

# Congress of the United States

## U.S. House of Representatives

### Committee on Small Business

2361 Rayburn House Office Building

Washington, DC 20515-6515

To: Members, Committee on Small Business  
From: Committee Staff  
Date: May 5, 2014  
Re: Hearing: "Military to Entrepreneurship: Private Sector Initiatives to Help Veterans Pursue Business Opportunities"

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On Wednesday, May 7, 2014, at 1:00 p.m., the Committee on Small Business will meet in Room 2360 of the Rayburn House Office Building for the purpose of highlighting veteran-owned small businesses and efforts that have helped them succeed. Veterans possess leadership skills conducive to entrepreneurship, yet face challenges in transitioning to the business world after time in the military. In response, various private sector efforts have been launched to help them overcome these obstacles. By hearing the stories of veteran entrepreneurs that have utilized such assistance, the Committee will learn about various private sector initiatives to promote veteran entrepreneurship.

## I. Introduction

Currently, there are over twenty-two million veterans living in the United States.<sup>1</sup> By 2040, younger gulf war veterans (like those from the wars in Iraq and Afghanistan) will consist of 50 percent of all veterans.<sup>2</sup> These younger veterans have faced countless challenges while adjusting to civilian life. A primary challenge has been difficulty in finding employment.

According to the United States Bureau of Labor Statistics, total unemployment rates for veterans who have served since 2001 remains higher than those for civilians during the same time period. For instance, in March 2013, the unemployment rate for civilians was 7.4 percent while veterans faced a 9.2 percent unemployment rate, and while overall rates have improved in the past year for both groups, veterans still have a harder time finding employment.<sup>3</sup>

Despite the aforementioned challenges, many veterans have found that their unique skills learned during military service, such as the ability to lead, communicate effectively, and execute with precision, naturally translate to entrepreneurship. As born and trained leaders, veterans tend to be more entrepreneurial than the rest of the population, as the self-employment rate for

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<sup>1</sup> <http://www.census.gov/compendia/statab/2012/tables/12s0520.pdf>.

<sup>2</sup> [http://www.va.gov/vetdata/docs/quickfacts/Population\\_slideshow.pdf](http://www.va.gov/vetdata/docs/quickfacts/Population_slideshow.pdf).

<sup>3</sup> In March 2014, the unemployment rate for civilians over the age of 18 was 6.7 percent whereas for veterans serving since 2001 the rate was 6.9 percent. See <http://www.bls.gov/news.release/empsit.t05.htm>.

veterans has remained higher than that of non-veterans in each of the last thirty-five years, since 1979.<sup>4</sup> Given this penchant for self-employment, it is not surprising that veteran-owned small businesses make up 9.1 percent of all small firms and nearly 4 million businesses with average annual revenues of almost a half of million dollars.<sup>5</sup>

## II. Private Sector Efforts to Help Veteran Entrepreneurs

Because of veterans' propensity to start businesses, their honorable service to our country, and their difficulty in finding gainful employment that can utilize the skills developed in the military, numerous private efforts are underway to assist current and prospective veteran entrepreneurs and veteran small business owners. From providing entrepreneurial development training, to networking and mentorship opportunities, to financial assistance, the private sector is helping veterans start and expand small businesses.<sup>6</sup>

### a. Mentorship and Business Development Efforts

One example of a private sector initiative to assist veterans to start small businesses is the International Franchise Association's (IFA) initiative called VetFran. This initiative, started in 1991, provides financial incentives, mentoring, and business training to veterans interested in opening a small business through franchising.<sup>7</sup> The franchise model also has a natural training and support structure; veterans with no experience in a given industry can obtain success by following the franchise business model while receiving the training and mentorship he or she needs from over 600 participating IFA member franchisors.<sup>8</sup> For instance, since the VetFran program's launch of its Operation Enduring Opportunity campaign in 2011, almost 4,500 veterans have become franchise owners. One example of a veteran-turned-franchise owner is Wade Franklin of Arlington, Virginia. A 2005 graduate of the United States Naval Academy, Mr. Franklin found the VetFran program by entering "veteran franchise opportunities" into a search engine, and last year he opened a UPS Store in part because UPS waived a significant franchise fee as part of the VetFran initiative.<sup>9</sup>

