

**Testimony of Cheryl Nilsson
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**Hearing entitled:
“Vets First? An Examination of VA’s Resources for Veteran-Owned Small Businesses”**

**Before the U.S. House Committee on Small Business Subcommittee on Investigations,
Oversight, and Regulations**

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Chairman Kelly, and distinguished Members of the Subcommittee, I would like to express my sincere thanks for the invitation to submit testimony for this hearing. I am honored to present my views on the value that veteran-owned small businesses provide to the VA, other federal agencies, our communities, and the National economy.

My name is Cheryl Nilsson, and I am the CEO of First Nation Group, LLC. I served on active duty as an Air Force Judge Advocate for 23 years, specializing in government procurement, and retired at the rank of Colonel. Since retiring, I served as an in-house counsel to two defense contractors over the span of 13 years before becoming CEO of First Nation in 2014. First Nation is a woman-owned, SDVOSB, HUBZone, small business with just over 100 employees, over 40% of whom live in HUBZones and 14% of which are veterans.

First Nation has been one of the leading suppliers of medical and surgical products to VA for over 30 years. We have built an exceptional reputation in meeting veteran needs—especially in the area of sleep and respiratory therapy products. We are uniquely able to provide the widest range of sleep products of any company in America. This enables VA clinicians to prescribe the very best possible individual CPAP and mask solution for each veteran.

We distribute respiratory products to VA hospitals nationwide and to hundreds of thousands of veterans each year. We ship over 1,700 orders per day, and 99% of those orders ship within 24 hours. We maintain an inventory of over 4,000 SKUS, often exceeding over \$40 million dollars in inventory at three strategically located warehouses, including one at our HUBZone location in Detroit. This enables us to quickly meet urgent and emergency VA needs. First Nation has a FSS contract that allows VA to easily order supplies from us. We work with every major CPAP manufacturer and provide substantial discounts to the VA.

Because we stock so many different products and have extensive experience meeting VA direct-to-patient requirements, we are able to provide VA and our veterans with customized, multi-vendor patient solutions. This avoids having to order and ship multiple packages with different products made by different manufacturers. Additionally, we work with each VA Prosthetics Department to ensure they have the information and product support they need to serve our veterans. Our representatives also work with VA to deliver unique multi-vendor tailored solutions – no other vendor of sleep therapy products provides this direct and on-site support from trained sleep therapy product representatives.

Without First Nation and other small businesses that serve VA, the range of available and affordable medical and surgical supplies and customized patient solutions would be greatly decreased. First Nation, like other small businesses, are more nimble, move more rapidly, offer valuable solutions, and achieve cost savings for VA – all while allowing VA to achieve its small business contracting goals.

First Nation's success as a VA supplier has afforded us the opportunity and privilege to give back to veterans and our communities. Indeed, charitable pursuits are one of the core missions of our company. First Nation was founded with the goal of building a sustainable social enterprise to benefit the company's employees, veterans, and the underserved in our community.

First Nation's FSS contract reflects socio-economic status in 5 separate categories. In particular, our SDVOSB status allows us to pursue VA contracts that are reserved under "Vets First Contracting Program". We and many SDVOSBs and VOSBs like us depend on contracts issued under this program for a significant part of our business.

Congress created the Vets First Contracting Program in 2006 with the Veterans Benefits, Health Care, and Information Technology Act (the "Vets Act"). However, despite VA's efforts, we have experienced several challenges in the application of the VA's current policy on subcontracting, sole source awards and non-manufacturer rule waivers.

Recent changes to the MSPV-NG contracts and other proposed reductions in prime contract opportunities for Small Business also presents concern, because the VA has essentially bundled the acquisition of 80,000 products into one procurement. Limiting SDVOSB and VOSB opportunities to the subcontract level takes the more valuable work away from veterans and small businesses that are so critical to our economy.

In closing, I would like to reiterate that First Nation has enjoyed its partnership with VA over the years and we are honored to support the VA's mission and hundreds of thousands of veterans each year. We know we are providing critical patient care solutions depended on by so many of our veterans, ensuring they get the care they deserve. We are doing so with haste, with cost savings for the tax payers, and with the mission to serve our veterans and give back in our communities. In these ways, First Nation and many other SDVOSBs and VOSBs like us embody the worthy aims of the Vets First Contracting Program. We urgently need Congress' continued support of this program and assistance in overcoming the challenges we are facing to ensure the VA and small businesses like ours can fulfill the important promise of the Vets First Contracting Program, the promise that we will take care of our Nation's veterans returning from active service – both as patients and as small business owners.

Thank you again for the opportunity to submit this testimony.