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Statement of

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Before the

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Mr. Chairman, Ranking Member and members of the Subcommittee, I thank you for this opportunity to discuss The Veterans Corporation (TVC) outreach effort and business development service delivery to Veteran Entrepreneurs.

The mission of TVC is to create more prosperous communities and a stronger national economy by fostering business opportunities for Veterans and Service-Disabled Veterans. TVC is an organization that provides direct program services while acting as an entrepreneurial catalyst/ clearinghouse/ facilitator/ broker for Veterans, Service-Disabled Veterans, and members of the Armed Forces, especially those service members who are returning from Iraq and Afghanistan and transitioning from military service into the business community.

TVC is working everyday to assist Iraq and Afghanistan Veterans, along with all Veterans who want to start and grow a business. Two recent examples of Veterans whom TVC has assisted include Army National Guard, Lt. Trinity Cazzola and Joe Santiago.

As a member of the Army National Guard, Lt. Trinity Cazzola is used to being a man on a mission. He's got a new mission now: lending his entrepreneurial spirit to the rebirth of New Orleans. On November 26, 2007, Cazzola threw a grand opening party for Mayas Restaurant, located on 2027 Magazine Street in New Orleans. However, Cazzola is no ordinary restaurateur: just seven short months ago, he was on active duty in Iraq. With the help of business partner, Edgar Arias, and The Veterans Corporation (TVC), Cazzola was able build a restaurant from halfway across the world.

As a platoon leader in Iraq, Cazzola was conducting missions around the clock, coordinating up to 20 soldiers at a time from remote locations. Even though he was on call 24/7, he was still able to devote a few hours a day of his personal time to organizing the restaurant. Every moment he could carve out, Cazzola was writing a business plan, crunching marketing numbers, and even applying for a liquor license. It's no surprise that America's soldiers are known for their determination.

Cazzola called TVC staffer Erin Jones to inquire about assistance from TVC, and made an immediate impression when he next spoke with TVC's Access to Capitol expert James Mingey. "I was amazed. Here is a guy who must be under incredible stress while serving our country, and he's still got the willpower to pursue his dream. I was determined to help him any way I could."

TVC is providing Veterans with experts to help them through the financing process, whether they're starting a business, or just need a little cash to keep things going. When Cazzola entered the program, he got full service help, from simple business plan advice to conference calls with bankers. Starting a restaurant takes time, but TVC is not in the business of giving up on Veterans, and TVC was eventually able to help Cazzola find the right loan.



With the government facing the daunting prospect of reintegrating thousands of returning soldiers, TVC wants to ensure that new Veteran entrepreneurs have the resources to succeed. As any small business owner knows, capital is often the hardest thing to come by. While there are number of veteran loan programs out there, soldiers like Cazzola have a hard time cutting through the red tape. TVC's Access to Capital was designed to change all that. Joe Santiago's story is a perfect example of TVC's dedication getting Veterans the resources they need.

November 13, 2007 was a triumphant day in the life of a soldier, his wife, and his family. For more than four years, the Santiago family had been coping with the traumatic brain injury Joe Santiago suffered in Iraq. On November 22, 2007, they celebrated the Grand Opening of their Nestle Tollhouse "Café by Chip" franchise. It was an accomplishment that seemed impossible just a few years ago.

In March of 2003, Joe was on a surveillance mission near the Kuwaiti-Iraq border when he fell 20 feet and suffered a direct blow to the head. At the time, he thought the injury was minor. However, persistent numbness in his arm, tunnel vision, and headaches eventually forced him to seek medical attention.

What followed was a three year journey through the twisted channels at Walter Reed and Bethesda medical centers and finally onto the VA Medical Center. Since there was no visible sign of an injury, doctors initially suspected Joe of faking his symptoms. They figured he was just trying to milk the system for some extra benefits. But people who had met Joe before the injury knew something was definitely wrong.