Another example is American Corporate Partners (ACP), a non-profit organization founded in 2008 that assists veterans with the transition from the military to both the civilian workforce and business ownership.<sup>10</sup> Formed by a retired Wall Street executive, ACP is backed by dozens of large corporations in the United States that offer free mentorship and training to prospective veteran small business owners.<sup>11</sup> Through its AdvisorNet, ACP offers veterans and

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<sup>4</sup> SMALL BUSINESS ADMINISTRATION OFFICE OF ADVOCACY, VETERAN-OWNED BUSINESSES AND THEIR OWNERS—DATA FROM THE CENSUS BUREAU'S SURVEY OF BUSINESS OWNERS 5 (Mar. 2014), *available at* [http://www.sba.gov/sites/default/files/FAQ\\_March\\_2014\\_0.pdf](http://www.sba.gov/sites/default/files/FAQ_March_2014_0.pdf).

<sup>5</sup> SMALL BUSINESS ADMINISTRATION OFFICE OF ADVOCACY, FREQUENTLY ASKED QUESTIONS 2 (Mar. 2014), *available at* [http://www.sba.gov/sites/default/files/FAQ\\_March\\_2014\\_0.pdf](http://www.sba.gov/sites/default/files/FAQ_March_2014_0.pdf).

<sup>6</sup> The following is by no means an exhaustive list of private sector efforts to assist veteran entrepreneurs.

<sup>7</sup> <http://www.vetfran.com/frequently-asked-questions/>.

<sup>8</sup> *Id.*

<sup>9</sup> <http://www.theupsstorefranchise.com/blog/veteran-ups-store-franchisee-celebrates-year-business>.

<sup>10</sup> <http://www.acp-usa.org/about-acp>.

<sup>11</sup> In addition to offering business advice, ACP mentors assist veterans with career-related advice and with obtaining employment.

their family members free access to an online business Q&A community where they can ask business leaders across the nation about starting a business. The effort has grown from 12 participating corporate institutions mentoring 500 veterans in 2009 to 50 institutions mentoring over 2,000 veterans as of early this year.<sup>12</sup> ACP's mentoring program has helped nearly 400 veterans learn how to start or build their own businesses since its founding in 2008, and has over 3,000 other veterans using the program to receive other career or development training.<sup>13</sup>

With the rise of women serving in the military, it is not surprising that there are private sector efforts that focus on women veterans. The Business and Professional Women's Foundation (BPW) understood that female veterans have a higher unemployment rate than male veterans and launched Joining Forces for Women Veterans and Military Spouses Mentoring Plus.<sup>14</sup> The initiative is an effort to provide women veterans of all levels of military service, as well as caregivers of wounded warriors, unlimited free career development and business training tools.<sup>15</sup> The Joining Forces program pairs its participants with working women mentors who first help the veterans identify a career path and then lay a solid financial foundation that enables them to pursue their often ultimate dream of starting a business.<sup>16</sup> One example is Dawn Smith, a female veteran who spent eight years in the military and had trouble finding employment when she returned to civilian life in 2008. The mentorship program offered through BPW paired her with a mentor who first helped her establish her financial footing through finding employment, and is now continuing to encourage her and offer advice as she operates an online retail business she opened in 2013.<sup>17</sup>

#### b. Networking Organizations

The Veterans and Military Business Owners' Association (VAMBOA), a non-profit trade association based in Simi Valley, California, has over 5,000 veteran business owner members.<sup>18</sup> VAMBOA<sup>19</sup> provides information about contracting opportunities. In addition, VAMBOA offers networking opportunities so that members can learn from other members, share best practices and discuss information about financing options.<sup>20</sup>

The National Veteran Owned Business Association (NaVOBA) is a for-profit membership organization which also operates BuyVeteran.com, a registry that allows consumers all over the nation to find veteran-owned businesses.<sup>21</sup> Membership in NaVOBA comes with a veteran-owned business logo for a business's website; optimal listings on BuyVeteran.com;

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<sup>12</sup> *Id.* Given the wide reach of the ACP initiative and its collaboration with now over 50 institutions, it is important to point out the SBA's VBOC program only has 16 partnering organizations.

<sup>13</sup> [http://acp-usa.org/ACP\\_Program/statistics](http://acp-usa.org/ACP_Program/statistics).

