

**STATEMENT OF SCOTT F. DENNISTON
DIRECTOR, OFFICE OF SMALL AND DISADVANTAGED BUSINESS
UTILIZATION AND THE CENTER FOR VETERANS ENTERPRISE,
U.S. DEPARTMENT OF VETERANS AFFAIRS**

**BEFORE THE JOINT HEARING OF THE
VETERANS AFFAIRS SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
AND THE
SMALL BUSINESS SUBCOMMITTEE ON WORKFORCE, EMPOWERMENT,
AND GOVERNMENT PROGRAMS**

**U.S. HOUSE OF REPRESENTATIVES
MAY 24, 2005**

Chairman Boozman, Chairman Musgrave, Committee Members, I greatly appreciate the opportunity to testify at this joint subcommittee hearing. Your oversight is exactly what the Federal Veterans Entrepreneurship Program needs at this critical juncture in its growth.

In 1999, you directed Federal agencies and the Veterans Corporation to organize public and private resources to promote formation and expansion of veteran-owned businesses. This mission has been fulfilled. DoD, SBA and VA have fully supported the Veterans Corporation. Turnover within the Corporation has impeded our efforts. As a result, Federal agencies, contractors and service providers have voluntarily organized into areas of expertise. We continue to offer the Corporation our full support. The President's Executive Order 13360, Providing Opportunities for Service Disabled Veterans, recognizes the self-governance structure which now exists.

The Executive Order required agencies to create and publish comprehensive strategic plans. The majority have done this. These plans are easily located on our VetBiz.gov web portal as well as on SBA's web site. Now,

it is time to measure performance against those plans. I believe that formal scorecards would be very useful.

Since November, VA has hosted meetings of volunteers committed to increasing access for disabled veterans in Federal markets. The Honorable David Safavian, Administrator of the Office of Federal Procurement Policy, has been generous in his support of this group. He has actively encouraged the free exchange of vision and ideas. We have shared best practices. We are coordinating outreach conferences. We've identified impediments, both real and perceived. VA's plan adopts the best practices and tackles some of the impediments. Our plan targets 5 improvement areas. They are Employee Training, Information Sharing, Prime Contractor Partnerships, Sourcing Support and Acquisition Protocols.

Step One is Employee Awareness and Training. This involves all employees. We will kick-off our internal campaign on June 14 at our annual Champions of Veterans Enterprise awards ceremony. This 120-day effort will blitz our facilities with information about the Department's strategic plan. It will include posters, videos and program materials for distribution to our employees. The objectives are to overcome reluctance to use the set-aside and to show employees how to easily locate high performing businesses. The 4-month program will be followed by a longer sustained awareness campaign to be introduced next Fiscal Year.

Under the Executive Order, the Defense Acquisition University is responsible for training Federal employees. They acted quickly. A version of the course is already posted on the Internet. The voluntary working group is reviewing the content to offer improvement ideas. One suggestion is use of VetBiz Vendor Information Pages for market research.

The legislative order of precedence for small business programs is a major impediment to increasing utilization of service-disabled veteran-owned businesses. In VA, we believe strongly that service-disabled veterans should have at least full parity with other small business programs. After all, "Veterans is Our First Name." Section 8(a), HUBZone, then service-disabled veterans? This is a hard precedence to explain and follow given who we serve.

Our objective is to significantly improve accomplishments with veterans and service disabled veterans. In Fiscal Year 2004, VA achieved 1.25% (\$110.7 mil.) of total procurement dollars with disabled veterans. While this performance was higher than many Federal agencies, it is unacceptable to our leadership.

I have mentioned before and want to say again today that Dean Koppel and his colleagues at SBA did an outstanding job of writing the FAR and SBA rules for service disabled veterans. The flexibility for teaming and joint-venturing is tremendous. However, we must educate buyers about the time it takes for small businesses to form teams and respond to complex requirements. We must ensure that buyers understand how to evaluate offers submitted by teams and by joint ventures. They must understand how to administer contracts involving multiple partners. Contract performance by teams must clearly show that the disabled veteran-owned business is controlling the requirement and not simply a front for the other partners. Contracting officers will benefit from both written guidance and training on this difficult subject. We look forward to working with Charles Cervantes in the Office of the Secretary of Defense and with Teresa Lewis in SBA's Office of Government Contracting in the development of training for vendors and government personnel.