He had memory loss, and he had trouble with simple household tasks. He had to leave hours early for a doctor appointment because he often got lost. Loud noises distracted him and sometimes he stuttered. He was emotional, and even the slightest difficulty would send him flying off the handle. He was also in constant pain.

TVC began working with Joe when he and his wife were unable to secure a loan to open the business. TVC's access to capital partner, the National Economic Opportunity Fund (NEOF), began negotiating with bank officers and, within a month, the Santiago's had a loan and were preparing for the grand opening of their business. Today, Joe and his wife Stacy, along with their daughters, are successfully operating their own business, which not only provides for their family, but allows Joe Santiago to work despite the injuries he sustained.

Mr. Chairman, and members of the Committee, TVC is helping many Joe and Jane GI's throughout America. TVC is a Federally-chartered 501(c)(3) organization that was created by Public Law 106-50, the Veterans Entrepreneurship and Small Business Development Act of 1999. This Act recognized that America "has done too little to assist Veterans...in playing a greater role in the economy of the United States". The



Corporation is charged with creating and enhancing entrepreneurial business opportunities for Veterans, including Service-Disabled Veterans. The Board of Directors is appointed by the President of the United States and provides governance over TVC. As a 501(c)(3) tax-exempt organization, TVC can do things that government agencies cannot, will not or should not do.

Mr. Chairman, in FY'07, TVC spent 71 cents of every dollar on programs and services, 19 cents on G & A, and less than 10 cents on fundraising.

SUMMARY OF EXPENSES FY 2007

PROGRAMS	\$1,762,901.00	71.1%
G&A	\$ 475,311.00	19.20%
FUNDRAISING	\$ 240,494.00	9.70%

Mr. Chairman, TVC provides Veterans, Service-Disabled Veterans, members of the Guard and Reserve, and their family members with the tools and resources they need to be successful entrepreneurs with emphasis on:

- **Access to Capital** – From start-up businesses to established businesses looking to expand, TVC understands that financing is an essential need for any business owner. In fact, it is the number one question we receive from our members. That is why TVC has partnered with the National Economic Opportunity Fund (NEOF) to provide Veteran and Service-Disabled Veteran Entrepreneurs with access to capital and the financial support they need to succeed in business. TVC and NEOF are working with multiple lending partners to provide \$5,000 to \$300,000 loans as low as 0% over prime and larger loans of up to \$3,000,000. With TVC's program, Veterans receive financing options above those offered by SBA's 7A and 524 programs.
- **Surety Bonding** – Last year, the value of construction put into place, excluding single family residential construction, was about \$550 billion. For Veteran contractors to secure some of that work, especially in the public sector, they must be surety bonded. Through TVC's partnership with the Surety and Fidelity Association of America (SFAA), both current and emerging Veteran contractors and subcontractors are provided with the education and training they need to do business with the government. TVC members can become experts in government contracting and surety bonding with the nation's only free, fully mentored surety bonding program for Veterans. SBA's bonding cap is set at \$2 million, with the average SBA backed bond at \$245k, not enough for Veterans and Service-Disabled owned companies to successfully compete for federal contracts. TVC's program has no caps, and is a 50 state program.



Mr. Chairman, out of our national hub office TVC in Fiscal Year 2007, TVC headquarters staff has facilitated:

- 2,227 Veteran and Service Disabled Veteran company matchmaking interview sessions during Business Matchmaking events held in Ft. Lauderdale, FL; Atlanta, GA; Upper Marlboro, MD; Washington, DC and Chicago, IL.
- \$391,000 in funding to Veteran and Service-Disabled Veteran owned businesses with another \$39 million in the pipeline.
- \$6.7 million in new surety bonds.
- Nearly one thousand workshops and counseling sessions including, but not limited to, how to write a business plan and assistance with financing and surety bonding.

Attached are three charts detailing services provided by the TVC National Headquarters staff.