<sup>14</sup> Originally formed in 1913, BPW transitioned from providing research about working women to launching a mentoring program aimed at helping women veterans seeking success in the business world.

<http://bpwfoundation.org/index.php/about/>.

<sup>15</sup> [https://s3.amazonaws.com/joining-forces/Joining\\_Forces\\_Mentoring\\_Plus\\_Overview\\_July\\_2013\\_F.pdf](https://s3.amazonaws.com/joining-forces/Joining_Forces_Mentoring_Plus_Overview_July_2013_F.pdf).

<sup>16</sup> *Id.*

<sup>17</sup> *Launching a Career*, ALL YOU MAGAZINE, Sept. 2013, on file with the committee.

<sup>18</sup> <http://www.vamboa.org>.

<sup>19</sup> VAMBOA does not charge veterans any fees to join.

<sup>20</sup> *Id.*

<sup>21</sup> <http://www.navoba.com/article/faq>.

representation before federal, state and local governments; and the opportunity to do business with NaVOBA's 60 corporate members.<sup>22</sup>

### III. Government Efforts to Support Veteran Entrepreneurship

While we have discussed efforts of the private sector to support veteran entrepreneurship, it is important to note the various programs administered by governmental entities that are designed to assist veterans aspiring to start businesses. As with efforts in the private sector, government-led programs aim to provide entrepreneurial development through mentoring and training. The Small Business Administration's (SBA) Veterans Business Outreach Program (VBOP) seeks to develop entrepreneurs through training, mentoring, counseling, and referrals for veterans interested in starting a business.<sup>23</sup> The Veteran Business Outreach Center (VBOC) program is operated by a cooperative agreement with sixteen VBOCs who apply for grant funding from the SBA.<sup>24</sup> The VBOC program duplicates the services provided in the SBA's Small Business Development Company and Women's Business Center programs.<sup>25</sup>

Another initiative created and proposed by SBA in recent years, Operation Boots-to-Business, will be a public-private partnership that would provide transitioning veterans with the knowledge and tools to evaluate potential business opportunities and become entrepreneurs.<sup>26</sup> While the Operation Boots-to-Business initiative is duplicative of efforts already made possible by private enterprises, as well as other programs at the SBA, such as VBOCs, the SBA requested \$7 million in new funding for the program for both fiscal years 2014 and 2015.<sup>27</sup>

### IV. Conclusion

Given the importance of veteran-owned small businesses to the economy and their inherent business skills, coupled with the challenges they often face readjusting to civilian life, there is a need for their educational and training opportunities. Although the SBA operates a number of programs aimed at providing these businesses with education and training, there are numerous examples of the private sector successfully aiding veterans and promoting entrepreneurship. The need for federal programs should be considered within this context.

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<sup>22</sup> <https://www.buyveteran.com/Join.aspx>.

<sup>23</sup> <http://www.sba.gov/content/veterans-business-outreach-centers>.

<sup>24</sup> *Id.*

<sup>25</sup> COMMITTEE ON SMALL BUSINESS, 113<sup>TH</sup> CONG., 2<sup>ND</sup> SESS., VIEWS AND ESTIMATES OF THE COMMITTEE ON SMALL BUSINESS ON MATTERS TO BE SET FORTH IN THE CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2015 10 (2014), available at [http://smallbusiness.house.gov/uploadedfiles/3-25-2014\\_revised\\_budget\\_views\\_and\\_estimates\\_fy\\_2015\\_v2.pdf](http://smallbusiness.house.gov/uploadedfiles/3-25-2014_revised_budget_views_and_estimates_fy_2015_v2.pdf).

<sup>26</sup> <http://www.sba.gov/bootstobusiness>.

<sup>27</sup> UNITED STATES SMALL BUSINESS ADMINISTRATION, FY 2015 CONGRESSIONAL BUDGET JUSTIFICATION AND FY 2013 ANNUAL PERFORMANCE REPORT 21 (2014), available at [http://www.sba.gov/sites/default/files/files/FY%202015%20CBJ%20FY%202013%20APR%20FINAL%20508\(1\).pdf](http://www.sba.gov/sites/default/files/files/FY%202015%20CBJ%20FY%202013%20APR%20FINAL%20508(1).pdf).