Opening Remarks/Roll Call

- Michael Phipps

OVBD Updates

- Barb Carson

Federal Contracting Update

Mentor Protégé

- Ken Dodds, SBA

Kingdomware Update

- Sam Le, SBA

Business Development and Marketing

FR Newswire

- Steve Mytinger

Dunn & Bradstreet

- Dustin Luther

Public Comments

ACVBA Chairman Comments/Wrap-Up
I’m going to kick off with what’s going on in the entrepreneurial development arena of our core mission. The Veteran Business Outreach Center has experienced significant growth. We are now up to 20 VBOCs at this point. In a few minutes, I’ll tell you where those new ones are and what’s happening with them.

I’ve just returned from the training event for all of our Veteran Business Outreach Centers in Milwaukee, Wisconsin, which we held in conjunction with the Association of Women’s Business Centers. That’s a collaboration you’ll hear more about in December as we look to standardize our metrics across all SBA resource partners. We have differentiation of our services. We improve the referral between them; and we really get ahead on some of the administrative responsibilities that we have in aligning it with our statutory responsibility as well. So more to follow on that.

For Boots to Business, the headline is that we have served over 48,000 service members and spouses now since we kicked off January 2013. It’s an incredible number, but the number is not as important as what happens next. And we are already seeing evidence of business starts and learning that some had already had businesses when they were on active duty. And we’re going to be talking with DOD and others on what does that mean and what policies could we address for those who are still serving and military spouses as well.

So look for an update on that in December.

It’s a topic that I’m going to work on a lot, especially in November.

We also have -- I want you to know that the cooperative agreements that are associated with the Boots to Business delivery will recompete, open for competition. Just as they were back in 2014, it will happen again for 2017. Those program announcements we expect to be out by December. So at the next meeting, you’ll have a full brief on exactly what that looks like. We’re doing analysis now to determine, you know, should it all continue to be cooperative agreement; should some of them be contract; are we being the most efficient; what have we learned; what would we change. So that’s coming, and it’s a great body of work to take that on.

For woman veteran entrepreneurial development, there are some developments. We have the VWISE dates now on the calendar, and we are supporting that through a grant. The next one is in Savannah, Georgia, November 18th. This is a new format. It’s called VWISE Ignite. And that’s Women Veteran Igniting the Spirit of Entrepreneurship, one day instead of a full weekend. We did get some feedback that not everyone is able to commit that much time away, but they still found the program incredibly valuable. We’re going to learn from this session.

And a traditional VWISE will take place in Phoenix, January 27 to 29, 2017. Both of these sessions are nearly full already, with very little advertising. We will look in the future to see what more we can do with private sector funders as well to support this program to meet the growing demand for it.

In the realm of military spouse entrepreneurial development training, VWISE, of course, I want to reinforce that that is also open to women who are military spouses, as well as women veterans and women service members. The other initiative that -- Lee McMahon, if you’re willing to say a word, I’d be grateful at this point. She’s our representative from Department of Defense Spouse Education and Career Opportunities. We have had an incredible partnership over the last year to provide monthly webinars to military spouses who want to participate in entrepreneurship.

And, Lee, if you’re ready, I wouldn’t mind if you said a word about what’s ahead for us.

MS. MCMAHON: Sure, absolutely, Barb. Like you mentioned, we had an incredible response to our partnership over the last ten months. We had more than 2,000 military spouses register. It’s more than we’ve had interested and registered in attending any webinar series that we’ve ever done, and we’re very grateful for the expertise of SBA in bringing that to bear for military spouses interested in starting their own small business.

Moving forward, we would love to continue collaborating with SBA into the next year, focusing more in the virtual space. We are discussing collaborating on a LinkedIn group for military spouse entrepreneurs, where we bring on SBA mentors on a rotating, two-week basis to help inspire military spouses and answer questions that they may have as they -- as they journey towards owning their own small business.

Did I hit it, Barb?

MS. CARSON: You did a great job, Lee. Thank you.

MS. MCMAHON: Thank you.

MS. CARSON: So expect to see a lot more VBOC and women’s business center and SCORE involvement in this. I know those for sure, and we’ll absolutely
include our small business development center

colleagues as this comes to fruition as well.

On the service-disabled veteran entrepreneurship development training front, we will soon announce -- I had hoped to be able to do it today, but we're not quite there -- four new SDV training programs. We'll have grants from the Office of Veterans Business Development. I am -- you'll get an update. In the meantime, I can't wait until December to share that with you. I look forward to it because I really -- it's going to give us great coverage and specific service and incredible training for service-disabled veterans.

The Veteran Institute for Procurement. You've heard us brief on that. Barbara Ashe has joined this body in the past. Quick update on the next sessions that are coming. VIP Start later this month, almost full. We do train 50 veteran-owned companies per session. VIP Grow is December 6 through 8 of 2016. The very first ever VIP International, which will cover both OCONUS federal procurement and also commercial export, will take place March 14 to 16.

And each year, I've been very grateful, VIP has been willing to grow with us. One of the things we're ready for -- to compete, and that's our job, to get them ready. And then introduce them to the opportunities. So, VIP has agreed to work on strengthening the collaboration with VBOCs to take federal procurement knowledge and expertise and best practices outside of the DC area by partnering with New England, San Diego, Chicago, and New Mexico VBOCs. We'll find some best practices there and roll it out across the VBOC system.

VIP's part in this is taking -- finding which parts of their curriculum export well, you know, out to -- outside of DC, and also their graduates will participate in events. Federal agencies are interested because they'd like to do some matchmaking outside this area. And I think we can find -- we've got a few formats for programs we feel will be successful, and now it's time to test them.

Another grant out of the SBA Office of Veterans Business Development was through the SBA Accelerator competition that just concluded earlier this summer. Three awards went to veteran-focused accelerators, and they are Bunker Labs in Chicago; New York University's Tandon School of Engineering in Brooklyn, New York; and the Rosie Network in San Diego, California, which serves both military spouses and veteran service members. I'm going out to visit that one later this month. You will get more information on each one of those, but I do encourage you to check them out on your own. A great opportunity for us to expand the service and the type of service that we provide to veteran entrepreneurs.

In contracting, we do have Ken Dodds with us to give an update shortly on mentor protege program, and also the Supreme Court decision on Kingdomware Technologies, Inc. vs. The United States and what, if any, impact is there across the United States Government beyond the Department of Veteran Affairs. And, finally, for capital, I'm going to give you a brief update on what's changing in Fiscal 2017 in SBA's Veterans Advantage.

I'm going to just touch lightly on Boots to Business quarterly performance trends. I just want you to know we do have a plan; we're meeting our targets; and our goal this year was to hit 16,000. We're on track to do that. That has taken a lot of fruitful engagement with military installations, each military service, and all the way to the level of the transition service manager on installations, in addition to our clients, our customers, military spouses and service members, incorporating that feedback. And we're seeing it really pay dividends because they're joining the program and following up by connecting to our resources after. Next slide.

And this is where I'm going to begin to brief. We'll just use the slide this time, but we think that Boots to Business, it's just an introduction to entrepreneurship. Many of our resource partners do something similar. This one is specifically targeted for this population, but the important thing is really what comes next and that continuing technical assistance.

So, that's what we want to begin to measure, challenging at this point with some of the data, the collection, the following somebody, that there's not one unique identifier for an SBA client. You get a new identifier depending on which resource you touch. So, this will be a work in progress for quite a while, but it's important, and we're working on how to measure that. Any question, Mike? No. Okay, moving on.

Move ahead. A quick update on Boots to Business Reboot. That program is continuing, just in a slightly different format. It has been launched in a co-sponsorship arrangement, which was private sector, academic, and SBA, with the Institute for Veterans and
Military Families, First Data Corporation, and Marcus Foundation.

That is coming to a close. We will continue this program under cooperative agreement that we already hold with the Institute for Veterans and Military Families, as it is a part of the Boots to Business family. So, that will -- also this program will recompete along with the rest of the Boots to Business. We’ve learned a lot over this last year. I will go over that in December, you know, what we’ve seen in participation, the demand, which special populations and also special industries really want some more of this program off-installation. We’re not ready to do that quite yet.

So, so far, as of August of this year, 109 Reboot courses have been held since last summer. Almost 1,800 veteran service members and spouses have been served through it. We’ve got 52 more coming in just the end of this year. We averaged about 139 Reboot participants each month in Fiscal 17, which is an increase over last year.

Average size is about what we see in Boots to Business. It’s 16. We find that that’s a great number. We had wanted large, large classes, but we’re finding when you talk entrepreneurship, everybody wants to get into their idea in particular, and it’s a nice size to be able to have discussion and not have it be a lecture. Next.

I’d like to spend a moment on the new Veteran Business Outreach Centers. And can I ask for a refresh on this? Did we brief the awardees last meeting, Mike, do you recall?

MR. PHIPPS: Yeah, I think so.

MS. CARSON: Okay. We did add seven since we last spoke, then. A full map of the coverage is presented here. For those of you on the phone, this will be what you will see, where we already are, but I want to focus on the expansion and how we decided to expand was through veteran concentration, active duty installations, because that really is the mission of the VBOC, is to serve the transitioning service member population first before they do their other goals, which are outreach, counseling, and partnering with others providing veteran resources.

So, we added at the University of Hawaii in Honolulu; MiraCosta College, Carlsbad, California, very close to Camp Pendleton; Coconino College in Sierra Vista, Arizona, which is very close to Fort Huachuca; the University of Texas at Arlington, serving the north side of Texas. We still continue to sustain the VBOC that’s in the southwest part of Texas. There are so many service members and installations there, as you well know.

Georgia Southern University in Statesboro, Georgia; the Center for Women in Enterprise has launched a Veteran Business Outreach Center that will cover all the New England states. And they already have a presence with physical locations in each of those states.

The Arsenal Business and Technology Partnership at Watervliet, New York, has just begun. They’re our newest. They just started September 1st. And they will cover New York and New Jersey.

Any questions?

Okay, continuing. I do want to spend just one minute on Veteran Business Outreach Centers and why they’re different, why do we need them when we have small business development centers, women’s business centers, and SCORE mentors. This is exactly what they need to be doing. They need to be serving, in alignment with statute, transitioning service members through the transition assistance program. So, we need to reflect that in their performance goals.

They are required to spend -- to be a part of Boots to Business 100 percent of the time, whenever it’s offered, in their home state. And for now, as we grow, 50 percent of the time outside their home state. That does not mean that we do not any longer want resource partners involved. District offices still lead this, but it’s a nice, diverse group, but the VBOC should always be there. They are the -- supposed to be the lead in serving this population, so we want to reflect that in their goals.

Training events are second. As is in their name, outreach is in their mission. And I think many of us who have served on this committee have met many a veteran who says “if only I had known that that was available to me.” So outreach is important. We’ll do it through training, whether it’s someone else’s event and they support, or they put on their own and invite other resources to attend theirs, that’s what we want to see.

And, finally, counseling. One-on-one mentorship continues to be important. When it makes sense to go to another resource among the resource partner family, we’re going to do that. And the district office also has a role here. VBOCs will do that as one more important measure for them.

The other things that we’ll continue to track but I can’t hold them as accountable because these take
a lot of time, and I’m asking them in the first goals
to travel, be present, participate. These are capital
infusion: Did they help companies that they start or
grew get capital? What about contracting? Because of
the VBOC, did they acquire a contract successfully? Or
did they create or retain jobs? More to follow on
those.

The director of the VBOC program, Ray Milano,
as I said, is just finishing up the training event that
we held in Milwaukee and unfortunately couldn’t be here
to brief this on his own, but I’d like to give him that
opportunity when we rejoin in December.
And, finally, VBOC 2.0. The real quick bumper
sticker on that one is what should SBA be providing to
VBOCs to ensure that they have a standard quality,
consistency of service and resource across the network,
so that’s what we’re evaluating, what is most needed,
what would serve veterans the best and service members,
and should we, the Government, provide it, or should we
require it as they apply. Next slide.