Mr. Chairman, web traffic through TVC's Virtual Veteran Business Resource Center (veteranscorp.org) in FY 2007 includes:

- 3,140,511 hits
- 427,048 page views
- 277,574 unique visits lasting an average of 3:07
- 33,095 downloads of materials
- 14,124 visitors to the ConnectVets Business forum, a Veteran peer-to-peer online discussion board where Veterans can share business information with each other

Mr. Chairman, program dollars spent by TVC in FY 2007 by state are as follows:

CA	18k	CADV/ASDV
GA	10k	Business Matchmaking - Atlanta
IL	10k	Business Matchmaking - Chicago
MA (Boston VBRC)	180k	
MI (Flint VBRC)	140k	
MO (St. Louis VBRC)	150k	
VA/WV	6k	www.vetbiznetwork.net
Total	514k	



TVC Headquarter Hub Activity Report (Oct 1, 2006 – Sep 30, 2007)
Outreach and Education:

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	YTD total
Kessler/NEC applications downloaded	-	-	-	-	-	-	79	74	80	192	157	116	425
Kessler/NEC applications submitted	-	-	-	-	-	17	6	5	11	11	13	5	68
Events with TVC presentation	1	1	1	4	4	1	3	4	4	2	3	1	29
Number of veterans attendees/advocates	50	300	359	100	670	700	20	230	1030	1336	775	70	5631
Number of online classes provided	1	0	0	0	0	9	0	0	0	44	41	14	109
Average # of visitors to ConnectsVets per month (estimated)	-	-	-	-	-	2046	1980	2046	1980	2046	2046	2046	14,124
ConnectVets/forum members	-	-	-	-	-	67	30	23	30	30	33	19	232
Virtual workshops	-	-	-	-	-	-	-	-	-	136	340	67	537
General Counseling	36	25	20	45	30	50	38	20	35	30	41	38	408

Access to Bonding: (TVC National Headquarters activity)

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	YTD total
Questionnaire downloaded	-	-	-	-	133	117	129	97	166	219	178	114	1153
Questionnaire submitted	-	1	1	0	0	1	2	1	1	8	4	3	26
Number of new bonds	-	0	0	0	0	0	0	0	1	1	0	1	3
Total amount of new bonds	-	0	0	0	0	0	0	0	\$800k	\$3 mil.	0	\$2.9 mil.	\$6.7 mil.



Access to Capital: (TVC National Headquarters activity)

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	YTD total
Questionnaire downloaded	-	-	-	-	802	812	634	486	967	874	568	446	4575
Questionnaire submitted	5	6	5	15	7	27	27	28	35	30	10	21	216
General Financial Counseling	40	40	25	30	18	12	12	6	6	6	7	7	209
NEOF Referrals	1	2	2	6	0	8	10	5	4	20	7	8	Referrals: 73 Total Dollars: \$39 M
One-on-one mentoring	7	8	7	15	18	40	53	54	60	58	35	44	399
Number of loans facilitated	0	0	0	0	1	0	2	0	0	1	1	0	4
Funding Facilitated	0	0	0	0	\$15k	0	\$36k	0	0	\$100k	\$240k	0	\$391k
Number of loans denied	0	0	0	0	0	0	1	0	1	0	0	0	2



I have included in my testimony the reports from the three separately incorporated 501(c)(3) Veteran Business Resource Centers that TVC funded in FY'07.

