



VETERANS BUSINESS RESOURCE CENTER

911 Washington Avenue Ste 705 St. Louis MO 63101-1243
PHONE: (314) 531-VETS (8387) / (314) 531-8386

April 29, 2019

www.vetbiz.com

Board of Directors

Bryan Bolton

Frank Burns

Frank Curtis, Esq.

Joshua Frank
Chair

Jessica Fox
Treasurer

Roderick Gilliam

Andrew Ishmael

Patrice Manuel

Robert Scharff, Jr.

Brian Sexton
Vice Chair

Emeritus Directors

John Bopp

Ernest A. Coe

Donovan Foster

Jacob Garth

Robert W. Fulstone

John M. Hillhouse

Edward D. Higgins

LG (Ret) Gary Hughey

Ken E. Kotiza

Dennis Lane

Ron Moore

Brenda Newberry

Donald M. Suggs

Follow Us

Twitter @vetbiz
Facebook.com/VetBiz
Instagram/VetBiz

Written testimony to the United States Senate Committee on Small Business & Entrepreneurship

by

Darcella K. Craven, President Veterans Business Resource Center and Executive Director of the Veterans Business Outreach Center for Missouri, Iowa, Nebraska, Kansas (MINK)

Chairman Rubio, Ranking Member Cardin and members of the Committee, thank you for the invitation to provide testimony for this important hearing. My name is Darcella Craven, a service connected veteran and President of the Veterans Business Resource Center, or VBRC.

VBRC is a nonprofit, 501(c)3, community-based resource center established because of Public Law 106-50 Veterans Entrepreneurship and Small Business Development Act of 1999 and has operated continuously since June 7, 2004. Its mission is to train, mentor, and assist transitioning military, National Guard and Reserve members, in addition to our nation's veterans as they start and grow their small businesses. The VBRC's client base includes Veterans, Wounded Warriors, Service Connected Veterans, and their family members.

The VBRC specializes in providing small businesses the skills for start-up and/or expansion of businesses through workshops, online via LivePlan.com and face-to-face counseling. These services include local, state and federal government procurement, financial literacy, business insurance education and public speaking for presentations. We offer business training which includes, but not limited to, business skills training, marketing, pitch competition preparation and financial management.

VBRC is a multi-award-winning organization operated by a highly-skilled staff and is recognized as one of the Top 15 Organizations to Make Your Business Grow in St. Louis, What's Right With the Region award in 2017 and the 2015 VBOC of the Year. The VBRC has over 15 years of established relationships to achieve our mission.

The VBRC's relationship with the SBA has been exceptionally strong since 2004. We have been the Veterans Business Outreach Center (VBOC) since 2008, we have had the opportunity to leverage our relationships with regional and district SBA offices as well as other regional SBA resource partners. The VBRC has earned a reputation for seeking out and establishing innovative collaborations and partnerships to utilize limited resources and utilize marketing and communication platforms to maximize small business awareness and marketing distribution.

The VBRC and the leverage of our resource partners, makes us a clear leader in our region's entrepreneurial ecosystem. As such we hold active membership in many chambers, committees and special boards both as an agency and in our personal lives. We believe in conducting ourselves as community members in the same way we instruct our clients. Each staff member is encouraged to participate in community outreach, not necessarily associated with entrepreneurship but to maintain their connection to the communities in which we serve.

Veterans Business Outreach Center (VBOC):

The VBOC program is designed to provide entrepreneurial development services such as business training, counseling and resource partner referrals to transitioning service members, veterans, National Guard & Reserve members and military spouses interested in starting or growing a small business. Services provided by the Centers include Pre-Business Plan Workshops, Concept Assessments, Business Plan Preparations, Comprehensive Feasibility Analysis, Entrepreneurial Training and Counseling, and Mentoring to name a few. The SBA has 22 organizations participating in this cooperative agreement and serving as Veterans Business Outreach Centers (VBOC).

Geographic Area Served and Constituents Served:

Our VBOC Program concentrates on SBA Region VII. We have agreements with each district SBA office within our region, as well as regional resource partners, to leverage office space for counseling and events and technology infrastructure for communication and increased distribution of available resources within the overall region. We are headquartered in Missouri and our regional focus is the St. Louis Metropolitan area including the six counties in Illinois (Clinton, Jersey, Madison, Monroe, St. Clair, Bond). We are 15 minutes from Scott Air Force Base and have conducted entrepreneurship classes on post since 2004. According to the 2016 SBA Office of Advocacy Small Business profiles for MO, IA, NE, KS, approximately ten (10) percent of small businesses reported that they had one or more veteran as majority interest owners (MO – 11%, IA – 8%, NE – 9% and KS – 10.5%). The Census found that seven (7) percent of Veteran business owners were service disabled; and the estimated number of Veteran and Service Disabled Veteran Owned Businesses (SDVOSB) in Region VII. (see our VBOC @ VBRC Impact Graphic)

In a review of the State Certified Service Connected Veteran Owned Businesses only 170 certified firms in Missouri are listed and an even lower number in Kansas. We are positioned to assist these states with identifying and helping to register more small businesses who meet certification requirements. We have spent considerable time building relationships in the entrepreneurial community to build trust among partners to achieve this. Our goal is to increase the registered, certified veterans by 30%.