Let me talk just a little about lending.
These slides are tough to read, and I’m going to just
go with the top line on them. A quick look at what’s
changing in the lending SBA veteran programs from
Fiscal 2015 through now. For those of you on the
phone, I’m going to walk through these pretty quick,
but I think it will make sense.
Patriot Express, as you know, ended 31
December 2014, and the very next day we launched SBA
Veterans Advantage. That program provided relief on
fees below $350,000 in the Express program to zero.
And for any other 7A program that was not Express and
was over $150,000, all the way up to $5 million, the
fee was reduced by half for veterans.
Fiscal 16, that continued. An important
addition occurred in July. The Veterans
Entrepreneurship Act of 2015 became law, and it made
fee relief permanent for SBA Express loans under
$350,000. This is a key point, asterisk, underline, as
long as SBA remains subsidy-neutral. If SBA does not
remain subsidy-neutral, then we cannot relieve those
fees.

So that -- a lot of modeling was done to
address the threat that we would not remain subsidy-
neutral in Fiscal 17, and so we had to take measures to
ensure that we would to keep the Act in force. And,
so, at the beginning of the fiscal year, unfortunately,
we will have a reduction in fee relief above 350,000,
and it’s outlined here.

So, the measures in the Act remain, and that...
Advisory Committee on Veterans Business Affairs  
9/14/2016

1. Thanks for the chance to provide you updates.
2. I look forward to answering any questions you may have later.
3. I forgot the good news. Sorry, let’s bring it back up after the lending -- National Veterans Small Business Week will launch this year on Halloween. You may have heard there’s a Presidential election happening the next week, so we wanted to move ours a little earlier. And the hashtag that we’re going to use is myvetbiz. Members here, you’ll receive an update on our social media plan and how we’re going to get the word out.

4. The theme this year is veteran entrepreneurs, success across generations. So we’re looking for folks from every era to demonstrate some of the challenges and opportunities in entrepreneurship. We’ve already locked down our World War II and Vietnam vets who are still in business and love to have any stories that anyone would like to contribute to.

5. MR. PHIPPS: Excellent. Thank you, Barb. Next, we’re going to have Ken Dodds speak about some exciting new changes in the mentor protégé program.

6. MR. DODDS: All right, thank you. I hope my slides are going to be pulled up here in a second.

7. There they are. Excellent. So the good news is we did issue final rules, finally establishing a mentor protégé program for all small businesses, which includes service-disabled veteran-owned small businesses. We keep it separate, so the 8A has had their own program for many years, since the late ’90s, so that will continue as it is, but there’ll be a separate organization and procedure for all small businesses.

8. We -- the rule is final and effective at the end of August, but we’re not going to start accepting applications until October 1. It’s never a good idea to roll something out at the end of a fiscal year which has anything to do with procurement. And I think we’ve learned that lesson many times. So beginning of the new fiscal year, that’s when it’s going to start.

9. I do have an update on that. I think there will be materials available on October 1, but there might be things that cannot be completed until November, so don’t -- I just want to set your expectations. You’re not going to be approved October 2nd, okay?

10. There’s going to be a lag there as we -- we’re trying to do this electronically, not through paper, and we’re doing a system, and it’s going to -- there might be, you know, a delay there until November 1 of some of the system parts of that. So just set your expectations there. You’ll be able to apply in the new fiscal year, but, you know, it’s not going to be October 2nd when you’re ready.

11. We clarified some rules around joint venture contracting. You know, your agreement has to be in writing. We’re not going to allow the joint venture to be populated anymore. That means it can’t have its own employees because it was very difficult for us to determine whether the protégé was actually benefitting if the employees are the -- not in the protégé anymore. So we decided that we’re not going to allow that.

12. We did clarify that our set-aside programs are available outside the United States. It’s kind of confusing the way the FAR is written right now. It just says that, you know, parts don’t apply outside the United States, but we interpret that as the mandatory things don’t apply, but you can certainly use it if it’s in the best interest of the Government. And agencies do do set-asides overseas, but some agencies argue they can’t do it. So we tried to clarify in our rules what we believe, and there is a FAR case that’s been opened to try to address how small business applies overseas.

13. We’re going to require, you know, the same thing we require for 8A. Mentor protégé, you have to certify to us that you’re going to comply with performance requirements and then report to us how the protégé is actually performing the work under a contract that it gets. Let’s go to the next slide.

14. You do now have to be registered as a separate entity in SAM because that’s how -- we use SAM to pay, and so if you’re not registered, it’s going to be -- you know, we’ve had difficulties with firms being paid. And so we’re going to require you to be in SAM as JV.

15. They are going to be approved by the Office of Business Development, so that’s the same office that approves 8A. It’s the same individual will be approving them. But it’s still a separate -- you know, a separate program.

16. Some changes to how a mentor qualifies. We had some issues around, you know, billion-dollar companies who had a loss not being approved because they had a loss. And I think, you know, if you’re a large company and can provide the protégé with assistance, that’s what matters to us. So there’s some changes around that.

17. We will allow a mentor to have up to three proteges. And a protégé may have up to two mentors in...
We did change some of the rules around how a protégé qualifies. You have to be small for your primary NAICS or secondary NAICS, or you can show that you’re doing work in that area. Let’s go to the next slide.

We’re not going to do a full-blown verification of your status or size. We’re not doing a formal size determination or formal review. It’s a self-certification system still. Of course, that can always be protested. Anytime you win a contract, your status can be protested, and that’s when we may take a look at it, or we may, in our discretion, decide that there’s something here we want to look into and actually request a formal determination. We’re just not going to do it in all cases.

We did do some clarifications around project managers. That’s been an issue in protests. You know, we’re clarifying that you don’t have to actually be an employee yet, but you need a letter of intent. And the key there is you can’t be an employee of the mentor. You know, that’s what we see a lot of. Let’s go to the next slide.

The relationship is going to basically last three years, and you can get a three-year extension. And we are also going to review it annually to make sure that the mentor is providing the protégé with the assistance they said they would. So there’s going to -- when you apply, you’re going to say what assistance you’re going to give the protégé and when. And then we’re going to look at it each year. And if you’re not doing it, then you’re not going to be -- you know, we’re going to be able to say you can no longer participate in our program, and that means you would not be able to submit any additional offers after -- if we said that.

We clarified in this rule that the past performance and experience of the members of the joint venture must be considered by the contracting officer. We’ve seen a lot of situations where agencies -- not a lot, but sometimes agencies write their solicitations in such a way that they’ll only consider the past performance or experience of the joint venture entity itself, even though the members have been doing the same thing or the same work for 30 years. So it didn’t make sense. We actually had legislative support that came out to support that after we proposed this. So that will be helpful to joint ventures and small businesses.

And then one of the things that we’ve been asked is are proteges benefitting, and it’s difficult to know. So we’re going to ask, once you’ve concluded, we want a report from you to tell us how you benefitted and how -- whether you did or whether you didn’t and how you benefitted. Let’s go to the next slide.

The same kind of requirements that we’ve had in the 8A program. The protégé must perform 40 percent of the work performed by the JV, and that means at any level. You know, the mentor can’t -- a third tier subcontractor can somehow do more work. You know, we want protégé, 40 percent of whatever that entity is doing at any level. The protégé needs to perform it.

We did fix the HUBZone rules to make them consistent with other programs. Up until now, HUBZone joint ventures had to be both HUBZone. And we’re -- that’s not really been helpful to their program, so we’re allowing the HUBZones to joint venture with other small businesses basically.

And there is a way to -- if we deny your mentor protégé application, you can request reconsideration. Let’s go to the next slide.

Though, you know, we want to make sure the mentors take this seriously. This is not a way to get small business contracts if you’re a large business.

There’s a lot of assistance you have to provide to the protégé, and we’re going to be monitoring that. And obviously if you’re not, there’s things that can happen, such as termination, not allowing you to be a mentor for up to two years, trying to get involved in the contract maybe, requesting stop work or something like that. And then, of course, we can always debar firms that we think are not good stewards and that should not be doing business with the Government if they’re acting in a way that’s not good. So, let’s go to the next slide.

We will allow a relationship to transfer if there’s an acquisition. That’s one of the questions we’ve been asked about. You know, we made a lot of changes around 8A in this rule as well, so those are up there, and they may or may not apply to you as a SDVO.

Let’s go to the next slide.

A lot of these are very specific to 8A, so you can, you know, look at them. It may apply to you; it may not. Let’s go to the next slide.

We had some new rules around entity-owned concerns. Again, not probably going to apply to you guys. Let’s go to the next slide.
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<td>30</td>
<td>Areas; and then allowing Native Hawaiian organizations to own HUBZone concerns, which is a change. That will be effective October 3rd, 2016. Are there any questions about my -- those rules that I went through?</td>
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| 31   | MR. PHIPPS: Hi, Ken -- MR. MCADAMS: I do have -- MR. PHIPPS: Go ahead, Rich. MR. MCADAMS: I do have one question. Rich McAdams. The decision about not being able to hire a project manager, I’m sure there was a lot of discussion about that, but my experience, that’s going to be fairly limiting for small businesses because a lot of times a -- someone who might be a run-of-the-mill project manager at the large business will be able to provide a lot of expertise to the small business. And I know one of the concerns I read was that he’ll -- at the end of the contract, he might just leave and go right back to the large business. If he was a run-of-the-mill program manager there, he may be kind of a big deal at the small business and be fairly likely to stay. Is there any discussion about changing that aspect of the rule? MR. DODDS: Well, given how difficult it was to get this rule finally implemented, you know, they take several years. And, you know, we did get a lot of comment and go back and forth on that. We felt, I guess in the end, that because we kept seeing this in cases it was a factor where there was too much control by the mentor. And the mentor was benefiting too much from these small business contracts. You know, we made that decision. Our rules are always adjusted. We’re always doing rules. I’m working on, you know, two or three different ones now. As -- you know, if, over time, we do see that there’s an issue there or you feel that there’s an issue there, there are opportunities to change, but I don’t know that right now. We’re just trying to get it up and running and see how it works, you know? MR. MCADAMS: Okay, thank you. MS. ROTH-DOUQUET: Kathy Roth-Douquett with the Advisory Committee. Could you tell me who -- could you describe the typical user of this program right now? And then also describe for me what you see as being the ideal user of the program. MR. DODDS: As originally created by SBA back in the ‘90s for the 8A program, it was for firms that were just kind of starting out that had never received 8A contracts or were really small. And the idea was that, you know, a mentor could provide them things that they couldn’t get on their own. And as an incentive, they would joint venture together on contracts as a small business. So, that’s the incentive for the mentors, that they can joint venture with a small business and perform a small business contract. The incentive for the protégé is they probably wouldn’t be able to win that contract without the mentor. And, so, right now -- I’ll give you an example. There’s around 5,000 8A applicants, and there’s around 500 active mentor protégé, so that’s about 10 percent. So, you know, it’s been a popular program, and so that’s why in 2010 we were given authority to create one for Hubzone, woman-owned, and SDVOs. And then three years later, before we got that off the ground, Congress authorized us to create one for all small businesses. And, so, that’s what we’re doing. MS. ROTH-DOUQUET: I’m sorry, I think maybe I wasn’t clear on my question. That was interesting, it was just wasn’t the question I thought I was asking. So, could you give me an example of a typical -- an example of a typical -- of what you would say is typical of the people who use this, an actual use case, and also tell me how you would -- an example of a...
25 phone if you'd like.
22 contract opportunities.
21 creating your joint venture agreement to go after
20 you're approved. After that, you can now start
19 about. October 1, there will be some information
18 and submit an offer as a mentor protégé joint venture.
17 looking for qualified 8A and now veteran-owned
16          MS. BULLARD-MARSHALL: Large businesses are
15          MS. BULLARD-MARSHALL: Thank you.
14 agreement, is there any type of mid-term determination
13 that let's say for example you win, you know, a jackpot
12 contract, you know, $100K. So, you know, $100 million,
11 of dollars’ worth of awards to mentor proteges. I just
10 don’t know specific off the --
9 MS. ROTH-DOUQUET: You’re not aware of any
8 specific examples. That just doesn’t fall under --
7 MR. DODDS: Not under me, no.
6 MS. ROTH-DOUQUET: -- you see it only from the
5 --
4 MR. DODDS: Yeah, yep.
3 MS. ROTH-DOUQUET: Okay.
2 MR. PHIPPS: Ken, is there going to be a
1 mentor protégé agreement that needs to be submitted to
0 SBA?
25 MR. DODDS: Yeah, there are probably billions
24 So not the theory but the application.
23 this company and how it happened, that kind of thing.
22 I'm looking for a specific example. This person from
21          So, not the big picture, but here’s a
20 business, a mentor, here’s how it works. This is what
19 we most usually see. And I’m just curious to what
18 capacity, the capability, you know, all the things that
17 win that contract on your own, that you don’t have the
16 small business and you’re that type of small business
15 as a protégé but you know that you will not be able to
14 win that contract on your own, that you don’t have the
13 the SDVOBs are looking for good mentors to do the same.
12 MR. PHIPPS: An existing mentor protégé
11 mentor or the protégé, if you happen to know?
10 in that case who initiated the partnership? Was it the
9 MS. ROTH-DOUQUET: And do you happen to know
8 in this that initiated the partnership? What is the
7 November 1 there will be additional information. You
6 acquisition or merger, if you're bought by Lockheed
5 Martin, you have to recertify within like 30 or 60
4 days. So there’s different rules that apply going
3 forward, but most of it has to do with how the agency
2 so you really staff up in that first year. Does that
1 make eventually the relationship ineligible for future
0 set-aside competitions?
25 MR. DODDS: Go ahead, Maggie.
24 MS. BULLARD-MARSHALL: Well, I think a lot of
23 us are familiar with the VA project in Aurora,
22 Colorado. So, Turner Construction is a large business.
21 Hewitt is a small business. They have a mentor protégé
20 joint venture, Hewitt-Turner, who’s responsible for the
19 construction distilled at that entire VA facility. So,
18 thereafter, that’s when you would recertify and say I’m
17 contract, prior to the six-year and each option
16 business award for the agency. If it’s a long-term
15 up to five years that’s going to count as a small
14 recertification rule we did in 2007 basically says for
13 October 1, there will be some additional information. You
12 to see. A specific example that’s typical.
11 answer your question. It’s an opportunity. You know,
10 every year, we spend around $350 billion as a
government roughly. The small business market is
9 around $90 to $100 billion. And, so, it’s basically if
8 you -- if there’s an opportunity coming up for a
7 contract that’s going to be set aside for a type of
6 small business and you’re that type of small business
5 So, the first step is getting a letter from SBA saying
4 you need to win a contract, that’s when you would get a
3 mentor who can provide you this assistance.
2 MS. ROTH-DOUQUET: So that’s the theory, and
1 I’m looking for a specific example. This person from
MR. DODDS: Yeah, the same general exemption from affiliation that applied to 8A will apply to an all-small mentor protégé. So if you’ve been approved, the things you do under a mentor protégé relationship will not count as affiliation for you. But just like under 8A, if you’re also doing a bunch of work and you’re sharing employees and you’re sharing space and, you know, all the other things that can lead to affiliation, those are still there.

