

## WRITTEN TESTIMONY OF

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## BEFORE THE

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Chairwoman Shaheen, Ranking Member Ernst, and members of the Committee, I extend my sincere gratitude for the invitation to testify before this committee about military-connected business ownership. As someone who has worked to advance the cause of veteran and military-spouse business ownership for almost twenty years, I appreciate uniquely the Committee's role and longstanding commitment with regard to supporting opportunities for servicemembers, veterans, and their families to leverage business ownership as a strategy to transition from military to civilian life. To that end, I am grateful for the opportunity to contribute to the dialogue on veteran and military-connected business ownership, recognizing the significant contribution that military-connected entrepreneurship has on both individuals and society.

Further, I'd like to highlight and commend Chairwoman Shaheen's bill, *The Heroes Business Opportunity Act of 2023*. Based on the D'Aniello Institute for Veterans and Military Families' National Survey of Military-Affiliated Entrepreneurs (NSMAE), access to capital is the number-one cited barrier to venture creation and growth identified by veteran business owners. *The Heroes Business Opportunity Act of 2023* is positioned to enhance access to much needed start-up and growth capital, by waiving the SBA Guaranty Fee for 7(a) loans made to veteran-owned small businesses. This measure not only encourages increased lending, but also fosters a more supportive environment for veteran entrepreneurs. I look forward to discussing how this bill can contribute to the success of veteran-owned businesses and enhance the impact of military-connected business ownership on families and the broader economy.

Thank you for the opportunity to be a part of this important conversation.

### **The Landscape**

Contrary to the perception of a rigid military environment, our servicemembers are inherently entrepreneurial, innovative, and trained to create opportunity in the face of dynamic and resource-constrained environments. This explains, in part, why research has demonstrated that veterans are more likely to own businesses and persist as business owners at a rate higher than their non-veteran counterparts. The extent of that entrepreneurial activity varies based on factors like age, gender, race/ethnicity, and length of service. The landscape of veteran entrepreneurship is a dynamic tapestry, highlighting the resilience and innovation of military-connected individuals. While there are various motivations that drive veterans to entrepreneurship (limited employment opportunities, ability to make their own decisions, maintain personal freedom, and the opportunity to be financially independent), 93% attributed their success to skills acquired during military service.

All that said, navigating the transition from military to civilian life can be undeniably challenging. Drawing upon my own experience leading Syracuse University's D'Aniello Institute for Veterans and Military Families (IVMF), I have witnessed the critical importance of diverse pathways to post-service careers. Veterans, driven by an entrepreneurial spirit cultivated during military training, often choose business ownership. For example, since its inception in 2013, the SBA's Boots to Business program has served over 194,000 transitioning service members, veterans, and military spouses. Similarly, the IVMF's portfolio of business ownership programs have provided entrepreneurship training to more than 70,000 service members, veterans, and military spouses over the past 12 years. These programs represent just some of the robust landscape of supportive services and resources positioned to advance the entrepreneurial journey of the military-connected population.

#### *Highlight SBA's Impact on Veteran Entrepreneurship*

The SBA stands at the forefront of empowering veteran entrepreneurs by offering funding programs, mentorship opportunities, and educational resources. Beyond the Office of Veterans Business Development (OVBD) programs, the SBA's impactful contributions extend across various portfolios. These include initiatives such as the 7(a) fee relief within the Office of Capital Access, the invaluable resource partnerships of the Office of Entrepreneurial Development, the innovative Community Navigator Pilot Program, and the successful implementation of VetCert within the Office of Government Contracting and Business Development. These efforts collectively play a crucial role in fostering the creation and growth of businesses owned by veterans.

It is important, however, to acknowledge that the veteran entrepreneurship ecosystem is complex and navigating local resources poses challenges. While many veteran entrepreneurs report receiving the most help from SBA or private-sector resources, over 46% find it challenging to navigate resources in their local communities. Rural business owners prefer in-person assistance, revealing a disparity in resource availability. Navigational challenges disproportionately impact women and veterans of color, fostering feelings of being unsupported.