Step Two is Information Sharing. Vendors registered in VetBiz Vendor Information Pages now automatically receive FedBizOpps notices that match the company's industry or Product Service Codes. However, small businesses also need access to decisionmakers well in advance of requirements that appear in

electronic postings. Our plan requires local facilities to conduct annual vendor conferences. These sessions will include procurement and technical personnel who will explain buying rules and announce opportunities. VA now requires formal local procedures that ensure equitable access for small business owners to decision makers. We are structuring a monthly videoconferencing program to begin in October. This program will showcase buying rules in industries common to several agencies. We will invite senior VA leadership to conduct periodic town halls with owners. Deputy Secretary Gordon Mansfield did this as one of his first actions after accepting the position last year. VA's videoconferencing centers will be available for owners to view these information sessions.

Step Three is Sourcing Support. Buyers need to easily locate vendors who will perform reliably. The VetBiz Vendor Information Pages now offers video streaming. In this option, an owner may post a 3-minute film clip to the database. Because of different computers throughout government, we have learned that many employees do not visit web sites because pages often load slowly. By posting the video clips to the VIP database, our visitors do not need to go elsewhere to get detailed information about veterans in business.

There is more work to do. We have hired a contractor to develop an automated call program to reach every veteran business owner in CCR that is not yet in our database. As part of our awareness campaign, we have videos and CD-ROMs that show buyers how easy it is to use this database. We are considering further modifications that will enable owners to voluntarily document their veteran status. This is a suggestion from some corporate and Federal officials as an extra measure of buyer assurance.

Step Four is Partnering with Prime Contractors to create subcontracting opportunities for veterans and disabled veterans. We have dispatched letters to large Federal contractors inviting them to identify a veterans' business advocate to work with VA's Center for Veterans Enterprise. Some prime contractors have

responded with enthusiasm. General Dynamics, SAIC, and Boeing, are several of the large contractors who are creating formal improvement plans. We are working with the Defense Contract Management Agency to develop a model for contractors to improve outreach, mentorship, contract opportunities and direct employment of veterans. On June 14, we will formally recognize Federal prime contractors who are leading the way in utilizing service-disabled veterans in business.

Step Five is Modifying Acquisition Protocols to make it easier to do business with service-disabled veterans. We have created technical evaluation factors to credit offerors who partner with service-disabled veterans in major requirements. VA intends to establish a formal Mentor-Protégé Program for service-disabled veterans in business.

The VA Strategic Plan approved by the Secretary in Feb. commits to examining a change to the VA Acquisition Regulation (VAAR) to potentially permit SDVOSB set-asides for purchases made under FSS contracts. Likewise, we are examining the prospects of a special provision for appropriate deviation from FSS or national contract sources in cases where SDVOSB can provide equal or lower prices.

The key to program success is linking performance and accountability. VA's plan directs our leadership to formally evaluate executives, managers and any employee who influences contract decisions on their accomplishments with service-disabled veterans.

I am excited about the potential for progress with the new framework established by the Executive Order. Never before have I witnessed such a confluence of legislation, creative rulemaking, openness of agency information, and passionate commitment by advocates.

In closing, it is my privilege to have worked with former Secretary Anthony Principi and former Deputy Secretary Leo Mackay and to now work with Secretary Nicholson and Deputy Secretary Gordon Mansfield. Mr. Mansfield called me shortly after receiving the President's order and volunteered his personal support. His leadership reflects our collective belief that Veterans in Business are Still Serving America.

Chairman Boozman, Chairman Musgrave, thank you for convening today's hearing. I will submit my written statement for the record. I welcome your interest and am prepared to answer any questions that you or the members may have.