So it’s still -- that’s always an issue, so you want to make sure it’s an arm’s length transaction that you’re following exactly what’s in the mentor protégé agreement and your joint venture agreement, and pretty much that’s it, because otherwise --

MR. LOCARIA: The JV rules themselves where you can only agree to two contracts or go after three solicitations in a two-year period. I forget what the exact rule is, but that rule still applies in this JV context?

MR. PHIPPS: People on the phone, could you please mute if you’re not actively engaged? We can hear somebody’s conversation. There’s another comment from somebody in the audience. Please state your name and your organization, please.

MR. LOCARIA: Thanks, Mike. Dismas Locaria with the Venable law firm. Ken, thanks for coming. A real quick comment to the woman. Afterwards, I can talk to you about a bunch of examples of how people initiate and things like that. But a question for you, Ken, on the mentor protégé and it a little bit plays off of Ron’s question, which is affiliation issues. So, the mentor protégé, to some degree, helps to create an exception to affiliation issues.

Were there any changes or discussion about changing the affiliation issues with respect to mentor protégé? I know there’s a three/two rule or a two/three rule. I keep getting it mixed up. But were there any changes to that or discussion around the changing of the affiliation rules?

MR. DODDS: Yes. I think we kept that pretty much there. It’s three -- is it three awards in a two-year period? Yeah. And, you know, there’s all these things about if you made an offer but you didn’t know, there’s an exception around that. And you can also form another joint venture with the same entity, a second joint venture, and go after three more opportunities. Obviously, if that’s all you’re doing, then that could lead to affiliation, but we have to keep it discretionary because it’s hard to write a rule to say exactly when there will be affiliation or won’t.

It’s always kind of a case-by-case, fact-specific thing to be -- you know, you need to make sure that you’re getting business from other avenues, other contracts you’re performing on your own, either subcontracts, commercial, other things. If all you’re doing is business with your mentor, you’re on the path to potential affiliation.

MR. O’FARRELL: Jim O’Farrell. Real quick. So, Ken, was there any discussion -- over the years, I’ve had large businesses say to me, what’s the incentive for me. What’s the incentive for me to form this mentor protégé agreement if the Government is not going to in some way provide some sort of consideration or incentive in the RFP? For example, the RFP comes...
out from Agency Y, and Agency Y puts in that RFP, you get 15 more points if you’re part of the SBA mentor protégé program. Was there any discussion of anything like that?

MR. DODDS: Not to my knowledge. We think it’s been a pretty -- from our experience with 8A, it’s been pretty good incentive just there. I mean, I think it makes you very competitive in these situations because you’re allowed to use the mentor to help you meet a lot of the requirements in the solicitation. And there are small businesses who, you know, have voiced the idea that, you know, a lot of these set-aside competitions may always involve mentor protégé competitions. And, so, it will make it more difficult. We’ll have to see as time goes on.

DOD does have that -- they have a monetary thing where they provide monetary incentives. Our rule certainly didn’t allow any kind of evaluation incentive. Whether an agency could do that on their own, I don’t know. We might have an issue with that, you know, because usually, you know, a set-aside, for example, for small business should be open to all small businesses. And, so, giving extra credit, they’re already getting that help from a mentor. To give them extra credit might cause a problem.

MR. O’FARRELL: Okay, thanks. And by the way, I really think the way it’s looking it’s fantastic what you’ve done in putting this program together.

MS. BULLARD-MARSHALL: Ken, this is Maggie. I just had a quick question. In reading the rule, it appears that a small business can only have two mentors ever for the life of the business. Is that correct?

MR. DODDS: That is correct. And the whole idea around this mentor protégé program is that you’re not -- as a small business, you’re not capable in a certain area and there’s assistance you need from a mentor. At some point, that has to stop, right? Like, you’re in the 8A program; you graduate after nine years.

The issue with small business or SDVO, woman-owned, HUBZone, is you can be that forever, but you can’t just constantly be joint venturing with a large business. At some joint, you need to develop and be a business on your own. And we drew the line at two. You know, you could argue it either way, but that’s kind of the discretion we took is two throughout your whole lifetime.

MS. BULLARD-MARSHALL: Thank you.

MR. PHIPPS: Are there any more questions for Ken? One more, Diz.
After the GAO decision, the Court of Federal Claims took up the case. And the Court of Federal Claims analyzed the issue on the text of the particular statute, which is the Veterans Benefits Act of 2006. That statute provides that for the purposes of meeting its veteran-owned small business contracting goals the Department of Veterans Affairs shall set aside contracts for veteran-owned small businesses, provided that the rule of two is satisfied. And the rule of two is the rule that if there are two veteran-owned small businesses that can provide the contract requirements at a reasonable price and are reasonable then the VA must set that -- shall set that contract aside.

When the Court of Federal Claims looked at the case, the Court of Federal Claims decided differently from GAO and found in favor of the VA. And the Court of Federal Claims’ rationale was that the first phrase in the statute, for the purposes of meeting the veteran-owned small business goals, created a prerequisite for the set-aside portion of the statute. And because the VA at that point in time had been meeting or at least claimed that it had been meeting its VOSB goals, that relieved the VA from its responsibilities to perform.

Then the Court of Appeals for the Federal Circuit took up the case after Kingdomware appealed, and the Court of Appeals for the Federal Circuit ruled the same way, it ruled in favor of the VA on the theory that the VA had been meeting its federal contracting goals.

So at that point in time, the case is really just about the text of the statute, and it really doesn’t impact government procurement in general or small business policy in general. It’s really just about what those words, for the purposes of meeting the goals, means in the context of this specific statute.

So at that point, you know, SBA is not involved, and I don’t think GSA and OFPP are really all that interested in the case, but the Supreme Court takes on the case, interestingly. The Supreme Court decides that it’s going to hear the case. And as you know, the Supreme Court can hear what cases it wants. It gets probably thousands of requests to hear cases in a year, and it only takes probably about 100 of those through a cert process.

And I think really you’d kind of want to know this from a trivia standpoint, and I think that the reason the Supreme Court took the case is that the Justices that were on the Court at the time, and there’s been a -- Justice Scalia has passed since the...
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25 Schedule would be very onerous on the VA. They made
24 the set-aside and the rule of two to the Federal Supply
23 programs.
22 And the Government also argued that applying
21 Supply Schedule from Part 19, which is small business
20 exemption in Part 8.4 for orders issued off the Federal
19 apply to the Federal Supply Schedule. There is an
18 Section 15(j) of the Small Business Act, it does not
17 said that, well, although that rule is in statute in
16 as the rule of two is satisfied. And the Government
15 $150,000 must be set aside for small businesses so long
14 Business Act provides that contracts between $3,500 and
13 small business set-asides. So, for example, the Small
12 ways contracts are treated and orders are treated for
11 GSA schedules.
10 The Kingdomware case specifically dealt with a
9 to set aside orders for veteran-owned small businesses,
8 about this being so onerous that it would not be able
to use these ordering vehicles, whatever it might be,
7 GSA schedule, multiple-award contracts, without going
6 through the potentially time-consuming market research
5 and analysis that would require the VA to make a set-
4 this argument that, you know, the VA’s procurement
3 quickly, and in order to do that, they need to be able
to use these ordering vehicles, whatever it might be,
2 to the Federal Supply Schedule, multiple-award contracts, without going
1 system is set up to deliver services to veterans

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And there was much discussion there about the possible implications of the Kingdomware decision. And since that hearing -- and the hearing is available online in video if you’d like to see it on YouTube -- the VA now has issued its policy. The policy is available on its website. The text policy is fairly long, but there’s a nice flowchart that you can see that the VA goes through on how it’s going to decide and apply that VOSB set-aside in its procurements.

I think the biggest things that come out of that policy are, one, that the VA is going to implement as already does in its FAR contracting regulations that the SDVOSB set-asides had priority over the VOSB set-asides. So the VA is going to first look at whether there are two service-disabled veteran-owned small businesses that are available to complete a requirement before it goes to the VOSBs.

And the second is that the VA is going to implement as -- if it’s able to, it’s going to try to implement the set-aside on the GSA Schedule or a contracting vehicle before it goes to a new contract. So, if there are two VOSBs or SDVOSBs that already have a GSA schedule contract, then market research would -- assuming those businesses can perform, market research would compel the VA to set aside that order on the GSA Schedule, assuming that that’s what the VA wants to do in the first place. So, in other words, they’re still going to be able to use the Schedule for these types of set-asides.

There are going to be additional questions that come out of this, and already we’ve seen some litigation that’s been filed at federal court on how far this Kingdomware case extends. There’s a case at the Court of Federal Claims, at least as of last week. I think there was supposed to be a record filed on Friday. I didn’t check to see this morning whether it actually had been filed.