Activity	1 st Q.	2 nd Q.	3 rd Q.	4 th Q.	Flint TOTAL	1 st Q.	2 nd Q.	3 rd Q.	4 th Q.	Boston TOTAL	1 st Q.	2 nd Q.	3 rd Q.	4 th Q.	St. Louis TOTAL
New Starts	1	0	0	3	4	1	6 (audited)	4	0	11	13	27 (refused to provide supporting evidence)	2	13	55
Funding Facilitated	0	0	0	\$250k	\$250k	0	0	0	0	0	\$240K	\$157k	\$54k	176K	\$627k
Teamings	0	0	0	0	0	0	0	4	0	4	2	1	0	1	4
Contracts Facilitated	12 / \$9.15	3 / \$16k	5 / \$267k	0	20 contracts \$9.45 million	0	0	0	0	0	0	0	0	0	0
Education Course Students (continuing classes)	0	0	0	0	0 Veterans Students	0	0	61	0	61 Veterans Students	0	0	51	130	181 Veterans Students
Outreach TAP/Seminars/Workshops Attendees	0	0	49	127	176 Veteran Attendees	0	0	348	0	348 Veteran Attendees	74	88	164	178	504 Veteran Attendees
Attendee Hours in TAP/Sem./Wksh.	0	0	96	244	340 Hours	0	0	696	0	696 Hours	74	88	164	178	504 Hours

	Funding Disbursements	1 st Q.	1 st Qtr TOTAL	2 nd Q.	2 nd Q. TOTAL	3 rd Q.	3 rd Q. TOTAL	4 th Q.	YTD TOTAL
Flint	FY 2007 non competitive transition grant \$140k FY 2006 funding \$180k	\$31,250	\$31,250	\$36,250	\$67,500	\$36,250	\$103,750	\$36,250	\$140,000
Boston	FY 2007 non competitive transition grant \$180k FY 2006 funding \$225k	\$31,250	\$31,250	\$49,583	\$80,833	\$49,583	\$130,416	\$49,584	\$180,000
St. Louis	FY 2007 non competitive transition grant \$140k FY 2006 funding \$180k Bootstrap grant \$10k	\$31,250 \$0 grant	\$31,250 \$0 grant	\$36,250 \$0 grant	\$67,500 \$0 grant	\$36,250 \$10,000	\$113,750	\$36,250	\$150,000

In addition to the states just mentioned, TVC spent \$1,248,901 on program dollars for counseling and guidance by TVC National office staff to Veterans on access to capital, surety bonding, and many other aspects in starting or growing a business in all 50 states through phone calls or email detailed in the charts earlier in my testimony. TVC national staff also participated in or directed programs in these additional states of AL, CO, DC, LA, MD, NC, NJ, NM, NV, TX, WA

Mr. Chairman and members of the Committee, in FY 2007, TVC made tremendous strides in providing the tools and resources necessary for Veterans, Service-Disabled Veterans, members of the Guard and Reserve and their family members to be successful in business. In FY 2007 TVC continued this trend by creating programs that provided access to the most sought after resources for Veteran and Service-Disabled Veteran owned businesses: capital and bonding. TVC also expanded its education and training



offerings by forming partnerships with such groups as the Owner Operator Independent Drivers Association that provides Veterans with an outlet to start their own trucking business and with VetBizNetwork.net which provides Veteran and Service-Disabled Veteran contractors access to greater teaming opportunities.

Despite the expansion of programs and outreach that TVC has demonstrated over the last year, Mr. Chairman, a very serious issue must be addressed regarding TVC's Veteran Business Resource Centers. While TVC has opened four Veteran Business Resource Centers over the past three years, all face similar issues to those that TVC faces nationally in terms of raising private funds and, subsequently, limiting their services because of undercapitalized budgets. We have shared realistic budget figures of \$250,000 to \$500,000 per VBRC site with Hill staff. Multiply the lower figure, TVC would need \$12,500,000; with the higher figure \$25,000,000.

TVC's primary concern is that some members of Congress would force us to open centers that we cannot fund and would serve only a small number of Veterans within a two hour drive time of any particular location. TVC believes that, in this 21st century environment, a combination of face-to-face services, along with online and distance learning will serve the largest number of Veterans needing and wanting TVC's services in all fifty states. P.L. 106-50, as it was originally envisioned to create and maintain a national network of VBRCs cannot be implemented with limited resources and more importantly is not the most efficient way to reach a large number of Veterans.