The VBRC has a collaborative partnership with the Veterans Administration Vocational Rehabilitation & Employment (VR&E) program to work with all service connected veterans interested in self-employment. The Center facilitates these self-employment clients through the same process keeping in mind the challenges these veterans may have with meeting us at our facilities. We work with the client online and directly with the VA counselor to help the veteran create a viable business plan with potential funding by the VA. We have only recently begun tracking these clients at the request of Vocational Rehabilitation. We have tracked 100 VR&E clients since 2004 mostly in MO with over \$300,000 in VR&E funds being granted. Our goal is to increase this by 10% in MO and build in each state.

We support B2B, Reboot B2B and positioned to support the Reboot program at six (6) military installations in Region VII and one (1) installation in Region V. The Family Readiness partners estimate between 700 – 900 military personnel will transition in 2018 from our smallest post (WAFB)

to over 5,000 at our larger installations. The B2Bs average 20 transitioning military and their families in each class which are held, at a minimum, quarterly on each post. Some posts, such as WAFB, Leavenworth and Riley, consistently have over 35 participants on a waiting list. There are 43 B2Bs scheduled for 2019 across our region. We now have 3 B2B trained staff to support an increase in B2Bs scheduled by SBA staff or TAP.

Understanding the Value

There is no shortage of information out there for small business owners. Simply Google small business assistance and a million links pop up. Information ranges from high quality and well researched technical articles to anecdotal stories from past entrepreneurs which trend towards emotional. The SBA's website is one such link and a treasure trove of information. While the information is great, the videos are informative and the links that lead from it also fall on equally informative sites, it is an excellent example of what it is like to drink water from a fire hose.

Ladies and gentlemen, if I give you a gold brick and you do not understand the value of gold, you have a beautiful doorstop. I suggest to you that one of the most important tasks of the VBOCs, is to help our military affiliated client understand the value of the information and navigate the tremendous information out there. Alongside the information they can Google, helping them understand how to utilize and access the SBA family of resource is equally important. We get our clients to the right resource, at the right time, with the right information.

Throughout my time at the VBRC, I have witnessed the frustration of military personnel in dealing with other resource partners, not because the partner was incapable, but because there was a misunderstanding in communication. As we said in the Army, *Bottom Line Up Front*, the language barrier is real. VBOCs provide that translation not only from the military member to the partner, but vice versa.

Just focusing on the SBA resource partners each on has its own niche. I have worked in this space for over 20 years and below is *my perspective* of the challenges and potential solutions:

SCORE Mentors: Highly educated, specialized volunteers who are dedicated to helping small businesses navigate the small business world. This group of people are a tremendous asset to a small business owner as they often bring years of experience in marketing, finance or sales to a client at no cost. They offer specific trainings which are segmented i.e. social media marketing versus marketing strategy.

Challenges:

- Volunteers might have an excellent grasp on marketing, but it may come from 30 years operating a marketing department in a large corporation.
- A client might ask marketing questions of a volunteer that has more experience in finance.
- There may not be a Chapter close to a community considering the vastness of our nation's rural areas.

Solutions:

- VBOCs ensure a client is specific about the type of mentor they need. Being clear that they need marketing, finance, sales etc expertise gets them to a mentor that can assist immediately.

- VBOCs help the client formulate specific questions to ask and/or navigate which SCORE classes might be best.
- The VBOC can ensure that if the SCORE chapter doesn't have a local mentor, they access the online SCORE program which has access to many mentors nationwide.

Small Business Development Centers: These Centers are located inside universities or affiliates which make for an excellent opportunity to get academic, highly researched training and assistance. Often counselors are highly trained researchers in their field such as exporting, economics or marketing. Or their counselors are “recovering lenders” and their expertise in finance and lending is invaluable. Clients have access to university level resources, the latest research and counselors who understand how to interpret that data. Due to university resources, they often have state of the art technology, can set up extension centers and can access data from reciprocal universities from around the world.

Challenges:

- Generally, these centers are located on college campuses which can be a bit intimidating for returning military members or spouses.
- SBDCs are not set up to assist the “dreamer” entrepreneur. This program, with its high-level resources, is best suited for expansion clients or startups with significant resources available to them.
- While the SBDCs do offer classes, they are also open to all small businesses and do not specifically focus on military affiliated personnel.
- Depending on the region, they may have boundaries they cannot cross so they do not encroach on another university or they may be in a specialized institution i.e. agricultural based or technology. This could limit the expertise in the consulting staff.
- SBDCs located on campuses, may not have the time to fully engage in the community due and may or may not be a part of Chambers, statewide programs or community organizations. Those Centers located in extension, often have more flexibility and can connect outside of the entrepreneurship space.