There was a case arguing that the Kingdomware interpretation of the statute that the VA must set aside for VOSBs supercedes the AbilityOne program. This was a case brought by a veteran-owned small business, I believe maybe also a service-disabled veteran-owned small business -- I’m not certain of that fact -- that delivers eyeglasses and argued that the VA should be setting aside its requirements for eyeglasses for VOSBs rather than going to AbilityOne for that product. We’re probably also going to see how this case extends to small businesses. Maggie, on the phone, and would compel the VA to set aside order that on the GSA Schedule, assuming that that’s what the VA wants to do in the first place. So, in other words, they’re still going to be able to use the Schedule for these types of set-asides.

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Committee. So, my question is the comment from SCOTUS that set-asides are a floor, not a ceiling, what are the implications of that that SBA sees that could reach to other government agencies using that same logic.

MR. LE: Sure. Well, we've never looked at our contracting goals as the ceiling. So, you know, we never made that argument that -- or supported agencies in making an argument that, you know, say once they hit the 23 percent or 5 percent or 3 percent that they're relieved from doing set-asides under that program. At the same time, though, because we have multiple programs, we do encourage agencies to look at how they're achieving on their socioeconomic programs and if they're, you know, hitting it out of the park on SDB, then they may want to look at SDVOSB or HUBZone to be able to meet their goals in those.

And, also, you know, our small business goals in the Small Business Act are Government-wide. Ken and his team negotiate agency-specific goals for each agency, but it's very difficult for an agency to know while it's making an acquisition what the wider Government achievement of, say, its 5 percent goal is for SDB.

But, yeah, I think for small business, we -- you know, we didn't get involved in that argument because it was really just about the text of the VA statute, but we certainly agree that the small business goals, 23, 5, 5, through 3, are just floors.

MR. PHIPPS: The VA did argue that, right, that once they met their limit, once they met their goal, they didn't have to continue to use the rule of two?

MR. LE: Well, that's actually the argument that they dropped at the Supreme Court.

MR. PHIPPS: They dropped.

MR. LE: So it's kind of hard to tell once they get there what they were arguing and what they weren't arguing because, you know, the Court wanted to address that. That's why they took the case in the first place, so the Court addressed that at first, but the VA had really given up that argument by the time it got there.

MR. PHIPPS: So what implications from this Court decision does the SBA see that they're going to be able to possibly push Government-wide and are there any activities in the works for the SBA to do such a thing?

MR. LE: Well, that's really more of a question for the policy team, but from a legal standpoint, as I said, you know, Maggie has filed some Supreme Court decision to change their policy. You know, we'll see. You know, the complicating thing there is that 15R of the Small Business Act says agencies may, in their discretion, set aside orders. And, so, that's the difference there that agencies are hanging onto, but there are many agencies that already require their COs to do market research and for orders or contracts before they can go forward, but not all of them.

MR. PHIPPS: Has the SBA followed up at all with the VA to see where they are in their implementation status?

MR. LE: Well, I think their issuance of the policy settles their responsibilities at this point. We'll see how they actually implement that policy and what questions come up out about that policy. We've already had that question about the policy's application to AbilityOne, so there's going to be other testing on that, you know, on individual set-aside decisions and on wider product decisions, you know, not just eyeglasses but you're probably going to be looking at, you know, pharmaceuticals.

There's an interesting case from GAO last year called Triad Isotopes that was involving the VA, where the VA had set aside a procurement for essentially

GAO protests about this issue, and we've appeared on some of these issues that we have faced this issue in the past about 15(j) about whether the word "contract" in 15(j) applies to orders. And we think that, you know, if you just look at the text of Kingdomware, saying that an order is a contract, we think that would further buttress our argument that 15(j) would apply to federal supply schedules, at least as a legal matter.

MR. DODDS: I'll jump in here since I'm sitting here. We are -- we have advised agencies in the past, and we'll continue to do so, that instead of fighting about these things, the rational thing to do, that some agencies already do, like DHS, is to take your requirement, whether it's going -- whether whatever it is, do market research.

If small business can do it, then make sure you do it small business, whether you do it a contract, whether you do it under an order or under something else. You know, it's -- it doesn't do anybody any good to fight these battles. But there are certainly some agencies that are not going to adhere to that, that are going to fight, and so I think there will be cases on Kingdomware applying 15(j) at GAO and the Court of Federal Claims.

Now, some agencies may wait -- you may need a
radioactive material for a small business. And I think an other-than-small-business protested and said, you know, the VA shouldn’t have set that aside. And the GAO found that the VA didn’t do enough market research in that case because the VA couldn’t show that a small business could have satisfied the nonmanufacture rule. So you’re probably going to see some cases about the individual set-aside decisions that the VA is making under its new policy.

MS. BULLARD-MARSHALL: This is Maggie. I would just add also that the VA has been doing a lot of training of their contracting officers, especially in August, and they’re doing, like, weekly webinars to help seasoned contracting officers understand how to do market research.

MR. O’FARRELL: Jim O’Farrell. Is there -- has there been any discussion at all about the need to go beyond some of the IDIQs that are veteran or service-disabled-veteran-centric, such as VA Advisor and some of the others that are there?

Some of the community expresses to me on occasion that the -- winning a VA Advisor slot is like winning the PowerBall, let’s say, that there are still, let’s say, 14,000 small business -- you know, service-disabled veteran-owned or veteran-owned small businesses that want to support that community of the VA. And now they’re told, yeah, you won’t become a prime, though; you’ll always be a sub to one of the VA Advisor primes; and the contractor community normally tells you and large businesses tell you the way to grow and be successful is to be a prime. And yet these IDIQs have locked certain members of the community out of that ability to become a prime.

Is there anything -- any potential linkage between Kingdomware, that ruling, and what I’ve just said?

MR. LE: Well, there is a footnote in Kingdomware where the Supreme Court gets -- says, you know, we don’t really have to reach this issue of whether the VA has to go on the Schedule or off the Schedule because we’re going to settle the case by saying the VA has to set aside. And, so, as long as it’s going to a veteran-owned small business that at least the VA -- the way the VA has read that appears to satisfy the statute.

Now, the issue of strategic sourcing and category management is going to be another one that’s going to come up because the OMB has issued memorandum after memorandum over the last two or three years encouraging agencies to use Government-wide vehicles, and it’s now mandating to agencies for particular products that they go throw this category management system, where agencies are only permitted to purchase from particular vehicles.

And, so, at this point, that applies to laptops and desktops; and in the future, it’s going to -- there’s a plan to expand that to broader categories. So you’re going to see more delineation, I think, between the businesses that are able to get on those vehicles and businesses that are outside and trying to compete and maybe looking at their only Government work opportunity being subcontracting.

MR. O’FARRELL: Okay. And just so we’re clear, I’m clarifying the difference between, say, a GSA schedule, like the GSA professional services consolidated schedule, which consolidated several MOBIS and IT -- you know, log world, et cetera, and a VA Advisor, which says only 10 awardees or 12 awardees were put onto that IDIQ, whereas at GSA Schedule you have what it takes through your past performance, your financials, et cetera, you can go and get that schedule, that hunting license. That’s the difference.

I just want to make sure we’re ...
was a big help with that, too. I think that will come out in some of our recommendations.

MS. CARSON: And this is Barb, SBA. It will come up tomorrow. That is one of the recommendations stated almost exactly as the Chairman said that was put forward by Vietnam Veterans of America.

MR. LOCARIA: Mike, if I could. Excuse me, Sam. Dismas Locaria with Venable. The Kingdomware case is interesting because it kind of pits the VA against its own mission, to some degree, as well as other agencies. I was curious whether -- and you may not be able to share, but whether the SBA was able to engage the VA in conversation before that case was actually briefed at the Supreme Court.

MR. LE: Well, we weren’t involved until it got to the Supreme Court and it started getting into questions of wider government application, but we were informed by the Department of Justice of how the briefing was going, and we were able to give our views at least on the application to the Small Business Act. So if you look actually at the Government’s brief in the case, there’s a footnote in that brief about SBA’s view that an order is a contract for the purposes of the Small Business Act.

I think from the VA’s perspective -- and, you know, this is water under the bridge at this point since the Supreme Court decision came out. I think the VA’s perspective was that the VA has a responsibility to support all veterans, it argued, not just veteran-owned small businesses. And part of that is delivering products quickly. So the argument before the Supreme Court by the VA drew a line between getting whatever it is, pharmaceuticals or other products, out quickly to the point that we want that’s covered by category management.

So, you know, we were involved at a fairly low level at the Supreme Court, just to be informed of how the argument involving government-wide small business programs were going.

MR. PHIPPS: Another question from Joe.

MR. WYNN: Good morning. Joe Wynn, VET-Force, VVA. Yeah, just a quick question. I know we understood about the schedules, but there’s still a little bit more clarity, if you could, because it sounds like, you know, the way the issue was, the way we understood it, that they were using some -- selecting some businesses from the Schedule without setting it aside.

So are you saying now they still may be able to do that, or they can no longer do it that way? They have to -- they have to set it aside, even if the business is already on the Schedule.

And, then, I think another piece that is, too, which you may have already addressed, for federal strategic sourcing initiatives like T4, GWACs, those are going to be handled a little differently.

MR. LE: Well, I would refer you there to the VA policy documents that it issued, probably about six weeks ago at this point, where the VA gets into how it’s going to implement this decision and apply 8127. The way that I read those documents is the VA is still going to use the Schedule; it’s going to apply the Kingdomware decision by first looking at whether there are two or more veteran-owned small businesses or service-disabled veteran-owned small businesses that area available, and they’re verified as well.

Remember, you have to be on VIP under the statute, that are verified that are available on the Schedule. And if there are, then the VA may decide to set aside on the Schedule. And, so, they may still be using these vehicles as long as they’re implementing the set-aside or at least doing the market research to go toward implementing the set-aside.

And then about strategic sourcing, yeah, that will be -- that will be interesting to see. I think, you know, that’s a VA policy question that I haven’t looked at myself, being from SBA. But I could see that being an area of litigation as well. I mean, a lot of that might also get into the nonmanufacture rule and limitations on subcontracting if you look and say, you know, manufacturing a computer, the VA or another agency may be able to say that a small business would not be able to manufacture this particular type of product that we want that’s covered by category management.

But, you know, a small business might be able to come into court or GAO and say, no, we can do it; we can satisfy the nonmanufacture rule, and the agency’s market research just didn’t capture us or the agency didn’t do market research in the first place.

MR. PHIPPS: Okay, if there’s no more questions, we’re going to wrap -- we’re just going to take a short break before we get into some business development and marketing topics. Are there any more comments before we take a ten-minute break?

(No response.)

MR. PHIPPS: Okay, ten-minute break.

(Brief recess.)

MR. PHIPPS: Okay, welcome back from the
break. We’re going back on the record.

Our next presenter is Steve Mytinger from PR Newswire, and he’s going to discuss the topic of business development and marketing.

MR. MYTINGER: There we go. Sorry, I haven’t done one of these in a while. I’m pleased to be here today. We’re going to touch on a lot of things that are marketing related and new business development related.

And really the impetus for that is a recent Gallup poll that talks about small businesses and the ability -- the importance of being able to market themselves and develop new business, even over the access to capital, which is kind of the reason that this whole thing was developed from our point of view because we know that as much as things have changed in our business -- and I started with PR Newswire back in 1996, and that was pre when everybody had email or one of these things in their pockets.

And most of that, obviously, is technology-driven, but what hasn’t changed is when people have a story to tell and audiences to reach, there is always going to be a way to target that message and for that message to resonate with a particular market or audience. And that’s, as we’ll talk about, what PR Newswire does. That’s really how we help and how we enter into the equation.

Should I just say next slide? Okay. So About PR Newswire, you can go to the next one.

So we invented the business of delivering press releases over the wire, quote, unquote, right?

