed on me by the government is offensive.

The idea that the government can abruptly change the playing field with no apparent concern for the impact the changes have, taking massive amounts of money from small businesses by way of taxes and fees does not feel American to me. It sounds more like a policy you might hear from a country with an authoritarian government who does not value free enterprise.

You may ask, why don't we just manufacture all the raw materials here in the USA? To start, I do not know how to make these 1000s of individual components. Second, I do not have the money to open more factories and invest in hundreds of new machines to make them. I cannot imagine the cost, but I know I do not have it. Finally, I do not have time. It would require years of planning and investment, not weeks or months. The tariffs are impacting me today and I need an immediate solution.

In mid-April, I decided to invite other USA based pedal manufacturers to a Zoom support group. The group now has over thirty members from across the USA. We are all in the same position and trying desperately to survive this massive disruption. As I understand, the intention of the tariffs is to help US manufacturers. I can assure you, not one of these companies have benefit in any way and we all are at risk of going out of business.

We have shared ideas on how to adapt. What would it take to manufacture just one of these components in the USA? One of my competitors, Jon Cusack of Cusack Music in Holland, Michigan, researched the possibility. The component selected is a 16mm Potentiometer (used to adjust parameters on a product, such as tone, level, distortion, etc.). His current annual volume of the component is around 130,000, and his current cost is $0.22, for an annual cost of $28,600.

The analysis showed that the cost per part would be $3.75 at an annual volume of 130,000, for an annual cost of $487,500, or over seventeen times our current cost. This number does not include the upfront tooling charge, weeks, or months prior to receiving parts. The lowest estimate for tooling is $238,500, which is over eight times the current annual cost.

As you can see, it is not a cost-effective solution to source our components in the US. Both the up-front tooling cost, and the final component costs are just too high to justify even one component.

If we cannot manufacture them, could we find a domestic supplier? I received an email from the SBA recommending the NIST sourcing tool to find domestic suppliers and decided to search for one of our most necessary components, blank PCBs. Prior to the new tariffs in 2025, we paid approximately $1.40 per panel from our long-time trusted supplier. Most of the companies recommended by this tool were manufacturing abroad but had an office in the USA. The prices ranged from $20.70 to $31.19 per panel. That is not a viable option and would push our prices up beyond what the market will bear. Finding a new supplier is not as simple as finding the best price, and we must consider lead time, business practices and most importantly the quality.

Another frustration we all share, there is also no government support available. There are no grants or loans available like there was during COVID, but this threat is much worse than COVID for my company. No webinars about how to adapt. The SBA and MEP network is losing funding at a time when they are most needed. Prior to implementing the tariffs, no one asked how we would be impacted or what we needed to succeed.

As I have shown, we are already manufacturing in the USA. We cannot manufacture electronic components, and we cannot find a new domestic supply chain. We cannot borrow more money. We cannot continue to sustain these losses and market disruptions. We are offered no support or resources to navigate these rapidly developing changes. If the tariffs are not swiftly removed, our options are to close, sell or offshore our manufacturing.

If we close our business, it will have impact on our employees and their families, our dealers and distributors, our vendors and suppliers, the artists we pay royalties to for their collaborations, our community bank and musicians everywhere who rely on our products for their sound.

If the objective of this committee is to increase investment in the USA, then they must consider how to repair the trust lost by those who have already invested heavily in the USA and now run the risk of losing their investment. The idea that the government can abruptly change the playing field with no concern for the impact of the changes is devastating.

I have concluded that there are no other options - these tariffs need to be reversed by the administration immediately to prevent the mass extinction of American small businesses. Rescinding the tariffs or exempting small businesses, as ranking member Markey's proposed bill does, would be the first step of many needed to rebuild trust in doing business in the USA for

current and potential investors in US manufacturing. Any changes to economic and trade policy should meet the needs of businesses where they are today, not years in the future.

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