Solution:

- As with SCORE, ensuring that the client is prepared for the level of expertise offered in each SBDC is important. The VBOCs can assess the preparedness and direct clients as appropriate.
- Often municipalities require specific training to apply for contracts and SBDCs usually host those trainings. VBOCs bring awareness of those trainings and help clients determine if the time is right for engagement.
- Dreamer clients can be served internally (or appropriate partner) until they are ready to move into the more advance SBDC classes or certifications.

3. Women’s Business Centers: These Centers are created to empower women entrepreneurs with resources and tools to create strong sustainable businesses. They help women navigate the business needs and manage other challenges a woman business owner might have that a male counterpart might not. They do offer free trainings and counseling as well as more

advanced programming which might cost. They are usually Centers that help with women's certifications and procurement. They often have micro lenders or are located with other economic development institutions.

Challenges:

- The women's centers usually focus on local small businesses within their Center's footprint. This strong emphasis on local development can be a challenge for a military spouse that may not be staying in the community due to duty station change or discharge from the service.
- The general information offered is excellent, however, more specific information may be impossible to ascertain because of the WBCs boundaries.
- Military spouses, largely still women, often have small micro business but client ability to receive a loan, even a micro loan, may be limited due to no or low credit, lack of collateral or limited resources.
- Many women veteran and military spouses live on military post or are surrounded by military friendly communities. When they transition, they often end up in communities where the population of military affiliated personnel is small.

Solution:

- In case of deployment or duty station change, the VBOC can help the military spouse find a reciprocal WBC, other resource partner or pick up the counseling as we have a regional reach.
- VBOCs often have knowledge of like-minded agencies, governmental and nongovernmental, in the area where the client will relocate and can connect the client, current WBC and the future WBC together so they may collaborate.
- The VBOC can help the client connect to communities outside of the military base or community and begin to establish relationships that will help the businesses thrive. VBOCs can also serve as a space that understand the military experience as a large majority of the consultants and staff or either veterans or military family members.

This is most certainly not conducive of all Resource partners and reflects my dealings with our resource partners and how we have worked with them over the last 15 years.

Funding of the VBRC:

As an Army veteran and nonprofit manager, I am used to finding resources and collaborating to make a mission. I understand how to read the environment and pivot as necessary and indeed the VBRCs growth is proof that we can and have collaborated well. Consider this, in 2018 alone, we had 4,827 counseling sessions, participated in 146 training events and over 45 outreach events and conducted 38 B2B sessions, all with 3 staff members and over 100 volunteers.

However, if I am to truly record and understand our impact and not just activity. If I want to do strategic planning, ensure administratively we are recording all information and build stronger relationships with volunteers and the community, I need to raise additional money. I raise funds to

allow the hiring of appropriately trained staff; pay them well to maintain a consistency in contacts across our region and keep them professionally developed; and ensure enough funding for outreach in 4 states. We must focus on not only stabilizing the center, but on growth.

Conclusion:

VBOCs stand prepared to help navigate the resource partner offerings. Right resource, Right time, Right information.

I have been in this space for over 20 years and can see the positive evolution of the small business development centers, SCORE, and the women's business centers. I have witnessed the movement of these separate entities from the "this is mine" mentality to collaborative partnerships that conspire together to assess entrepreneurial needs and help small businesses.

Part of what we do at a VBOC is ensure that the word gets out about the many federal, state and local resources that are available – both government and nongovernment.

We also:

- bust myths about "grants" offered by the SBA for small business,
- work with vocational rehabilitation self-employment through the VA for our service disabled members,
- work with rural communities that have their own set of challenges,
- And we ensure military spouses and families are not forgotten.

To that point, we must ensure our programs are truly focused on military families and they are not just thrown in as an aside to placate that community.

The VBRC has only succeed because we enter a community with the spirit of collaboration as the lead for our charge. We look to see how the ship is moving and ask how we can help turn the wheel. In our region we,

- have offices inside the Kansas City SBA which ensures a conversation can be had by walking a client down the hall rather than make a phone call;
- work collectively to bring Reboots to Iowa that are focused on Agri-businesses;
- share office space in the Urban League empowerment center in Ferguson with the SBDC to bring our services to military families in underserved communities;
- partnered with the St. Louis District office to host a week long national small business week celebration
- move clients to the well-established veteran's entrepreneurship program in Omaha at a local university – no need to reinvent the wheel
- partner with the Kansas SBA to bring the Kansas Suppliers Conference in conjunction with too many partners to name
- have 100% participation by SCORE & SBDC at all 7 military post to conduct Boots to Business classes.

Our partnership relationships have stood the test of time. We look forward to 15 more years of service to our military communities.

Thank you for your time and attention to this matter. Make it a powerful day!

Respectfully Submitted,

Darcella K. Craven, President