And, so, “the wire” means a lot of different things to a lot of different people, but it’s basically a combination of media reached over the Associated Press Network, and today it’s mobile and online and social, which are the big components of “the wire.”

But, essentially, we’re syndicating thousands of pieces of content a year from Fortune 500 companies like Marriott, Lockheed Martin, General Dynamics, et cetera, and government agencies like the SBA, DOJ, FDA, Census, et cetera, and small businesses as well as we’ll get to later in the presentation. Seventy percent of PR Newswire’s revenue is derived from small business. We have a number of ways that we help that audience as well.

So just think about the channels that are available today to get a message out. PR Newswire is just a very large, very well-connected channel to get your message to either the widest possible audience or a targeted audience based on your need. Next slide,
just talking about the convergence of marketing and PR and how those things are really becoming more and more one thing. And earned media is not just the parlor of sort of your PR department or your PR person; it’s really a thing that all of the marketing department strives for or marketers strive for, is to get that earned media. The authenticity of earned media as opposed to advertising, which we’ll talk about later, is becoming harder and harder to connect with audiences via advertising. Next slide, please.

So this here just talks about the fact that everything is pretty much digitally driven today, right? So I think everybody can sort of relate to whenever you want to do anything, go on a vacation, buy a car, buy a new pair of shoes, you’re probably going to do something online. You’re probably going to search for it, or you’re probably going to check Twitter, you’re probably going to do something that involves connecting with an online source, right? So 72 percent of consumers essentially are saying that they can connect with something online and trust that and would rather connect with those businesses online. And I can tell you, being in sales, that people would much rather connect online than they would in person these days. It’s a -- it’s definitely effective these days. Next slide, please.

“send me the proposal” or “hey, do you have a video?” or, you know, before you can get in the door. So digital is really important. And, you know, buyers are empowered. They don’t have to watch ads if they don’t want to. You know, from everything from skipping over on the DVR and not watching the commercials to, you know, you have popup ad blockers on your computer and your phone now. So if I don’t want to listen to you, I don’t have to. So it’s becoming harder and harder to get that message out there.

There’s also this idea of decreasing trust in brands where, you know, consumers -- the majority of consumers are saying that they’d much rather trust online reviews like, you know, Yelp or specialty sites written by -- they feel like that stuff is now written by professionals rather than genuine. So if you can provide a source of genuine reviews and things of that nature, people trust those rather than, you know, it says here 23 percent trust the paid ad.

So this idea of trying to get to storytelling and authenticity and experts rather than brands and advertising, and that’s sort of the new -- it’s not -- I don’t think it’s a new idea; it’s just become more in vogue today, and I think a lot of the reason it has to do with it’s just harder to connect with these audiences through paid means. Next slide, please.

And you can just keep -- this is an animated one, so you can just keep pressing through there. So, you know, again, this idea of recommendations from friends and family, I mean, I think we all trust that, and we always have, but I think the newer thing is academics, analysts, and other experts.

We at our company call them subject matter experts, and they just lend a lot of credibility to your messaging. So if you -- you know, a small business has a particular expertise in an area, that is certainly one element of content that should be made available out there so people understand that there is that expertise and that expert opinion.

And then companies that a person uses, people tend to trust the things that they like, right? So if I’m a -- if I like BMW, I’m probably going to trust that and continue to buy that brand, whereas it’s a little harder for companies that you don’t use, right? They’re talking about 31 percent are favorable to companies that you don’t use. And celebrities, you know, I think, you know, that’s something that’s always been in the marketing mix, but it seems to be less effective these days. Next slide, please.

As we talked about, advertising is becoming much less effective, and a lot of this is also technology-driven. So this idea of content -- that PR Newswire is able to deliver the content distribution for you, the advertising is sort of a -- you know, kind of a changeover to more of an authentic type of content, whether that’s coming from the company, that involves an expert, that involves a delivery of a press release about, you know, something that’s going to show past performance for a government agency, put that out there to make sure that people are able to find it and discover that about your company. And going again back to search where if somebody can’t find you, it’s very difficult for them to then make those decisions about using your service. Go ahead, next slide, or press through there.

Yeah, 88 percent of consumers say advertising has little to no influence on them when making purchasing decisions. And I would submit to all of you, I mean, I don’t pay a whole lot of attention to advertising. Certainly when I get something in my email that I -- you know, I don’t recognize, I don’t look at it. I think there’s tuning out of messages that are not authentic, not coming from companies or trusted sources.
And, so, that’s — the whole marketing business has been based for a long time on paid, and there’s this sort of changeover to earned media where, you know, we’re trying to use content to generate that reaction or that call — to generate that call to action for people to use content and make those decisions on things that are not advertising-related but are more content-driven or story-driven. Next slide, please.

And this just talks about the consumer’s continued behavior to try to avoid these types of ads and advertising, wherever they are, whether it’s mobile or on their desktop or anywhere that they live, whether it’s — any type of medium. Next slide, please.

So this — senior marketers are now kind of taking over this idea of storytelling and content and trying to reach consumers in a different way that is not paid advertising. You know, one of those examples is, you know, some of these short films like Marriott created a film about — you know, it was sort of a story about a gentleman that worked in a hotel, and it was kind of a sensation on YouTube, but it’s not advertising. It’s content that gets people to think about that brand in a different way. So they’re telling a story that involves that particular brand.

And one of the lessons, I think, for small business is that think about ways that you can get content out there that talks about your business in such a way that’s not just a press release that talks about a contract win or a particular executive appointment, but it’s more about the market itself or about the things that your service has done for a particular person.

So it’s more of a personal connection; it’s more of a story, you know, storytelling rather than, you know, paid advertising. And that’s really what we’re seeing now in the marketplace. Even big brands are doing that sort of thing with us. Next slide, please.

And, again, this just shows the mix of the type of things that are being done from a B2B content marketing perspective and how that mix is sort of going across the corporate teams. And it maybe is not so much relevant for small business, but it just sort of shows again that marketing has taken a big role in generating content. And, again, content could be anything from a press release to a video to an infographic, anything that engages an audience.

If you think about Twitter, you know, USA Today and several other sources, they have a rule that they won’t publish anything that doesn’t include an infographic and a photo and a Tweetable headline and then a link back to the article because, you know, all the research that they’ve done indicates if you can’t grab people there and make them go deeper to read the whole article, that it just won’t — you aren’t going to get the type of engagement that you would otherwise. Next slide, please.

Again, this just talks about the mix with room to grow in terms of investment in these areas. You know, search is obviously hugely important. Mobile and wireless marketing is huge. I don’t think anybody has quite figured that one out yet, but as I said, everybody does walk around with one of these computers in their pocket, so it is important to consider that when you’re delivering content.

And then all the way down to email marketing and public relations and press releases, that there is a wide variety and a wide mix of things that you can do. Content creation and content distribution is just one — again, one more of those channels that you could take advantage of to help your business be more visible. Next slide.

And you can kind of just keep tabbing through there. There you go. So this just shows the convergence of all of these things, so paid, owned, and earned are really coming together. So the mix is really more about earned than it has been in the past, and this idea of getting people to look at your business in a different way, again, whether that’s trying to establish some past performance with a contract win or it’s trying to explain with a You Tube video what exactly that your business provides for a certain sector. And those types of things are becoming more and more prevalent now than they ever were before.

And then your own channels are really just things like your website, your Twitter, your Facebook. Those are great, but to really develop those, you need to push people to them, because if you think about the flock, so to speak, that you already have, those people are already following you wherever you exist, whether it’s your website or your Twitter or any of your social channels. Putting content out there and driving them back to those channels is something that we’ve seen be extremely effective, and you’re effectively growing that flock of people that follow you. So that’s where the content distribution comes into play.

Not only is it getting stories out there and making it easy to find you and search, making it easy for people to put you into the mix when they’re...
thinking about procuring a particular service, but it also is one of those things that puts you in front of mind with these businesses and these government agencies as they’re looking for a different type of, you know, procurement or a different type of business to award to. Next slide, please.

How are leading marketers capitalizing? Really, this is kind of the -- we used to call this the circle of communications, but it’s really just the idea that you want to listen to your market. Your market’s -- it may be similar to others in the room; it may be completely different; it may be completely specialized. But whether that’s following certain people on Twitter, those particular influencers who set the tone, it’s reading a certain set of publications. Perhaps it’s using a program to bring in -- do some media monitoring about your business. You just want to be able to listen to the market so you can appropriately target it and serve it.

And then the idea again of creating content, which, you know, today we talk about content marketing, and I’ve given you some examples of the type of content that can be created and can be distributed and provided out there, it really can be anything from your LinkedIn profile where you’re distributing content off of that to a service like PR Newswire to your own website, your Twitter. These all -- all of these things can work in concert to put you in the best possible light and make sure that you can be found if somebody is looking.

And then the idea of sharing that content, so you’re creating it, but you can multipurpose that content as well. You don’t necessarily have to -- one of the things that businesses tell us is, hey, it’s really hard, we don’t have the resources to produce all of this content. And that is a constant across big companies and small companies, but I think if you’re able to repurpose that content over these multi-channels, that’s what we’ve seen be really effective for -- especially for small businesses to take, you know, a particular theme or a particular piece of content and repurpose it across those channels.

And then the last piece of that is really to analyze the effectiveness, and there are many tools out there to help you do that, but really just figure out which part of this marketing mix is working the best for you. You know, this content delivery or content creation may be a great asset to you and you’re able to discern that from your marketing mix, or perhaps, you know, for your market. Maybe paid advertising is working really well, or your social channels are really the ones generating the leads. It really just depends on what’s working for your business. But all of these things together, and we’re going to get to sort of the next set of slides where it talks about our own marketing efforts as a company, PR Newswire, what we’ve sort of learned about this idea of kind of a multi-channel mix. Next slide, please.

This is a really ugly, busy slide, but really the point to be made here is that we’re already doing a lot of these different things as small businesses. You’re going to events; you’re doing banner ads; you’re buying keywords; you’re doing earned media activities like social shares and speaking and blog posts and press releases. You have your own channels.

And this just sort of illustrates how your different marketing mix can work in concert with different offers on different platforms to reach different types of buyers. And what we’ve seen be most effective, again, is to have this kind of multilayered approach as opposed to relying on one or two things. Next slide, please.

Now, you can use earned media to amplify the impact of all of these other things. You can kind of just touch through here. So this really is centered on what PR Newswire has -- and you can actually go to the next slide. It’s kind of the same thing.

So we -- over a long period of time, we sort of looked at a bunch of different campaigns that we did as a business and doing sort of a one-channel approach versus doing a multi-channel approach. And what we found is if you’re doing the multi-channel approach, and in our case it was press release distribution, it was Twitter, it was Facebook and a couple of other things, speaking engagements, et cetera, we drove five times more downloads, and I think it was a white paper on this particular study, and 40 percent more conversions than if you just used a single channel approach.

So just sort of proving out the idea that there are many ways to get your message out, and you can sort of look at your own mix and figure out which ones of those things are the most effective. But really it’s a variety of things that you can do and to use the same type of content and repurpose it over those channels that can be very effective. Next slide, please.

And this was the same study, so we had a significant lift in qualified leads. Two percent to the top line and a much shorter sales cycle off of...
these leads from this multi-channel approach.
And this is a case study, marketresearch.com.
As you might guess from the name, they sell market research. They were using content for a long time to try to drive these leads, and we sort of presented to them the idea of doing a different type of content that was simpler, that told the story, that had a call to action, that was very declarative about what you wanted the user to do. We presented the idea to them and they sort of changed up their mix a little bit. They added some of the other things that we suggested.

And, really, what ended up happening is, you know, they spend $25- or $30,000 a year on this effort.
They were revenue-positive after the first year. So -- and really the crux of the strategy was to get this fresh content out through a network. They used to do it -- used PR Newswire to do it, but, you know, there are many ways that you can use to syndicate the content, but they were driving quality leads off of that. The cost per lead was much lower than what they were doing before, and, again, just another channel that they added to their arsenal to improve the marketing mix.