#### *Importance of Public-Private Partnership*

Recognizing that the SBA cannot address all challenges alone, a symbiotic relationship between the public and private sectors becomes crucial. Public-private partnerships, exemplified by SBA collaboration with the non-governmental partners, create a responsive ecosystem. This collaboration ensures tailored solutions to diverse challenges faced by transitioning veterans, fostering an environment where they can thrive.

Public-private partnerships create a proactive and 'needs-driven' ecosystem, ensuring tailored solutions to diverse challenges faced by transitioning veterans. An example is the IVMF's VetSource program, a partnership to support and connect those military-connected business owners seeking their first, second, or third contract with a Fortune 500 corporation or prime government contract. These types of government-industry collaborations are instrumental in fostering an environment where veterans can thrive as business owners and leaders. Further, the return on investment of these type of collaborations is clear.

Since World War II, veteran-business owners have played a pivotal role in the nation's economy. Each year, veteran-owned businesses make significant contributions to the U.S. economy, employing over five million Americans and generating \$1.3 trillion in total sales. Beyond economic considerations, empowering veterans as business owners aligns with ideals of service and citizenship. Veterans, who

defended freedom, can now contribute to economic freedom through business ownership. Expanding access to business ownership via public-private partnerships is not just economically sensible; it is a recognition of the deserving pursuit of the American Dream by those who pledged to defend it in uniform.

### **Syracuse University's D'Aniello Institute for Veterans and Military Families (IVMF) Programs**

The D'Aniello Institute for Veterans and Military Families (IVMF) actively contributes to the military-connected business ownership mission and landscape. Specifically, the IVMF designs and operates a portfolio of transformative initiatives that include eleven national training programs and three tailored information hubs, each designed to meet veteran entrepreneurs where they are in their business lifecycle. Across this portfolio, the IVMF has provided business ownership training to more than 70,000 military-connected entrepreneurs over the past decade and navigation services to 35,000 individuals – all at no cost to the veteran. One programmatic example is the IVMF's *VeteranEdge* initiative.

The *VeteranEDGE* Conference is an annual, four-day training and networking event designed to connect veteran business owners with subject matter experts and each other, all with the objectives of maximizing venture growth and finding solutions to business ownership challenges. We have numerous success stories illustrating the positive impact of IVMF programs on veteran entrepreneurs. One veteran business owner impacted specifically by *VeteranEdge* is Jackson Dalton – founder of Black Box Safety. Jackson indicated that *"I'm grateful for the services and connection that IVMF has provided to me. By attending the Veteran EDGE Conference, I met decisionmakers bringing in \$2.5M in revenue during their first year as a customer. Since then, I have participated in additional IVMF entrepreneurship programs to grow and scale my business, learning critical management skills from top business minds."*

Jackson has graduated from multiple IVMF entrepreneurship programs. Last year, he reported that 20% of his 13.5-million-dollar revenue was attributed to connections he made while attending our programs. This year, Jackson's Black Box Safety is ranked on the annual [Vet100 list](#), in partnership with Inc. Business Media. This list highlights the fastest-growing veteran businesses in the country. This recently released list of veteran companies features 25 IVMF alumni, exemplifying the enduring success of these programs.

We must raise broader awareness of the supportive resources that already exist and one that really helps with capital readiness. This awareness is vital as it ensures that veteran entrepreneurs are well-equipped with the knowledge and tools needed to secure and effectively utilize capital, ultimately fostering their success in the competitive business landscape. One crucial dimension of this work is to ensure that veterans are capital-ready when they approach the SBA or other lending platforms. The SBA resource partner programs and IVMF programs have a similar impact on capital, preventing businesses from spending money on quality technical assistance, training, and networks that they would otherwise pay substantially more to acquire.

