



**Senate Bill 396/ House Bill 804 (as amended):
Workgroup to Study Maryland's Emerging Digital Economy**

SUPPORT

House: Economic Matters Committee

March 11, 2020

Dear Chairman Davis and Committee Members:

It comes with great respect that I write this letter of support for Senate Bill 369/ House Bill 804 (as amended), entitled Workgroup to Study Maryland's Emerging Digital Economy. At PRS Guitars, our company is working hard to bridge the connections of qualified workers with quality jobs.

In Stevensville, we manufacture high quality, high end guitars and amplifiers. Our wide range of operations include an intricate balance of technology, craftsmanship and labor.

In 2016, our global gross revenues were \$42 Million. We are tracking this year to exceed gross revenues of \$75 Million. Since the end of 2016, we have created 143 new jobs, more than 90% of those in Stevensville, Maryland. To net 143 new positions, we have actually hired 362 people over this same time period. During the same period, we have also added a robotic spray operation, multiple CNC machines, an automated pick up winding machine, and automated HVAC controls to better control our temperature and humidity. The demand for our product still outpaces our ability to produce.

Our strategy over the next 5 years includes an aggressive push towards robotics. More robotic spraying, robotic sanding and robotic buffing are all in our plans. In most cases, a full-time employee will be working with each robot. So, the move to robotics will not eliminate jobs, but rather it will eliminate the highly repetitive jobs and create higher paying, more technical jobs. Our greatest struggle with retention is holding on to folks who are in repetitive jobs with a long learning curve.

Our strategy with robotics is to eliminate bottlenecks and deliver more consistent, higher quality product. Our guitar manufacturing operation includes roughly 60 different operations. By adding robots to the highly repetitive, labor intensive activities that are currently restraining our overall growth, we will be able to grow the overall output at a higher rate, which will lead to more jobs overall throughout the business.

The second major challenge that we are currently facing involves cashflow. As we grow, we require more inventory, our accounts receivables increase and our need to invest capital to support our information systems, our infrastructure and our manufacturing processes increases significantly. Our debt load continues to increase as we navigate our growth opportunities, increasing our exposure should demand fade at some point in the future.

We greatly appreciate your interest in understanding the challenges we are facing as a manufacturer in Maryland.

I write in support of this Senate Bill 369/ House Bill 804 (as amended) and respectfully request this committee to issue a **favorable** report.

Thank you for your consideration.
Sincerely,

Jamie Mann
President
PRS Guitars

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