So the keys to success, again, mastering that mix for you. There’s not a hard-and-fast rule on what that has to look like, but there are many ways to deliver that marketing message. Listen to your market because your market is different than others, and what are the things that are most effective for that particular market, who are the influencers, who are the -- you know, the audiences that you want to reach in that particular market.

And then coordinate those channels for this multi-channel approach and have them working in concert, where you could repurpose some of this content across those channels and have the most effective -- the effective marketing message that you can possibly have and, you know, drive the kind of leads that you want to drive and get the outcomes that you desire in terms of new business.

And that’s it. Any questions?
MR. PHIPPS: So, we’re going to have -- Steve, you can stay where you are.
MR. MYTINGER: Sure.
MR. PHIPPS: And, Dustin, you can come up. I just want to touch a little bit on this topic in terms of SDVOSB community. There’s only one actual study that we saw out there that was -- that focused on veteran-owned businesses, and that was the Gallup poll that Steve was talking about. And it ranks getting new business as number one. It ranks above access to capital, above everything.
The interesting thing about that study is that service-disabled veteran-owned businesses separate business development and marketing. Marketing is like number five or six on the list. And, so, that correlation in the business -- in the SDVOSB’s mind is not quite there. I mean, for them, or for any of us when we’re taking those surveys, you know, that’s a separate idea, even though it’s really both -- you know, what we’re talking about are very much core business development ideas. And that’s one of the reasons we’re addressing this topic.

Go ahead, Ken.

MR. QUAGLIO: So since I run a digital marketing agency, this is actually a topic other than government contracting I know something about. You know, most of my clients are B2B companies on -- in the commercial sector, and I think the trend that we’re seeing in B2B in the commercial is what we’re going to see in the next three to five years on the government side, and that is if you look at the sell side of the business where marketing happens, it’s all digital.
It’s 100 percent digital now for all intents and purposes, both across all three kinds of media, and you can’t even tell the difference whether it’s owned, earned, or paid for.

On the buy side, so this is where I think it has an implication for small businesses, veteran-owned businesses. We’re going to see more and more federal procurement being done in a purely digital way. And I think the large companies will be prepared for it; the small companies are going to get their butts kicked on that because they have no concept of how to prepare their content and how to actually execute a digital campaign and then respond to a digital RFP in a purely digital format.
So I think one of the things we may want to consider down the road, as more and more SAP Hybris is being implemented in the Federal Government to do pure digital commerce, is how are these small businesses going to be prepared for digital commerce, because if they miss out on it, it’s going to be a huge opportunity for them and it’s going to hurt them desperately.

So, that’s just a side note as an agenda item outside of the contracting side, which is how do you help small veteran-owned businesses start to prepare for the coming digital commerce in the procurement phases.
MR. PHIPPS: That’s a great point. It’s probably going to hit just outside of GovCon, as well, right? I mean, we’re going to see this across all -- everywhere, so -- it’s already happening. So now we have -- we strive to -- and these gentleman can attest to that, when we’re up here, when I’m up here and we’re trying to get people to come in, we try to get people not to purely talk about their business. That’s been something we’ve always struggled with. It’s something that’s hard to tell somebody, hey, we want to take time away from your business to come here, but don’t talk about your business.

You know, and I think Steve did a really good job about talking about the market in general and using some of the use cases that he’s seen within PR Newswire. Dun & Bradstreet is different, right? Everybody needs a DUNS number; there’s no competition; you can’t go get a separate -- we were talking about this on the break -- you can’t get a separate number that’s a competition to Dun & Bradstreet.

So it was -- it’s a great honor to have somebody from D&B here to really talk us through what else besides content that we can do as service-disabled veteran-owned businesses for biz development and marketing initiatives.

MR. PHIPPS: That’s a great point. So, if we can go to the next slide, we can go right past, there we go.

So, Dun & Bradstreet has now been around 175 years. It, you know, started in the 1830s when there was a banking crisis, essentially, a lack of trust. People didn’t know who to invest in; businesses -- you know, it was mainly New York financiers back there didn’t know who to trust in terms of business owners out there. So they had people go out and just take handwritten reports. This is the business owner; this is how much collateral they have; this is what their environment looks like. And we still have some of those old reports.

So the idea of going out and kind of creating reports on companies and, you know, understanding and then sharing that information with other businesses so they can know how to do business with somebody else is really at the core of the DNA of the company and still today.

So with that said, though, the DUNS number is one of the ways that a lot of people get introduced to us, especially in this space, but there’s a lot more to D&B and in particular for small business owners. So I’d like to -- we’ll explore some of that. Let’s go to the next slide.

And so, with that, I’d like to introduce Dustin.

MR. LUTHER: Thank you so much. And thanks, everyone, for having me come out. I’m really glad that Steve got to lead it off because, you know, interestingly, my job at Dun & Bradstreet, I work for a division that really focuses on the small to medium-sized business market. We were a startup that was bought about a year and a half ago by D&B, so we are kind of DNA for the group that I’m with is really the small business community.

And I work for a group -- my title is engagement director, but we’ve actually talked about calling it earned media team, right, because I have events, social media, content, those things roll into me. The paid side of our small business and the direct response, all that is different teams. So, this is the world that I, as well, like to think I live in, and it’s an interesting one to me.

So with that said, let’s just get started.

I’m going to try to roll through -- I do have stuff on Dun & Bradstreet in the slides. I’m going to go through the D&B-specific stuff pretty quickly. There’s not a ton there that I need to kind of hash over, but I think there’s stuff that’s relevant to some of the points that we hope to make here. So, as I kind of mentioned, I run the engagement team. We go to a lot of events; we do webinars and podcasts. My team right now is doing an access to capital event in Chicago that has to do with working with the WBDC -- make sure I said that -- Women’s Business Development Council. So they’re out there today, and I believe it was today, but I know it was yesterday for sure. And it’s just a great event.

We’ve gone to that a couple years in a row.

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real big success for our team.

So, you know, we also -- as I said, we create
a lot of content, where our team, we’ve got a couple of
people out there. We’re doing all kinds of good stuff,
trying to make it as dynamic as possible. We have a
pretty good social media team. That’s something that I
take a lot of pride in, so, you know, just out
responding and engaging with business owners all day
long. So, let’s go to the next slide.

You know, some of things are just kind of core
at Dun & Bradstreet, like we talked about. I’d just go
to the next slide, and you guys can always dive into
this a little more.

So this is -- when we talked about the Dun &
Bradstreet and the DUNS number, one of the reasons
people are using business credit data, whether it’s D&B
or otherwise, is really just to kind of understand, you
know, more than does that entity exist but like, you
know, what is their payment history, are they going to
pay me on time, you know, is -- you know, how they can
handle this size contract, what’s the largest contract
they have to date in the database.

Like, you don’t want to give somebody -- or
maybe companies are hesitant to give somebody a, you
know, $2 million if it shows their largest contract to

date is $20,000. Like, these are real things that help
make quick decisions. You know, risk analysis is a
huge part for the larger companies. They want to
minimize their -- you know, the risk of doing business
with other companies, no surprise.

And small business owners don’t often
understand why there’s certain ways that people want
them to have their business credit file and order other
data, but a lot of it is just risk management. And,
so, if, you know, the small business owners are
understanding that a lot of the reason they -- you
know, they want to pay attention to this stuff is to
get these larger contracts. That’s a huge part of even
the education that I think we can provide. So, let’s
go to the next slide.

So, you know, our tools generally fall into
two categories. You have the risk management, which,
you know, traditionally isn’t like a micro-business
thing. This is larger companies, but it’s just let me
look at my portfolio companies and figure out, you
know, how do we want to do business with these guys.
Do we want to -- who’s in danger, what’s going on with
their business, or there’s something new going on,
there’s a new lien that’s been on the business or
something. That stuff all is great, you know, useful

There’s, of course, the credit-on-self
solution side, which is more of just how do you go out
and demonstrate your own credit and your credibility as
a business owner. So there’s all kinds of things, and
as I say, I’m not going to go through specific details,
but that’s a critical part for a lot of small business
owners.

And at an event when I’m talking to them, I’ll
often see light bulbs go off as I kind of dive into
somebody’s report, and they’ll go, oh, really? Oh,
that’s what they’re seeing? Oh, no wonder I’m not
getting those contracts I should be getting, right?
Like, I didn’t know that was the -- you know what I
mean? That those things are -- that those light bulb
moments are something that I find really fascinating
and valuable.

And, then, of course, we have a whole slew of
sales and marketing solutions. In the small business
space, it’s normally the Hoovers Brand that we do that
through. So that’s part of what we do there. So, if
you could -- next slide.

I’m not going to go over -- these things are
all in here. We have a variety of free products. A
lot of -- especially with the smaller and micro

businesses, we just want them to start paying attention
to their business credit. You know, we figure if
they’re understanding, like, oh, this is -- this is
important, so like our Credit Signal tool will just
send them free alerts -- there’s changes in your
business credit file, you know, you should know what’s
going on. It’s something that we kind of pride
ourselves in doing.

If we go to the next slide, the -- one of the
kind of interesting things and specific to the veteran
community is we do have a veteran VERIFIED product that
we launched maybe two years ago, around there. And
it’s free for veterans. So, essentially, it’s a free
product, but it matches one of the paid VERIFIED
products. And that just is an interesting -- a great
way for veteran business owners to come in and get the
perks of that VERIFIED product, and it’s free for them.

MR. QUAGLIO: Yeah, on the topic, what does it
verify, just out of curiosity?

MR. LUTHER: The verification does -- my
understanding is that we’re pinging it against the --
there’s a database of veterans that they’re going
against. I’m sorry if I don’t know the specifics, but
I know there is that database that we’ve gone and we’ve
partnered with somebody. So they’re pinging against
MR. PHIPPS: Go ahead.

MS. BULLARD-MARSHALL: Okay. So I -- I’m speaking from personal experience and from other -- many other veteran business owners. We pay the like $1,200 to be able to see our credit report and everything, but we don’t have enough companies who are reporting that we’re paying them. And so it doesn’t look like we’re doing very well when, in fact, we are. It’s just that the people that we’re paying aren’t telling you that we’re paying. So how do we address that?

MR. LUTHER: You know, that’s a great question. I feel like I don’t know -- I don’t know if I’m going to get into a great answer here. That is, you know, something that we -- that I’ve heard as I go around and speak at events. You know, I do find that a lot of business owners will go in and, you know, make the call first and say, hey, I’m going to try to get -- I’m trying to get this, you know, bit of business I’m doing with you, you know, within the D&B database. You know, you’ll probably get a call from somebody. You know, how do -- what’s the best person I should put them in contact with, that kind of stuff.

So sometimes a little early legwork can help, but I really -- you know, I’m so on the marketing side of things, I probably shouldn’t talk about how to get data into the D&B database. But that is something that, you know, there’s different strategies out there for sure that people do try to do to make sure that they get their accurate information in the D&B database.

MS. CARSON: And this is Barb at SBA.

MS. BULLARD-MARSHALL: Can you maybe send that to Barbara to send out?

MS. CARSON: Yeah, right.

MS. BULLARD-MARSHALL: Sorry.

MS. CARSON: Maggie? It’s Barb. And, yes, if you write a note with your specific question to veteransbusiness@SBA.gov, we’ll collect any questions we’ve got that we can’t answer here and push those out to everyone.

MS. BULLARD-MARSHALL: Okay.

MR. LUTHER: Yes. And I will make sure we get answers to everything.

MS. BULLARD-MARSHALL: Thank you. Did you say that was veteransbusiness@SBA.gov? Is that the address?

MS. CARSON: Plural veterans.

MS. BULLARD-MARSHALL: Veteransbusiness@SBA.gov.

MS. CARSON: Yes.
MS. BULLARD-MARSHALL: Got it. Thank you.

MS. CARSON: Yes.