### **Selected Highlights from Our Research and Opportunities:**

The IVMF also conducts the National Survey of Military-Affiliated Entrepreneurs (NSMAE), the largest data collection effort representing veteran business ownership outside the federal government. This research program is the first private-sector initiative designed to apply a data-driven research focus on military-affiliated entrepreneurship. This effort seeks to gain better insights and understanding of military-affiliated entrepreneurs and identify the economic, political, and socio-cultural factors that serve as barriers to entrepreneurship for military-affiliated individuals. The efforts published by this

initiative offer a variety of compelling and actionable findings. For the purpose of this hearing, I would like to emphasize our focus on financial barriers and capital readiness, recognizing their paramount importance in supporting veteran small business owners.

#### *Financial Barriers and Capital Readiness*

In the intricate landscape of veteran entrepreneurship, a myriad of obstacles shape the journey to business ownership. Recent study findings reveal challenges in the search for capital, common to all potential entrepreneurs regardless of veteran status. Veterans, nearly 3.5 times more likely than nonveterans, often encounter issues with personal credit history. Attempts to address this through various programs and funding initiatives, while helpful to some, may not be universally suitable. Research should further explore nuances in access to capital and the concept of capital readiness to design solutions tailored to better prepare veteran entrepreneurs. Innovative funding models are crucial in recognizing and overcoming the unique financial challenges veterans face when launching and sustaining businesses.

Navigating the complexities of capital readiness for veteran entrepreneurs extends beyond financial considerations alone. It involves addressing challenges related to resource navigation, access to knowledge, and the presence of a robust support mechanism. Enhancing capital readiness for veteran entrepreneurs involves a multifaceted approach. Community-based instruction, training, and support are pivotal elements in this strategy, providing veterans the opportunity to grow, network, and develop entrepreneurial passion alongside their peers. This collaborative training not only fosters skills but significantly improves the probability of success, creating a more interconnected and supportive business environment.

Additionally, effective collaboration between various service organizations plays a crucial role in elevating capital readiness. By enhancing cooperation across various service organizations, veterans gain access to suitable support, resources, and networks, ensuring they are well-prepared to navigate the complexities of securing capital for their ventures. Advocacy for entrepreneur-friendly policies aligned with community values is essential for positively influencing capital readiness in entrepreneurial ecosystems. These policies encourage entrepreneurial activity and contribute to the overall development of the ecosystem, indirectly supporting the capital readiness of veteran entrepreneurs.

Lastly, streamlined access to educational resources is critical. Veterans, facing challenges in navigating vast information, benefit from a well-organized approach, enabling them to identify resources tailored to enhance their capital readiness. This concerted effort reduces redundancy and optimizes the use of available resources, contributing to the development of a stronger and more supportive entrepreneurial ecosystem focused on effective capital utilization. This underscores the significance of SBA lending for veteran business owners. In such cases, the entrepreneur might fall just below the approval threshold of the bank's standard commercial product. However, the bank can pivot to the assurance provided by a loan backed by the SBA guaranty.

#### **Conclusion**

In conclusion, I express my sincere gratitude for the opportunity to address this esteemed committee. Over my long involvement in the veteran business ownership community, I've witnessed the profound impact of entrepreneurship on the lives of servicemembers, veterans, and their families transitioning to civilian life. Chairwoman Shaheen's bill is commendable, reflecting a commitment to advancing

opportunities and support for veteran entrepreneurs. Today's discussion has emphasized the crucial role of the SBA and the need for collaborative efforts between the public and private sectors. Syracuse University's D'Aniello Institute for Veterans and Military Families programs exemplify successful initiatives that enhance capital readiness and support veteran business owners. As we navigate the multifaceted landscape of veteran entrepreneurship, it is evident that a comprehensive approach, encompassing financial support, educational resources, and collaborative partnerships, is essential. This legislation is a significant stride towards fostering an environment where veteran entrepreneurs can thrive, contributing not only to economic growth but also honoring the ideals of service and citizenship.

Thank you for the opportunity to contribute to this important conversation.