With \$3.2 - \$6.7 million a year, however, TVC can serve as a catalyst, facilitator, clearinghouse and funder of a national/local set of programs and services, serving Veterans in all fifty states. This will be achieved through partnerships with Veteran Service Organizations, The Surety and Fidelity Association of America, the National Economic Opportunity Fund, SBDC's, PTAC's, DOL One Stop Centers, SCORE, SBA, VA, DoD, Congress and the White House. With sufficient funding, we can operate 21st century online and distance learning programs to serve Veterans everywhere.

Mr. Chairman and members of the Committee, we do have some exciting news that we want to share regarding program funding in FY' 08 that we were able to achieve despite our limited dollars. In the fall of 2006 TVC set in place a competitive grants program to reach as many Veterans as possible in all fifty states. In the summer of 2007, TVC released the RFP for competitive grants commencing October 1, 2007. By November 1, 2007, TVC had received nearly \$2 million in grant applications from organizations in 22 states – organizations that were already in place and serving Veterans who want to start and grow a business.

In FY'08, with reduced dollars from Congress, TVC has been able to award 8 grants totaling \$329,000. In the category of entrepreneurial education and counseling, The Veterans Corporation awarded \$67,500 to the Veterans Advocacy Foundation in St. Louis, MO, for their program entitled Bootstraps; \$30,000 was awarded to the Seattle Business Assistance Center in Seattle, WA, for their program entitled VOTE (Veterans Outreach for Training and Education); and \$30,000 was awarded to Jewish Vocational Service in Boston, MA, for their Entrepreneurial Training Program.



To specifically serve the Service-Disabled Veteran community with entrepreneurial education, outreach, and resources, The Veterans Corporation awarded \$37,500 to the Technological and Research Development Authority in Melbourne, FL, for their project entitled the Florida Disabled Veterans Business Initiative; \$25,000 was awarded to the Whitman School of Management at Syracuse University in Syracuse, NY, for the Entrepreneurship Bootcamp for Veterans with Disabilities University Consortium; and \$35,000 was awarded to Able-Disabled Advocacy, Inc. in San Diego, CA for their program entitled BusinessSense.

Lastly, to foster entrepreneurship in the Veteran community through outreach and business planning, The Veterans Corporation awarded \$67,500 to VetBiz Central in Flint, MI, for outreach, and awarded \$36,500 to the Jewish Vocational Service and Employment Center in Chicago, IL, for Veterans Basic Business Training. In addition, TVC has funded St. Louis with an \$8,000 grant for a Bootstraps program, and the New England Veteran Homeless Shelter with a \$10,000 grant plus computer equipment.

Mr. Chairman, as TVC finishes the 2nd quarter of FY 2008, it can take pride not only in the remarkable growth in programs and services it provides the entire Veteran urban and rural community in all fifty states, but more importantly the Veteran and Service-Disabled Veteran business owners that have turned their dreams into reality with the opportunity TVC continues to provide.

We would like to take this opportunity to thank the House of Representatives, especially Chairman Mollohan of West Virginia and Ranking Member Frelinghuysen of New Jersey. These two House members led the fight in the House Appropriations Committee last summer and fall to fully fund TVC at \$2.5 million. We also thank Representative Shelly Moore Capito of West Virginia, and you Chairman Shuler along with Subcommittee member Representative Gwen Moore of Wisconsin, who signed the Capito "Dear Colleague" letter last December urging the House to hold the line against Senate plans to zero out TVC. We appreciate your confidence in TVC programs and services, and Veterans like Trinity Cazzola and Joe Santiago thank you too.

Mr. Chairman, I would like to submit a copy of TVC's FY 2007 Annual Report, along with a copy of TVC's 2007 Annual Audit report. We hope you all agree that when Veterans succeed, America succeeds.

Thank you, and I will be happy to take any questions you or the Committee might have.