MR. LUTHER: So I’m going to go on to the next little bit here, which is more some of the learnings that we’ve had and some of the things my team has picked up and things that have come back to me. This was at a recent actually yet event that the Navy puts on I went to, and I go -- I’ve gone for maybe four or five years now in a row. It’s great. It’s an event in San Diego that’s there to try to get small business owners contracts with primes is generally how I view the event. But it’s a fascinating event, and really our best -- one of the best sources of people who helps us drive traffic to our booth is actually one of the huge primes. I’ve been told not to use any names, but you guys would definitely all know this company. They -- what they’ll do is they’ll ask the people -- the first two questions I’ve seen the guy, been there, talked to him when I’m at his booth. He’ll say, you know, do you have a DUNS number? What’s your SER score? Right? And he’ll say if you’re -- you know, your SER score is at this level, it’s going to be real easy to do business with you; it’s at this level, it’s going to be -- you know, we might be able to get you in if we really need you; and if it’s at this level, it’s going to take an act of Congress for us to work with you, it’s not going to happen. So he goes and the people come to our booth, and they’re always like, I’m told I need to know my SER score, right? That conversation I wanted to mention here, because it doesn’t happen enough actually, the number of business owners who go to get a contract with a large prime don’t realize that these primes are going to not only require a DUNS but specific thresholds often on scores. That conversation doesn’t happen. A lot of times they just get denied; they don’t know why; and they are -- you know, they just get some contract. And they’re not able to see progress. So, you know, it’s one of those things to kind of keep in mind is that guy is great, and he knows -- he kind of knows his stuff. He’s been super helpful, but that doesn’t -- that conversation doesn’t happen enough, I think, with small business owners. So, what does it really take to get in there? Often they’re just kind of denied -- you know, they’ll just say, nope, you didn’t meet our requirements -- I don’t know what gets said, but a lot of times they just won’t -- the conversation ends without them really understanding why.

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content section of things we do, so I’m just going to skip this, but as I say, where our team tries to do a bunch, but let’s go to the next slide.

You’ll see, I believe, if I’m at the right spot -- oh, one more we need to go. So Pepperdine study. This is probably one of the more interesting things. We just launched -- the Q3 study came out.

You know, we’re seeing that the medium size, what we’re calling the mid-market businesses, which are still depending on definitions can be small businesses, you know, they’re getting funded, right, at pretty good rates. So that’s the green bar at the top there. And it’s only going up.

So, you know, 94 percent of them, you know, was not funding -- I forget, but I want to make sure I understand -- I’m saying the phrase right -- financing success rate, we’re -- finding success in financing when they went out and tried. On the lower end, it’s -- you know, it’s dropped over the last couple of years, not by a ton, but it’s not -- it’s not increasing. The smaller micro-businesses are still having trouble getting money. Next slide.

But with that said, you’ve actually seen a decrease in the smaller businesses who are trying to get funding, which is, I think, also interesting.

whether it’s kind of self-selecting or just not as needed or what the dynamics are. We’re seeing that percentage actually drop. It went just up a little bit, but it was down the previous quarter to 25 percent from a high -- you know, when we started this study.

So we’re not seeing huge changes, but we are seeing a decrease in just kind of --

MR. HEILMAN: Is that any funding, or just bank funding?

MR. LUTHER: This is just bank funding from my understanding.

So I think the takeaway, if we go to the next slide, is -- well, one other thing. I’ll just throw out this. So the takeaway is there. One anecdotal thing that I think is interesting is I’ve -- in June, I went ahead and interviewed about -- I think there was five or six different veteran business owners, and we -- I was interviewing them for a podcast, and it was just about their growth story I was asking them, let’s talk about how you grow. So I went over everything, how did you market your business to grow, how did you get started, why. But I asked them all to tell me their funding story.

And I expected to kind of -- and I poked at every one of them, like what was your financing like, how did you get the capital you needed for this. Not one of them took a bank loan. There was some that had some line of credit that kind of almost -- it wasn’t -- it was negligible towards their overall business growth. Granted, a lot of these were consultants and like doing IT, but they were all successful. They all had at least a million dollars a year in revenue, some up to $25 million a year in revenue. So these were businesses that were -- you know, had done well, all veteran-owned businesses, and they were starting without funding of any traditional bank loans.

There was some family and friends; often their savings they would dip into. But I think that’s kind of relevant as well to the conversation in terms of what they’re looking for. And I should highlight, this is all anecdotal. I mean, it was me interviewing five different people, so this isn’t a broad swath, but I think it helps tell the story of kind of access to capital in that space.

MR. ZACCHEA: Mike Zacchea. Just to your point about capital, and you had mentioned the million-dollar threshold. There are a number of non-profits that we work with that are trying to get into or add value to business startups that are not exactly startups or in what is called the valley of death that are trying to get to that million-dollar threshold.

MR. LUTHER: Mm-hmm.

MR. ZACCHEA: So, I don’t know if you’re working with any of those, but we have uncovered them, and so what I do is I help veterans start businesses, but I hand them off to these non-profits that then try to scale them up to a point where they can access -- become bankable in that regard.

MR. LUTHER: Mm-hmm.

MR. ZACCHEA: So that’s where the gap is, and that’s the difference between what are called the small business and then the bankable businesses. So there’s opportunity there to fund, you know, the vast majority of these small businesses that are, you know, basically, you know, several thousand dollars in revenue up to a million dollars.

MR. LUTHER: I would completely agree, and if there’s resources -- I’m always looking to connect with other groups. If there’s stuff you want to pass along, please, I’m all for it. I’d love to make better connections. That’s part of what I’m -- one of the values I can get out of coming here today is that kind of thing. So please do share that with me. Yeah, I’d love to connect.

I read a similar study very recently out of

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23 I can't wait to get in there and start really doing those people there at the SBA, and everyone's excited. I've talked now to some of business owners on that space and something that should be a lot of -- I expect -- I've talked now to some of those people there at the SBA, and everyone's excited. I can't wait to get in there and start really doing some good work there as well. Next slide.

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know -- at least on our small business section. It’s
what is -- you know, here’s a huge list, and you can go
through, click, and figure out what other companies
need, who might you fit in there, all that kind of
stuff. But there’s tons more as well, like I said, our
veteran entrepreneur guide, that kind of stuff. We’re
always trying to do more, but there’s lots of good
things there.

So that was it. Well, thank you, everyone,
for letting me give the little talk here. And Q&A, if
people have questions for me or Steve, I think we’re
both available.

MR. HEILMAN: Just one quick comment. Craig
at SBA. Just I wanted to express our thanks to both
speakers on this because as Barb hit on a little bit
earlier today, as it relates to what we’re thinking
about doing in the future, we built this, you know,
program at scale where we’ve got 48,000 that have come
to, through to get introductory education on
entrepreneurship, but the next phase of that is really
where are the areas that we really need to, you know,
drill down and provide more across the different
functional areas of a business where our veterans might
need to accelerate a little bit in terms of skills
building.

And so sales and marketing comes up all the
time, trying to do digital marketing and understanding
all of that. Those are things you probably haven’t
been exposed to likely in your military service. And,
so -- and so these kinds of content areas are things
that we’re really looking to, and as we kind of go into
this requirements development phase for what our grant
programs are going to look like across all of our
partners, whether it’s our Veteran Business Outreach
Centers or our other partners, it’s all about trying to
understand how to get these nuggets that are really
going to, you know, early on in that business formation
going to accelerate their learning and get them keyed
into it and the Dun & Bradstreet piece as well.

So, thanks. Thanks a lot. This is right on
target in terms of things that we need to know to
better serve our veterans.

MR. PHIPPS: So, just a comment. One of the
things as we were going through and building the
business development and the marketing piece is
typically and what we hear from a lot of veteran-owned
businesses, personally what I have heard, it’s a fuzzy
area in terms of it’s not a quantitative area, you can
measure this is what I’m supposed to be doing, X, Y, Z.
It’s not a -- it’s not a government contracting
proposal that lines out exactly what you need to do.

So we see that some companies shy away from it
because they’re not sure, you know, is there a right
way, is there a wrong way. And I think as Craig was
saying, as the SBA built some of these programs to have
this a much more of a quantifiable process for what is
business development and marketing, just to educate the
small business, these are the things that you kind of
do. These are the things that can grow your business
or is very important.

And, so, Dustin, I just had a question. I see
here on this slide, you know, what do you want to see
from us, surveys, is there a way Dun & Bradstreet can
do possible surveys that just target veteran
businesses, and not necessarily in a GovCon space. Our
goal is to really -- you know, the GovCon space is so
small, we want to go out and reach the larger breadth
of veterans.

MR. LUTHER: Yes. We can definitely do it. I
mean, it could take a little bit of, you know, maybe
just getting everybody on board internally, but it’s --
we have, you know, a database of that kind of
information. You guys I know probably even have a
better database of, you know, what are the veteran
entrepreneurs out there. But, yeah, it wouldn’t be
target in terms of things that we need to know to
better serve our veterans.

MR. PHIPPS: Maybe we’ll have a conversation
offline. Maybe it’s going to be for the next chairman
or for the SBA, but that might be something that we
would like to explore. One of the things that we’ve
had the hardest time at from the Committee’s
perspective is getting specific veteran business data
and something independent. And there’s very few
studies and surveys out there that are very specific in
our space, so that’s great to know.

Is there any questions from anybody for Dustin
or for Steve?

All right, if there’s no questions, thank you
guys very much. You’re free to just stay right there.
We’re going to be wrapping up here shortly.

I do want to open up the floor to public
comment for people in the audience or any of the board
members. If anybody has any comments right now,
please, this is the time to state them.

Okay, so --

MR. O’FARRELL: Jim O’Farrell from the field,
from the board. If you don’t have me from the field.
I just want to thank Mike Phipps for his dedication
this year, the outstanding job, Mike. I feel like when
you took over for Ed, I just want to put this on the record, that we were in the position of coming back strong from, you know, kind of a low point on the Committee in terms of the number of members. And Ed did a great job of getting new members on, and Barb as well and her team. And, so, what you’ve done this year in focusing us on several specific areas, I think our report is going to be even more productive than last year. Thanks.

MR. PHIPPS: Thank you, Jim.

MR. DAVIDSON: I have one comment, just real quick, Scott Davidson. Just to reiterate with them, just from what we’re seeing in the field, this was what kind of drove when Mike came to me. And we were just kind of discussing some things, we’ve repeatedly heard from -- for their service-disabled veteran-owned and veteran-owned small businesses at any event that we’ve had put out there, how do we reach our customer.

Now, if we’re just going to look at the GovCon space, we know it just seems like it’s a missing piece. I’m not sure why they don’t get -- I don’t want to generalize in a sense, but why they don’t understand, well -- when I say, well, do you knock on doors type of thing or -- they’re like, well, we don’t really do that anymore, how can else can we get to them?

So I think it’s really important that we start to figure out how to educate service-disabled veteran-owned and veteran-owned small business owners just in general on what’s out there because if you looked at them and told them about, you know, earned advertising or anything along that, they’re going to look at you cross-eyed and say I have no idea what you’re talking about. People buy a Facebook ad; they get no results whatsoever; they can’t figure it out.

So I just want to also again thank both Dustin and Steve today, but I think it’s something just from my point of view in interacting so much with just veteran business owners over the years and just as lately as we’ve done it, that it continually comes up, access to capital we know is always going to be there. We understand that that’s the friends and family plan first when they start out, especially entrepreneurs. And they’re going to go for a different piece, but after that, how do they reach their customer.

Or even that, how are they -- you know, besides going to certain things and certain networking, how do they reach the primes that they want to be able to team with, depending on whatever the opportunity is. No one knows who they are. They probably don’t have a capability statement that’s correct. They don’t know how to -- even, you know, their one-pager doesn’t look good. Even if it is, is it on their website, are they doing that type of marketing and content? Does anybody know if there’s a press release?

So, just to put that out there, I think it’s important for the Committee to see that, that there is value there, but I think it’s a big part that’s missing right now from just the general education of veteran business owners and as they’re coming up as entrepreneurs and whether it’s all the different programs out there, you know, there are some great programs. Syracuse, we know; IVMF; EBV, all of them may do that.

I’m just wondering, Boots to Business, everybody that does these great programs, are they focusing on this one part because you can only get so far from what we have and not having these subject matter experts. And I know Craig wants to say something about that.

MR. HEILMAN: Yes. You know, that was a lot, but that’s the whole evolution from our perspective in why we have this committee and why we rely so much on this kind of interaction and dialogue. And, so, that again, we didn’t get deep into it this morning with Barb’s remarks, but the VBOC 2.0 is very much all about that and, in fact, if they’ve not already talked to Dun & Bradstreet, they will be because it’s about what is the standardized content that is -- captures all of these learnings so that we are in a way at scale, being able to standardize some of that because, again, that is the challenge that we all face is that -- and particularly is what’s the role of Government, right, the role of Government to try to integrate, you know, get the data, be data-driven about what we’re -- and to Mike’s point, it is tough because it does come through anecdotal around -- yeah, we kind of know sales and marketing learnings need accelerated, but I can’t point to a survey that says that. There’s a little bit, right, when you talk about the Gallup poll, so, no, this is exactly on target with what you’re saying.

MR. DAVIDSON: Thank you.

MS. CARSON: It’s Barb, SBA. And, Scott, I have a reflection on what you’re saying, that even before I can educate people I got to find them. So, on a pivot to marketing, how do people find us and the resources. So the most -- the only group that really convenes is the government contracting-seeking veteran business owner, really. I mean, that’s why we are -- we’d love to have a certification where it was meaningful, whether you were Main Street, high-tech,
GovCon. And we don’t have that.

2 So I have not yet found the right way to reach them. I’m not sure that the Federal Government is the leader in that and that would be our most agile act, but we do count on this committee, and I think that your presentations are helping us think about that, how we find them. And because only 10 percent are going to try to enter the federal procurement market, so 90 percent of the folks that we’re supposed to serve are not even there. And that’s where we’re most aligned on what needs to be done.

3 So I encourage the rest of you members, and I’m grateful to your attention to it, what do we do for everyone. Thanks for the ideas so far. I appreciate it.

4 MR. PHIPPS: So anymore comments? Just we’re closing out the fiscal year. I’m just going to have a couple of comments about the committee. A lot of us kind of came to the committee when it was just getting revitalized by Ed. We didn’t even know that it was in a slump until Ed, you know, kind of came out. And I think, you know, the work that Ed did get us here, all I did was try to build on that.

5 We’ve -- sometimes as a committee we don’t realize how much we’ve done, but we’ve had a lot of influence over some of the things that have happened over the last two years -- mentor protégé program, the different SBA loan programs, with the veteran reduced fees. I mean, we’ve addressed exports, agriculture, woman-owned businesses, family -- families and veteran-owned businesses.

6 So we’ve had a lot of influence on different things, and initially when we first kind of came on, it was a lot of -- there was like a lot of chatter. It was like a big voice going on, but I think we’ve kind of narrowed that chatter down to specific voices and that -- I hope that that’s what the committee continues to do.

7 So with that being said, we’re going to close the public comment. After this, we’re going to meet. We’re going to break for lunch, and then we’re going to --

8 MS. BULLARD-MARSHALL: Can I just ask one thing real quick? Do you mind? Is anyone keeping an eye on the small business dashboard of the agencies that are not meeting their SDVOSB goals and holding them accountable for that? Is that part of this committee’s work?

9 MR. PHIPPS: It is. In fact, I think it was Scott, during his brief, who actually had a presentation that specifically called out each of those individual agencies. Because it is not statutory and there’s no enforcement of that, it’s kind of “if you want to do.”

10 And, so, you know, one of the things that the committee does is try -- you know, maybe we can chain the agencies into actually, you know, meeting some of those goals, but some of the agencies that are the violators are some of the biggest in the industry, like Department of Energy. So, I guess that is -- there’s a lot the SBA does to do that, and I guess maybe Barb can make a couple comments on what she does in this group to address that.

11 MS. CARSON: Yes, Mike, you’re right, public shaming is one of the options, and that does occur. We will have a brief if you or the next chair would allow it, an update from Jerry Godwin on our team, on the efforts that our office in particular is engaged in to talk with OSDBUs, the Office of Disadvantaged and Small Business Utilization, on identifying for them and showing data, you know, here’s where other agencies are having no problem in a specific NAICS code getting small business engaged, but you don’t seem to be hitting the mark, what can we do to help you. So more -- we’ll spin the positive side on that and offer them some resources, attention, solutions.

12 So we’d like to share that with you if you’ll allow. And I have a moment of gratitude request also. I would say I don’t think that Ed Fielder is still on the line -- he had to go -- but he was the person who joined me at the beginning. I’ve only been here three years. I’ve seen incredible growth. I don’t -- I didn’t experience what it was like before, but I can say that you have made a meaningful difference to our agency and to veteran entrepreneurs, and I’m grateful for that.

13 Because you have been much more than talk, I think we could all name 100 problems, but what you have done is really refine exactly what the issue is that could be resolved with the Federal Government because we can’t do it all, and then gave us ways that we could act on it, meaningful way, in a rapid way. That’s the change. And I look forward to working with the next chair. I know how much time -- or at least I observed a lot of time go into this from each of you. So thank you for that. I’m really happy that you took this on, Mike. Thank you.

14 MR. AUMENT: I’d like to see if we could engage Steve’s services in promoting the shaming.

15 MR. PHIPPS: It’s a good idea. So just one
1 comment before we break for lunch. And I didn’t
2 realize this when Ed was doing it, but when whoever
3 is going to be the next chair, you see a lot of what
4 you -- we influence as a committee behind the scenes.
5 As you bring together different agencies, when you have
6 a topic or an idea and the SBA brings in the different
7 government agencies or you have contacts and get
8 different government agencies, you bring them on. A
9 great example of that and something that addresses the
10 Veteran Farmers Coalition with Mike O’Gorman, he has
11 6,000 veteran farming businesses that he vets as
12 veterans, the SBA doesn’t vet as veterans.
13 So you get to see some of that behind the
14 scenes. And, so, just to each one of you guys that are
15 on the committee, and ladies, there’s a lot of
16 influence that you guys don’t see. And hopefully in the
17 future we’ll be able to quantify that and maybe
18 even in some way to represent that, but there is a lot
19 that goes on.
20 And from that spurn a number of different
21 events and different opportunities for veteran
22 businesses. When we had the agriculture meeting, it
23 started a whole agriculture movement. There’s an SBIR
24 loan now that gave out $7.4 million to veteran
25 businesses for ag. All of these things we don’t get to

1 see the ramifications because we don’t have the
2 resources to track it. But taking some notes and how
3 we’re able to influence the veteran business community
4 is out there.
5 And so with that, we will close and we’re off
6 the record.
7 (Brief recess.)
8 MR. PHIPPS: This is Michael Phipps at the
9 ACVBA. We’re going to go back on the record for a
10 couple of comments from Michael Zacchea.
11 MR. ZACCHEA: Okay, sorry, everybody. I
12 thought that we were going to have a chance to do this
13 after lunch. So there’s just a few things that I want
14 to talk about that I have going on and I wanted to
15 update the committee about. The first thing is
16 legislative session in Connecticut ended in June. We
17 got seven bills passed in June since the last meeting.
18 The Governor signed all seven of those bills into law.
19 Those laws include the veteran contracting
20 preference for veteran-owned businesses at 15 percent;
21 the Fair Chance Labor Act for Veterans; and then the
22 Entrepreneurship Licensing Act for veteran-owned
23 businesses -- startups.
24 We also -- pertinent to the Fair Chance Labor
25 Act, the Governor has asked me to develop a program for

1 veterans who are incarcerated in state facilities to
2 help them reenter the workforce when they get out. And
3 we are currently working on developing a project for
4 that. Right now, there are about 100 veterans who are
5 incarcerated. They have to apply to get into this
6 program. The people who apply are all nonviolent
7 offenders, primarily -- 95 percent are bad checks, not
8 paying child support, or DUls.
9 So, we hope to have a -- and, of course, the
10 Governor told me that he’s got no money to pay for it,
11 so -- but that’s a project that we’re working on right
12 now, and it’s getting a lot of visibility in
13 Connecticut.
14 The Secretary of State has been tasked to come
15 up with a database of veteran-owned businesses. Right
16 now, out of 36,000 in the U.S. Census, we only have 800
17 that have self-identified. I run the Entrepreneur Boot
18 Camp for Veterans in Connecticut, and we just closed
19 our 2015 class in August. Out of 25 graduates, we had
20 17 start businesses, and one started a not-for-profit,
21 four full-time jobs, and one MBA program. So we’re
22 very happy about that.
23 We also just started our 2016 class. We have
24 23 students -- 19 male, 4 female. Among the
25 commendations, 1 Legion of Merit and 1 Purple Heart, 8

1 Bronze Stars, 12 Meritory Service Medals. Educational
2 attainment, one Ph.D.; 11 master’s programs -- or 11
3 master’s degrees; 17 bachelor’s; and the rest are high
4 school or AA degrees.
5 They come primarily from the East Coast --
6 eight from Connecticut; one from New Hampshire; two
7 from New York; one from Pennsylvania; one from
8 Maryland; one from Virginia; one from D.C.; one from
9 North Carolina; one from South Carolina; two from
10 Georgia; two from Florida; one from Michigan; and one
11 from Colorado.
12 On September 26th, so two weeks, we are
13 starting a U.S. Veterans Chamber of Commerce. We have
14 significant corporate backing. Right now, we have 55
15 corporations that have RSVP’ed to attend this event at
16 Pitney Bowes headquarters in Shelton, Connecticut. We
17 have a partnership with Joe Wynn from VetForce.
18 We have a board of advisors that includes Joe
19 Wynn; Rick Weidman; Bill Elmore, the original assistant
20 administrator; Bill Murdy, who is now the civilian --
21 or he just retired as the civilian assistant to the
22 Secretary of the Army, running the Soldier for Life
23 program; Leland Goldberg, who is a Vietnam veteran who
24 runs a program in Boston called VETRN, which is in the
25 space of helping businesses get through the valley of
1. death. And then a service-disabled veteran-owned
2. investment bank called Drexel Hamilton is on board as
3. well.
4. And we have a number of veterans chamber of
5. comers from around the country who are
6. participating, including the Wisconsin Veterans Chamber
7. of Commerce, Pennsylvania Veterans Chamber of Commerce.
8. So, we’re pretty excited about that possibility.
9. Lastly, two things I want to talk about. I
10. was just at the NASWA conference in August, the
11. National Association of State Workforce Agencies, which
12. is a function of the Department of Labor Office of
13. Veterans Workforce Development. Again, we talked about
14. entrepreneurship. I really think -- it appears to me
15. that we need to make veteran entrepreneurship much more
16. part of the conversation for transitioning, and I think
17. that the Boots to Business and the other initiatives
18. that the SBA has taken are doing that, but we still
19. have a lot of work to go on that.
20. And then, finally, just yesterday the U.S.
21. Census Bureau published its annual income report, and
22. it was all good news. But I read the report, and there
23. is no mention of veterans at all in it, except for
24. veterans disability payments as part of one of the
25. income streams. So I really think that part of what we

need to do is track veterans’ economic attainment and
income streams on an annual basis as part of a -- or a
slice of the American population. I think that would
be very, very important, being able to track
quantitatively veterans’ economic attainment.
So that’s all I have. I apologize for
detaining everybody. I thought that we would be able
to do this in the afternoon. Thank you.
MR. PHIPPES: Thank you very much, Michael.
I’m glad you got that on the record. And with that,
we’re adjourned for the second time.
(Whereupon, at 12:25 p.m., the meeting was
adjourned.)
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